No. 20-1631

In the Supreme Court of the United States

ANDREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, PETITIONER

v.

IMPLICIT, LLC, ET AL.

ANDREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, PETITIONER

v.

TRANSTEX INC., ET AL.

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

PETITION FOR A WRIT OF CERTIORARI

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Additional Captions Listed on Inside Cover

ANDREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, PETITIONER

v.

NEW VISION GAMING & DEVELOPMENT, INC., ET AL.

ANDREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, PETITIONER

v.

UNILOC 2017 LLC, ET AL.

QUESTION PRESENTED

Whether, for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges of the U.S. Patent and Trademark Office are principal officers who must be appointed by the President with the Senate's advice and consent, or "inferior Officers" whose appointment Congress has permissibly vested in a department head.

PARTIES TO THE PROCEEDING

Petitioner in this Court is Andrew Hirshfeld, Acting Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent and Trademark Office, who intervened in the court of appeals in these cases pursuant to 35 U.S.C. 143.

Respondents in this Court are Apple Inc., which was an appellee in Nos. 2020-1666 and 2020-1667; Implicit, LLC, which was the appellant in Nos. 2020-1173 and 2020-1174; Laydon Composites Ltd., which was an appellee in No. 2020-1140; New Vision Gaming & Development, Inc., which was the appellant in Nos. 2020-1399 and 2020-1400; SG Gaming, Inc., which was the appellee in Nos. 2020-1399 and 2020-1400; Sonos, Inc., which was the appellee in Nos. 2020-1173 and 2020-1174; Transtex Inc., which was the appellant in No. 2020-1140; Unified Patents, LLC, which was an appellee in Nos. 2020-1666 and 2020-1667; UNILOC 2017, LLC, which was the appellant in Nos. 2020-1666 and 2020-1667; and WABCO Holdings, Inc., which was an appellee in No. 2020-1140.

RELATED PROCEEDINGS

United States Court of Appeals (Fed. Cir.):

Implicit, LLC v. *Sonos, Inc.*, Nos. 2020-1173 and 2020-1174 (Dec. 23, 2020)

Transtex Inc. v. *WABCO Holdings Inc.*, No. 2020-1140 (Feb. 5, 2021)

New Vision Gaming & Development, Inc. v. *SG Gaming, Inc.*, Nos. 2020-1399 and 2020-1400 (May 13, 2021)

UNILOC 2017 LLC v. *Unified Patents, LLC*, Nos. 2020-1666 and 2020-1667 (May 19, 2021)

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

PETITION FOR A WRIT OF CERTIORARI

The Acting Solicitor General, on behalf of the Acting Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, respectfully petitions for a writ of certiorari to review the judgments of the United States Court of Appeals for the Federal Circuit in these cases. Pursuant to this Court's Rule 12.4, the government is filing a "single petition for a writ of certiorari" because the "judgments * * * sought to be reviewed" are from "the same court and involve identical or closely related questions." Sup. Ct. R. 12.4.

OPINIONS BELOW

The order of the court of appeals in *Implicit, LLC* v. *Sonos, Inc.*, Nos. 2020-1173 and 2020-1174 (App. 1a-2a), is not published in the Federal Reporter.

The order of the court of appeals in *Transtex Inc.* v. *WABCO Holdings, Inc.*, No. 2020-1140 (App. 3a-4a), is not published in the Federal Reporter.

The opinion of the court of appeals in *New Vision Gaming & Development, Inc.* v. *SG Gaming, Inc.*, Nos. 2020-1399 and 2020-1400 (App. 5a-12a), is not yet published in the Federal Reporter but is available at 2021 WL 1916374.

The order of the court of appeals in *UNILOC 2017 LLC* v. *Unified Patents, LLC*, Nos. 2020-1666 and 2020-1667 (App. 13a-14a), is not published in the Federal Reporter.

JURISDICTION

The judgment of the court of appeals in *Implicit, LLC* v. *Sonos, Inc.*, Nos. 2020-1173 and 2020-1174, was entered on December 23, 2020.

The judgment of the court of appeals in *Transtex Inc.* v. *WABCO Holdings, Inc.*, No. 2020-1140, was entered on February 5, 2021.

