

No. 21-

---

---

IN THE  
**Supreme Court of the United States**

---

CUSTOMPLAY, LLC,

*Petitioner,*

*v.*

AMAZON.COM, INC., AND INTERVENOR  
BELOW, THE UNDER SECRETARY OF COMMERCE  
FOR INTELLECTUAL PROPERTY AND DIRECTOR  
OF THE UNITED STATES PATENT AND  
TRADEMARK OFFICE,

*Respondents.*

---

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED  
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

---

---

**PETITION FOR A WRIT OF CERTIORARI**

---

---

JOHN C. CAREY

*Counsel of Record*

CAREY RODRIGUEZ MILIAN, LLP

1395 Brickell Avenue, Suite 700

Miami, FL 33131

(305) 372-7474

[jcarey@careyrodriquez.com](mailto:jcarey@careyrodriquez.com)

*Counsel for Petitioner*

---

---

313213



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

## QUESTIONS PRESENTED

1. Whether the Patent and Trademark Office (PTO) violated the statutory text and legislative intent of the America Invents Act (AIA) by delegating the PTO Director's responsibility to determine whether to institute *inter partes* review (IPR) of issued patents to the Patent Trial and Appeal Board (PTAB), which is the entity that the AIA directs to render final decisions in instituted proceedings.

2. Whether the PTO's administration of IPR proceedings violates a patent owner's constitutional right to due process by having the same decisionmaker, the PTAB, render both the institution decision and the final decision.

**PARTIES TO THE PROCEEDING**

Petitioner in this Court, patent owner and appellant below, is CustomPlay, LLC.

Respondents in this Court are petitioner-appellee below, Amazon.com, Inc., and intervenor below, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

**CORPORATE DISCLOSURE STATEMENT**

Petitioner hereby states that it has no corporate parent, and that no publicly held company owns 10% or more of Petitioner's stock.

**RELATED CASES**

- *CustomPlay, LLC v. Amazon.com, Inc.*, No. 20-2207, U.S. Court of Appeals for the Federal Circuit. Judgment entered Feb. 15, 2022.
- *CustomPlay, LLC v. Amazon.com, Inc.*, No. 20-2208, U.S. Court of Appeals for the Federal Circuit. Judgment entered Feb. 15, 2022.
- *CustomPlay, LLC v. Amazon.com, Inc.*, No. 20-2209, U.S. Court of Appeals for the Federal Circuit. Judgment entered Feb. 15, 2022.
- *CustomPlay, LLC v. Amazon.com, Inc.*, No. 17-cv-80884, U.S. District Court for the Southern District of Florida. Filed July 27, 2017.

**TABLE OF CONTENTS**

	<i>Page</i>
QUESTIONS PRESENTED .....	i
PARTIES TO THE PROCEEDING .....	ii
CORPORATE DISCLOSURE STATEMENT .....	iii
RELATED CASES .....	iv
TABLE OF CONTENTS.....	v
TABLE OF APPENDICES .....	vii
TABLE OF CITED AUTHORITIES .....	viii
DECISION BELOW.....	1
JURISDICTION.....	1
CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED .....	1
STATEMENT OF THE CASE .....	3
REASONS FOR GRANTING WRIT OF CERTIORARI .....	4
A. The PTO’s Administration of the AIA Violates the AIA Statute, Congressional Intent, and Patent Owner’s Right to Due Process.....	5

*Table of Contents*

	<i>Page</i>
1. The AIA Explicitly Created a Bifurcated IPR Structure, Which Has Been Ignored by the PTO.....	5
2. The Current IPR Scheme Does Not Survive Due Process Scrutiny.....	13
CONCLUSION .....	18

**TABLE OF APPENDICES**

	<i>Page</i>
APPENDIX A — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022 .....	1a
APPENDIX B — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022 .....	3a
APPENDIX C — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022 .....	5a



