

No. 21-888

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IN THE  
Supreme Court of the United States

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INTEL CORPORATION,  
*Petitioner,*

v.

VLSI TECHNOLOGY LLC, ET AL.  
*Respondents.*

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On Petition For A Writ Of Certiorari  
To The United States Court Of Appeals  
For The Federal Circuit

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BRIEF OF UNIFIED PATENTS, LLC, THE  
ALLIANCE FOR AUTOMOTIVE INNOVATION,  
AND CABLE TELEVISION LABORATORIES, INC.

AS *AMICI CURIAE*  
IN SUPPORT OF PETITIONER

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INTERESTS OF *AMICI CURIAE*<sup>1</sup>

Unified Patents, LLC is a membership organization dedicated to deterring abusive non-practicing entities, or NPEs, from extracting nuisance settlements from operating companies based on patents that are likely invalid. Unified’s 250-plus members are Fortune 500 companies, start-ups, automakers, industry groups, cable companies, banks, manufacturers, and others dedicated to reducing the drain on the U.S. economy of now-routine baseless litigations asserting infringement of patents of dubious validity.

Unified studies the ever-evolving business models, financial backings, and practices of NPEs. Unified monitors ownership data, secondary-market patent sales, demand letters, post-grant procedures, and patent litigation to track NPE activity. *See, e.g.*, Unified Patents, 2021 Patent Dispute Report: Year in Review (Jan. 3, 2022) *available at* <https://www.unifiedpatents.com/insights/2022/1/3/2021-patent-dispute-report-year-in-review> (“2021

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<sup>1</sup> Pursuant to this Court’s Rule 37.2(a), all parties received timely notice of and consented in writing to the filing of this brief. Pursuant to this Court’s Rule 37.6, *amici* 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 *amici* or their counsel made a monetary contribution intended to fund the preparation or submission of this brief.

Patent Year in Review”); Unified Patents, 2021 Patent Dispute Report: Third Quarter in Review (Sept. 30, 2021) *available at* <https://www.unifiedpatents.com/insights/2021-patent-dispute-report-third-quarter-in-review> (“2021 Third Quarter Review”).

Unified also files post-issuance administrative challenges—including inter partes review (“IPR”) petitions—against NPE patents it believes are unpatentable or invalid. This includes both international and domestic administrative challenges. Thus, Unified seeks to deter the assertion of poor-quality patents. Unified acts and litigates independently from its members. *See, e.g., Unified Patents, LLC v. Uniloc USA, Inc. et al.*, IPR2018-00199, Paper No. 33, 10 (PTAB May 31, 2019) (Unified members not real parties in interest to IPRs filed by Unified); *id.* (collecting PTAB decisions). In 2021, Unified was the fifth most frequent IPR petitioner, and it was by far the leading third-party filer. 2021 Patent Year in Review, Fig. 18. Here, Unified is concerned with ensuring that IPR and other related Patent Office proceedings remain fair and cost-effective tools for any member of the public to protect itself from improperly issued patent claims.

The Alliance for Automotive Innovation (“Auto Innovators”) is comprised of the manufacturers producing nearly 99% of new cars and light trucks sold in the U.S. as well as original equipment suppliers, technology and other automotive-related companies, and trade associations. Auto Innovators works with policymakers to support cleaner, safer, and smarter personal transportation that transforms the U.S. economy and sustains American ingenuity



and freedom of movement. Automakers invest billions each year in new technologies, including fuel-saving technologies, such as electrification, to transition to a low-carbon transportation future. A robust patent system—supported by high-quality patents that spur, not block, innovation—is essential to support and maintain America’s leadership in automotive innovation. Auto companies are major inventors, regularly appearing in the Patent Office’s “top-30” lists, and own hundreds of thousands of patents, which they rely on to protect their innovations. At the same time, auto companies are also increasingly subject to attacks from bad actors who allege patent infringement using low-quality patents that should never have issued. The Patent Office’s post-issuance proceedings are crucial to this system. The PTAB should not use discretion to routinely dismiss IPR petitions from members of the public that qualify under the statute. This lowers patent quality and hurts innovation in the American economy.

Cable Television Laboratories, Inc. (“CableLabs”) is a nonprofit non-stock company qualified under the National Cooperative Research and Production Act. CableLabs has over 60 member companies worldwide, including members who represent approximately 85% of U.S. cable subscribers. The cable industry supports over 2.9 million jobs and contributes \$421 billion to the U.S. economy. CableLabs’ members have faced numerous NPE suits. They understand NPE litigation, the evolving NPE business model, and the need for a less expensive alternative to litigation provided by the Patent Office’s post-issuance proceedings. That alternative is threatened, however,

by the overuse of agency discretion to dismiss those proceedings despite the statutory standards.

