

No. 15-1330

In the Supreme Court of the United States

MCM PORTFOLIO LLC, PETITIONER

v.

HEWLETT-PACKARD COMPANY, ET AL.

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

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

In the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, Congress created inter partes review, an adversarial administrative proceeding in which the U.S. Patent and Trademark Office may reconsider the patentability of the claims in an issued patent. See 35 U.S.C. 311 *et seq.* The question presented is as follows:

Whether inter partes review violates Article III or the Seventh Amendment by authorizing an Executive Branch agency, rather than a court or jury, to invalidate a previously issued patent.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-22a) is reported at 812 F.3d 1284. The decision of the Patent Trial and Appeal Board (Pet. App. 23a-36a) is unpublished, but is available at 2014 WL 3885936.

JURISDICTION

The judgment of the court of appeals was entered on December 2, 2015. On February 24, 2016, Justice Kennedy extended the time to file a petition for a writ of certiorari to and including March 31, 2016. On March 21, 2016, Justice Kennedy further extended the time to April 29, 2016, and the petition was filed on that date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress has long provided administrative mechanisms for third parties to ask the U.S. Patent

and Trademark Office (PTO or Patent Office) to reconsider the patentability of the claims in an issued patent. In 1980, Congress enacted the first statute authorizing ex parte reexamination. See Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C. Ch. 30). The statute specified that the PTO could grant a request for ex parte reexamination if the request raised “a substantial new question of patentability.” 35 U.S.C. 303(a), 304. Upon granting a petition for ex parte reexamination, the PTO would reconsider the patentability of the previously granted claims. See generally *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604-605 (Fed. Cir.), modified on other grounds, 771 F.2d 480 (Fed. Cir. 1985).

In 1999, Congress expanded the PTO’s authority to review the patentability of claims in issued patents by creating inter partes reexamination. 35 U.S.C. 311-318 (2000). Like ex parte reexamination, inter partes reexamination authorized a third party to petition the PTO to reexamine the patentability of previously granted patent claims through an administrative proceeding, which the PTO could institute if the petitioner raised “a substantial new question of patentability.” 35 U.S.C. 312(a), 313 (2000). Inter partes reexamination differed from ex parte reexamination, however, in that the third-party petitioner could participate in the inter partes reexamination proceeding and, after 2002, in any subsequent appeal. See *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

In 2011, Congress made further changes to the framework for post-issuance review as part of the Leahy-Smith America Invents Act (America Invents Act or AIA), Pub. L. No. 112-29, 125 Stat. 284. Congress enacted the AIA to “establish a more efficient

and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs,” in response to “a growing sense that questionable patents are too easily obtained and are too difficult to challenge.” H.R. Rep. No. 98, 112th Cong., 1st Sess., pt. 1, at 39-40 (2011). Among other measures directed at this goal, the AIA changed the procedures for post-issuance review of patents.

For challenges to patentability brought within nine months after patent issuance, the AIA established a new procedure, known as “post-grant review.” 35 U.S.C. 321(c). For challenges after that nine-month period, the AIA created inter partes review, which replaced the former system of inter partes reexamination. Inter partes review may be used to challenge patents as invalid based only on lack of novelty or obviousness. 35 U.S.C. 311(b). A person other than the patent’s owner may seek review of a patent on these grounds, 35 U.S.C. 311, unless the person has already filed a civil suit to challenge the validity of the patent at issue, 35 U.S.C. 315(a)(1). If a person seeks inter partes review of a patent and then files a parallel civil challenge to the same patent, the civil action is stayed, but the district court may lift the stay if the patent owner moves to lift the stay or files a counterclaim for infringement. 35 U.S.C. 315(a)(2). Persons who have been sued for infringement (or their privies) who wish to request inter partes review must do so within a year after the filing of the infringement action against them. See 35 U.S.C. 315(b).

After the filing of a petition for inter partes review and any response from the patent holder, the PTO’s Patent Trial and Appeal Board (PTAB or Board) may institute an inter partes review if it determines that

“there is a reasonable likelihood that the petitioner would prevail” with respect to at least one of its challenges to the validity of a patent. 35 U.S.C. 314(a). If the PTO grants a petition for review brought by a party that has been sued for infringement, the district court that is adjudicating the infringement suit may—but need not—stay proceedings while the PTO reviews the validity of the patent. Unless the Board extends the time for good cause, the Board must issue its final patentability decision within one year after the decision to institute inter partes review. 35 U.S.C. 316(a)(11).

