No. 16-496

In the Supreme Court of the United States

BIG BABOON, INC., PETITIONER

v.

MICHELLE K. LEE, DIRECTOR,
UNITED STATES PATENT AND TRADEMARK OFFICE,
ET AL.

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

BRIEF FOR THE RESPONDENTS IN OPPOSITION

IAN HEATH GERSHENGORN
Acting Solicitor General
Counsel of Record
BENJAMIN C. MIZER
Principal Deputy Assistant Attorney General
MARK R. FREEMAN
LAURA MYRON
Attorneys
Department of Justice
Washington, D.C. 20530-0001
SupremeCtBriefs@usdoj.gov
(202) 514-2217

QUESTION PRESENTED

Whether the Federal Circuit erred in exercising appellate jurisdiction under 28 U.S.C. 1295(a)(1) over petitioner's appeal from the dismissal of its complaint, which expressly asserts that the action arises under the Patent Act and challenges the evidentiary rules used by the U.S. Patent and Trademark Office in *ex parte* patent-reexamination proceedings.

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OPINIONS BELOW

The order of the Court of Appeals for the Federal Circuit affirming the district court's decision (Pet. App. 1-2) is not reported in the *Federal Reporter*, but is available at 2016 WL 4151243. The Federal Circuit's order denying re-transfer (Pet. App. 19-21) is unreported. The order of the Court of Appeals for the Ninth Circuit transferring the appeal to the Federal Circuit (Pet. App. 17-18) is unreported. The opinion of the district court (Pet. App. 3-14) is not reported in the *Federal Supplement*, but is available at 2015 WL 2085571.

JURISDICTION

The judgment of the court of appeals was entered on August 5, 2016. The petition for a writ of certiorari

was filed on October 10, 2016. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner owns U.S. Patent Nos. 6,115,690 (filed Dec. 22, 1997) (the '690 patent) and 6,343,275 (filed July 16, 1999) (the '275 patent). When this suit was initiated in district court, those patents were undergoing *ex parte* reexamination before the U.S. Patent and Trademark Office (PTO). Pet. App. 4. An *ex parte* reexamination of a previously issued patent begins when the PTO determines—either *sua sponte* or at the request of any person—that there is "a substantial new question of patentability affecting any claim" of the patent. 35 U.S.C. 303(a), 304. The reexamination proceeding generally uses "the procedures established for initial examination," including a potential appeal to the Patent Trial and Appeal Board (PTAB or Board) within the PTO. 35 U.S.C. 305.

2. In April 2010, a third party filed a request for an *ex parte* reexamination of the '275 patent. The request included declarations by Stephan Nuber and Chris Burton outlining the circumstances through which certain prior art references were made available to the public. Two weeks later, a similar request, including the same two declarations, was filed with respect to the '690 patent. Relying on the declarations, the PTO instituted proceedings to reexamine both patents. Pet. App. 5.

a. Petitioner raised evidentiary objections to the examiner's reliance on the Nuber and Burton declarations. Pet. App. 5-6. A party in a reexamination proceeding may challenge a patent examiner's evidentiary decisions by filing a petition with the Director. See 37 C.F.R. 1.181(a). Petitioner filed such a petition with respect to each of the pending reexaminations, argu-

ing, *inter alia*, that the Nuber and Burton declarations were inadmissible under the Federal Rules of Evidence. Pet. App. 6. In March 2014, the PTO denied both petitions, concluding that the examiner had followed PTO procedures in relying on the Nuber and Burton declarations. *Id.* at 6-7. As discussed further below, this suit is a challenge to those decisions.

b. Meanwhile, the patent examiner issued final rejections of almost all of the claims of the '690 and '275 patents. Pet. App. 7. Petitioner appealed most of those rejections to the PTAB. *Ibid.* In March 2014, the Board affirmed the examiner's rejection of the '275 patent claims. *Ibid.* In June 2015, after this case had been commenced in district court, the Board also affirmed the examiner's rejection of the '690 patent claims. See *Ex parte Big Baboon*, No. 2014-7772, 2015 WL 4038959 (P.T.A.B. June 30, 2015).

