

No. 15-1330

---

---

IN THE  
**Supreme Court of the United States**

---

MCM PORTFOLIO LLC,

*Petitioner,*

*v.*

HEWLETT-PACKARD COMPANY,

*Respondent.*

---

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

---

---

**BRIEF OF *AMICUS CURIAE* NEW YORK  
INTELLECTUAL PROPERTY LAW  
ASSOCIATION IN SUPPORT OF  
NEITHER PARTY**

---

---

ROBERT J. RANDO  
*Treasurer, NYIPLA*  
THE RANDO LAW FIRM P.C.  
6800 Jericho Turnpike  
Syosset, NY 11791  
(516) 799-9800

CHARLES R. MACEDO  
*Counsel of Record*  
DAVID P. GOLDBERG  
*Co-Chair, Committee on Amicus  
Briefs, NYIPLA*  
AMSTER, ROTHSTEIN & EBENSTEIN LLP  
90 Park Avenue  
New York, NY 10016  
(212) 336-8000  
cmacedo@arelaw.com

*Attorneys for Amicus Curiae  
New York Intellectual Property Law Association*

---

---

266052



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

**QUESTIONS PRESENTED**

- (1) Does IPR violate Article III of the Constitution?
- (2) Does IPR violate the Seventh Amendment to the Constitution?

TABLE OF CONTENTS

	<i>Page</i>
QUESTIONS PRESENTED .....	i
TABLE OF CONTENTS.....	ii
TABLE OF CITED AUTHORITIES .....	iv
INTEREST OF <i>AMICUS CURIAE</i> .....	1
SUMMARY OF THE ARGUMENT.....	2
REASONS FOR GRANTING THE PETITION.....	4
I. The Constitutionality of <i>Inter Partes</i> Review Raises an Important Issue Worthy of This Court’s Consideration .....	4
A. <i>Inter Partes</i> Review Proceedings as Related to Article III Court Litigation .....	4
B. The Public Rights Doctrine Is a Complex Issue That Requires This Court’s Resolution.....	12
1. “Public Rights” Under <i>Stern</i> .....	13
2. “Private Rights” Under <i>Stern</i> .....	15
3. The Court Below also Failed to Account for This Court’s Precedent on Patents as Property.....	16

*Table of Contents*

	<i>Page</i>
C. Both Questions Presented Involve the Application of the Public Rights Doctrine, Making This Issue Suited for Resolution by This Court.....	18
II. This Case and Its Companion Case Are the Ideal Vehicles for the Court to Resolve the Critical Constitutional Issues Raised by IPRs and May Be This Court's Last Chance to Address Them.....	21
III. Failure to Grant Certiorari in This Case Will Result in the Federal Circuit's Decision Being the Final Resolution of These Important Constitutional Issues .....	22
CONCLUSION .....	24

TABLE OF CITED AUTHORITIES

	<i>Page</i>
<b>CASES</b>	
<i>Affinity Labs of Texas v. Samsung</i> , No. 15-1933 (Fed. Cir. May 9, 2016) . . . . .	22, 23
<i>Atlas Roofing Co. v. OSHRC</i> , 430 U.S. 442 (1977) . . . . .	15, 17, 19
<i>Carbice Corp. of Am. v. Am. Patents Dev. Corp.</i> , 283 U.S. 27 (1931) . . . . .	15
<i>Cooper v. Lee</i> , No. 15-1205 (4th Cir. Oct. 2, 2015) . . . . .	21
<i>Cooper v. Lee</i> , No. 15-955 (U.S. rescheduled May 2, 2016) . . . . .	18, 22
<i>Cooper v. Lee</i> , No. 16-1071 (Fed. Cir. Jan. 14, 2016), <i>cert.</i> <i>pending</i> , No. 15-955 (U.S. Jan. 21, 2016) . . . . .	22
<i>Cooper v. Lee</i> , No. 16-1071 (Fed. Cir. Nov. 23, 2015) . . . . .	21
<i>Cooper v. Lee</i> , No. 16-1071 (Fed. Cir. Jan. 14, 2016) . . . . .	21
<i>Crowell v. Benson</i> , 285 U.S. 22 (1932) . . . . .	14

*Cited Authorities*

	<i>Page</i>
<i>Cuozzo Speed Technologies, LLC v. Lee</i> , No. 15-446 (U.S. argued Apr. 25, 2016) . . . . .	7
<i>Festo Corp. v.</i> <i>Shoketsu Kinzoku Kogyo Kabushiki Co.</i> , 535 U.S. 722 (2002) . . . . .	16
<i>Fla. Prepaid Postsecondary Educ. Expense Bd.</i> <i>v. Coll. Sav. Bank</i> , 527 U.S. 627 (1999) . . . . .	16
<i>Glaxo Grp., Ltd. v. Apotex, Inc.</i> , No. 00-C-5791, 2001 U.S. Dist. LEXIS 16873 (N.D. Ill. Oct. 12, 2001) . . . . .	19
<i>Granfinanciera v. Nordberg</i> , 492 U.S. 33 (1989) . . . . .	19
<i>Hamdan v. Rumsfeld</i> , 548 U.S. 557 (2006) . . . . .	13
<i>Hartford-Empire Co. v. United States</i> , 323 U.S. 386 (1945) . . . . .	16
<i>Horne v. Dep't of Agric.</i> , 135 S. Ct. 2419 (2015) . . . . .	3, 16, 17, 18
<i>In re Depomed</i> , No. 16-1378 (Fed. Cir. Feb. 1, 2016) . . . . .	22