During the inter partes review, both parties are entitled to take limited discovery, 35 U.S.C. 316(a)(5); to file affidavits and declarations, 35 U.S.C. 316(a)(8); to request an oral hearing, 35 U.S.C. 316(a)(10); and to file written memoranda, 35 U.S.C. 316(a)(8). Unless the review is dismissed, the Board “shall issue a final written decision” addressing the patentability of the claims at issue in the proceeding. 35 U.S.C. 318(a). The Board may issue a final decision with respect to the challenged claims even if the parties to the inter partes review settle. See 35 U.S.C. 317(a). The Board’s final decision in an inter partes review may be appealed to the Federal Circuit. 35 U.S.C. 141, 319.

2. a. Petitioner owns United States Patent No. 7,162,549 (the ’549 patent), which claims an adapter for transferring images from digital camera flash-memory cards onto personal computers. After petitioner sued respondent for infringement of the ’549 patent, respondent sought inter partes review of the patent’s validity. Pet. App. 24a; see *Technology Props. Ltd. v. Hewlett-Packard Co.*, No. 6:12-cv-208 (E.D. Tex. filed Mar. 28, 2012).

The Board instituted inter partes review concerning four claims of the '549 patent. Pet. App. 37a-55a. It concluded that petitioner had demonstrated a reasonable likelihood that at least some of the claims at issue were unpatentable on grounds of obviousness. *Id.* at 38a-39a. The Board also rejected petitioner's contention that the time bar set out in 35 U.S.C. 315(b) precluded respondent from initiating inter partes review. Pet. App. 44a-45a.¹

At the conclusion of the inter partes review, the Board cancelled the four challenged claims on the ground that they were unpatentable. Pet. App. 23a-36a. The Board rejected petitioner's argument that inter partes review violates the Seventh Amendment. *Id.* at 26a-27a. The Board explained that the Federal Circuit had upheld the constitutionality of post-issuance review under the patent reexamination statute, and that petitioner had not "identif[ied] any constitutionally-significant distinction between reexamination proceedings and *inter partes* review proceedings." *Id.* at 27a (citing *Patlex*, 758 F.2d at 603-605; *Joy Techs., Inc. v. Manbeck*, 959 F.2d 226 (Fed. Cir.), cert. denied, 506 U.S. 829 (1992)). The Board then concluded that respondent had established by a preponderance of the evidence that the four claims at issue were unpatentable as obvious. *Id.* at 32a-35a.

b. The court of appeals affirmed. Pet. App. 1a-22a.

¹ While the inter partes review was underway, petitioner sought a writ of mandamus from the Federal Circuit, contending that the inter partes review was time-barred. The Federal Circuit denied the petition in an unpublished order, holding that petitioner had failed to satisfy the requirements for mandamus relief. *In re MCM Portfolio, LLC*, 554 Fed. Appx. 944, 945 (2014).

As relevant here, the court of appeals rejected petitioner's contention "that inter partes review is unconstitutional because any action revoking a patent must be tried in an Article III court with the protections of the Seventh Amendment." Pet. App. 7a. Petitioner had acknowledged that "*Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604 (Fed. Cir. 1985), upheld the constitutionality of the Commissioner's statutory power to administratively revoke or cancel a patent," but had argued that *Patlex* was contrary to *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606 (1898). Pet. C.A. Br. 48 (footnote omitted). The court of appeals construed *McCormick*, however, as simply reflecting this Court's determination that, under the then-existing patent regime, the Patent Office lacked statutory authority to revoke a patent. See Pet. App. 9a. The court explained that *McCormick* "did not address Article III and certainly did not forbid Congress from granting the PTO the authority to correct or cancel an issued patent," as Congress has done since 1980. *Id.* at 10a.

The court of appeals further explained that other decisions of this Court demonstrated that post-issuance review is consistent with Article III. Pet. App. 10a. The court of appeals noted that this Court has long "recognized that 'there are matters, involving public rights * * * which [C]ongress may or may not bring within the cognizance of the courts of the United States as it may deem proper.'" *Id.* at 11a (quoting *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1856)); see *id.* at 12a-13a (discussing *Thomas v. Union Carbide Agric. Prods. Co.*, 473 U.S. 568 (1985); *Stern v. Marshall*, 564 U.S. 462 (2011)). The court of appeals viewed those

precedents as supporting Congress’s power to authorize patent reexaminations by the PTO. The court explained that, because “[t]he patent right ‘derives from an extensive federal regulatory scheme,’ *Stern*, [564 U.S. at 490], and is created by federal law,” Congress could allow the PTO to reexamine patents it had issued, in order “to correct the agency’s own errors in issuing patents in the first place.” *Id.* at 13a.