The judgment of the court of appeals in *New Vision Gaming & Development, Inc.* v. *SG Gaming, Inc.*, Nos. 2020-1399 and 2020-1400, was entered on May 13, 2021.

The judgment of the court of appeals in *UNILOC 2017 LLC* v. *Unified Patents, LLC*, Nos. 2020-1666 and 2020-1667, was entered on May 19, 2021.

On March 19, 2020, the Court extended the time within which to file any petition for a writ of certiorari due on or after that date to 150 days from the date of the lower-court judgment, order denying discretionary review, or order denying a timely petition for rehearing. The effect of that order was to extend the deadline for filing a petition for a writ of certiorari seeking review of the judgment in *Implicit, LLC* v. *Sonos, Inc.*, Nos. 2020-1173 and 2020-1174, to Saturday, May 22, 2021, and to extend to a later date the deadline for filing in each of the other cases encompassed by this petition.

In each case, the jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

These cases concern whether, under the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, administrative patent judges of the United States Patent and Trademark Office (USPTO) are principal officers who must be appointed by the President with the advice and consent of the Senate, or "inferior Officers" whose appointment Congress may vest in a department head. In *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 941 F.3d 1320 (2019), cert. granted, 141 S. Ct. 549, and 141 S. Ct. 551 (2020), the Federal Circuit held that administrative pa-

tent judges are principal officers and that the statutorily prescribed method of appointing administrative patent judges—by the Secretary of Commerce acting alone, see 35 U.S.C. 6(a)—violates the Appointments Clause. *Arthrex*, 941 F.3d at 1327-1335. In each of the judgments encompassed by this consolidated petition, the court of appeals vacated one or more decisions of the Patent Trial and Appeal Board (Board) based on *Arthrex* and remanded for further proceedings.

1. The Patent Act of 1952 (Patent Act), 35 U.S.C. 1 *et seq.*, establishes the USPTO as an executive agency within the United States Department of Commerce "responsible for the granting and issuing of patents and the registration of trademarks." 35 U.S.C. 2(a)(1); see 35 U.S.C. 1(a). The Board is an administrative tribunal within the USPTO that conducts several kinds of patent-related administrative adjudications, including appeals from adverse decisions of patent examiners on patent applications and in patent reexaminations; derivation proceedings; and inter partes and post-grant reviews. 35 U.S.C. 6(a) and (b). Its final decisions may be appealed to the Federal Circuit. 35 U.S.C. 141(c), 144, 319.

The Board consists of the Director, the Deputy Director, the Commissioners for Patents and Trademarks, and "administrative patent judges." 35 U.S.C. 6(a). Administrative patent judges, of whom there are currently more than 250, are "persons of competent legal knowledge and scientific ability who are appointed by the Secretary [of Commerce], in consultation with the Director." *Ibid.* Like other "[o]fficers and employees" of the USPTO, most administrative patent judges are "subject to the provisions of title 5, relating to Federal employees." 35 U.S.C. 3(c). Under those provisions, members of the civil service may be removed

"only for such cause as will promote the efficiency of the service." 5 U.S.C. 7513(a). Because the Secretary appoints the judges, that removal authority belongs to the Secretary. See *Free Enterprise Fund* v. *Public Co. Accounting Oversight Bd.*, 561 U.S. 477, 509 (2010).[1]

2. In *Arthrex*, the court of appeals held that administrative patent judges are principal officers for purposes of the Appointments Clause, U.S. Const. Art. II, § 2, Cl. 2, and therefore must be appointed by the President with the advice and consent of the Senate. *Arthrex*, 941 F.3d at 1327-1335. The court therefore held that the statutorily prescribed method of appointing administrative patent judges—by the Secretary of Commerce acting alone—violates the Appointments Clause. *Ibid.*; see 35 U.S.C. 6(a). The Federal Circuit reached and resolved that issue despite the undisputed failure of the party that had appealed the Board's decision (Arthrex, Inc.) to present its Appointments Clause challenge during the Board proceedings. *Arthrex*, 941 F.3d at 1326-1327.