## TABLE OF CITED AUTHORITIES

	<i>Page</i>
<b>Cases</b>	
<i>Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.</i> , 467 U.S. 837 (1984).....	9, 12
<i>Consol. Fruit-Jar Co. v. Wright</i> , 94 U.S. 92 (1876).....	15
<i>Corley v. United States</i> , 556 U.S. 303 (2009).....	9
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	9
<i>Ernst &amp; Ernst v. Hochfelder</i> , 425 U.S. 185 (1976).....	9
<i>Ethicon Endo-Surgery, Inc. v. Covidien LP</i> , 137 S. Ct. 625 (2017) (No. 16-366) 2016 WL 6311730 ..	15
<i>Ethicon Endo-Surgery, Inc. v. Covidien LP</i> , 812 F.3d 1023 (Fed. Cir. 2016) <i>cert. denied</i> , 137 S. Ct. 625 (2017).....	16, 17
<i>Ethicon Endo-Surgery, Inc. v. Covidien LP</i> , 826 F.3d 1366 (Fed. Cir. 2016) .....	8, 10
<i>Fleming v. Mohawk Wrecking &amp; Lumber Co.</i> , 331 U.S. 111 (1947).....	10

*Cited Authorities*

	<i>Page</i>
<i>Halverson v. Slater</i> , 129 F.3d 180 (D.C. Cir. 1997) .....	10
<i>Heckler v. Chaney</i> , 470 U.S. 821 (1985) .....	9
<i>In re Murchison</i> , 349 U.S. 133 (1955) .....	15
<i>James v. Campbell</i> , 104 U.S. 356 (1881) .....	15
<i>Kingdomware Techs., Inc. v. United States</i> , 136 S. Ct. 1969 (2016) .....	8
<i>Martin v.</i> <i>Occupational Safety &amp; Health Rev. Comm'n</i> , 499 U.S. 144 (1991) .....	13
<i>Mathews v. Eldridge</i> , 424 U.S. 319 (1976) .....	16
<i>Mobility Workx, LLC v. Unified Patents, LLC</i> , 15 F.4th 1146 (Fed. Cir. 2021) .....	7, 15
<i>NEC Corp. v. United States</i> , 151 F.3d 1361 (Fed. Cir. 1998) .....	15, 17
<i>SAS Institute, Inc. v. Iancu</i> , 138 S. Ct. 1348 (2018) .....	12

*Cited Authorities*

	<i>Page</i>
<i>Tumey v. Ohio</i> , 273 U.S. 510 (1927) . . . . .	16
<i>Versata Dev. Grp., Inc. v. SAP Am., Inc.</i> , 793 F.3d 1306 (Fed. Cir. 2015) . . . . .	9
<i>Ward v. Ohio</i> , 409 U.S. 57 (1972) . . . . .	16

**Statutes and Other Authorities**

U.S. Const. Amend. V . . . . .	1
5 U.S.C. § 554(d) . . . . .	13
28 U.S.C. § 1254(1) . . . . .	1
35 U.S.C. § 141(c) . . . . .	4
35 U.S.C. § 311(b) . . . . .	5
35 U.S.C. § 314 . . . . .	2, 4, 6
35 U.S.C. § 314(a) . . . . .	5, 6, 8, 15
35 U.S.C. § 314(b) . . . . .	5, 6
35 U.S.C. § 314(c) . . . . .	5, 6
35 U.S.C. § 314(d) . . . . .	5, 6, 9

*Cited Authorities*

	<i>Page</i>
35 U.S.C. § 315(c) . . . . .	5, 6
35 U.S.C. § 316 . . . . .	7
35 U.S.C. § 316(b) . . . . .	8
35 U.S.C. § 316(c) . . . . .	3, 4, 7
35 U.S.C. § 318 . . . . .	7
35 U.S.C. § 318(a) . . . . .	3, 4, 5, 7
35 U.S.C. § 325(d) . . . . .	5, 6
37 C.F.R. § 42.2 . . . . .	5
37 C.F.R. § 42.4(a) . . . . .	8, 9
37 C.F.R. § 42.100 . . . . .	5
Admin. Mgmt. in the Gov't of the U.S., Rpt. Of the President's Comm. on Admin. Mgmt. (1937) . . . . .	14
Cong. Rec. S1041 (daily ed. Mar. 1, 2011) . . . . .	14
H.R. Rep. No. 110-314 (2007) . . . . .	11
H.R. Rep. No. 112-98 (2011) . . . . .	11, 14