Petitioner timely appealed both of the Board's decisions to the Federal Circuit, which affirmed both decisions without opinion. *In re Big Baboon, Inc.*, No. 16-1019, 2016 WL 4151241 (Aug. 5, 2016); *In re Big Baboon, Inc.*, 595 Fed. Appx. 988 (2015); see 35 U.S.C. 141(b) ("A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board * * * may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.").

3. In November 2014, petitioner filed this action in the United States District Court for the Western District of Washington, challenging the PTO's denials of its Section 1.181 petitions. Pet. App. 4, 9; D. Ct. Doc. 1 (Nov. 18, 2014) (Compl.). Petitioner argued that, under the Administrative Procedure Act (APA), 5 U.S.C. 701 *et seq.*, the court should set aside the PTO's denials

of the petitions on the ground that the agency's "failure to address critical evidentiary issues" about the Nuber and Burton declarations had violated petitioner's "due process rights under the U.S. Constitution." Compl. ¶ 69; see *id.* ¶¶ 64-70.

The government moved to dismiss petitioner's complaint for lack of subject-matter jurisdiction. Pet. App. 3. The district court granted the motion. *Id.* at 3-14. The court explained that the APA authorizes review only of "final" agency actions, and that "preliminary, procedural, or intermediate" agency orders are reviewable only as part of the review of final orders. *Id.* at 10 (quoting 5 U.S.C. 704). The court held that the PTO's decisions not to preclude the patent examiner from relying on certain evidence were not final agency action because they did not satisfy either of the conditions for finality set out in *Bennett* v. *Spear*, 520 U.S. 154, 177-178 (1997). Pet. App. 10. The court explained that the PTO orders denying the Section 1.181 petitions were not "the consummation of the agency's decisionmaking process" in the reexamination proceedings and were not actions "by which rights or obligations have been determined, or from which legal consequences will flow." *Ibid.* (quoting *Bennett*, 520 U.S. at 178). Instead, the court concluded, those orders were "classic interlocutory or procedural decisions," which could be reviewed in conjunction with the PTAB's ultimate decisions "on the merits of the reexaminations of the '275 and '690 [p]atents." *Id.* at 11, 12.

4. Petitioner appealed the dismissal of its APA complaint to the Ninth Circuit. The government moved to transfer the appeal, contending that, under 28 U.S.C. 1295(a)(1), the Federal Circuit had exclusive appellate jurisdiction. See Pet. App. 17. Section 1295(a)(1) vests

in the Federal Circuit "exclusive jurisdiction" over an appeal from a final district court decision "in any civil action arising under * * * any Act of Congress relating to patents." 28 U.S.C. 1295(a)(1). Here, the government explained, petitioner's complaint had expressly stated that "[t]his action arises under the Patent Act [of 1952, 35 U.S.C. 1 *et seq.*]" and had invoked the district court's original jurisdiction under 28 U.S.C. 1338.[1] C.A.9 Doc. 10, at 7 (Aug. 31, 2015) (discussing Compl. ¶¶ 6-7). The government further explained that petitioner's APA complaint presents a substantial question under the patent laws because "resolving [petitioner's] challenges on the merits would require the Court to determine, *inter alia*, whether the Federal Rules of Evidence apply in ex parte reexamination proceedings under the Patent Act" and to resolve "whether the []PTO's decision to apply its own rules and procedures rather than the Federal Rules of Evidence was arbitrary, capricious, or a violation of law." *Ibid.*

The Ninth Circuit granted the government's motion and transferred petitioner's appeal to the Federal Circuit. Pet. App. 17-18.