To cure the putative constitutional defect that it identified, the *Arthrex* court held that the restrictions on removal imposed by 5 U.S.C. 7513(a) cannot validly be applied to administrative patent judges, and that the application of those restrictions should be severed so that the judges are removable at will. *Arthrex*, 941 F.3d at 1335-1338. "Because the Board's decision in [*Arthrex*] was made by a panel of [administrative patent

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[1] A small subset of administrative patent judges serve as members of the Senior Executive Service, see 83 Fed. Reg. 29,312, 29,324 (June 22, 2018), and therefore are subject to removal "for misconduct, neglect of duty, malfeasance, or failure to accept a directed reassignment or to accompany a position in a transfer of function," 5 U.S.C. 7543(a); see 5 C.F.R. Pt. 359.

judges] that were not constitutionally appointed at the time the decision was rendered," the court vacated the Board's decision, remanded for "a new hearing" before the Board, and directed "that a new panel of [administrative patent judges] must be designated to hear the [proceeding] anew on remand." *Id.* at 1338, 1340; see *id.* at 1338-1340. The *Arthrex* court stated that vacatur and remand would also be appropriate in all other cases "where final written decisions were issued [by the Board] and where litigants present an Appointments Clause challenge on appeal." *Id.* at 1340.

On October 13, 2020, this Court granted the government's petition for a writ of certiorari seeking review of the Federal Circuit's *Arthrex* decision, as well as two additional petitions filed by the private parties in *Arthrex*. See *United States* v. *Arthrex, Inc.*, No. 19-1434; *Smith & Nephew, Inc.* v. *Arthrex, Inc.*, No. 19-1452; *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, No. 19-1458. The Court has agreed to consider: (1) whether administrative patent judges are principal or inferior officers for purposes of the Appointments Clause; and (2) whether, if administrative patent judges are principal officers, the Federal Circuit properly cured any Appointments Clause defect by severing the application of 5 U.S.C. 7513(a) to those judges.

3. Since resolving *Arthrex*, the Federal Circuit has decided dozens of other appeals in which, based on its *Arthrex* decision, it has vacated Board decisions and remanded for new hearings. See, *e.g.*, Pet. at 14, 27, *Arthrex*, *supra* (No. 19-1434); Pet. App. at 223a, *Arthrex*, *supra* (No. 19-1434). The Board has issued a blanket order staying further administrative proceedings in those and any subsequent cases remanded by the Federal Circuit pending this Court's disposition of *Arthrex*.

General Order in Cases Remanded Under Arthrex, Inc. v. Smith & Nephew, Inc. 941 F.3d 1320 (Fed. Cir. 2019) 1-2 (PTAB May 1, 2020). In issuing that stay, the Board observed that the Federal Circuit "ha[d] already vacated more than 100 decisions by the [Board] and more such Orders are expected." *Id.* at 1; see *id.* at 2-6 (listing proceedings that had been remanded as of May 1, 2020).[2] In the months since then, the court of appeals has remanded additional cases based on *Arthrex*. *E.g.*, App. 1a-14a; Pet. App. at 1a-23a, *Iancu* v. *Fall Line Patents, LLC*, No. 20-853 (filed Dec. 23, 2020); Pet. App. at 70a-84a, *Iancu* v. *Luoma*, No. 20-74 (filed July 23, 2020).

On July 23, 2020 and December 23, 2020, the government filed consolidated petitions for certiorari encompassing multiple remand orders that the Federal Circuit had issued on the basis of *Arthrex*. Pet. at 1-27, *Luoma*, *supra* (No. 20-74); Pet. at 1-11, *Fall Line Patents*, *supra* (No. 20-853). The government urged the Court to hold those petitions pending disposition of *Arthrex*, and then to dispose of those cases as appropriate in light of this Court's decision in *Arthrex*. Those petitions remain pending.

The four Federal Circuit orders encompassed by this consolidated petition are also among those in which the Federal Circuit has vacated Board decisions based on

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[2] In one set of 18 Board proceedings that involve the same parties and were covered by the Board's blanket order, the court of appeals initially vacated and remanded based on *Arthrex*, but the court subsequently granted the request of the party that had raised an Appointments Clause challenge in the court of appeals "to withdraw and permanently waive its Appointments Clause challenge." Order at 4, *Intel Corp.* v. *Alacritech, Inc.*, No. 2019-1443 (Fed. Cir. Apr. 30, 2020). The Board has also determined that two proceedings were mistakenly included in its blanket order and has since lifted the order in those proceedings.