*Cited Authorities*

	<i>Page</i>
Letter from Wayne P. Sobon, President, AIPLA, to Hon. Michelle K. Lee, Deputy Under Sec’y Com. for Intell. Prop. at 20 (Oct. 16, 2014) . . . . .	14
<i>Patent Act of 2005: Hearing on H.R. 2795 Before the H. Subcomm. on Courts, the Internet, and Intell. Prop., 109th Cong. 15 (2005)</i> . . . . .	14
U.S. Pat. & Trademark Off., PTAB Trial Statistics: FY20 End of Year Outcome ROUNDUP 15 (2020) . . . . .	15

CustomPlay, LLC (“CustomPlay” or “Petitioner”) hereby petitions for a writ of certiorari to review the judgments of the United States Court of Appeals for the Federal Circuit in three related appeals which affirmed the final written decisions of the Patent Trial and Appeal Board (“PTAB”) in *inter partes* review (“IPR”) proceedings regarding three of CustomPlay’s patents.

### **DECISION BELOW**

The Federal Circuit’s unreported summary orders of affirmance are reprinted in the Appendix at 1a-6a. The PTAB’s final written decisions as well as its institution decisions are unreported and did not address the statutory and constitutional issues raised on appeal to the Federal Circuit and in this Petition.

### **JURISDICTION**

The judgments of the court of appeals were entered on February 15, 2022. No petition for rehearing was filed. This Court’s jurisdiction is invoked under 28 U.S.C. § 1254(1).

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

#### **United States Constitution, Fifth Amendment.**

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

**35 U.S.C. § 314. Institution of *inter partes* review.**

**(a) Threshold.**--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.

**(b) Timing.**--The Director shall determine whether to institute an *inter partes* review under this chapter pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

**(c) Notice.**--The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

**(d) No Appeal.**--The determination by the Director whether to institute an *inter partes* review under this section shall be final and nonappealable.

**35 U.S.C. § 316(c) Conduct of *inter partes* review.**

(c) Patent Trial and Appeal Board.--The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each *inter partes* review instituted under this chapter.

**35 U.S.C. § 318(a)**

(a) Final Written Decision.--If an *inter partes* review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

**STATEMENT OF THE CASE**

On July 27, 2017, CustomPlay initiated a patent infringement suit against Amazon in the United States District Court for the Southern District of Florida, asserting that Amazon infringed various claims of CustomPlay's '346, '950 and '282 Patents. Amazon subsequently petitioned for *inter partes* review of all three patents before the Patent Trial and Appeal Board. Importantly, when Amazon petitioned for *inter partes* review before the PTAB, it was the PTAB, and not the PTO Director, that rendered the initial institution determination. Following the submission of competing briefs from the parties, the PTAB issued a final written decision in all three related proceedings on March 11, 2020. The PTAB's decisions found the challenged claims unpatentable on various grounds asserted by Amazon. CustomPlay subsequently submitted a request for rehearing in each proceeding, which the PTAB summarily denied.



CustomPlay then appealed the PTAB's final written decisions to the Federal Circuit on September 10, 2020, pursuant to 35 U.S.C. § 141(c). In each appeal, CustomPlay sought reversal of the PTAB's final written decisions finding the challenged claims of the patents unpatentable. Among other contentions, CustomPlay argued that the PTO Director had impermissibly delegated authority to the PTAB to render an institution determination for *inter partes* review of CustomPlay's Patents. More specifically, CustomPlay asserted that the PTAB had erred because its current scheme for rendering institution determinations is inconsistent with the bifurcated procedure explicitly set forth in the America Invents Act and because its current scheme runs afoul of the Fifth Amendment's Due Process Clause.

Following briefing and oral argument on appeal, the Federal Circuit entered a summary order in all three related appeals affirming the PTAB's final written decisions without a written opinion on February 15, 2022. CustomPlay now files the instant Petition seeking a Writ of Certiorari from this Court.

### **REASONS FOR GRANTING WRIT OF CERTIORARI**

This Court should grant review in this case to evaluate whether the PTO conducted its *inter partes* review in a manner that is consistent with the text of the America Invents Act. *See* 35 U.S.C. §§ 314, 316(c), 318(a). Furthermore, the Court should grant review to determine whether the PTO's current scheme for administering *inter partes* review is consistent with the Constitution's Due Process Clause.