5. In the Federal Circuit, petitioner moved to transfer the appeal back to the Ninth Circuit, contending that its complaint had raised only APA and due process issues and did not arise under the patent laws. See Pet. App. 20. The Federal Circuit denied the motion to re-transfer. *Id.* at 19-21. The court explained that, under *Christianson* v. *Colt Industries Operating Corp.*, 486 U.S. 800 (1988), "[t]he Ninth Cir-

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[1] Section 1338(a) provides that federal district courts "shall have original [and exclusive] jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks." 28 U.S.C. 1338(a).

cuit's transfer decision is now the 'law of the case,'" Pet. App. 20 (quoting *Christianson*, 486 U.S. at 816), and the Federal Circuit should retain jurisdiction so long as the Ninth Circuit's decision was "plausible," *ibid.* (quoting *Christianson*, 486 U.S. at 819). The Federal Circuit observed that petitioner's complaint had "specified that 'this action arises under the Patent Act'" and it "directly attack[ed] the validity of *ex parte* reexamination evidentiary procedures." *Id.* at 21 (quoting Compl. ¶ 6). The court concluded that, because petitioner's challenge "plausibly raises a substantial question under the patent laws, jurisdiction properly lies in" the Federal Circuit. *Ibid.*

After briefing and argument, the Federal Circuit affirmed, without opinion, the decision of the district court dismissing petitioner's complaint for lack of subject-matter jurisdiction in the absence of final agency action. Pet. App. 1-2.

ARGUMENT

Petitioner contends (Pet. 5-11) that the Ninth Circuit and the Federal Circuit erred in concluding that petitioner's due process challenge to the PTO's evidentiary decision arises under the patent laws for purposes of establishing exclusive appellate jurisdiction in the Federal Circuit under 28 U.S.C. 1295(a)(1). That contention is meritless. And the question of appellate jurisdiction on which petitioner seeks review is now moot, because the Federal Circuit has affirmed the PTO's rejection of petitioner's patent claims in separate appeals that have become final. In any event, this case would be a poor vehicle to decide the question presented because petitioner's complaint specifically states that "[t]his action arises under the Patent Act" as well as under the APA, and the complaint expressly

invokes the district court's jurisdiction under 28 U.S.C. 1338(a). Compl. ¶¶ 6-7. Further review is not warranted.

1. The question whether the Federal Circuit properly exercised jurisdiction over the appeal in this case is moot because the Federal Circuit has affirmed the PTO's rejection of petitioner's patent claims in separate proceedings that have now become final. A case becomes moot "when it is impossible for a court to grant any effectual relief whatever to the prevailing party." *Knox* v. *Service Emps. Int'l Union, Local 1000*, 132 S. Ct. 2277, 2287 (2012) (citations and internal quotation marks omitted). Here, petitioner asks (Pet. 19) this Court to return petitioner's appeal to the Ninth Circuit in order to litigate whether the Nuber and Burton declarations were properly admitted in the reexamination proceedings.

Resolving that evidentiary issue would not grant any effectual relief to petitioner. The Board has already affirmed the examiner's rejection of petitioner's patent claims; the Federal Circuit has affirmed the Board's decisions in two proceedings separate from the appeal in this case, see p. 3, *supra*; and petitioner did not seek further review of those Federal Circuit decisions from the en banc court of appeals or from this Court. As a result, even if this Court were to return this appeal to the Ninth Circuit, and even if that court concluded that the APA provides for judicial review of the agency's decision to allow the examiner to consider the Nuber and Burton Declarations during the *ex parte* reexamination proceedings, further consideration of the evidentiary issues would have no bearing on the now-final rejections of the challenged patent claims.

2. In any event, this case would provide an inappropriate vehicle for resolving the question presented, which asks (Pet. i) whether the Federal Circuit may "impute a patent law claim into a complaint that does not explicitly contain a claim arising under patent law in order to exert appellate jurisdiction" under Section 1295(a)(1).

Congress has given the Federal Circuit "exclusive jurisdiction" over an appeal from a final district court decision "in any civil action arising under * * * any Act of Congress relating to patents." 28 U.S.C. 1295(a)(1). Under the well-pleaded-complaint rule, the question "whether a claim 'arises under' patent law 'must be determined from what necessarily appears in the plaintiff's statement of his own claim.'" *Christianson* v. *Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988) (quoting *Franchise Tax Bd.* v. *Construction Laborers Vacation Trust*, 463 U.S. 1, 10 (1983)); see *id.* at 808 (applying well-pleaded-complaint rule from 28 U.S.C. 1331 to Section 1295(a)(1)) ("Our cases interpreting identical language in other jurisdictional provisions, particularly the general federal-question provision * * * have quite naturally applied the same test.").

