

No. 17-232

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 ex parte reexamination and inter partes reexamination under the Patent Act comport with Article III and the Seventh Amendment.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-33a) is reported at 856 F.3d 883. The decisions of the Patent Trial and Appeal Board (Pet. App. 34a-44a and Pet. App. 45a-56a) are not published in the *United States Patents Quarterly* but are available at 2015 WL 5092841 and 2015 WL 4038964.

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. 7,324,833 (the ’833 patent), which relates to a method for connecting a portable audio player to a different electronic device, such as the sound system of a car. Pet. App. 4a. Petitioner brought suits against Volkswagen Group of Americas, Inc., and Apple Inc., for infringement of patents including the ’833 patent. *Id.* at 6a. While those suits were pending, Volkswagen and Apple petitioned for inter partes reexamination of the ’833 patent. *Id.* at 5a-6a. A third party also petitioned for ex parte reexamination of the ’833 patent. *Id.* at 5a. The USPTO granted the petitions and consolidated them into one proceeding. *Id.* at 6a.

The infringement suit against Volkswagen went to trial, and a jury returned a verdict finding that Volkswagen had infringed two claims in the ’833 patent and had failed to prove those claims invalid by clear and convincing evidence. Pet. App. 6a. Petitioner then asked the USPTO to terminate the merged reexamination

^{*} 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).

proceedings based on the judgment against Volkswagen in the infringement suit and the estoppel provision contained in the pre-AIA version of 35 U.S.C. 317(b) (2006). Pet. App. 6a-7a. The USPTO declined to terminate the reexamination proceedings, but it severed Volkswagen's inter partes reexamination from the other two consolidated reexaminations. *Id.* at 7a. The USPTO concluded that it was foreclosed in Volkswagen's inter partes reexamination from considering the patentability of the two patent claims that had been at issue in the infringement litigation, as well as the dependent claims of those two claims. *Ibid.* It found no bar, however, to considering in Volkswagen's inter partes reexamination those patent claims that were not at issue in the infringement case. *Ibid.* It also found no estoppel-based bar to considering any claims in the reexaminations sought by parties other than Volkswagen. *Ibid.*

In the reexamination sought by Volkswagen, the examiner rejected various claims in the '833 patent that had not been at issue in the infringement litigation. Pet. App. 7a. In the consolidated reexaminations sought by parties other than Volkswagen, the examiner confirmed some claims and rejected other claims in the '833 patent. *Ibid.*

The Patent Trial and Appeal Board (Board) affirmed the examiner's patentability determinations in two final written decisions. Pet. App. 34a-44a, 45a-56a.

3. The court of appeals affirmed in part and remanded in part. Pet. App. 1a-33a. The court rejected petitioner's argument that the USPTO was required to terminate the reexaminations in light of the verdict for petitioner in its infringement suit against Volkswagen. *Id.* at 19a. The court then affirmed the Board's unpatentability findings. *Id.* at 20a. Finally, the court

noted that the Board’s decision had failed to address one of the claims that the patent examiner had invalidated (claim 36). *Id.* at 8a n.2, 32a-33a. Because the Board had rejected the arguments that petitioner had made in support of claim 36 when considering other claims in the ’833 patent, the court remanded the case to the Board “for the limited purpose of correcting the record to reflect that claim 36 is rejected as unpatentable.” *Id.* at 33a.

DISCUSSION

Petitioner contends (Pet. 4-5) 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 ’833 patent through ex parte reexamination and 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 ex parte reexamination or 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 the 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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