*Cited Authorities*

	<i>Page</i>
<i>James v. Campbell</i> , 104 U.S. 356 (1882) . . . . .	3, 16, 17, 18
<i>Markman v. Westview Instruments, Inc.</i> , 517 U.S. 370 (1996) . . . . .	3, 15, 19
<i>McCormick Harvesting Mach. Co. v. Aultman</i> , 169 U.S. 606 (1898) . . . . .	3, 17, 18, 20
<i>MCM Portfolio LLC v. Hewlett-Packard Co.</i> , 812 F.3d 1284 (Fed. Cir. 2015) . . . . .	<i>passim</i>
<i>Milwaukee Tool v. Hilti</i> , No. 14-1288, Slip op. (E.D. Wisc. Oct. 2, 2015) . . . . .	22-23
<i>Nat’l Fed’n of Indep. Bus. v. Sebelius</i> , 132 S. Ct. 2566 (2012) . . . . .	12
<i>Novartis Pharms. Corp. v. Watson Labs., Inc.</i> , 611 F. App’x 988 (Fed. Cir. 2015) . . . . .	8
<i>Noven Pharms. Inc. v. Novartis AG</i> , No. IPR2014-00550 (P.T.A.B. Sept. 18, 2015) . . . . .	8
<i>Personal Audio v. EFF</i> , No. 16-1123 (Fed. Cir. Feb. 3, 2016) . . . . .	22
<i>Pfizer Inc. v. Novopharm Ltd.</i> , No. 00-C-1475, 2001 U.S. Dist. LEXIS 7171 (N.D. Ill. May 2, 2001) . . . . .	19

*Cited Authorities*

	<i>Page</i>
<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303 (Fed. Cir. 2005) . . . . .	7
<i>Riggin v.</i> <i>Office of Senate Fair Employment Practices</i> , 61 F.3d 1563 (Fed. Cir. 1995) . . . . .	22
<i>Square, Inc. v. Unwired Planet LLC</i> , No. IPR2014-01165 (P.T.A.B. Oct. 30, 2015) . . . . .	22, 23
<i>Stern v. Marshall</i> , 564 U.S. 462 (2011) . . . . .	<i>passim</i>
<i>Zivotofsky v. Kerry</i> , 135 S. Ct. 2076 (2015) . . . . .	12

**STATUTES AND OTHER AUTHORITIES**

United States Constitution, amend. VII . . . . .	<i>passim</i>
United States Constitution, Article I . . . . .	<i>passim</i>
United States Constitution, Article III . . . . .	<i>passim</i>
35 U.S.C § 6 . . . . .	6
35 U.S.C. § 6(c) . . . . .	8
35 U.S.C. § 102 . . . . .	6



*Cited Authorities*

	<i>Page</i>
35 U.S.C. § 103 .....	6
35 U.S.C. § 154(b) .....	14
35 U.S.C. § 156 .....	14
35 U.S.C. § 251 .....	4
35 U.S.C. § 271(a) .....	19
35 U.S.C. § 271(b) .....	19
35 U.S.C. § 271(e) .....	19
35 U.S.C. § 282 .....	13
35 U.S.C. § 282(b)(2) .....	6
35 U.S.C. § 282(b)(3) .....	6
35 U.S.C. §§ 302-05 .....	4
35 U.S.C. § 311(b) .....	6
35 U.S.C. § 311(c) .....	6
35 U.S.C. § 315(b) .....	6
35 U.S.C. § 316(a)(11) .....	9

*Cited Authorities*

	<i>Page</i>
35 U.S.C. § 316(c) . . . . .	.6
35 U.S.C. §§ 311-319 . . . . .	<i>passim</i>
35 U.S.C. § 321 . . . . .	.5
35 U.S.C. § 321(b). . . . .	.5, 6
35 U.S.C. § 321(b)(2) . . . . .	.5
35 U.S.C. § 321(b)(3) . . . . .	.5
35 U.S.C. § 321(c) . . . . .	.5
35 U.S.C. § 326(a)(11). . . . .	.9
35 U.S.C. §§ 321-329 . . . . .	.4
37 C.F.R. § 1.173. . . . .	.4
37 C.F.R. § 1.550 . . . . .	.4
37 C.F.R. § 1.705. . . . .	.14
37 C.F.R. § 42.100(b) . . . . .	.7
37 C.F.R. § 42.300(d) . . . . .	.6
37 C.F.R. §§ 42.51-53. . . . .	.7
157 Cong. Rec. S1352 . . . . .	.8

*Cited Authorities*

	<i>Page</i>
Sup. Ct. R. 37.2(a) .....	1
Sup. Ct. R. 37.6 .....	1
Leahy–Smith America Invents Act, Pub. L. No. 112-29 § 18, 125 Stat. 284, 329-31 (2011) .....	5, 6
Patent Act of 1870, Ch. 230, 16 Stat. 198-217, § 55 (July 8, 1870) .....	15
Charles R. Macedo & Jung S. Hahm, <i>Understanding PTAB Trials: Key Milestones in IPR, PGR and CBM Proceedings</i> , Practical Law (Oct. 14, 2014, revised Apr. 28, 2016) .....	5
Charles R. Macedo, <i>Inside Views: Why So Many Patent Filings Were Filed In the US on or Before 15 March 2013</i> , Intellectual Property Watch (Mar. 27, 2013) .....	5
<i>Motions to Stay District Court Cases Pending Post-Grant Proceedings</i> , Docket Navigator (Aug. 24, 2015) .....	12
Perkins Coie, <i>Inter Partes Review Proceedings: A Third Anniversary Report</i> (2015), <a href="https://issuu.com/perkinscoie/docs/ipr_anniversary_report_final_single?e=15417991/30104586">https:// issuu.com/perkinscoie/docs/ipr_anniversary_ report_final_single?e=15417991/30104586</a> .....	12
U.S. Patent and Trademark Office, Patent Trial and Appeal Board Statistics 4/30/2016 (2016) .....	10

**INTEREST OF *AMICUS CURIAE*<sup>1</sup>**

The New York Intellectual Property Law Association (“NYIPLA” or “Association”) is a bar association of more than 1,300 attorneys who practice in the area of patent, copyright, trademark and other intellectual property (“IP”) law.<sup>2</sup> It is one of the largest regional IP bar associations in the United States. Its members include in-house counsel for businesses and other organizations, and attorneys in private practice who represent both IP owners and their adversaries (many of whom are also IP owners). Its members represent inventors, entrepreneurs, businesses, universities, and industry and trade associations. They regularly participate in patent litigation on behalf of both plaintiffs and defendants.

