No. 17-233

In the Supreme Court of the United States

AFFINITY LABS OF TEXAS, LLC, PETITIONER

v.

JOSEPH MATAL, INTERIM DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE

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

BRIEF FOR THE RESPONDENT

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QUESTION PRESENTED

Whether inter partes reexamination under the Patent Act comports with Article III and the Seventh Amendment.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-10a) is reported at 856 F.3d 902. The decision of the Patent Trial and Appeal Board (Pet. App. 11a-22a) is not published in the *United States Patents Quarterly* but is available at 2015 WL 5092838.

JURISDICTION

The judgment of the court of appeals was entered on May 5, 2017. The petition for a writ of certiorari was filed on August 3, 2017. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress has created several mechanisms that allow the United States Patent and Trademark Office (USPTO) "to reexamine—and perhaps cancel—a patent claim that it had previously allowed." *Cuozzo Speed*

Techs., LLC v. *Lee*, 136 S. Ct. 2131, 2137 (2016). In 1980, Congress created ex parte reexamination, under which any person may request reexamination of a United States patent on the basis of certain types of prior art. 35 U.S.C. 301, 302; see Act of Dec. 12, 1980, Pub. L. No. 96-517, § 1, 94 Stat. 3015 (35 U.S.C. Ch. 30). If the Director of the USPTO finds that such a request raises a "substantial new question of patentability affecting any claim," a patent examiner reexamines the patent "according to the procedures established for initial examination." 35 U.S.C. 303(a), 305; see 35 U.S.C. 304.

Congress later created "another, similar procedure, known as 'inter partes reexamination.'" *Cuozzo*, 136 S. Ct. at 2137 (emphasis omitted); see 35 U.S.C. 311-318 (2000). The USPTO could institute an inter partes reexamination based on a petition from a third party if the third party raised "a substantial new question of patentability" regarding an existing patent. 35 U.S.C. 312(a) (2000); see 35 U.S.C. 313 (2000). Inter partes reexamination differed from ex parte reexamination in that the third-party petitioner could participate in the inter partes proceeding and, after 2002, in any subsequent appeal. See *Cuozzo*, 136 S. Ct. at 2137; *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, which replaced inter partes reexamination with inter partes review, see *Cuozzo*, 136 S. Ct. 2137. The AIA permits third parties to seek inter partes review of any patent more than nine months after the patent's issuance on the ground that the patent is invalid based on

lack of novelty or obviousness. 35 U.S.C. 311(b).* The Director of the USPTO may institute an inter partes review if he determines that "there is a reasonable likelihood that the petitioner would prevail" with respect to at least one of its challenges to patent validity, 35 U.S.C. 314(a), and if no other provision of the AIA bars institution under the circumstances. The challenger has "broader participation rights" in an inter partes review than the challenger would have had in an inter partes reexamination. *Cuozzo*, 136 S. Ct. at 2137. The final decision in an inter partes review may be appealed to the Federal Circuit. 35 U.S.C. 141, 319.

2. Petitioner owns U.S. Patent No. 7,440,772 (the '772 patent), which relates to an audio download method. Pet. App. 5a. Petitioner brought suit against Apple Inc. for infringing claims in the patent. *Id.* at 1a. While the litigation was pending, Apple petitioned for inter partes reexamination of certain claims of the '772 patent, and the USPTO granted the petition. *Ibid.*

While the inter partes reexamination was ongoing, petitioner and Apple settled the infringement litigation. Pet. App. 1a. Apple then filed a notice of non-participation in the inter partes reexamination. *Ibid.* The USPTO declined petitioner's request to terminate the reexamination. See *id.* at 1a-2a. Upon reexamination, the examiner rejected all of the challenged claims as obvious over various prior-art references. See *id.* at 12a.

The Patent Trial and Appeal Board (Board) sustained the examiner's decision in all respects. Pet App. 11a-22a.

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* The AIA also created a separate mechanism, known as post-grant review, for challenges brought within nine months of patent issuance. 35 U.S.C. 321(c).

3. The court of appeals affirmed. Pet. App. 1a-10a. The court agreed that the USPTO had not been required to terminate the reexamination after Apple and petitioner settled their infringement dispute. *Id.* at 4a. The court then affirmed the Board's decision that all claims of the '772 patent are unpatentable. *Id.* at 10a.

DISCUSSION

Petitioner contends (Pet. 3-5) that the petition for a writ of certiorari should be held pending the resolution of *Oil States Energy Services, LLC* v. *Greene's Energy Group, LLC*, cert. granted, No. 16-712 (June 12, 2017). This Court granted a petition for a writ of certiorari in *Oil States* to decide whether inter partes review violates Article III or the Seventh Amendment. While in the present case the USPTO invalidated claims in the '772 patent through inter partes examination, not inter partes review, this Court's decision in *Oil States* could inform the resolution of any Article III or Seventh Amendment challenge to inter partes reexamination. Accordingly, the government agrees that it is appropriate to hold this petition pending the Court's decision in *Oil States*.

CONCLUSION

The petition for a writ of certiorari should be held pending this Court's decision in *Oil States Energy Services, LLC* v. *Greene's Energy Group, LLC*, No. 16-712, and then disposed of as appropriate in light of that decision.

Respectfully submitted.

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