The court of appeals further held that such proceedings are consistent with the Seventh Amendment. Pet. App. 16a-18a. The court explained that this Court has repeatedly recognized Congress’s power to entrust the adjudication of claims concerning public rights to specialized administrative bodies. *Id.* at 17a (citing *Tull v. United States*, 481 U.S. 412, 418 (1987); *Atlas Roofing Co. v. Occupational Safety & Health Review Comm’n*, 430 U.S. 442, 455 (1977); *Curtis v. Loether*, 415 U.S. 189, 194 (1974)). The court of appeals noted that it had previously rejected the contention, pressed by petitioner here, that the Seventh Amendment barred post-issuance review of patent validity by the PTO. *Id.* at 18a-19a (discussing *Patlex*, 758 F.2d at 604-605; *Joy Techs.*, 959 F.2d at 228).

The court of appeals finally held that the Board had not erred in finding the four challenged claims of the ’549 patent unpatentable based on obviousness. Pet. App. 19a-22a.²

² The court of appeals also held that it lacked jurisdiction to address petitioner’s argument that the Board should not have instituted inter partes review, based on the time bar in 35 U.S.C. 315(b). Pet. App. 7a. The court explained that the Board’s decision whether to institute inter partes review is “final and nonappealable.” *Ibid.* (quoting 35 U.S.C. 314(d)).

ARGUMENT

The court of appeals correctly held that neither Article III nor the Seventh Amendment bars the PTO from conducting inter partes reviews of patents that the PTO has issued.³ That holding does not conflict with any decision of this Court or any other court of appeals. Further review is not warranted.⁴

1. a. Article III provides that the “judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.” U.S. Const. Art. III, § 1. “[I]n general,” this provision prevents Congress from withdrawing from Article III courts any matter involving the exercise of judicial power. *Stern v. Marshall*, 564 U.S. 462, 484 (2011). This Court, however, has recognized qualifications to that “general” rule. One such qualification authorizes Congress to designate “public rights” for adjudication in non-Article III tribunals. See, e.g., *Murray’s Les-*

³ The question whether inter partes review comports with Article III of the Constitution is also presented in *Cooper v. Lee*, petition for cert. pending, No. 15-955 (filed Jan. 21, 2016).

⁴ As petitioner notes (Pet. 13 n.11), this Court addressed the standard of claim construction in inter partes review proceedings, and the reviewability of decisions to institute inter partes review, in *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446 (June 20, 2016), slip op. There is no reason to vacate the decision below and remand the case for further proceedings in light of this Court’s decision in *Cuozzo*. The Court’s resolution of the statutory questions considered in *Cuozzo* does not affect the proper disposition of petitioner’s constitutional claims. Petitioner does not seek review of the court of appeals’ holding that the Board’s decision to institute the inter partes review could not be challenged on appeal. In any event, the Court’s decision in *Cuozzo* is consistent with that holding.

see v. Hoboken Land & Improvement Co., 59 U.S. (18 How.) 272, 284 (1856); *Thomas v. Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 587 (1985).

Most critically, “what makes a right ‘public’ rather than private is that the right is integrally related to particular Federal Government action.” *Stern*, 564 U.S. at 490-491. Where Congress has acted “for a valid legislative purpose pursuant to its constitutional powers under Article I,” it may delegate even a “seemingly private right” to non-Article III courts if the right “is so closely integrated into a public regulatory scheme as to be a matter appropriate for agency resolution.” *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 54 (1989) (quotation marks omitted). The federal government need not be a party to the agency adjudication. A dispute between private parties may implicate public rights if “the claim at issue derives from a federal regulatory scheme,” or if “resolution of the claim by an expert Government agency is deemed essential to a limited regulatory objective within the agency’s authority.” *Stern*, 564 U.S. at 490.