Directly relevant to the issues here, the NYIPLA’s members regularly represent parties—including both patent owners and validity challengers—in *inter partes* review (“IPR”) proceedings and other post-issuance proceedings before the Patent Trial and Appeal Board (“PTAB”) of the U.S. Patent and Trademark Office (“PTO”) and in Article III courts. The NYIPLA thus brings an informed perspective to the issues presented.

---

1. Pursuant to Sup. Ct. R. 37.6, the NYIPLA and its counsel represent that they have authored the entirety of this brief, and that no person other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief.

2. Pursuant to Sup. Ct. R. 37.2(a), Petitioner consented to the filing of *amicus* briefs in support of either party or neither party in a docket entry dated May 6, 2016 and Respondent’s written consent to this filing was provided in a communication dated May 24, 2016. The United States Patent and Trademark Office provided its written consent to this filing through the U.S. Department of Justice on May 25, 2016.

Because of the increasing prevalence of IPR proceedings and other post-issuance proceedings before the PTAB, the dramatic impact these new proceedings have had on district court litigation of patent disputes, and the importance of such proceedings to patent owners and validity challengers alike, the NYIPLA's members and their clients have a strong interest in the clear resolution of the issues presented in this case.<sup>3</sup>

### SUMMARY OF THE ARGUMENT

This case presents an important constitutional question which the court below decided based on an incomplete analysis of this Court's jurisprudence, and which is now appropriate for this Court to decide. The essential underlying issue is whether the grant of a U.S. Patent by the U.S. Patent and Trademark Office is a "public right" or "private right" as explained by this Court in *Stern v. Marshall*, 564 U.S. 462, 485-86 (2011). If it is a "public right," then the new post-issuance Article I trial proceedings are likely constitutional. If it is a "private right," then such proceedings are likely not.

---

3. The arguments made in this brief were approved by an absolute majority of NYIPLA's officers and members of its Board of Directors, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Amicus Briefs Committee who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party to this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

In the case below, a three-judge panel of the U.S. Court of Appeals for the Federal Circuit decided that a patent is a “public right,” and that these Article I trial proceedings are not unconstitutional. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015). This decision was reached even though patent rights have a long history of being adjudicated in Article III courts. *McCormick Harvesting Mach. Co. v. Aultman*, 169 U.S. 606, 609 (1898) (“The only authority competent to set a patent aside . . . is vested in the courts of the United States.”); *see also Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996) (discussing the availability of patent remedies in 1789).

Significantly, the Federal Circuit reached its conclusion without considering more than a century of precedent by this Court recognizing that an issued patent is a property right, at least for purposes of determining if a “taking” has happened. *James v. Campbell*, 104 U.S. 356, 358 (1882); *see also Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2427 (2015) (quoting with approval *James*).

The Association respectfully submits that this Court should not wait to address the issues raised in this Petition. To date, although litigants continue to raise these challenges below, courts have resolved them with decisions that summarily follow *MCM* without further discussion. Thus, if this Petition is denied, the decision below will likely be left as the final word on the constitutionality of this increasingly important post-issuance administrative trial proceeding that has invalidated more than 10,000 previously-issued patent claims since it first became available in September 2012.

Although the Association does not advocate in this Amicus Brief which position this Court should adopt, it

strongly believes that certiorari should be granted so that this Court can address the significance of patent rights being “property” to determine the constitutionality of PTAB proceedings under the America Invents Act (“AIA”).

## REASONS FOR GRANTING THE PETITION

### I. The Constitutionality of *Inter Partes* Review Raises an Important Issue Worthy of This Court’s Consideration

#### A. *Inter Partes* Review Proceedings as Related to Article III Court Litigation

In 2011, Congress passed the Leahy-Smith America Invents Act, including a new statutory scheme for post-issuance proceedings that has spawned thousands of patent validity challenges that otherwise would have had to be resolved in Article III proceedings tried before juries. *See* Leahy–Smith America Invents Act, Pub. L. No. 112-29 § 6, 125 Stat. 284, 299-314 (2011) (codified at 35 U.S.C. §§ 311-319, 321-329) [hereinafter “AIA”].

In particular, the AIA created three new post-issuance proceedings, more than doubling the number of post-issuance proceedings at the PTO:<sup>4</sup>

---

4. The PTO’s post-issuance proceedings prior to the AIA allowed a patent owner to voluntarily reissue a patent, or a patent owner or third party to ask the PTO to reexamine specified patent claims, with the PTO having the authority to cancel previously issued claims found not patentable and to issue new or amended claims. 35 U.S.C. §§ 251, 302-05; *see also* 37 C.F.R. §§ 1.173, 1.550 (discussing reissue and reexamination proceedings respectively).

- *Inter Partes* Review (“IPR”), 35 U.S.C. § 311;
- Post-Grant Review (“PGR”), 35 U.S.C. § 321; and
- Covered Business Method Patent Review (“CBM Review”), AIA Section 18 (collectively, “PTAB Proceedings”).

All three post-issuance proceedings are similar in procedural aspects, but differ in the timing of filing petitions and in the availability and scope of review.<sup>5</sup>

***PGRs***: PGRs are only available in the first nine months following issuance of an AIA patent<sup>6</sup> or reissue patent, 35 U.S.C. § 321(c), and may be invoked to cancel a patent claim on any ground found in 35 U.S.C. § 282(b)(2)-(3), which covers most of the available methods of invalidating patent claims. *See* 35 U.S.C. § 321(b).