### SUMMARY OF ARGUMENT

Congress designed post-issuance patent proceedings to allow any interested member of the public to challenge a patent before the expert agency that issued it. When an operating company is sued on a patent that the company believes should not have issued, it uses these proceedings to petition the Government for redress. In IPR proceedings, the petition must show a reasonable likelihood of prevailing with respect to at least one challenged patent claim. Otherwise, the agency may not institute a review.

Congress also limited the time for filing the IPR petition with the Patent Office. By statute, any person that doesn't own the patent may file an IPR petition. But, if that person is an accused infringer, they have one year from service of the infringement complaint to file their petition. This one-year limit is effectively a statute of limitations on bringing post-issuance patent proceedings by accused infringers.

The Patent Office, however, disagrees with congressional judgment regarding timeliness. Rather than honor the hard-and-fast time limit, the Office invokes its discretion to dismiss petitions brought too close to the district court trial date or that challenge patents that the district court has begun to consider.

*Amici* recognize the Patent Office has some discretion on institution decisions. But it does not have discretion unbound and severed from the statute. The agency's use of other timeliness "factors" in deciding whether to institute undermines the

statutory one-year bar. In *Petrella* and *SCA*, this Court made clear that courts may not use discretionary timeliness doctrines to negate hard-and-fast time limits set by Congress. No different rule should apply to the Patent Office.

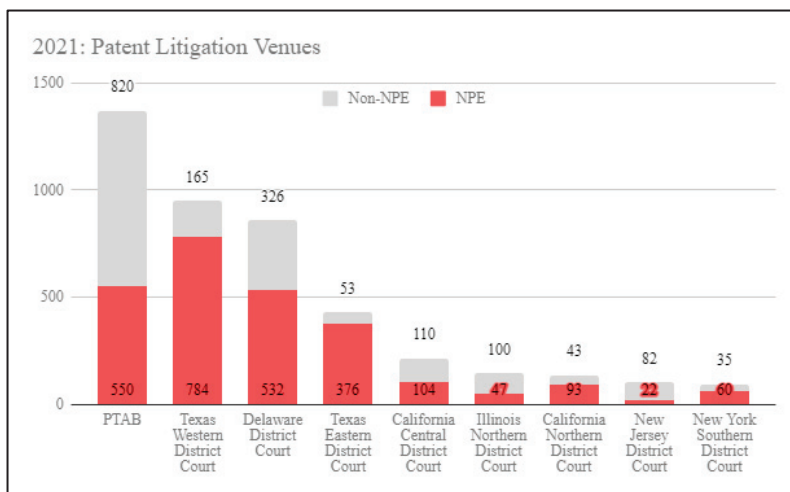
The Patent Office's approach is an abuse of discretion. First, the agency uses discretion to supplant the time limit set by Congress. Second, even if there were a statutory gap, the agency does not promulgate regulations to fill that gap. Finally, a review of the statute and its legislative history shows that Congress intended the agency's discretion to be a "safety valve" that could protect the PTAB from being overwhelmed by a backlog of IPR petitions. A hefty IPR backlog—like the then-existing backlog for ex parte appeals to the PTAB—could prevent the agency from completing the proceedings in the one year allotted for issuing a final written decision.

The Federal Circuit incorrectly ruled that the courts could not even consider this abuse of discretion. *See* App. 4a-5a. As Petitioner demonstrates, that is incorrect. Direct appeal is available under *Cuozzo*, which reserved the courts' ability to review questions of interpretation that have an impact beyond the individual institution decision. Here, the agency's interpretation of the scope of its discretion has changed hundreds of institution decisions. In the alternative, mandamus is available to ensure that IPR petitioners receive the statutory year-to-file they are entitled to under the statute.

**ARGUMENT****I. THE QUESTION PRESENTED AFFECTS THE MAJORITY OF CASES IN THE NATION'S BUSIEST PATENT VENUE**

The Federal Circuit has exclusive jurisdiction over nearly all patent appeals, including all appeals from inter partes review, post-grant review, and reexamination of issued patents. *See* 28 U.S.C. § 1295(a). Because of that exclusivity, the Federal Circuit's rules are "a matter of special importance to the entire Nation." *See Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89 (1993).

That importance is heightened when the Federal Circuit refuses to hear an entire class of PTAB appeals. The PTAB is the Nation's busiest venue for patent disputes. *See* 2021 Patent Year in Review, Fig. 3 (reproduced below). In 2021, the PTAB received over 1,300 challenges to issued patents, primarily in the form of IPR petitions. *Id.* By comparison, no district court received even 1,000 patent complaints. And only two such courts received over 500 complaints.