Patents are quintessential public rights. Pursuant to its constitutional authority to “promote the Progress of Science and useful Arts” by establishing a patent system, U.S. Const. Art. I, § 8, Cl. 8, Congress created the PTO—an agency with “special expertise in evaluating patent applications.” *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012). It directed that agency to issue a patent if “it appears that the applicant is entitled to a patent” under standards set by federal law, 35 U.S.C. 131. Patents accordingly confer rights that “exist only by virtue of statute.” *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229 n.5 (1964).

The inter partes review procedure is the sort of mechanism that Congress may permissibly create to administer a public-right scheme. The PTO is responsible in the first instance for allocating patent rights in accordance with federal law. Procedures for reviewing patents to ensure that they were properly issued are “closely integrated” into the “public regulatory scheme” of patent issuance, and therefore are “a matter appropriate for agency resolution.” *Granfinanciera*, 492 U.S. at 54 (citation omitted). The “basic purpose[]” of inter partes review is simply “to reexamine an earlier agency decision” to grant a patent right. *Cuozzo Speed Techs., LLC v. Lee*, No. 15-446 (June 20, 2016), slip op. 16. A procedure that gives the expert agency charged with allocating patent rights “a second look at an earlier administrative grant of a patent,” *ibid.*, is “integrally related” to the public-right scheme of patent issuance, *Stern*, 564 U.S. at 490.

The court of appeals correctly recognized these principles, explaining that the patent right “derives from an extensive federal regulatory scheme,” and that Congress “saw powerful reasons to utilize the expertise of the PTO for an important public purpose—to correct the agency’s own errors in issuing patents in the first place.” Pet. App. 13a (citation omitted). The court observed that “patent rights are public rights” whose validity is “susceptible to review by an administrative agency.” *Id.* at 19a. And the court concluded that the “teachings of the Supreme Court * * * compel the conclusion that assigning review of patent validity to the PTO is consistent with Article III.” *Id.* at 14a.

Petitioner primarily argues that patent rights may be adjudicated only in Article III courts because they are “derived from common law rights.” Pet. 23. That is

incorrect. Unlike common law rights, see, *e.g.*, *Black's Law Dictionary* 334 (10th ed. 2014), patent rights “exist only by virtue of statute,” *Stiffel*, 376 U.S. at 229 n.5 (citation omitted). “The [patent] monopoly did not exist at common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law.” *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494 (1851). Accordingly, the patent monopoly “is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes.” *Ibid.*; see *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 36 (1923) (stating that, in issuing a patent, “[t]he Government is not granting the common law right to make, use and vend” an invention, but rather is granting the statutory right to exclude others from the invention).

English practice was the same. Patents in England were administered pursuant to the Statute of Monopolies, a law enacted in 1623 in response “to abuses whereby the Crown would issue letters patent, ‘granting monopolies to court favorites in goods or businesses which had long before been enjoyed by the public.’” *Bilski v. Kappos*, 561 U.S. 593, 627 (2010) (quoting *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 5 (1966)). The Statute of Monopolies “generally prohibited the Crown from granting” monopoly rights, but “permitted grants of exclusive rights to the ‘working or [making] of any manner of new Manufactures.’” *Ibid.* (quoting 1623, 21 & 22 Jac., c. 3, § VI (Eng.), *reprinted in* 4 Statutes of the Realm 1213 (1963)).⁵

⁵ This Court’s observation that 18th Century patent-infringement suits were triable to a jury, see *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996), does not mean that

Even if Article III limited agency adjudication of statutory actions that are related to those that were traditionally tried in courts of law, Article III would pose no impediment to inter partes review because actions seeking annulment or cancellation of patents—in contrast to infringement actions—were decided by courts of equity. See *Mowry v. Whitney*, 81 U.S. (14 Wall.) 434, 440 (1872) (explaining, prior to the existence of administrative avenues for patent reconsideration, that “the appropriate tribunal for the annulling of a grant or patent from the government” is “the chancery jurisdiction and its mode of proceeding”); Mark A. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 Va. L. Rev. 1673, 1684 (2013) (“[I]n England in the eighteenth century, only chancery courts had the power to revoke a patent upon request of a private citizen.”); cf. *In re Technology Licensing Corp.*, 423 F.3d 1286, 1290-1291 (Fed. Cir.