---

5. For a general overview of PTAB Proceedings, see Charles R. Macedo & Jung S. Hahm, *Understanding PTAB Trials: Key Milestones in IPR, PGR and CBM Proceedings*, Practical Law (Oct. 14, 2014, revised Apr. 28, 2016), <http://www.arelaw.com/publications/view/practicallaw101/>.

6. The term “AIA patent” is used herein to designate a patent that is filed after the effective date of certain provisions of the AIA. These provisions reformed the manner in which patents are examined. All patents filed on or after March 16, 2013 are considered AIA patents. For a practical discussion of the difference between an AIA patent and a pre-AIA patent, see Charles R. Macedo, *Inside Views: Why So Many Patent Filings Were Filed In the US on or Before 15 March 2013*, Intellectual Property Watch (Mar. 27, 2013), <http://www.ip-watch.org/2013/03/27/why-so-many-patent-filings-were-filed-in-the-us-on-or-before-15-march-2013/>.



***CBM Reviews:*** CBM Reviews are part of a transitional<sup>7</sup> program that only applies to a limited category of patents, so-called “covered business method patents.” AIA Section 18. CBM Reviews are a special kind of PGR proceeding that may be brought by anyone charged with infringement of a covered business method patent. *Id.* Like PGRs, CBM Reviews may be invoked to raise any claim for invalidity that could be raised under 35 U.S.C. §§ 282(b)(2) and (3). *See* 35 U.S.C. § 321(b).

***IPRs:*** Although by statute, IPR proceedings have a narrower scope of review and a more limited timeliness requirement, they have nevertheless come to be used much more extensively than PGRs and CBM Reviews. Generally, IPR proceedings may be brought any time after a patent issues (for pre-AIA patents) or after a PGR window is complete (for AIA patents). 35 U.S.C. § 311(c). However, a third-party that is the subject of an infringement action must file its IPR petition, if at all, within one year of commencement of the infringement action. 35 U.S.C. § 315(b). The subject matter available for review in IPRs is limited to validity grounds specified in 35 U.S.C. §§ 102 or 103 on the basis of prior art consisting of patents or printed publications. 35 U.S.C. § 311(b).

All of these types of PTAB Proceedings are adjudicated by the Patent Trial and Appeal Board, which, in this context, is an administrative trial body within the PTO staffed with Article I administrative patent judges (“APJ”). 35 U.S.C. §§ 6, 316(c). The PTAB also handles traditional *ex parte* appeals from adverse decisions of

---

7. As currently implemented, CBM Reviews are only available until September 15, 2020. 37 C.F.R. § 42.300(d).

patent examiners during original prosecution, previously handled by the Board of Patent Appeals and Interferences, as well as these new “trial” proceedings.<sup>8</sup>

These new administrative proceedings differ from litigation in several significant ways:

(1) for patents that are not expired, the PTAB Proceedings have a different standard of claim construction than is applied in Article III courts, employing the “broadest reasonable interpretation” standard as opposed to the court litigation standard described in cases such as *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005),<sup>9</sup> 37 C.F.R. § 42.100(b);

(2) discovery in PTAB Proceedings is more limited than in a typical U.S. District Court proceeding, 37 C.F.R. §§ 42.51-53; and

---

8. This Court will be familiar with differences between original prosecution to obtain a patent, in which a patent applicant has an extensive opportunity to go back and forth with the patent examiner, and these new quasi-litigation proceedings from the briefing and oral argument in *Cuozzo Speed Technologies, LLC v. Lee*, No. 15-446 (U.S. argued Apr. 25, 2016).

9. The “broadest reasonable interpretation” claim construction standard gives a claim its broadest reasonable meaning consistent with the language of the claim as viewed in the context of the patent specification. It is the standard of claim construction used during the examination of original patents and in some *ex parte* proceedings at the PTO, where, unlike in IPRs, a patent applicant may *freely amend* its claims in response to such interpretations. The litigation standard attempts to give a claim its ordinary meaning from the viewpoint of a person of ordinary skill in the art at the time of the invention. *Phillips v. AWH. Corp.*, 415 F.3d. 1303, 1313 (Fed. Cir. 2005).

(3) the PTAB Proceedings do not allow for jury trials and judgment is delivered by a panel of three APJs, who are employed by the PTO but not appointed subject to congressional screening and approval. 35 U.S.C. § 6(c).

IPRs were designed from the beginning to be a “less-expensive alternative to courtroom litigation” for issues of patent validity. *See* 157 Cong. Rec. S1352 (daily ed. Mar. 8, 2011) (statement of Sen. Udall). The theory behind the creation of the PTAB Proceedings is to put decisions regarding the validity of patents in the hands of Article I APJs of the PTO, the administrative agency that decides the merits of applications for patents on a daily basis. *See id.* (“Inter partes reexam is often the preferred method of examination because a panel of experts is more likely to reach the correct decision on a technical question compared to a jury composed of laypeople.”).

Indeed, there are already situations where a patent found not to be invalid in a district court proceeding subsequently has been found invalid in a PTAB proceeding. For example, in a declaratory judgment action in the U.S. District Court for the District of Delaware, the court entered judgment that the claims were not invalid. This judgment was then affirmed the Federal Circuit. *Novartis Pharms. Corp. v. Watson Labs., Inc.*, 611 F. App’x 988 (Fed. Cir. 2015). Thereafter, the PTAB in an IPR decision stated “while we have considered the Federal Circuit’s decision, we have independently analyzed patentability of the challenged claims based on the evidence and standards that are applicable to this proceeding” and invalidated several of the patent claims at issue. *Noven Pharms. Inc. v. Novartis AG*, No. IPR2014-00550, 5 (P.T.A.B. Sept. 18, 2015). Since PTAB Proceedings have a lower burden of proof and broader claim construction standard, such results are likely to continue.