Here, petitioner's well-pleaded complaint explicitly raises a substantial question of patent law. The complaint recites that "[t]his action arises under the Patent Act" as well as under the APA, and it invokes the district court's jurisdiction under, *inter alia*, 28 U.S.C. 1338(a). Compl. ¶¶ 6-7. At the heart of petitioner's complaint, moreover, is a contention about the proper construction of the patent laws. The complaint states that petitioner "expressly assail[s] the procedure of the PTO in allowing the use of evidence that clearly violates the Federal Rules of Evidence to constitute

the basis for finding prior art" in *ex parte* reexamination proceedings under the Patent Act. *Id.* ¶ 4. Petitioner alleges that the PTO's denial of its Section 1.181 petitions on the stated ground that "the agency is not required to follow the Federal Rules of Evidence" was arbitrary and capricious. *Ibid.* That allegation rests on the implicit premise that the Patent Act does not authorize the PTO to adopt and apply its own evidentiary rules in reexamination proceedings.

Petitioner now attempts (Pet. 5-7) to characterize its APA claim as depending only on due process principles rather than on patent law. To be sure, a "claim does not 'arise under' [the patent] laws" when, "on the face of a well-pleaded complaint[,] there are . . . reasons completely unrelated to the provisions and purposes of the patent laws why the plaintiff may or may not be entitled to the relief it seeks." *Christianson*, 486 U.S. at 810 (brackets, citation, and internal quotation marks omitted). But this is not such a case. The question whether the PTO can adopt and apply its own evidentiary rules in proceedings authorized under the Patent Act is directly related to "the provisions and purposes of the patent laws." Petitioner could prevail in this suit only by establishing that the PTO lacks authority to adopt and apply such rules. Petitioner's suit therefore arises under the patent laws, and its appeal consequently fell within the exclusive appellate jurisdiction of the Federal Circuit.[2]

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[2] Petitioner also repeatedly notes (Pet. 5-6, 9, 18) that Ninth Circuit law governs its APA claim, suggesting that the Ninth Circuit should also have jurisdiction to decide the appeal. That inference is mistaken. Choice-of-law principles do not govern the scope of the Federal Circuit's exclusive jurisdiction; if anything, the opposite is true. The Federal Circuit applies its own law to issues

3. Discussing a series of this Court's decisions addressing Section 1295(a)(1), petitioner contends (Pet. 11-16) that the Federal Circuit has engaged in a pattern of jurisdictional overreach. In each of those cases, this Court concluded that the Federal Circuit lacked jurisdiction because a well-pleaded complaint did not require resolution of a substantial question of patent law. That is not the case here.

In *Christianson*, the Court recognized that a "patent-law issue [was] arguably necessary to at least one theory under each [of the petitioner's] claim[s]." 486 U.S. at 810. The Court explained, however, that a "claim supported by alternative theories in the complaint may not form the basis for [Section] 1338(a) jurisdiction unless patent law is essential to each of those theories." *Ibid.* In *Holmes Group, Inc.* v. *Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002), the Court concluded that the Federal Circuit did not have jurisdiction over a case where a patent-law issue was presented only in a counterclaim. See *id.* at 832-834.[3]

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over which it has exclusive jurisdiction, while applying regional-circuit law to issues that are not unique to patent law. See, *e.g.*, *Madey* v. *Duke Univ.*, 307 F.3d 1351, 1358 (Fed. Cir. 2002), cert. denied, 539 U.S. 958 (2003); see also *Biodex Corp.* v. *Loredan Biomedical, Inc.*, 946 F.2d 850, 856 (Fed. Cir. 1991) (explaining that the Federal Circuit "conform[s] [its] law to that of the regional circuits, without regard to the relationship of the issue to [its] exclusive jurisdiction, when there is existing and expressed uniformity among the circuits"), cert. denied, 504 U.S. 980 (1992).

[3] *Holmes* was decided based on a prior version of Section 1295. Congress has since added language clarifying that the Federal Circuit's exclusive jurisdiction extends to "any civil action in which a party has asserted a compulsory counterclaim arising under[] any Act of Congress relating to patents." 28 U.S.C. 1295(a)(1); see Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 19(b), 125 Stat. 331-332.