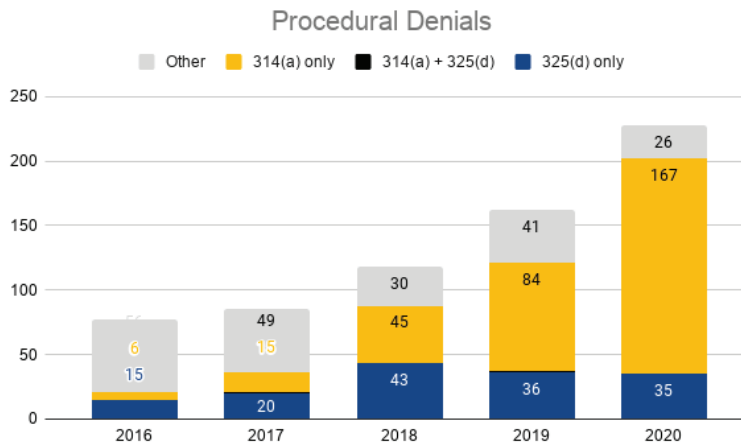
Moreover, most PTAB cases—85% by the Patent Office’s last count—have a co-pending district court litigation. *See, e.g.*, David Ruschke & Scott R. Boalick, PTAB Update (Nov. 9, 2017), *available at* [https://www.uspto.gov/sites/default/files/documents/20171109\\_PPAC\\_PTAB\\_Update.pdf](https://www.uspto.gov/sites/default/files/documents/20171109_PPAC_PTAB_Update.pdf) (“Approximately 85% of IPRs in Fiscal Year 2017 have a co-pending district court case”). In many of these cases, the court stays proceedings until the PTAB completes its work. In many others, the district court proceeds after setting a trial date that appears to promise a speedy resolution.

Regardless, in each case with co-pending proceedings in the courts and the Patent Office, IPR petitioners are forced to address and accommodate the discretionary factors found only in PTAB opinions. Otherwise, they risk non-institution even when their petition satisfies the statutory standards, including showing a “reasonable likelihood” of success on the merits. *See* 35 U.S.C. § 314(a). And the risk of non-institution, despite the merits, has soared.

**A. The PTAB's use of discretion to deny meritorious petitions has exploded**

Until recently, the PTAB rarely invoked the Director's discretion under Section 314(a). In 2016, for example, the PTAB denied just six petitions using Section 314(a) discretion. *See* Unified Patents, 2020 Patent Dispute Report: Year in Review, (Jan. 1, 2021) *available at* <https://www.unifiedpatents.com/insights/2020-patent-dispute-report-year-in-review> ("2020 Patent Year in Review"), Fig. 14 (reproduced below). The PTAB's prior restrained and measured use of Section 314(a) discretion reflected congressional understanding that Section 314(a) was to be invoked sparingly and then only to control the PTAB's docket. *See* Section III, *infra*.

But today, the PTAB far too frequently invokes discretion to deny meritorious petitions. The PTAB uses discretion to dismiss over 10% of petitions. In 2020, the PTAB rejected over 160 challenges under Section 314(a) by invoking the Director's discretion. 2020 Patent Year in Review, Fig. 14.



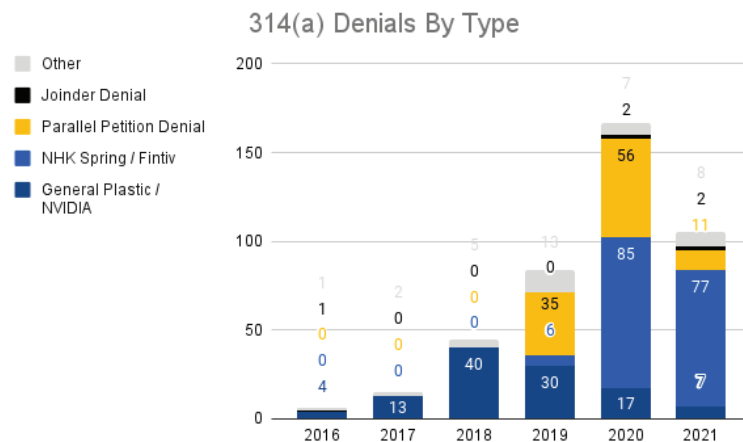
This enormous number of dismissals reflects a stark change in agency policy and a dramatically expanded use of discretionary denials. Starting in 2018, the PTAB’s promulgation of a list of explicit factors to consider for discretionary denial (“*NHK-Fintiv*” or “*Fintiv*” factors) has led this explosion of discretionary denials. *See NHK Spring Co. v. Intriplex Technologies, Inc.*, No. IPR2018-00752, 2018 WL 4373643 (PTAB, Sept. 12, 2018); *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, 2020 WL 2126495 (PTAB Mar. 20, 2020). By 2019, there were 84 Section 314(a) denials. *Id.* In 2020, Section 314(a) discretionary denials nearly doubled 2019’s record.<sup>2</sup>

Parsing these denials further, the use of the *NHK-Fintiv* factors—challenged here—form the dominant framework for discretionary denials. *See* 2021 Third Quarter Review, Fig. 18 (reproduced below). While overall discretionary denials were down in 2021,

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<sup>2</sup> Before 2016, the PTAB used this discretion so rarely that *Amici* are unaware of any study that analyzed discretionary denials.