It is true that the PTAB Proceedings, including IPRs, are adversarial proceedings and as such bear some similarities to litigation in a court. However, PTAB Proceedings do not include many of the due process protections that normally apply in Article III courts' adjudication of patent validity, such as:

(1) independent Article III judges who must be vetted and approved by Congress as a first constitutional check, and have life tenure and no diminution of compensation as a second constitutional check on judicial independence;

(2) expansive discovery that is granted in proportion to the controversy at hand to insure that finders of fact have sufficient access to the evidence necessary to resolve the dispute;

(3) Seventh Amendment jury rights;<sup>10</sup> and

(4) appellate review of all interlocutory decisions impacting final judgment.

Thus, in an effort to design a simpler, speedier,<sup>11</sup> and lower cost dispute resolution system for patent disputes, Congress omitted many of the procedural protections that apply in Article III courts. As is explained below,

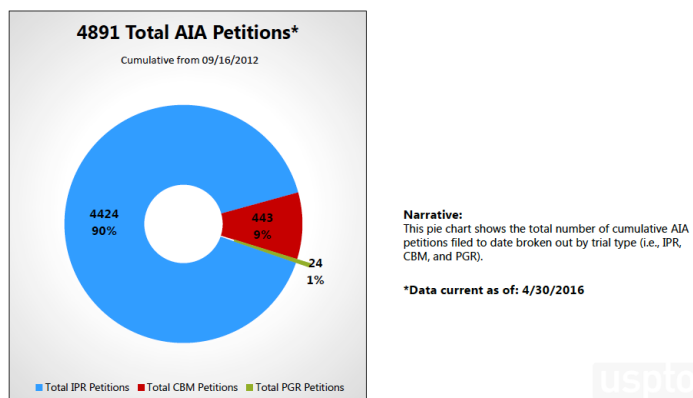
---

10. While not every judicial proceeding involving a patent assertion is entitled to a jury trial, and not every issue is entitled to be tried to a jury instead of a court, a jury trial is available for most types of ordinary patent litigation.

11. PTAB Proceedings are required to be completed within one year of their institution. By statute, this completion date may only be extended for up to six months for "good cause shown." *See* 35 U.S.C. §§ 316(a)(11), 326(a)(11).

this decision by Congress presents separation of powers and Seventh Amendment issues that need clarification from this Court. *See infra* Part I.B. Due to the increasing popularity of IPRs, this Court’s clarification of the constitutional issues is needed now.

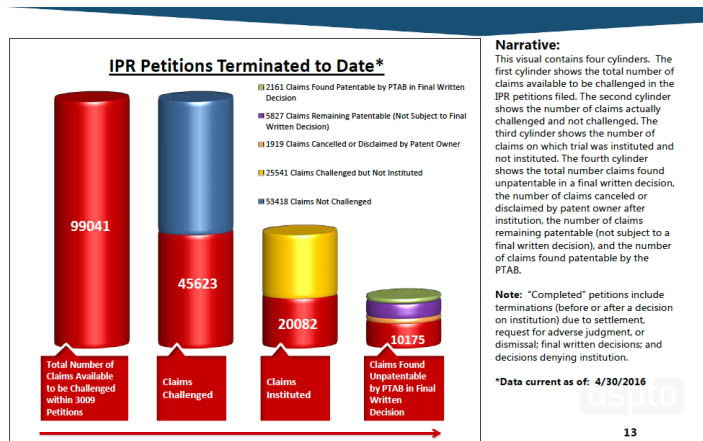
It is undisputed that PTAB Proceedings, and IPRs in particular, have become widely used as a surrogate for litigation since they were first implemented in September 2012. As of April 30, 2016, the PTO reports that 4,891 AIA Petitions have been filed, with roughly 90% of such petitions being IPRs:



2

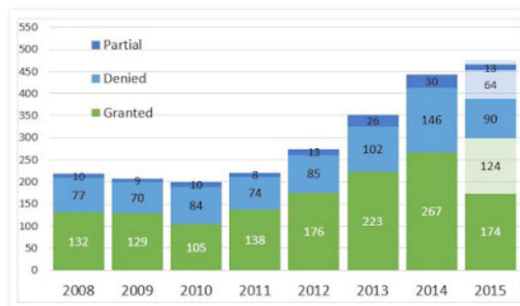
U.S. Patent and Trademark Office, Patent Trial and Appeal Board Statistics 4/30/2016, 2 (2016), <http://www.uspto.gov/sites/default/files/documents/2016-4-30%20PTAB.pdf> [hereinafter “PTAB Statistics”].

According to the PTO, to date more than 45,000 issued claims have been challenged, with over 20,000 issued claims instituted, and over 10,000 claims invalidated in IPR proceedings:



*Id.* at 13.

In August 2015, the Docket Navigator service issued a study concluding “[t]he overall number of decisions on motions to stay [district court litigations due to pending IPRs] has been steadily climbing since 2011, with the most dramatic increase between 2013 (with 351 decisions) and 2014 (with 443 decisions).” The following graph from that article illustrates that such stays are largely granted in full or in part:



Stays Pending Reexam, IPR, & CBM (grey segments represent projected data through 12/31/2015, extrapolated from actual data from 1/1/2015 through 7/31/2015)

*Motions to Stay District Court Cases Pending Post-Grant Proceedings*, Docket Navigator (Aug. 24, 2015), <http://docketreport.blogspot.com/2015/08/motions-to-stay-district-court-cases.html>.