Arthrex and has remanded for further proceedings before a different Board panel. App. 1a-14a. In these cases, patent owners challenged final decisions issued by the Board in inter partes reviews or similar proceedings. *Ibid.* The patent owners argued, *inter alia*, that the Board judges who had ruled in these cases were unconstitutionally appointed, and the government intervened to defend the constitutionality of the statutory scheme. *Ibid.* And in each case, the Federal Circuit vacated the Board's final decision based on *Arthrex* and remanded the case to be reheard by a different panel of the Board. *Ibid.*

ARGUMENT

In *Arthrex, Inc.* v. *Smith & Nephew, Inc.*, 941 F.3d 1320 (2019), cert. granted, 141 S. Ct. 549, and 141 S. Ct. 551 (2020), the Federal Circuit held that the administrative patent judges who sit on Board panels are principal officers who must be, but by statute are not, appointed by the President with the advice and consent of the Senate. *Id.* at 1327-1335. To eliminate that putative constitutional infirmity going forward, the court severed the application to administrative patent judges of certain statutory protections against removal. *Id.* at 1335-1338. But because the Board's decision under review in *Arthrex* had been issued before the court's decision rendering those removal protections inapplicable, the court vacated that Board decision and remanded for a new administrative proceeding before a differently constituted Board panel. *Id.* at 1338-1340.

Since its decision in *Arthrex*, the Federal Circuit has followed the same course in scores of additional appeals from Board rulings, including in the cases encompassed by this petition. In each of the orders at issue here, the

court vacated one or more Board decisions based on *Arthrex* and remanded for further proceedings before a different Board panel.

On October 13, 2020, this Court granted three petitions for a writ of certiorari to review the Federal Circuit's Appointments Clause holding in *Arthrex* and the court's decision to sever the application of statutory removal protections for administrative patent judges. See *United States* v. *Arthrex, Inc.*, No. 19-1434 (argued Mar. 1, 2021). If the Court ultimately reverses the Federal Circuit's judgment in *Arthrex*, its decision will undermine the court of appeals' subsequent rulings in the cases encompassed by this petition, in which the court applied *Arthrex*'s holdings to reach the same result. In that event, it will be appropriate for the Court to vacate the Federal Circuit's judgments in these cases and remand for further proceedings. Accordingly, because this Court's resolution of *Arthrex* may affect the proper disposition of these cases, this petition should be held pending the resolution of the three consolidated cases in *Arthrex*, and then disposed of as appropriate in light of the Court's decision in those cases.

CONCLUSION

The petition for a writ of certiorari should be held pending the Court's decision in *United States* v. *Arthrex, Inc.*, No. 19-1434 (argued Mar. 1, 2021), and the consolidated cases (Nos. 19-1452 and 19-1458), and then disposed of as appropriate in light of that decision.

Respectfully submitted.

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JUNE 2021

No.

IN THE SUPREME COURT OF THE UNITED STATES

ANDREW HIRSHFELD, ACTING UNDER SECRETARY OF COMMERCE FOR INTELECTUAL PROPERTY AND DIRECTOR, U.S. PATENT AND TRADEMARK OFFICE, PETITIONER

v.

IMPLICIT, LLC, ET AL.

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

APPENDIX TO THE PETITION FOR A WRIT OF CERTIOARI

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* Pursuant to this Court's order of April 15, 2020, concerning filing procedures during the ongoing public health concerns related to COVID-19, this appendix is formatted under the standards set forth in Rule 33.2 of this Court. See 4/15/20 Order 1 ("[E]very document filed in a case prior to a ruling on a petition for a writ of certiorari * * * may be formatted under the standards set forth in Rule 33.2.").

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

IMPLICIT, LLC,
Appellant

v.

SONOS, INC.,
Appellee

ANDREI IANCU, Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office,
Intervenor

2020-1173, -1174

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-00766 and IPR2018-00767.