And in *Gunn* v. *Minton*, 133 S. Ct. 1059 (2013), the Court held that the district court did not have subject-matter jurisdiction to hear a case involving a state-law legal-malpractice action. The Court explained that, although "resolution of a federal patent question [was] 'necessary' to Minton's case," *id.* at 1065, the case did not involve a federal issue that was "substantial in the relevant sense," *id.* at 1066.

In this case, by contrast, petitioner's complaint makes clear that substantial questions of patent law are necessary and essential to resolving petitioner's claims. "[A]t bottom, [petitioner's] complaint directly attacks the validity of *ex parte* reexamination proceedings," which are provided for and governed by the Patent Act. Pet. App. 21; see 35 U.S.C. 301-307.

As the court below correctly explained, moreover, once the Ninth Circuit transferred petitioner's appeal, the question for the Federal Circuit was whether "the Ninth Circuit's decision to transfer the case * * * was 'plausible,'" not whether it was correct. Pet. App. 20 (quoting *Christianson*, 486 U.S. at 819). That standard reflects the application of law-of-the-case principles to the Ninth Circuit's transfer decision, and it protects litigants against being "bandied back and forth helplessly between two courts, each of which insists the other has jurisdiction." *Christianson*, 486 U.S. at 818; see *id.* at 818-819. To be sure, this Court is not bound by the same law-of-the-case principles, see *id.* at 817, and it could grant certiorari and decide the jurisdictional issue de novo if that question otherwise warranted review. But the Federal Circuit's careful (and clearly correct) application of the *Christianson* standard in denying petitioner's request to re-transfer the appeal, see Pet. App. 20-21, belies peti-

tioner's contention (Pet. 16) that the court was engaged in jurisdictional overreach.

4. Petitioner also contends (Pet. 17) that this Court should grant review to protect the public interest in allowing parties to litigate appeals in the forum of their choosing. It is certainly true that "a plaintiff's choice of forum is entitled" to deference. *Ibid.* (quoting *Piper Aircraft Co.* v. *Reyno*, 454 U.S. 235, 255 (1981)).[4] A federal-court litigant is allowed to choose, however, only from among the fora that Congress has authorized to hear a particular suit or appeal.

Congress vested the Federal Circuit with exclusive jurisdiction over appeals in actions arising under the patent laws in order to reduce "the widespread lack of uniformity and uncertainty of legal doctrine that" had previously existed in this legal sphere. *Christianson*, 486 U.S. at 813 (quoting H.R. Rep. No. 312, 97th Cong., 1st Sess. 23 (1981)). Congress's enactment of Section 1295 reflects its choice to prioritize uniformity in the administration of the patent laws over individual plaintiffs' choice of forum. Absent constitutional concerns—which have not been raised here—"Con-

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[4] Petitioner also contends (Pet. 18) that the public interest is better served when appeals are heard in the courts of appeals for the circuits whose law governs. As noted above (note 2, *supra*), the Federal Circuit applies its own law to issues over which it has exclusive jurisdiction. In addition, as the district court correctly recognized, the PTO examiner's decision to consider the Nuber and Burton declarations was an interlocutory ruling that could be challenged in an appeal from the final PTAB decisions in the reexamination proceedings. See Pet. App. 11-12. Congress has vested the Federal Circuit with exclusive jurisdiction over such appeals. See 35 U.S.C. 141(b); p. 3, *supra*. It would make little sense for petitioner's appeal in this suit to be routed to a different circuit.

gress' prerogative to balance opposing interests and its institutional competence to do so provide one of the principal reasons for deference to its policy determinations." *Salazar* v. *Buono*, 559 U.S. 700, 717 (2010) (opinion of Kennedy, J.) (citing *Patsy* v. *Board of Regents*, 457 U.S. 496, 513 (1982)).

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

IAN HEATH GERSHENGORN
Acting Solicitor General
BENJAMIN C. MIZER
Principal Deputy Assistant Attorney General
MARK R. FREEMAN
LAURA MYRON
Attorneys

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