Furthermore, as a contemporaneous report has explained “[t]o date, approximately 90% of all IPR petitions are directed at patents that are also involved in district court litigation.” Perkins Coie, *Inter Partes Review Proceedings: A Third Anniversary Report*, 6 (2015), [https://issuu.com/perkinscoie/docs/ipr\\_anniversary\\_report\\_final\\_single?e=15417991/30104586](https://issuu.com/perkinscoie/docs/ipr_anniversary_report_final_single?e=15417991/30104586).

The popularity of IPRs, and the practice of filing IPR petitions in response to patent litigations filed in court, means that any constitutional issues or challenges should be dealt with as soon as possible to minimize harm to patent holders and to assure certainty in patent law for inventors, corporations and the public.

### **B. The Public Rights Doctrine Is a Complex Issue That Requires This Court’s Resolution**

The separation of powers under the United States Constitution is the backbone of the tripartite system of American democracy. Conflicts between and among the three branches can arise in circumstances relating to an individual branch’s exercise of its respective constitutionally delegated powers. As this Court is aware, recent examples include conflicts involving such issues as immigration, health care and war powers. *Zivotofsky v. Kerry*, 135 S. Ct. 2076 (2015) (discussing naturalization and immigration powers); *Nat’l Fed’n of Indep. Bus. v. Sebelius*, 132 S. Ct. 2566 (2012); (discussing the Affordable

Care Act); *Hamdan v. Rumsfeld*, 548 U.S. 557 (2006) (discussing executive war powers).

This Court has analyzed separation of powers issues of the type raised in this case under what is known as the “public rights” doctrine. *See, e.g., Stern*, 564 U.S. at 482-484. The public/private rights test is not a bright-line test with predictable results. In fact, this Court has recently acknowledged that “our discussion of the public rights exception . . . has not been entirely consistent . . . [and] has been subject of some debate.” *Id.* at 488.

Whether patent rights, and particularly the validity of claims of an issued patent that carry a statutory presumption of validity, 35 U.S.C. § 282, are a public right or a private right has now become, as a result of the AIA, a pressing issue that should be decided by this Court to ensure proper resolution and consistency with its doctrine.

The appropriate test is set forth in *Stern v. Marshall*, where this Court issued its most expansive pronouncement on the standard for applying the public rights doctrine. 564 U.S. 462, 485-86. The *Stern* Court held that the dispute between the parties in *Stern* concerned a claim sounding in tort and thus could not be adjudicated by an Article I bankruptcy court. *Id.* It found that the tort claim was not a “public right” and thus could not be adjudicated by an Article I court. *Id.* Tort actions between private parties generally involve private rights. *Id.* at 498.

#### 1. “Public Rights” Under *Stern*

The *Stern* Court identified several factors that make a right likely to be a public right.



First, it identified cases “arising ‘between the Government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments’” as those most likely to involve public rights. *Id.* at 489 (citing *Crowell v. Benson*, 285 U.S. 22, 50-51 (1932)).

However, the *Stern* Court noted that the requirement that the Government be a party has since been dropped from the public rights analysis. *Id.* at 490.

The Court went on to identify two other situations where public rights often arise:

(1) claims that arise from federal regulatory schemes;<sup>12</sup>  
and

(2) situations where “resolution of the claim by an expert Government agency is deemed essential to a limited regulatory objective within the agency’s authority.” *Id.* at 490.

The examples of public rights then discussed in *Stern* led this Court to opine that public rights often are creations of statute as opposed to longstanding common law claims. *See id.* at 491.

In short, this Court concluded that a public right “is integrally related to particular Federal Government action.” *Id.* at 490-91.

---

12. An example of a relevant federal regulatory scheme overseen by the PTO is patent term extension and patent term adjustment. *See* 35 U.S.C. § 154(b), 156; 37 C.F.R. § 1.705.

## 2. “Private Rights” Under *Stern*

Private rights, on the other hands are all of those rights that do not fall under the category of public rights. These include “[w]holly private tort, contract, and property cases,” *Atlas Roofing Co. v. OSHRC*, 430 U.S. 442, 458 (1977), as well as those cases that do not “flow from a federal statutory scheme,” *Stern*, 564 U.S. at 490.

A patent dispute is fundamentally an action in tort. *Carbice Corp. of Am. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1931).

Finally, *Stern* notes that those actions that could have been brought under the common law in 1789 were the responsibility of the Article III Courts and thus not public rights. *Stern*, 564 U.S. at 484. As this Court has elsewhere explained, “[e]qually familiar is the descent of today’s patent infringement action from the infringement actions tried at law in the 18th century, and there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago.”<sup>13</sup> *Markman*, 517 U.S. at 377.

---

13. However, in the nineteenth century, patent infringement actions in the U.S. could be brought either at law or in a court of equity. Patent Act of 1870, Ch. 230, 16 Stat. 198-217, § 55 (July 8, 1870) (“And be it further enacted, That all actions, suits, controversies, and cases arising under the patent laws of the United States shall be originally cognizable, **as well in equity as at law**, by the [federal courts] and the court shall have power, upon bill in equity . . . to grant injunctions . . . profits . . . [and] damages . . . .”) (emphasis added).

### 3. The Court Below also Failed to Account for This Court's Precedent on Patents as Property

This Court has long recognized that a patent is a “property right,” which would lead to the conclusion that it a private right rather than a public right under *Stern*. See, e.g., *McCormick*, 169 U.S. at 608-09 (“[W]hen a patent has received the signature of the [relevant government authority] it has passed beyond the control and jurisdiction of the office, and . . . has become the property of the patentee, and as such is entitled to the same legal protection as other property.”); see also, e.g., *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002); *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627, 642 (1999); *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415 (1945).