*NHK-Fintiv* denials continued apace. The first three-quarters of 2021 saw nearly as many such *NHK-Fintiv* denials as all of 2020, which was by far the record year.



The drop in overall denials appears attributable to lower numbers of two other types of discretionary denials—follow-on petition (“*General Plastic*”) denials and parallel petition denials. Though these types of discretionary denials are not at issue here, the lower numbers likely reflect IPR petitioners deciding not to bother filing certain types of petitions allowed by statute because of the likelihood of their denial using other nonstatutory factors. This would be consistent with the overall reduction in IPR petitions since 2018 and the drop-off between 2020 and 2021. *See* 2021 Patent Year in Review, Fig. 12 (reproduced in Section III, *infra*).

### B. Nonstatutory factors are driving this growth in discretionary denials

As Petitioner explains, the PTAB’s precedential decisions in *NHK* and *Fintiv* have introduced new



factors that weigh against IPR petitions that meet all statutory requirements, including, most importantly, satisfying the substantive standard for institution. *See* Pet. at 9-10; 35 U.S.C. § 314 (“a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged”). Under *Fintiv*, the PTAB must consider six factors when it reviews a petition challenging a patent that is involved in an infringement suit.

1. whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted;
2. proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision;
3. investment in the parallel proceeding by the court and the parties;
4. overlap between issues raised in the petition and in the parallel proceeding;
5. whether the petitioner and the defendant in the parallel proceeding are the same party; and
6. other circumstances that impact the Board’s exercise of discretion, including the merits.

*See Apple v. Fintiv*, 2020 WL 2126495, at \*2.

Notably, the PTAB treats “the merits” as but one part of the sixth factor in considering discretionary denial in view of parallel district court proceedings under *Fintiv*. This approach reduces the main congressional concern—removing invalid patents from the economy—to an afterthought among a laundry list of nonstatutory factors. The Patent Office uses these nonstatutory factors to close its door to meritorious petitions. Petitions of a type that had been successfully protecting the public from invalid patents for many years before this explosive growth of discretionary denials.

*Fintiv* factor two—the proximity of the trial date to the PTAB’s statutory deadline—effectively insulates plaintiffs that file in certain district courts from IPRs. *See* Pet. at 31-32. These courts set aggressive—sometimes fanciful—trial dates then revisit those dates after the Board uses discretion to deny a petition. *Id.; id.* at 12-13.

The PTAB’s use of this factor is particularly troubling, given the ephemeral nature of the promised trial dates and uncertainty over venue in the Nation’s busiest patent district court. *See, e.g., In re Apple Inc.*, 979 F.3d 1332, 1344 n.5 (Fed. Cir. 2020). As the Federal Circuit clarified for the Western District of Texas in the venue context, “scheduled trial dates are often subject to change.” *Id.* Especially when “the district court’s anticipated time to trial is significantly shorter than the district’s historical time to trial.” *Id.*

The PTAB understands how long IPRs take and whether the Board can complete its work in the statutory time frame. Hence, the power to extend the statutory time limit for good cause and the discretion to deny petitions that threaten to overwhelm the

PTAB. *See* 35 U.S.C. § 316(a)(11). But, as shown in the Petition, the PTAB does not have particular expertise in predicting district court schedules. Pet. at 31-32.

**C. The Court should not rely on the stale “process” proffered by the Government to rein in agency discretion**

In the parallel cases, the Government downplays the importance of the question presented, relying partly on a “pending agency process” that looks a little like notice-and-comment rulemaking but is not. *See Mylan Labs Ltd. v. Janssen Pharma, N.V.*, No. 21-202, Brief for the Federal Respondent in Opposition at 20-21 (Nov. 2021); *Apple Inc. v. Optis Cellular Tech. LLC*, No. 21-118, Brief for the Federal Respondent in Opposition at 20-21 (Oct. 2021). The Court should not hesitate to grant certiorari here based on the cited process.

First, there is no guarantee that the process will result in any changes to Patent Office practice or that the new Director will even continue the process. The Patent Office is no longer “currently soliciting” public comments. *See Apple v. Optis*, Fed. BIO at 20-21. The comment period closed over a year ago with no further action. In October 2020, the Patent Office issued a “Request for Comments on Discretion To Institute Trials Before the Patent Trial and Appeal Board.” 85 Fed. Reg. 66,502 (Oct. 20, 2020). The Office gave the public 30 days to respond and later extended that deadline by two weeks until Dec. 3, 2020. *See* 85 Fed. Reg. 73437 (Nov. 18, 2020) (“Written comments must be received on or before December 3, 2020.”). Thus, it has been over a year since the comment period closed. In addition, the

Request was issued under the former head of the Patent Office, who resigned in January of 2021. *See* Ryan Davis, *Iancu Leaves Pro-Patentee Legacy As USPTO Director*, Law360 (Jan. 21, 2021).