**A. The PTO's Administration of the AIA Violates the AIA Statute, Congressional Intent, and Patent Owner's Right to Due Process**

Through its improper *inter partes* review scheme, the PTO ignores statutory and congressional intent by vesting the initial institution determination and final written decisions with the exact same body. Moreover, the PTO's current structure gives rise at least to the perception of bias, which is made evident in PTAB institution statistics demonstrating that the PTAB rarely issues a final written decision that is inconsistent with its initial institution determination. Thus, the final written decision amounts to essentially a rubber stamp of its institution determination, which violates Petitioner's Due Process right under the Fifth Amendment to the Federal Constitution.

**1. The AIA Explicitly Created a Bifurcated IPR Structure, Which Has Been Ignored by the PTO**

Through the IPR procedure, Congress created a quicker, cheaper alternative to district court litigation, thereby allowing the PTO to host an adversarial adjudication concerning the novelty and obviousness of a patent. 35 U.S.C. § 311(b); 37 C.F.R. §§ 42.2, 42.100. In allowing the PTO to adjudicate the validity of patents that it had already issued, Congress decreed that the procedure should have a bifurcated structure: *the Director* decides which petitions to institute for further review, 35 U.S.C. § 314(a), and *the PTAB* issues a "final written decision with respect to the patentability of any patent claim challenged," *id.* § 318(a). *See id.* §§ 314(a)–(d), 315(c), 325(d).

This bifurcated structure was the result of an intentional and considered choice by Congress, as exemplified by the no less than *six* references to this structure throughout the AIA. *See id.* §§ 314(a)–(d), 315(c), 325(d). Indeed, each section within the statute specifies that the Director is responsible for adjudicating the institution decision, the deadline for determining when to institute, the method for notifying the parties of the institution decision, the finality of the decision to institute, the ability to join parties to an instituted IPR, and the discretion inherent in instituting with respect to previously considered materials. *See id.* § 314(a) (“*The Director* may not authorize an inter partes review to be instituted unless *the Director* determines that the information presented in the petition . . . 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.” (emphasis added)); *id.* § 314(b) (“*The Director* shall determine whether to institute an inter partes review within three months . . . .” (emphasis added)); *id.* § 314(c) (“*The Director* shall notify the petitioner and patent owner, in writing . . . .” (emphasis added)); *id.* § 314(d) (“The determination *by the Director* whether to institute . . . shall be final . . . .” (emphasis added)); *id.* § 315(c) (“If *the Director* institutes an inter partes review, *the Director*, in his or her discretion, may join as a party . . . .” (emphasis added)); *id.* § 325(d) (“In determining whether to institute . . . *the Director* may take into account whether, and reject the petition . . . because, the same or substantially the same prior art or arguments were previously presented to the Office.” (emphasis added)).

The PTAB, therefore, wholly lacks statutory authority to adjudicate institution. The entirety of § 314, which is

entitled “Institution of inter partes review,” contains no references to the PTAB, or any other actor besides the Director. The PTAB is first mentioned in § 316, which is notably entitled “Conduct of inter partes review.” *Id.* § 316(c). This section explicitly limits the PTAB’s power to the “conduct [of] each inter partes review instituted [pursuant to § 314].” *Id.* § 316(c). Thus, it is clear from the statutory text that the PTAB may only adjudicate *already instituted* petitions. This point is further emphasized by § 318, entitled “Decision of the board,” which states that “[i]f an inter partes review *is instituted* and not dismissed . . . , the Patent Trial and Appeal Board shall issue a final written decision.” *Id.* § 318(a).

Based on the foregoing, the Director has impermissibly delegated authority to the PTAB to render both institution determinations and final written decisions, in violation of both the statutory text and legislative intent of the AIA. Judge Newman of the Federal Circuit has noted that the PTO’s current institution procedure is impermissible under the AIA because “removal of institution from the Director and assignment to the PTAB eliminated the legislative design whereby separate entities conduct separate determinations, as would also conform to the Administrative Procedure Act.” *Mobility Workx, LLC v. Unified Patents, LLC*, 15 F.4th 1146, 1160 (Fed. Cir. 2021) (Newman, J., dissenting in part). The AIA is clear: it unambiguously provides for a bifurcated *inter partes* review scheme, whereby the Director renders institution determinations and the PTAB adjudicates the merits of the petition. There is simply no room in the statute for the PTO to make rules, especially rules contrary to the clear intent of Congress. Despite this clear directive from Congress, the PTO’s *inter partes* review scheme places

the power to institute with the exact same panel of the PTAB that adjudicates the merits of the case. *See* 37 C.F.R. § 42.4(a) (“The PTAB institutes the trial on behalf of the Director.”). And it was under this invalid scheme that the PTAB entered its final written decision depriving Petitioner of its property rights.