This Court reiterated this recognition, at least in the context of a taking, in a case it decided last term, *Horne v. Department of Agriculture*:

As this Court summed up in *James v. Campbell*, 104 U.S. 356, 358 (1882), a case concerning the alleged appropriation of a patent by the Government:

“[A patent] confers upon the patentee an exclusive **property** in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.”

135 S. Ct. 2419, 2427 (2015) (citing *James v. Campbell*, 104 U.S. 356, 358 (1882)) (emphasis added).<sup>14</sup> This line of authority was neither raised nor addressed below.

In *McCormick*, this Court was faced with the question of whether a patent examiner prosecuting a reissue patent, had authority to invalidate patent claims after the patent owner withdrew the application. This Court found that the PTO did not: “The only authority competent to set a patent aside . . . is vested in the courts of the United States.” 169 U.S. at 609 (1898). The panel below in *MCM* discounted this Court’s holding in *McCormick* as turning on a lack of “statutory authorization” rather than on constitutional principles. *MCM*, 812 F.3d at 1288-89. The panel’s discounting of *McCormick* fails to recognize the fact that an issued patent remains a property right owned in fee simple by the inventor or his or her assignee(s).

As property, the lower court’s conclusion that a patent is a public right rather than a private right is at a minimum called into question. In fact, this Court has included property rights as the kind of rights that are usually considered private rights in the public/private rights analysis. *Atlas Roofing*, 430 U.S. at 458.

The failure of the decision below to address the impact of this Court’s holding that a patent is a property right is a significant omission, justifying this Court’s intervention here.

Intervention is needed to provide certainty to the stakeholders as to where patent validity challenges can be

---

14. This portion of the *Horne* decision was joined by eight members of this Court.

properly raised. If this Court finds the Federal Circuit's decision was wrong and that PTAB proceedings are unconstitutional, action now will mitigate any further harm that would be caused if this Court were to later hold that PTAB Proceedings are unconstitutional. If this Court affirms the Federal Circuit's holding, it will end uncertainty on this issue that leads parties to continue to challenge the constitutionality of the new PTAB Proceedings in lower courts.

Given the important and growing impact that IPRs have had on the adjudication of issued patent rights, this oversight in the Federal Circuit's analysis of the constitutionality of PTAB Proceedings, warrants this Court's review of the constitutional issues at stake. The Association respectfully submits that the *MCM* Petition and the Petition of *Cooper v. Lee*, No. 15-955 (filed Jan. 21, 2016), *see infra* Part II, are worthy of this Court's review in light of *McCormick, James*, and *Horne* and its other authority declaring patents "property."

**C. Both Questions Presented Involve the Application of the Public Rights Doctrine, Making This Issue Suited for Resolution by This Court**

This Court's jurisprudence deciding the constitutionality of conflicting jurisdictional authority among the three branches is based on an analysis addressing "public rights" and "private rights," as discussed *supra*. *See, e.g., Stern*, 564 U.S. at 485-86 (describing the private right/public right issue involved in bankruptcy courts and state law counterclaims). In particular, this Court has determined:

***With Respect to Public Rights:*** Those rights that are “public” may be removed from the cognizance of Article III courts at the will of Congress without violating the Constitution. *See id.*

***With Respect to Private Rights:*** All other rights are considered “private” and may only be subject to adjudication in Article III Courts. This guarantee is a fundamental element of the Constitution that helps ensure the separation of powers of the three branches of government. *See id.* at 484.

This Court also has held that the Seventh Amendment right to a jury trial is not violated by Congress authorizing non-jury administrative adjudication of a public right. *See Atlas*, 430 U.S. at 455.

However, if the right is a private right, this Court has consistently held the Seventh Amendment applies and the right to a trial by jury remains intact. *Granfinanciera v. Nordberg*, 492 U.S. 33, 40-49 (1989) (discussing in depth the private rights analysis in the context of a bankruptcy proceeding). In particular, this Court has previously confirmed that jury trials are generally available for patent disputes. *Markman*, 517 U.S. at 377.<sup>15</sup>

---

15. *Markman*, as well as *MCM*, involve ordinary patent infringement actions under 35 U.S.C. §§ 271(a)-(b). For certain special forms of patent infringement, namely those related to drug applications with the U.S. Food and Drug Administration under 35 U.S.C. § 271(e), courts have held that the Seventh Amendment jury right is not triggered because the claims are equitable in nature. *See, e.g., Glaxo Grp., Ltd. v. Apotex, Inc.*, No. 00-C-5791, 2001 U.S. Dist. LEXIS 16873, at \*15-16 (N.D. Ill. Oct. 12, 2001); *Pfizer Inc. v. Novopharm Ltd.*, No. 00-C-1475, 2001 U.S. Dist. LEXIS 7171, at \*11-12 (N.D. Ill. May 2, 2001).

The Federal Circuit panel below held that patent validity was a public right, and therefore could be removed from the cognizance of Article III courts without violation of the Constitution or the Seventh Amendment right to a jury trial. *MCM*, 812 F.3d at 1290-91, 1293. Indeed, the new post-issuance proceedings do not have any provision for trial by jury. 35 U.S.C § 6.

However, while the decision below discussed this Court's *Stern* decision, and drew technical distinctions of this Court's *McCormick* decision, it failed to address this Court's holding that patent rights are "property" and how, as such, this affects any analysis of the *Stern* factors.

The *MCM* Petition therefore presents a separation of powers question with respect to the constitutionality of administrative tribunals staffed by APJs created under Article I enumerated powers and adjudicating patent validity disputes that traditionally been the province of Article III courts and Seventh Amendment juries. The Seventh Amendment issue turns on the same private/public dichotomy relevant to the separation of powers issue.

The public/private right distinction is highly relevant to the present case. A finding that patent rights are public rights may shield the PTAB and IPR from constitutional scrutiny under both the separation of powers doctrine and the Seventh Amendment. Finding that patent rights are private rights would have the opposite result.