Such stale administrative requests may simply be left to languish. For example, in *Sony Computer Entertainment America LLC v. 1<sup>st</sup> Media, LLC*, No. 12-1086, this Court invited the views of the Solicitor General on a question of equitable remedies where a patent applicant has violated the Patent Office's Rule 56 duty of candor. *See* Order List (May 13, 2013); *see also* *Sony Computer*, No. 12-1086, Petition for Writ of Certiorari at i. The Government recommended against certiorari, in part, because “[a]n ongoing PTO rulemaking may also impact the materiality component of the inequitable-conduct doctrine.” *Sony Computer*, No. 12-1086, Brief for the United States as *Amicus Curiae* at 19 (Sept. 2013) (citing 76 Fed. Reg. 43,632 (Jul. 21, 2011)). That Federal Register Notice was a “Notice of proposed rulemaking” and not a mere “Request for Comments.” *See* 76 Fed. Reg. at 43,632, col. 2. Nevertheless, the proposed rule was not implemented. The relevant section of Rule 56 remains unchanged. *Compare* 37 C.F.R. § 1.56(b) *with* 37 C.F.R. § 1.56(b) (2011). A decade later, that process is still “ongoing.” *See* 81 Fed. Reg. 74987 (Oct. 28, 2016) (proposing a different change to Rule 56(b)); *see also* John O. Curry, *Comment, Avoiding Responsibility: The Case for Amending the Duty to Disclose Prior Art in Patent Law*, 95 Wash. L. Rev. 1031, 1050 n.151 (2020) (“These changes have yet to be adopted.”).

Second, the process relied on is a “Request for Comments,” not a proposed rule. *See* 85 Fed. Reg.

66,502 (Oct. 20, 2020). The Request indicates that the Office is merely “considering the codification of its current policies and practices, or the modification thereof.” *Id.* at 66,503, col. 1; *see also id.* at 66,506, col. 2, (“Should the Office promulgate a rule with a case-specific analysis, such as generally outlined in *Fintiv*...?”).

Regardless of the public response, the Patent Office may consider rule changes unnecessary given the Solicitor General’s position that such rulemaking “procedures are not required” here. *See Mylan v. Janssen*, Fed. BIO at 19-20; *but see* 35 U.S.C. § 316(a)(2) (requiring the Director to prescribe regulations “setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a)”) *and id.* at § 2(b)(2)(B) (requiring the Patent Office to make its rules under general APA constraints).

Finally, rulemaking is an exercise in gap-filling. *Chevron, U.S.A., Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 843 (1984). Here, there is no gap to fill. Nor does the Request identify any statutory holes that need filling by the factors promulgated in the precedential decisions. The statutory bar speaks directly to the timeliness between PTAB and district court proceedings. *See* 35 U.S.C. § 315(b) (“An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner ... is served with a complaint alleging infringement of the patent.”).

This Court found a similar lacking in *SAS*, which reviewed the Patent Office’s institution policies even after *Cuozzo*. “The Director may (today) think his approach makes for better policy, but policy

considerations cannot create an ambiguity when the words on the page are clear.” *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1358 (2018). Here, as in *SAS*, the statute is clear, and the Patent Office has no room to codify its current practice, which merely gives PTAB panels power to undermine the statute. *See id.* No rulemaking exercise can cure that defect.

## II. THE PTAB PRECEDENTIAL DECISIONS ABUSE STATUTORY DISCRETION

*Amici* recognize that “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016). And that Section 314(a) contains “no mandate to institute review.” *Id.*

But “[d]iscretion is not whim.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 103 (2016) (quoting *Martin v. Franklin Cap. Corp.*, 546 U.S. 132, 139 (2005)). In American law, “discretion is ‘rarely without limits,’ even when the statute ‘does not specify any limits.’” *Id.* (quoting *Flight Attendants v. Zipes*, 491 U.S. 754, 758 (1989)). When granting an agency discretion, Congress generally provides guidance that instructs the agency and cabins the discretion granted. *See Whitman v. Am. Trucking Associations*, 531 U.S. 457, 472-73 (2001). Indeed, Congress cannot convey “decisionmaking authority” on an agency without laying down an “intelligible principle” in the statute to guide that authority. *Id.* at 472. Otherwise, the agency’s authority would rest on unconstitutional grounds.

Here, Congress has limited the Director’s discretion in multiple ways, though the Patent Office does not recognize those limits. Despite Congress’s

clear instructions, the PTAB precedential opinions extend that discretion to rebalance the statute as written—favoring patentees over the public. The agency should ground its discretion in the statute and use it sparingly.

The Patent Office should read the IPR statute in light of its first sentence:

Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent.