patent-infringement suits were common-law causes of action. The Seventh Amendment’s phrase “Suits at common law” refers not solely to common-law causes of action, but to all “suits in which legal rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were recognized.” *Granfinanciera*, 492 U.S. at 41 (quoting *Parsons v. Bedford*, 28 U.S. (3 Pet.) 433, 447 (1830)) (emphasis omitted); see *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 347-348 (1998) (“Since Justice Story’s time, the Court has understood ‘Suits at common law’ to refer ‘not merely to suits, which the *common* law recognized among its old and settled proceedings, but to suits in which *legal* rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were recognized, and equitable remedies were administered.”) (brackets and citation omitted). Thus, *Markman*’s observation that infringement actions were historically tried to juries merely reflected that infringement actions were tried “in the common-law courts,” 517 U.S. at 381—*i.e.*, in courts of law rather than in courts of equity or chancery.

2005) (per curiam) (stating that, if “the patentee seeks only equitable relief, the accused infringer has no right to a jury trial” regardless of whether the accused infringer raises invalidity as an affirmative defense or as a claim in a declaratory-judgment action), cert. denied, 547 U.S. 1178 (2006).

That conclusion does not change even if, as petitioner urges (Pet. 21), inter partes review is compared to the English writ of *scire facias*, by which a party could ask a court to revoke a patent that had been “issued without authority” and that should be repealed “for the good of the public and right and justice.” *Mowry*, 81 U.S. at 440. The Federal Circuit has found that analogy inapt, holding that a “proceeding on a writ of *scire facias* [i]s not analogous to a suit for a declaration of invalidity, but [i]s more akin to an action for inequitable conduct.” *In re Technology Licensing Corp.*, 423 F.3d at 1290. Even if *scire facias* provided a useful analogy to inter partes review, however, “[t]he *scire facias* to repeal a patent was brought in chancery” rather than in law. *Mowry*, 81 U.S. at 440. Although subsidiary questions of fact in *scire facias* actions were sometimes delegated to juries, the ultimate question whether a patent had been improperly issued “stated no fact which could be tried by a jury.” Lemley, 99 Va. L. Rev. at 1688 (quoting *Rex v. Arkwright*, (1785) 1 CPC 53 (K.B.) 61, reported in 1 Thomas Walter Williams, *An Abridgment of Cases Argued and Determined in Courts of Law, During the Reign of His Present Majesty, King George The Third* 93 (1798)).

Petitioner also argues (Pet. 22) that this Court’s decisions in *McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606 (1898), and *United States v.*

American Bell Telephone Co., 128 U.S. 315, 364 (1888), suggest that patent rights must be adjudicated in Article III courts. As petitioner acknowledges, however, “these cases did not specifically address Article III or the Seventh Amendment.” Pet. 22. Rather, both decisions held only that the Patent Act in its then-current form provided no basis for cancelling an original patent based on the rejection of a later reissue application. *McCormick*, 169 U.S. at 610 (explaining that, under the statute, “until the amended patent shall have been issued the original stands precisely as if a reissue had never been applied for * * * and must be returned to the owner upon demand”) (citation omitted); see *American Bell*, 128 U.S. at 364 (holding that Patent Act in its then-current form did not authorize the Executive Branch to cancel a previously issued patent). Both *McCormick* and *American Bell* reflect the fact that, in the 19th century, Congress had not authorized the Patent Office or any other administrative body to reconsider the validity of previously issued patents. Congress has since provided the statutory authority that was previously lacking, however, and neither decision casts doubt on the constitutionality of that authorization.

Petitioner further contends (Pet. 23) that the court of appeals ignored “that patents are property rights and not mere artifacts of a federal regulatory scheme.” But the fact that a dispute may implicate property rights does not mean that those rights are “private rights” that must be adjudicated in court. The “restructuring of debtor-creditor relations,” for example, implicates property rights, but that role “is at the core of the federal bankruptcy power” that Congress has permissibly delegated to non-Article III

bankruptcy courts. *Stern*, 564 U.S. at 477 (quoting *Northern Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 71 (1982) (opinion of Brennan, J.)). More generally, Congress routinely authorizes federal agencies to pay money (a form of property) to private parties pursuant to a regulatory scheme. See, e.g., 5 U.S.C. 8451 (federal employee benefits); 38 U.S.C. 301 (veterans' benefits); 42 U.S.C. 402 (Social Security retirement benefits); 42 U.S.C. 423 (Social Security disability benefits); 42 U.S.C. 426 (Medicare Part A benefits). Although these schemes involve the allocation of property from the government to private parties, Congress has assigned administrative tribunals to adjudicate disputes arising out of all of them.