ON MOTION

Before PROST, *Chief Judge*, LOURIE and CHEN, *Circuit Judges*.

LOURIE, *Circuit Judge*.

O R D E R

Implicit, LLC moves to vacate the decisions of the Patent Trial and Appeal Board and to remand for further proceedings in light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted*, 2020 WL 6037208 (U.S. Oct. 13, 2020). Sonos, Inc. and the Director of the United States Patent and Trademark Office separately oppose the motion. Implicit replies. Sonos moves to stay the appeals pending the Supreme Court of the United States' resolution of *Arthrex*. Implicit opposes the motion to stay. Sonos replies.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) Implicit's motion to vacate and remand is granted to the extent that the Patent Trial and Appeal Board's decisions are vacated, and the cases are remanded to the Board for proceedings consistent with this court's decision in *Arthrex*.

(2) Sonos' motion to stay is denied.

(3) Each side shall bear its own costs.

FOR THE COURT

December 23, 2020
Date

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

s25

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

TRANSTEX INC., FKA TRANSTEX COMPOSITE INC.,
Appellant

v.

WABCO HOLDINGS INC., LAYDON COMPOSITES LTD.,
Appellees

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

2020-1140

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in No. IPR2018-00737.

Before PROST, *Chief Judge,* SCHALL and REYNA, *Circuit Judges.*

PER CURIAM.

O R D E R

In its opening brief, Transtex Inc. argues that the final written decision at issue exceeds the scope of the Patent Trial and Appeal Board's authority and violates the Constitution's Appointments Clause. In light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), the court now vacates the Board's decision and remands for proceedings consistent with this court's decision in *Arthrex*.

Accordingly,

IT IS ORDERED THAT:

(1) The Patent Trial and Appeal Board's decision is vacated, and the case is remanded to the Board for proceedings consistent with *Arthrex*.

(2) Each side shall bear its own costs.

FOR THE COURT

February 5, 2021
Date

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

United States Court of Appeals for the Federal Circuit

NEW VISION GAMING & DEVELOPMENT, INC.,
Appellant

v.

SG GAMING, INC., FKA BALLY GAMING, 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

2020-1399, 2020-1400

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. CBM2018-00005, CBM2018-00006.

Decided: May 13, 2021

MATTHEW JAMES DOWD, Dowd Scheffel PLLC, Washington, DC, argued for appellant. Also represented by ROBERT JAMES SCHEFFEL; DAVID E. BOUNDY, Cambridge Technology Law LLC, Newton, MA.

NATHAN K. KELLEY, Perkins Coie LLP, Washington, DC, argued for appellee. Also represented by GENE WHAN LEE, New York, NY.

DANA KAERSVANG, Appellate Staff, Civil Division, United States Department of Justice, Washington, DC, argued for intervenor. Also represented by JEFFREY B. CLARK, MELISSA N. PATTERSON; KAKOLI CAPRIHAN, SARAH E. CRAVEN, THOMAS W. KRAUSE, FARHEENA YASMEEN RASHEED, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA.

ROBERT GREENSPOON, Flachsbart & Greenspoon, LLC, Chicago, IL, for amicus curiae US Inventor, Inc.

Before NEWMAN, MOORE, and TARANTO, *Circuit Judges*.

Opinion for the court filed by *Circuit Judge* MOORE.

Opinion concurring in part and dissenting in part filed by *Circuit Judge* NEWMAN.

MOORE, *Circuit Judge*.

New Vision Gaming & Development, Inc., appeals two covered-business method review final-written decisions. In those decisions, the Patent Trial and Appeal Board held that all claims of U.S. Patent Nos. 7,451,987 and 7,325,806, as well as proposed substitute claims, are patent ineligible under 35 U.S.C. § 101. New Vision requests that we vacate and remand the Board's decisions in light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). Because *Arthrex* issued after the Board's final-written decisions and after New Vision sought Board rehearing, New Vision has not waived its *Arthrex* challenge by raising it for the first time in its opening brief before this Court. *See C.A. Casyso GmbH v. HemoSonics LLC*, No. 20-1444 (Oct. 27, 2020) (non-precedential order) (vacating and

remanding in analogous circumstances). Thus, we vacate and remand for further proceedings consistent with *Arthrex*, and we need not reach any other issue presented in this case.