35 U.S.C. § 311(a). This permissive language invites any member of the public except the patent owner to file an IPR.

Congress provided limits, of course, in “the provisions of this chapter.” *Id.* For example, Section 315 instructs the Patent Office how an IPR relates to proceedings outside the agency based on the two proceedings’ relative timing. The PTAB may not institute an IPR if the petitioner has “filed a civil action challenging the validity of a claim of the patent” before filing the petition. 35 U.S.C. § 315(a)(1). The PTAB also may not institute an IPR if the petition “is filed more than 1 year after the date on which the petitioner . . . is served with a complaint alleging infringement of the patent.” 35 U.S.C. § 315(b).

The latter statute gives petitioners a one-year time limit after service of suit to file their IPRs. One year was deemed the appropriate time by Congress without regard to the speed of the civil action.

Nothing in the statute indicates that the PTAB has the discretion to routinely cut short that grace period if the civil suit progresses.

But the PTAB precedential decisions promulgate countervailing factors regarding the relative timing of related civil actions. *Fintiv* factor two, “proximity of the court’s trial date to the Board’s projected statutory deadline for a final written decision,” undermines congressional intent. Similarly, under *Fintiv* factor three, “investment” in the district court proceedings, any advance in district court proceedings weighs against institution. There is no indication in Section 315 or elsewhere in the statute that the PTAB should deny institution based on these *Fintiv* factors.

The analogy to *SCA* is nearly exact. In *SCA*, the Federal Circuit held that a laches defense may bar a patent suit brought within the 6-year federal statute of limitations. A panel of that court affirmed that laches was available and “committed to the sound discretion of the trial judge.” *SCA Hygiene Prod. Aktiebolag v. First Quality Baby Prod., LLC*, 767 F.3d 1339, 1344 (Fed. Cir. 2014). The en banc court affirmed. *SCA Hygiene Prod. Aktiebolag v. First Quality Baby Prod., LLC*, 807 F.3d 1311 (Fed. Cir. 2015) (en banc). The en banc court reasoned that—despite this Court’s holding in *Petrella* that no such defense was available under the Copyright Act’s similar statute of limitations—the Patent Act codified a laches defense *sub silentio*. *See id.* at 1323; *see also Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014).

This Court overruled because Congress had provided a hard-and-fast rule on the timeliness of bringing suit:



The enactment of a statute of limitations necessarily reflects a congressional decision that the timeliness of covered claims is better judged on the basis of a generally hard and fast rule rather than the sort of case-specific judicial determination that occurs when a laches defense is asserted.

*SCA Hygiene Prod. Aktiebolag v. First Quality Baby Prod., LLC*, 137 S. Ct. 954, 960 (2017) (quoting *Petrella*, 134 S. Ct. at 1974).

Laches, the Court explained, “is a gap-filling doctrine, and where there is a statute of limitations, there is no gap to fill.” *SCA*, 137 S. Ct. at 961 (citing *Petrella*, 134 S. Ct. at 1974-1975). “[A]pplying laches within a limitations period specified by Congress would give judges a ‘legislation-overriding’ role that is beyond the Judiciary’s power.” *Id.* at 960.

Here, the PTAB invokes its discretion to bar petitions brought within the one-year statutory time limit. Here, it is the PTAB “overriding” a “congressional decision” that timeliness is better judged by a “hard and fast” limit on when a case may be brought. Here, the PTAB wants to invoke “case-specific” determinations regarding timeliness rather than apply the congressional time limit in 35 U.S.C. § 315(b). Ultimately, the PTAB uses its gap-filling power, discretion, to bar a class of petitions that Congress specifically allowed. This is no different than the legislation-overriding disallowed in *SCA*.

Finally, when Congress wanted to grant the Director the discretion to apply a “factor” in analyzing individual petitions, it did so explicitly. In 35 U.S.C. § 325(d), Congress gave the Director the discretion to consider whether a petition relies on prior art previously presented to the Office:

In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

This statute gives the PTAB the discretion to consider a single factor—whether the same or substantially the same prior art or arguments were previously presented to the Office—when reviewing an individual application. The lack of any other statutory factors of this type counsel against the PTAB devising its own nonstatutory factors that address the circumstances of individual petitions.

Here again, the *Fintiv* factor goes beyond what Congress authorized. The statute allows the Director to take into account the overlap between the IPR petition and any art and arguments previously “presented to the Office.” *Id.* But *Fintiv* factor four requires the Board to consider “overlap between issues raised in the petition and in the parallel [district court] proceeding.” Had Congress wanted the Office to consider this factor, it would be in Section 325(d).

This is another example of where the “Director may (today) think his approach makes for better policy.” *SAS*, 138 S. Ct. at 1358. But “the words on the page are clear.” *Id.* And the Office’s current practice merely gives PTAB panels additional power—based on factors that conflict with or undermine the statute.