The distinctions between the two phases of IPR are more than mere semantics; there are substantive differences between the institution stage and the final written decision stage. Institution is a *discretionary* exercise, which is why it is a power vested solely with the Director. Section 314 states that “[t]he Director *may* not authorize an inter partes review to be instituted unless . . . there is a reasonable likelihood that the petitioner would prevail.” *Id.* § 314(a). Thus, even where a petitioner meets the requisite standard for institution, the Director is not *obligated* to institute the IPR, he only *may*. *Id.*; *see also Kingdomware Techs., Inc. v. United States*, 136 S. Ct. 1969, 1977 (2016) (“[T]he word ‘may’ . . . implies discretion.”). This discretion allows “the Director to reject a petition that is cumulative, harassing, anti-competitive, or non-meritorious; it also permits the Director to decline to institute if the resources of the [Patent] Office are overburdened.” *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 826 F.3d 1366, 1367 (Fed. Cir. 2016) [hereinafter *Ethicon II*] (per curiam) (Newman, J., dissenting). This is borne out further in § 316(b): “the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.” 35 U.S.C. § 316(b). This discretion explains why Congress made the institution decision unappealable; the decision is not

purely adjudicative, it is also a discretionary one that takes into account the resources and policy prerogatives of the USPTO, making institution an executive function. *See id.* § 314(d); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016); *see also Heckler v. Chaney*, 470 U.S. 821, 831 (1985) (stating that an agency decision whether to initiate an action “often involves a complicated balancing of a number of factors which are peculiarly within its expertise[, including] whether agency resources are best spent on this violation or another, whether the agency is likely to succeed if it acts, whether the particular enforcement action requested best fits the agency’s overall policies, and, indeed, whether the agency has enough resources to undertake the action at all”). Simply put, “institution and delegation are two distinct actions.” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1309 (Fed. Cir. 2015).

Despite this clear dictate from Congress, the PTO’s current IPR scheme places the power to institute with the *exact same* panel of the PTAB that adjudicates the merits of the case. *See* 37 C.F.R. § 42.4(a) (“The Board institutes the trial on behalf of the Director.”). However, it is clear from the plain language of the AIA that Congress envisioned a bifurcated structure for instituting and deciding IPRs. This legislative assignment of functions cannot be ignored. *See Corley v. United States*, 556 U.S. 303, 314 (2009) (“[O]ne of the most basic interpretative canons [is] that [a] statute should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant.”). Neither is it subject to agency or judicial modification. *See Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 213–14 (1976); *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 842–43 (1984).

Judge Newman framed this argument best in her dissent in *Ethicon II* from the denial of rehearing en banc:

The majority panel decision and the Director frame the issue as a simple exercise of the Director's rulemaking and/or delegation authority. This question obscures the legislative point; the Director may generally subdelegate, and may exercise procedural rulemaking authority, with regard to these proceedings. Here, however, the statute creates an explicit distinction between the institution phase assigned to the Director, and the merits phase conducted by the PTAB. The question presented, therefore, is whether the PTO may ignore the explicit statutory provision and congressional intent to the contrary. *The answer is unequivocally no.* When the statute is explicit as to the agency's statutory function, there is no discretion to contravene it.

*Ethicon II*, 826 F.3d at 1368 (emphasis added).

Further, it is inappropriate to “assume the Director would delegate” his power to institute IPRs. Though it is true that agency heads may generally delegate their tasks, this ability is not limitless. For example, Congress can limit an agency head's ability to delegate tasks or limit the ability of others to accept a delegated task. *See, e.g., Fleming v. Mohawk Wrecking & Lumber Co.*, 331 U.S. 111, 121 (1947) (“[R]ule-making power may itself be an adequate source of authority to delegate a particular function, unless by express provision of [a statute] or by implication it has been withheld.”); *Halverson v. Slater*,

129 F.3d 180, 188–89 (D.C. Cir. 1997) (“In other words, the [delegee’s] charter—relating to the ‘construct[ion] . . . operat[ion] and maint[enance]’ of ‘deep-water navigation works’ in specified portions of the Saint Lawrence River—necessarily limits the Secretary[ of Transportation]’s [delegation] authority.”).