VACATED AND REMANDED

COSTS

Each side shall bear its own costs.

United States Court of Appeals for the Federal Circuit

NEW VISION GAMING & DEVELOPMENT, INC.,
Appellant

v.

SG GAMING, INC., FKA BALLY GAMING, 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

2020-1399, 2020-1400

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. CBM2018-00005, CBM2018-00006.

NEWMAN, *Circuit Judge*, concurring in part, dissenting in part.

I agree that *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019) applies, and that it is appropriate to vacate the decision of the unconstitutional Patent

Trial and Appeal Board ("PTAB" or "Board").[1] However, in this case a threshold issue requires resolution, for the *Arthrex* remand may be unnecessary and unwarranted. There may be no basis for any PTAB proceeding at all, for the parties to this dispute had agreed to a different forum, and New Vision Gaming & Development, Inc. asks for compliance with that agreement.

New Vision and SG Gaming, Inc.[2] mutually agreed, in their patent license agreement, that if "any dispute" arose, jurisdiction would be "exclusive" in the appropriate federal or state court in the state of Nevada. The agreement provides:

> § 4.f. Governing Law and Forum. This Agreement shall be construed and enforced in accordance with the laws of the State of Nevada, without giving effect to the principles of conflicts of laws. This Agreement shall be deemed to be a contract made and entered into in the State of Nevada. In the event of any dispute between any of the parties that cannot be resolved amicably, the parties agree and consent to the exclusive jurisdiction of an appropriate state or federal court located within the

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[1] *Bally Gaming, Inc. v. New Vision Gaming & Dev., Inc.*, No. CBM2018-00005, Paper 19 (P.T.A.B. June 22, 2018) ("Institution Dec.") (J.A. 86–120); *Bally Gaming, Inc. v. New Vision Gaming & Dev., Inc.*, No. CBM2018-00006, Paper 19 (P.T.A.B. June 22, 2018) (J.A. 206–40). *See also Bally Gaming, Inc. v. New Vision Gaming & Dev., Inc.*, No. CBM2018-00005, 2019 WL 2527364 (P.T.A.B. June 19, 2019) ("Board Op."); *Bally Gaming, Inc. v. New Vision Gaming & Dev., Inc.*, No. CBM2018-00006, 2019 WL 2527169 (P.T.A.B. June 19, 2019).

[2] SG Gaming, Inc. was formerly known as Bally Gaming, Inc. at the time of the agreement.

> State of Nevada, Clark County, to resolve any such dispute.

J.A. 802.

Dispute arose, and New Vision eventually filed suit in the federal district court in Nevada. SG Gaming then filed these petitions in the PTAB. The Board refused to respect the forum selection agreement, and proceeded to final decision of the petitions. In view of *Arthrex*, we must vacate that Board's decision. Our usual action is to remand to the PTAB, for redetermination by a new, properly constituted Board. However, the forum question requires resolution, for if the parties are committed to a Nevada forum instead of the PTAB, there is no basis for new PTAB proceedings on remand. Thus the question of forum warrants attention before we require a new trial by a new Board.

The PTAB declined to apply the parties' agreed forum, stating that it "[does] not discern, nor has Patent Owner pointed to, any portions of chapter 32 or § 18 of the AIA, or authority otherwise, that explicitly provide for a contractual estoppel defense." Institution Dec. at 10–11; *see also* Board Op. at *3 ("[W]e observed that Patent Owner had not identified any controlling authority—such as by statute, rule, or binding precedent—that would require the Board to deny institution of a covered business method patent review based on contractual estoppel."). However, precedent requires respecting an agreed selection of forum. *See M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 9–10 (1972) ("Forum-selection clauses . . . are prima facie valid and should be enforced unless enforcement is shown by the resisting party to be 'unreasonable' under the circumstances."); *see also Powertech Tech. Inc. v. Tessera, Inc.*, 660 F.3d 1301, 1310 (Fed. Cir. 2011) (stating that where mandatory "shall" language is used to designate the proper forum, "the forum selection clause should be enforced").