### III. CONGRESS GRANTED THE DIRECTOR A SAFETY VALVE TO CONTROL THE PTAB’S BACKLOG, NOT A TOOL FOR MAKING POLICY

Historically, the Patent Office had no discretion over the institution of post-issuance proceedings. Inter partes review modified and replaced inter partes reexamination (“IPX”). *See Cuozzo*, 579 U.S. at 267. If a request for IPX raised a substantial new question of patentability, the Office had to “include an order for inter partes reexamination” in the Director’s determination. *See* 35 U.S.C. § 312(a) (2010); 35 U.S.C. § 313 (2010). This made sense for IPX proceedings because Congress implemented inter partes reexamination only for patent applications filed on or after the effective date of the IPX statute. *See Cooper Techs. Co. v. Dudas*, 536 F.3d 1330 (Fed. Cir. 2008). As a result, IPX proceedings grew slowly by design. *See, e.g.,* USPTO, *Inter Partes Reexamination Filing Data—September 30, 2017*, available at [https://www.uspto.gov/sites/default/files/documents/inter\\_parte\\_historical\\_stats\\_roll\\_up.pdf](https://www.uspto.gov/sites/default/files/documents/inter_parte_historical_stats_roll_up.pdf).

In contrast, Congress made every enforceable patent eligible for IPR, and the legislators were worried that the Patent Office Board would be overwhelmed. *See* Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part*

*II of II*, 21 Fed. Cir. B. J. 539, 610 (2012). Thus, Section 316(b) allows the Director to consider “the ability of the Office to timely complete proceedings” when prescribing regulations governing their conduct. *See also* Leahy-Smith America Invents Act sec. 6(c)(2)(B), Pub. L. No. 112-29, 125 Stat. 284, 304 (2011) (“AIA”) (allowing the Director to hard cap the number of IPR proceedings but only during the proceedings’ first four years of existence). Thus, the grant of discretion is not a call to review the circumstances of individual petitions. Instead, it is a mechanism for managing the PTAB’s caseload to avoid a backlog that would threaten the one-year statutory deadline. *See* 35 U.S.C. § 316 (a)(11).

Senator Kyl, an AIA sponsor, put Congress’s concerns on the record during the March 2011 Senate debates. The inter partes threshold of Section 314 would be a “safety valve” governed by regulations that “take into account, among other things, the Office’s ability ‘to timely complete proceedings’” under the AIA. 157 Cong. Rec. S1377 (daily ed. Mar. 8, 2011) (quoting 35 U.S.C. § 316(b)). The safety valve “allows the Office to decline to institute further proceedings if a high volume of pending proceedings threatens the Office’s ability to timely complete all proceedings.” *Id.* It is “better that the Office turn away some petitions that satisfy the threshold for instituting [a proceeding] than it is to allow the Office to develop a backlog of instituted reviews.” *Id.*

The same applies to the Director’s explicit discretion regarding joinder. *See* 35 U.S.C. § 315(c). Under Section 315(c), “the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition.” This

discretionary grant is another “safety valve” that “allow[s] the Office to avoid being overwhelmed if there happens to be a deluge of joinder petitions in a particular case.” 157 Cong. Rec. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

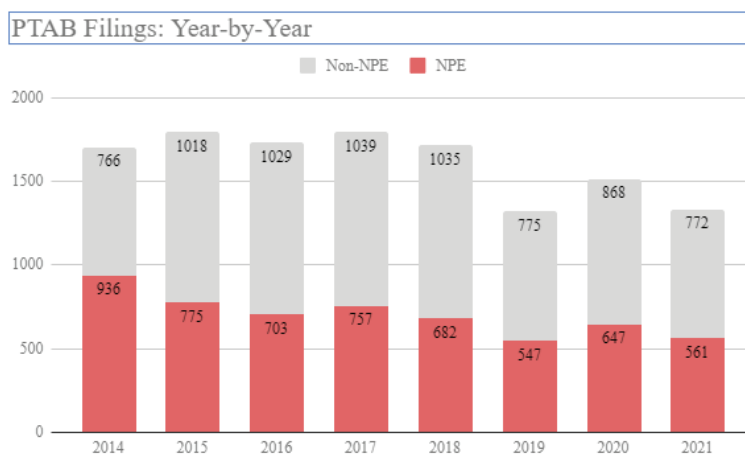
Congressional concerns were understandable. The Patent Office Board had a backlog of over 20,000 ex parte appeals when the AIA passed. *See* James Donald Smith, *Patent Trial and Appeal Board Update* 20 (Nov. 21, 2013) *available at* [https://www.uspto.gov/sites/default/files/documents/20131121\\_PPAC\\_PTABUpdate.pdf](https://www.uspto.gov/sites/default/files/documents/20131121_PPAC_PTABUpdate.pdf). Indeed, the PTAB’s backlog, as reported by the then-Chief Administrative Patent Judge, had grown every quarter for the two years prior. *Id.* The backlog eventually topped out at over 26,000 pending appeals in the first quarter of fiscal 2013. *Id.*

Thus, the Director’s discretion grew out of concerns that petitioners would file too many IPR petitions for the PTAB to consider in the one year allowed by the new statute. Those same concerns—preventing a backlog or stopping a panel from being overwhelmed—should primarily guide that discretion. Should a glut of petitions force the Director to turn away meritorious petitions, the Office could promulgate rules that preserve the PTAB’s ability to meet its statutory deadlines.