Indeed, Congress was confident that their explicit codification of a bifurcated structure would not be circumvented by the Director’s delegation. In the process of preparing a predecessor bill, a House Report was drafted that discusses the authority of the Director to promulgate rules contrary to statute. The Report found that “[w]here Congress has seen fit to provide specific limitations or conditions in statute, the PTO may not surpass or take away these limitations or conditions by promulgated rule.” H.R. Rep. No. 110-314, at 45 (2007). Thus, Congress only intended the USPTO to use its rulemaking authority to “address potential abuses and current inefficiencies.” H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

In sum, the AIA is clear as to who must institute IPRs. Thus, the PTO is duty-bound to apply the statute as written. There is no gap or ambiguity concerning the bifurcated structure of IPRs, which necessarily means that the PTO has no latitude to enact rules that alter the structure of IPRs as set forth in the text of the AIA. Section 42.4(a) is, therefore, the height of administrative overreach. As such, the Court should review and strike down this regulation that undermines congressional intent.



Indeed, in another recent patent case involving the meaning of text in the AIA, *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), this Court held that when the plain text of the statute is clear, “the duty of an administrative agency is to follow its commands as written.” *SAS*, 138 S. Ct. at 1355. This Court continued, “[e]ven under *Chevron*, we owe an agency’s interpretation of the law no deference unless, after ‘employing traditional tools of statutory construction,’ we find ourselves unable to discern Congress’s meaning.” *Id.* at 1358 (quoting *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 843, n.9 (1984)).

Amazon and the PTO argued below that the delegation of the institution decision to the PTAB was appropriate because the Director may generally delegate his duties to subordinates. The question, however, is not generally whether the Director *may* delegate to the PTAB. Instead, the proper question is whether it is appropriate under the AIA for the Director to delegate the institution decision to the PTAB. The answer is a resounding “no.”

As discussed above, the wording of the statute clearly provides that the Director institutes IPRs that are then conducted and presided over by a panel of the Board. Delegation of the institution decision to the PTAB thus violates the clear meaning of the statute and exceeds the authority of the PTAB.

Thus, the PTO’s interpretation of the AIA wherein the PTAB institutes *inter partes* review is contrary to the AIA and exceeds the prescribed duties of the PTAB.

## 2. The Current IPR Scheme Does Not Survive Due Process Scrutiny

Beyond being a statutory violation, the current structure of IPRs, whereby the same panel of the PTAB makes the institution and final decisions, amounts to a violation of Petitioner’s due process rights. The PTAB—an adjudicative body—is clearly not equipped to handle the discretionary and executive function of instituting an IPR. Generally, the APA prohibits a single entity from performing executive and adjudicative functions. 5 U.S.C. § 554(d) (prohibiting an “employee or agent engaged in the performance of investigative or prosecuting functions for an agency in a case” from “participat[ing] or advis[ing] in the decision”); *Martin v. Occupational Safety & Health Rev. Comm’n*, 499 U.S. 144, 151 (1991) (“[U]nder the Administrative Procedure Act (APA) [an agency] generally must divide enforcement and adjudication between separate personnel . . .”). This basic principle is nearly a century old. In 1937, the President’s Committee on Administrative Management voiced its concern regarding an administrative scheme that consolidates executive and judicial functions into one entity:

The discretionary work of the administrator is merged with that of the judge. Pressures and influences properly enough directed toward officers responsible for formulating and administering policy constitute an unwholesome atmosphere in which to adjudicate private rights. But the mixed duties of the commissions render escape from these subversive influences impossible. . . . This not only undermines judicial fairness; it weakens public confidence in that fairness.

Admin. Mgmt. in the Gov't of the U.S., Rpt. Of the President's Comm. on Admin. Mgmt., 36–37 (1937).