Petitioner suggests (Pet. 25 n.17) that, although Congress may authorize the PTO to grant patents, it may not authorize the PTO to cancel granted patents. As the court of appeals observed, however, since Congress may “delegate to the PTO the power to issue patents in the first instance,” it would be “odd indeed if Congress could not authorize the PTO to reconsider its own decisions.” Pet. App. 14a; see *Cuozzo*, slip op. 16 (noting that “inter partes review helps protect the public’s ‘paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope’”) (quoting *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806, 816 (1945)). And petitioner’s suggestion that administrative agencies authorized to distribute property may not conduct reviews to correct their own errors ignores the myriad administrative mechanisms that permit agencies to correct their erroneous disbursements of money to private parties. See, e.g., 5 U.S.C. 8470 (authorizing the Executive Branch to recover

overpayments of federal employee benefits); 38 U.S.C. 5302 (authorizing the Executive Branch to recover veterans' benefits overpayments); 42 U.S.C. 404 (authorizing the Executive Branch to recover Social Security overpayments).

b. Petitioner's Seventh Amendment argument is likewise without merit. The Seventh Amendment provides in pertinent part that "[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved." U.S. Const. Amend. VII. The Seventh Amendment guarantees the right to a jury trial only of those claims that are adjudicated in Article III courts. Thus, "if the action must be tried under the auspices of an Article III court, then the Seventh Amendment affords the parties a right to a jury trial whenever the cause of action is legal in nature." *Granfinanciera*, 492 U.S. at 53. In contrast, if Congress has permissibly assigned "the adjudication of a statutory cause of action to a non-Article III tribunal, then the Seventh Amendment poses no independent bar to the adjudication of that action by a nonjury factfinder." *Id.* at 53-54; see *id.* at 55 n.10 ("Congress may decline to provide jury trials" where the action involves "statutory rights that are integral parts of a public regulatory scheme and whose adjudication Congress has assigned to an administrative agency"); *Tull v. United States*, 481 U.S. 412, 418 n.4 (1987) ("[T]he Seventh Amendment is not applicable to administrative proceedings"); *Atlas Roofing Co. v. Occupational Safety & Health Comm'n*, 430 U.S. 442, 455 (1977) ("[W]hen Congress creates new statutory 'public rights,' it may assign their adjudication to an administrative agency with which a jury trial would be

incompatible, without violating the Seventh Amendment[]”); *Pernell v. Southall Realty*, 416 U.S. 363, 383 (1974) (“[T]he Seventh Amendment is generally inapplicable in administrative proceedings”); *Block v. Hirsh*, 256 U.S. 135, 158 (1921).

Petitioner argues (Pet. 20-21) that litigants in patent disputes are generally entitled to a jury trial, and that such disputes therefore must be tried in Article III courts. That argument gets the inquiry backwards. Where Congress has assigned a cause of action to an administrative tribunal, a court must first ask whether that assignment is constitutional under Article III. If the administrative scheme comports with Article III, the Seventh Amendment “poses no independent bar.” *Granfinanciera*, 492 U.S. at 54. Only where Article III compels Congress to assign adjudication of particular claims to federal courts, or where Congress chooses to do so, does the Seventh Amendment guarantee the parties “a right to a jury trial whenever the cause of action is legal in nature.” *Id.* at 53.

This Court’s decision in *Pernell*, 416 U.S. at 363, illustrates that principle. *Pernell* involved a Seventh Amendment challenge to a statute that established a cause of action for parties to recover certain real property through a judicial proceeding. This Court held that the Seventh Amendment entitled the parties to a jury trial because the statute “encompasses rights and remedies which were enforced, at common law, through trial by jury.” *Id.* at 381. The Court recognized, however, that “the Seventh Amendment would not be a bar to” entrusting those same disputes “to an administrative agency” rather than a court. *Id.* at 383. Only because “Congress ha[d] not seen fit to do so,”

but rather had provided that the disputes would “be brought as ordinary civil actions,” was Congress required to “preserve to parties their right to a jury trial.” *Ibid.*; see *Atlas Roofing*, 430 U.S. at 455 (stating that the Seventh Amendment does not prevent Congress “from committing some new types of litigation to administrative agencies with special competence in the relevant field * * * even if the Seventh Amendment would have required a jury where the adjudication of those rights is assigned instead to a federal court of law”).