Fortunately, the Patent Trial and Appeal Board has not had a problem ensuring the timely completion of proceedings. The PTAB has shown that it can handle its IPR docket with no backlog. Rarely does the Board require more than one year to complete an IPR proceeding. *See* 35 U.S.C. § 316(a)(11). The PTAB seldom invokes the statutory good-cause

extension, and only then in the case of joinder or other unusual circumstances. *See id.*

Further, petitions have declined. *See* 2021 Patent Year in Review, Fig. 12 (reproduced below). From 2014-2018, the Patent Office received over 1700 petitions each year. In 2021, petitioners filed less than 1350, reflecting a sharp decline (though 2020 was slightly higher than 2019). *See id.* This decline alone shows that a backlog is unlikely to develop. The PTAB appears quite able to institute every IPR petition that meets the statutory requirements.



#### IV. THE FEDERAL CIRCUIT MAY ADDRESS THIS ABUSE

Petitioner thoroughly explains why the Federal Circuit has the power to review the agency’s failure to institute in this and the parallel cases, despite the statute’s admonition that the decision is “final and nonappealable.” Pet. at 17-25; *see also* 35 U.S.C. § 314(d). *Amici* agree and will not repeat those arguments.

*Amici* recognize *Arthrex*'s statement that "Congress has committed the decision to institute inter partes review to the Director's unreviewable discretion." *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1977 (2021). But that isolated sentence should not be read as an absolute.

Indeed, this portion of *Arthrex* cites *Thryv*, which relies on *Cuozzo* for the proposition that "a party generally cannot contend on appeal that the agency should have refused" to institute an IPR. *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 1373 (2020) (emphasis added). *Thryv* further explains that *Cuozzo* reserved judgment on "whether § 314(d) would bar appeals reaching well beyond the decision to institute." *Id.* Unlike *Thryv*, here, "the Patent Office has engaged in 'shenanigans' by exceeding its statutory bounds"—i.e., by undoing the one-year time limit for filing petitions set by Congress. *See SAS*, 138 S. Ct. at 1359 (quoting *Cuozzo*, 579 U.S. at 275). Not just in this case on these facts, but in most post-issuance cases.

Just as the PTAB could not institute an IPR to hear a Section 112 challenge, it could not refuse to institute IPRs that raise Section 103 challenges that meet the statutory standards. *See Cuozzo*, 579 U.S. at 275. Here, the PTAB denies institutions based on a supposed lack of timeliness. But the statute defines which petitions are timely. The Patent Office does not interpret the statute for one unique case—as in *Thryv*—it undoes the statute across many cases. The courts may review that agency policy.

Further, *Cuozzo* expressly preserved the effect of § 314(d) on "questions of interpretation that reach, in terms of scope and impact, well beyond 'this section.'"

*Id.* at 275. Here, the agency’s interpretation of the scope of discretion has caused the PTAB to discard hundreds of petitions that met both the statutory deadline and the merits standard for institution. That impact goes well beyond any single decision under Section 314(a). *See* Section I, *supra*.

If direct appeal is unavailable, then Petitioner can get relief on mandamus. *See* Pet. at 25-29. Post-issuance proceedings are open to any “person who is not the owner of a patent.” 35 U.S.C. § 311(a). Such petitions are timely if filed within one year of service of a complaint alleging patent infringement. Petitioner has a clear and indisputable right to file an IPR petition and to have it considered timely under the IPR statute. When the PTAB substitutes various “factors” to weigh the timeliness of a petition, it violates that right.

Congress set up this alternative path because the general system was inadequate. “The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” H.R. Rep. No. 112-98, pt. 1, p.40 (2011). The judges that conduct them are “persons of competent legal knowledge and scientific ability.” 35 U.S.C. § 6(a). Such efficient, streamlined, expert analysis of the patentability of patent claims is available nowhere else in the patent system.

“By providing for inter partes review, Congress, concerned about overpatenting and its diminishment of competition, sought to weed out bad patent claims efficiently.” *Thryv*, 140 S. Ct. at 1375 (citing *Cuozzo*, 136 S. Ct. at 2139-2140). That decision is not subject to the Director’s discretion.



**CONCLUSION**

The Court should grant the Petition to ensure the Patent Office does not exceed the bounds set by Congress.

Respectfully submitted.

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