The bifurcated structure set forth in the AIA was meant to serve as a safeguard against these fairness concerns. Even from the outset of the AIA's enactment, there were concerns regarding the fairness of the nascent IPR procedure. *See, e.g., Patent Act of 2005: Hearing on H.R. 2795 Before the H. Subcomm. on Courts, the Internet, and Intell. Prop.*, 109th Cong. 15 (2005) (Statement of Gary L. Griswold, President, AIPLA); Letter from Wayne P. Sobon, President, AIPLA, to Hon. Michelle K. Lee, Deputy Under Sec'y Com. for Intell. Prop. at 20 (Oct. 16, 2014), [https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14.pdf?sfvrsn=1d89003e\\_3](https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-to-uspto-on-aia-trial-proceedings-before-ptab-10-16-14.pdf?sfvrsn=1d89003e_3). It is for this reason that Congress deliberately placed safeguards in the AIA. *See* H.R. Rep. 112-98, pt. 1, at 48 (“[T]he changes made . . . are not to be used as tools for harassment or delay or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section for providing quick and cost-effective alternatives to litigation.”). One of these safeguards was the bifurcated structure of IPRs set forth in the AIA. *See* 157 Cong. Rec. S1041 (daily ed. Mar. 1, 2011) (statement of Sen. Kyl) (“The patent Office made clear that a higher threshold is necessary to weed out marginal challenges and preserve the office’s own resources.”).

The judicial or administrative invalidation of a patent requires due process of law because it is a well-settled principle of patents that they are property “as much . . . as

a patent for land.” *Consol. Fruit-Jar Co. v. Wright*, 94 U.S. 92, 98 (1876); *see also James v. Campbell*, 104 U.S. 356, 358 (1881) (“When [the government] grants a patent, the grantee is entitled to it as a matter of right, and does not receive it . . . as a matter of grace and favor.”). Thus, patent owners are entitled to “[a] fair trial in a fair tribunal.” *In re Murchison*, 349 U.S. 133, 136 (1955); *see also NEC Corp. v. United States*, 151 F.3d 1361, 1371 (Fed. Cir. 1998) (applying *In re Murchison* to administrative proceedings). Inherent in this entitlement is “[t]he right to an impartial decision maker.” *NEC Corp.*, 151 F.3d at 1371.

However, the PTAB’s current *inter partes* review structure raises grave Due Process Clause concerns due to the prejudgment bias that a panel of APJs is highly likely to possess where it is responsible for instituting review, conducting the actual trial and entering a final decision on the merits. *Mobility Workx, LLC*, 15 F.4th at 1162-63 (Newman, J., dissenting in part). Indeed, because institution is an adjudication of the merits of the case, where the PTAB determines if there is “a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition,” 35 U.S.C. § 314(a), there is a perception that the merits phase of IPRs is nothing more than a rubber stamping of the institution decision. *See, e.g.*, Brief of *Amici Curiae* 3M Company et al. at 3, *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 137 S. Ct. 625 (2017) (No. 16-366), 2016 WL 6311730, at \*3. The statistics bear this out. To illustrate, of the 6977 claims that were subject to a final written decision in fiscal year 2020, 5125 were found unpatentable (73%). U.S. PAT. & TRADEMARK OFF., PTAB TRIAL STATISTICS: FY20 END OF YEAR OUTCOME ROUNDUP 15 (2020), <https://www.uspto.gov/sites/default/>

files/documents/ptab\_aia\_fy2020\_roundup.pdf. Thus, because the same panel of APJs currently performs both the investigative and adjudicative functions when a party initiates an *inter partes* challenge, the PTAB is highly unlikely to reach a final written decision that does not align with its initial institution determination, which raises both the appearance and actual possibility of prejudgment bias. Importantly, actual bias need not be proven to find a due process violation. When an adjudicatory structure exists that would tempt the average man as a judge to rule in a way that would forge the burden of proof required, such a structure is unconstitutional. *See Tumey v. Ohio*, 273 U.S. 510, 532 (1927); *Ward v. Ohio*, 409 U.S. 57, 60 (1972).

In her dissenting opinion in *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1030 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct. 625 (2017) [hereinafter *Ethicon I*] [hereinafter *Ethicon I*], Judge Newman analyzed the seminal three-part test set forth in *Mathews v. Eldridge*, 424 U.S. 319 (1976) while juxtaposing the bifurcated mechanism used in anti-dumping proceedings with the USPTO's current unified IPR procedure. The *Mathews* test balances “the private interest that will be affected by the official action,” and “the risk of erroneous deprivation,” with “the fiscal and administrative burdens that the additional or substitute procedural requirement would entail.” *Mathews*, 424 U.S. at 335. As Judge Newman points out in her dissent, the *Mathews* test favors the bifurcated decision-making scheme envisioned by the AIA. In support of this assertion, Judge Newman consulted prior Federal Circuit cases where a bifurcated administrative process was deemed necessary in the adjudication of antidumping duty proceedings:

First of all, an antidumping investigation is bifurcated: Commerce makes less-than-fair value determinations for a class or kind of foreign merchandise, and the ITC makes injury determinations. Only if Commerce determines that the merchandise is being sold at less-than-fair value *and* the ITC determines that a domestic industry is materially injured or is threatened with material injury does Commerce issue an antidumping order. This bifurcation *reduces the risk that an improper bias will deprive importers of their due process rights.*

812 F.3d at 1038 (second emphasis added) (citations omitted) (quoting *NEC Corp.*, 151 F.3d at 1373).

Judge Newman surmised that if a bifurcated mechanism was needed to reduce the risk of erroneous deprivation in antidumping proceedings, at least similar proceedings are appropriate for IPRs. *Id.* at 1039. And, as Judge Newman observed, “Congress explicitly provided for exactly that kind of decisional separation [in the AIA].” *Id.*

Accordingly, the unified structure of IPRs renders this process less than due for depriving patent owners of their property.

**CONCLUSION**

For foregoing reasons, Petitioner CustomPlay respectfully requests that this Court issue a writ of certiorari and vacate the judgments below.

May 16, 2022

Respectfully submitted,

JOHN C. CAREY  
*Counsel of Record*  
CAREY RODRIGUEZ MILIAN, LLP  
1395 Brickell Avenue, Suite 700  
Miami, FL 33131  
(305) 372-7474  
jcarey@careyrodriguez.com

*Counsel for Petitioner*

## **APPENDIX**



1a

**APPENDIX A — JUDGMENT OF THE UNITED  
STATES COURT OF APPEALS FOR THE  
FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2020-2207

CUSTOMPLAY, LLC,

*Appellant,*

v.

AMAZON.COM, INC.,

*Appellee,*

ANDREW HIRSHFELD, PERFORMING  
THE FUNCTIONS AND DUTIES OF THE  
UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR  
OF THE UNITED STATES PATENT AND  
TRADEMARK OFFICE,

*Intervenor.*

Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. IPR2018-  
01496.

**JUDGMENT**

2a

*Appendix A*

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (NEWMAN, DYK, and REYNA, *Circuit Judges*).

**AFFIRMED. See Fed. Cir. R. 36.**

ENTERED BY ORDER OF THE COURT

February 15, 2022  
Date

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

3a

**APPENDIX B — JUDGMENT OF THE UNITED  
STATES COURT OF APPEALS FOR THE  
FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2020-2208

CUSTOMPLAY, LLC,

*Appellant,*

v.

AMAZON.COM, INC.,

*Appellee,*

ANDREW HIRSHFELD, PERFORMING  
THE FUNCTIONS AND DUTIES OF THE  
UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR  
OF THE UNITED STATES PATENT AND  
TRADEMARK OFFICE,

*Intervenor.*

Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. IPR2018-  
01497.

**JUDGMENT**

4a

*Appendix B*

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (NEWMAN, DYK, and REYNA, *Circuit Judges*).

**AFFIRMED. See Fed. Cir. R. 36.**

ENTERED BY ORDER OF THE COURT

February 15, 2022  
Date

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

5a

**APPENDIX C — JUDGMENT OF THE UNITED  
STATES COURT OF APPEALS FOR THE  
FEDERAL CIRCUIT, FILED FEBRUARY 15, 2022**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

2020-2209

CUSTOMPLAY, LLC,

*Appellant,*

v.

AMAZON.COM, INC.,

*Appellee,*

ANDREW HIRSHFELD, PERFORMING  
THE FUNCTIONS AND DUTIES OF THE  
UNDER SECRETARY OF COMMERCE FOR  
INTELLECTUAL PROPERTY AND DIRECTOR  
OF THE UNITED STATES PATENT AND  
TRADEMARK OFFICE,

*Intervenor.*

Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. IPR2018-  
01498.

**JUDGMENT**

6a

*Appendix C*

THIS CAUSE having been heard and considered, it is

ORDERED and Adjudged:

PER CURIAM (NEWMAN, DYK, and REYNA, *Circuit Judges*).

**AFFIRMED. See Fed. Cir. R. 36.**

ENTERED BY ORDER OF THE COURT

February 15, 2022  
Date

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