The decisions on which petitioner relies (Pet. 23-24) are inapposite. *Granfinanciera* held that Article III barred Congress from assigning certain fraudulent-conveyance claims to non-Article III bankruptcy courts. 492 U.S. at 55. Because the Constitution required those claims to be adjudicated in Article III courts, and because the claims were legal in nature, the jury-trial right applied. *Id.* at 48-49. *Curtis v. Loether*, 415 U.S. 189 (1974), involved a cause of action that Congress had assigned to “the ordinary courts of law” rather than to an administrative tribunal. *Id.* at 194. Because that cause of action assigned to the courts was “an action to enforce ‘legal rights’ within the meaning of [the Court’s] Seventh Amendment decisions,” the jury-trial right applied. *Id.* at 195; accord *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 342 (1998) (holding that when Congress assigned copyright cases to courts rather than to an agency, the Seventh Amendment provided “a right to a jury determination of the amount of statutory damages”). None of those decisions suggests that the Seventh Amendment prevents Congress from assign-

ing disputes involving public rights to administrative agencies for adjudication without a jury.

Inter partes review would not violate the Seventh Amendment even if, as petitioner suggests, the application of the jury-trial right to patent claims depends solely on whether the claims at issue were historically tried before juries. Inter partes review provides no right to monetary damages, but affords only the equitable relief of cancellation of a patent. Claims for annulment or cancellation of a patent—as distinct from claims of patent infringement—were traditionally brought before courts of equity, not resolved by juries. See pp. 12-13, *supra*. Accordingly, common-law history reinforces that the Seventh Amendment does not require such claims to be tried before juries.

2. The petition does not warrant this Court’s review. Petitioner identifies no disagreement concerning methods of identifying or adjudicating public rights or any of the Article III or Seventh Amendment principles relevant to this case. Since 1980, “the Patent Office has * * * possessed the authority to reexamine—and perhaps cancel—a patent claim that it has previously allowed.” *Cuozzo*, slip op. 3. The permissibility of those reexamination proceedings has been settled under circuit precedent for decades, in decisions that have never been called into question by this Court. Those decisions emphasize that, because a patent right is a “right that can only be conferred by the government,” Congress may constitutionally permit the PTO to “remedy defective governmental * * * action” and “if need be to remove patents that should never have been granted.” *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604 (Fed. Cir.), modified on other grounds, 771 F.2d 480 (Fed. Cir. 1985); see *Joy Techs.*,

Inc. v. Manbeck, 959 F.2d 226, 229 (Fed. Cir.), cert. denied, 506 U.S. 829 (1992).

Petitioner acknowledges (Pet. 26-27) that its constitutional theory might make “problematic” “other administrative reexamination and review proceedings,” but it suggests that inter partes review “stands alone” as a constitutional matter. None of the reasons petitioner offers to support that assertion withstands scrutiny. Although inter partes review is available only for patents that are at least nine months old (Pet. 27), Congress created the separate mechanism of post-grant review for challenging newer patents, see 35 U.S.C. 321-329. And while petitioner suggests that inter partes review differs from prior mechanisms for post-issuance review because it uses procedures “that look[] like litigation” (Pet. 27), administrative agencies’ authority to determine public rights through “quasi-adjudicative” proceedings is well-settled. *Thomas*, 473 U.S. at 587; see *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1316 (2015) (Thomas, J. dissenting) (administrative agencies may permissibly “function as courts * * * with respect to claims involving public or quasi-private rights”).

In *Cuozzo*, the Court rejected the suggestion that inter partes review proceedings fundamentally differ from other post-issuance review proceedings because of the presence of some “adjudicatory characteristics.” Slip op. 14. The Court explained that, “[a]lthough Congress changed the name from ‘reexamination’ to ‘review’” in enacting the AIA, “nothing convinces us that, in doing so, Congress wanted to change its basic purposes, namely to reexamine an earlier agency decision.” *Id.* at 16. The Court further observed that, notwithstanding the adjudicatory aspects

of the procedures associated with inter partes review, those procedures likewise “suggest that the proceeding offers a second look at an earlier administrative grant of a patent.” *Ibid.* For purposes of the Article III and Seventh Amendment issues presented here, there is consequently no sound basis for distinguishing inter partes review from prior mechanisms for administrative reexamination of issued patents.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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