New Vision states that forum selection was a contract condition, as is understandable, for it affects the standard

of proof of invalidity. *See O'Gorman & Young, Inc. v. Hartford Fire Ins. Co.*, 282 U.S. 251, 267 (1931) ("That the right to contract about one's affairs is a part of the liberty of the individual protected by [the Constitution] is settled by the decisions of this court and is no longer open to question."); *Gen. Protecht Grp., Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011) ("[S]uch a forum selection clause would be meaningless because . . . the merits would have been litigated in a forum other than that which was bargained for.").

Both sides have briefed the forum selection question in this administrative context. New Vision cites *Dodocase VR, Inc. v. MerchSource, LLC*, 767 F. App'x 930 (Fed. Cir. 2019) to illustrate removal from the PTAB based on an agreed choice of forum. SG Gaming states that the Board's rejection of the choice of forum is an unreviewable "institution" decision, citing *Thryv, Inc. v. Click-To-Call Technologies, LP*, 140 S. Ct. 1367 (2020). These aspects require resolution now, rather than after a full PTAB proceeding on remand.

The Director of the Patent and Trademark Office has intervened in this appeal to argue that this court has no jurisdiction to review this action because it is "final and nonappealable" under 35 U.S.C. § 324(e). However, the Board's rejection of the parties' choice of forum is indeed subject to judicial review, for § 324(e) does not bar review of Board decisions "separate . . . to the in[stitu]tion decision." *Facebook, Inc. v. Windy City Innovations, LLC*, 973 F.3d 1321, 1332 (Fed. Cir. 2020). Appeal is barred as to "a determination 'whether a substantial new question of patentability affecting any claim of the patent is raised,'" *Belkin Int'l, Inc. v. Kappos*, 696 F.3d 1379, 1382 (Fed. Cir. 2012), but not as to "the Board's 'conduct' of the review." *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014).

Here, the Board's "conduct" in declining to adhere to the parties' contracted forum warrants our review before remanding to a fresh Board for post-grant litigation. New Vision cites cogent authority of the Administrative Procedure Act as in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018) and in *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016). SG Gaming argues that the license agreement "did not bar SG Gaming from pursuing CBM reviews" because the Agreement concerned disputes "relating to the Agreement." SG Gaming Br. 10. However, as explained by this court in *Texas Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1331 (Fed. Cir. 2000): "Patent infringement disputes do arise from license agreements. . . . Thus, the governing law clause . . . in any patent license agreement, necessarily covers disputes concerning patent issues." I agree that there are niceties, but they require resolution as a predicate to any remand after vacatur.

My colleagues decline to reach this question, and simply hold that *Arthrex* requires vacatur and remand. However, the question of forum selection is not thereby resolved; it is merely postponed to determination by a new, constitutionally organized Board. It is both inefficient and unnecessary to require replacement PTAB proceedings if the new PTAB does not have jurisdiction to proceed.

Thus, while I agree that the Board's decision must be vacated under *Arthrex*, I respectfully dissent from our remand without resolving the issue of forum selection.

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

UNILOC 2017 LLC,
Appellant

v.

UNIFIED PATENTS, LLC, APPLE INC.,
Appellees

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

2020-1666, -1667

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2018-00199 and IPR2018-00282.

ON MOTION

Before LOURIE, DYK, and REYNA, *Circuit Judges*.

DYK, *Circuit Judge*.

O R D E R

Uniloc 2017 LLC moves to vacate the decisions of the Patent Trial and Appeal Board and either dismiss or remand for further proceedings in light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), *cert. granted*, 2020 WL 6037208 (U.S. Oct. 13, 2020). Unified Patents, LLC, Apple Inc., and the United States Patent and Trademark Office separately oppose and alternatively request the court to hold the motion in abeyance pending the resolution of *Arthrex* by the United States Supreme Court. Uniloc replies.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) The motion is granted to the extent that the Patent Trial and Appeal Board's decisions are vacated, and the cases are remanded to the Board for proceedings consistent with this court's decision in *Arthrex*.

(2) Each side shall bear its own costs.

FOR THE COURT

May 19, 2021
Date

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

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