## **II. This Case and Its Companion Case Are the Ideal Vehicles for the Court to Resolve the Critical Constitutional Issues Raised by IPRs and May Be This Court's Last Chance to Address Them**

This case presents the ideal factual and procedural background for this Court to resolve the Article III and Seventh Amendment challenges to IPR proceedings. Procedurally, this case is the result of a direct appeal from a completed IPR proceeding. Thus, the patents in dispute have gone through the IPR proceeding being challenged.

Additionally, both of the Constitutional issues were raised, briefed, and argued in the Federal Circuit.

Since the panel decision in this case, other efforts to raise this issue were at first stayed in favor of this case as the vehicle to raise the issue, and later summarily decided based on *MCM*.

In particular, in *Cooper v. Lee*, when the patent owner sought to raise the issue on its appeal from a collateral challenge before the U.S. District Court for the Eastern District of Virginia to the U.S. Court of Appeals for the Fourth Circuit, the Fourth Circuit transferred that case to the Federal Circuit. Order, *Cooper v. Lee*, No. 15-1205 (4th Cir. Oct. 2, 2015), ECF No. 52. At the Federal Circuit, briefing in *Cooper* was stayed pending resolution of this case. Order, *Cooper v. Lee*, No. 16-1071 (Fed. Cir. Nov. 23, 2015), ECF No. 6. Judgment was entered in *Cooper* after the panel decision in *MCM* was found to be dispositive of *Cooper*. Order, *Cooper v. Lee*, No. 16-1071 (Fed. Cir. Jan. 14, 2016), ECF No. 8. Even in this Court, the *Cooper* Petition has been held in abeyance pending a decision on



this Petition. *Cooper v. Lee*, No. 15-955 (U.S. rescheduled May 2, 2016).

Similarly, in *Affinity Labs of Texas v. Samsung*, a panel at the Federal Circuit summarily rejected a constitutionality challenge in a Rule 36 affirmance. Order, No. 2015-1933 (Fed. Cir. May 9, 2016).

Significantly, however, the PTAB itself has “declin[ed] to consider [this] constitutional challenge as, generally, ‘administrative agencies do not have jurisdiction to decide the constitutionality of congressional enactments.’” *Square, Inc. v. Unwired Planet LLC*, IPR2014-01165, at 25 (P.T.A.B. Oct. 30, 2015) (quoting *Riggin v. Office of Senate Fair Employment Practices*, 61 F.3d 1563, 1569 (Fed. Cir. 1995)).

### **III. Failure to Grant Certiorari in This Case Will Result in the Federal Circuit’s Decision Being the Final Resolution of These Important Constitutional Issues**

Although this issue has been raised in at least seven cases, there has been no further debate in the lower courts on this subject since *MCM*. See *MCM Portfolio, LLC*, 812 F.3d at 1293; see also Order, *Cooper v. Lee*, No. 16-1071 (Fed. Cir. Jan. 14, 2016), *cert. pending*, No. 15-955 (U.S. Jan. 21, 2016); *Affinity Labs of Texas v. Samsung*, No. 15-1933, (Fed. Cir. May 9, 2016) (Rule 36 Affirmance); Order, *Personal Audio v. EFF*, No. 16-1123 (Fed. Cir. Feb. 3, 2016) (pending resolution by Federal Circuit); Order, *In re Depomed*, No. 16-1378 (Fed. Cir. Feb. 1, 2016) (pending resolution by Federal Circuit); Order, *Milwaukee Tool v. Hilti*, No. 14-1288, Slip op. at 19-20 (E.D. Wisc. Oct. 2,

2015) (rejecting argument that IPRs are unconstitutional and that the court should deny the motion to stay); *Square, Inc. v. Unwired Planet LLC*, No. IPR2014-01165 (P.T.A.B. Oct. 30, 2015) (discussed *supra* Part II).

The Fourth Circuit declined to retain jurisdiction over the issue in *Cooper v. Lee*, which was then summarily decided in view of *MCM*. See *supra* Part II. The Federal Circuit summarily dismissed *Affinity* without any discussion. *Affinity*, No. 15-1933 (Rule 36 affirmance). Finally, in *Unwired Planet*, the PTAB found it has no jurisdiction to resolve the issue. No. IPR2014-01165, at 25.

Without this Court's intervention, the important constitutional questions that underlie the entire PTAB Proceedings statute and process are unlikely to receive any further sustained judicial scrutiny. If this Court does not address the issue in either this Petition or in *Cooper*, it is unlikely that there will be further substantive analysis by lower courts to help the Court address this issue when patent owners in the future raise constitutional challenges to the new PTAB Proceedings.

Accordingly, the Association respectfully urges this Court to accept certiorari to review whether the Federal Circuit panel decision is consistent with this Court's jurisprudence on these important Constitutional issues that are highly relevant to, and have a significant impact on, key sectors of this nation's economy.

**CONCLUSION**

The Questions Presented in this Petition are critically important to patent owners and patent challengers. The constitutionality of IPRs and of the other PTAB Proceedings is both relevant and urgent. Thus, this Court should grant certiorari on both of the Questions Presented.

Respectfully submitted,

ROBERT J. RANDO  
*Treasurer, NYIPLA*  
THE RANDO LAW FIRM P.C.  
6800 Jericho Turnpike  
Syosset, NY 11791  
(516) 799-9800

CHARLES R. MACEDO  
*Counsel of Record*  
DAVID P. GOLDBERG  
*Co-Chair, Committee on Amicus  
Briefs, NYIPLA*  
AMSTER, ROTHSTEIN & EBENSTEIN LLP  
90 Park Avenue  
New York, NY 10016  
(212) 336-8000  
cmacedo@arelaw.com

*Attorneys for Amicus Curiae  
New York Intellectual Property Law Association*