No. 16-366

In the Supreme Court of the United States

ETHICON ENDO-SURGERY, INC., PETITIONER

v.

COVIDIEN LP, 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

Whether the Patent Act of 1952, 35 U.S.C. 1 *et seq.*, prohibits the Director of the U.S. Patent and Trademark Office from delegating to the Patent Trial and Appeal Board the decision whether to institute an inter partes review.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases:

Cases—Continued: Page

Constitution, statutes and regulations:

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-38a) is reported at 812 F.3d 1023. The order and opinion respecting the court of appeals' denial of rehearing en banc (Pet. App. 39a-48a) is reported at 826 F.3d 1366. The final written decision of the Patent Trial and Appeal Board (Board) (Pet. App. 49a-76a) is not published in the *United States Patents Quarterly* but is available at 2014 WL 2604279. The Board's decision to institute inter partes review (Pet. App. 77a-106a) is available at 2013 WL 8595885.

JURISDICTION

The judgment of the court of appeals was entered on January 13, 2016. A petition for rehearing was denied on June 22, 2016 (Pet. App. 39a-40a). The petition for a writ of certiorari was filed on September 20,

2016. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

The issue in this case is whether the Director of the Patent and Trademark Office (PTO) has authority to delegate to the Patent Trial and Appeal Board (PTAB or Board), an entity within the PTO, the decision whether to institute an inter partes review proceeding. The Federal Circuit upheld that authority, and it affirmed the PTAB's decision to invalidate various claims of petitioner's patent. Pet. App. 3a.

1. a. Congress established the PTO within the Department of Commerce, 35 U.S.C. 1(a), and it vested the "powers and duties" of the PTO in a single "Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office" (the Director), 35 U.S.C. 3(a)(1). The Patent Act of 1952, 35 U.S.C. 1 *et seq.*, accordingly vests many of the PTO's functions in the Director personally. See, *e.g.*, 35 U.S.C. 131 ("the Director shall issue a patent"); 35 U.S.C. 132(a) ("the Director shall notify the applicant" of the rejection of a patent application); 35 U.S.C. 251(a) ("the Director shall" reissue amended patents).

To assist the Director in the discharge of her duties, Congress also created a Deputy Under Secretary and Deputy Director (the Deputy Director), 35 U.S.C. 3(b)(1); separate Commissioners for Patents and Trademarks, 35 U.S.C. 3(b)(2)(a); and two expert tribunals of administrative judges, the PTAB and the Trademark Trial and Appeal Board, 35 U.S.C. 6(a); 15 U.S.C. 1067. The Director has repeatedly delegated aspects of her statutory authority to those offices, both before and after the enactment of the Leahy-Smith America

Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284. See PTO, Dep't of Commerce, *Manual of Patent Examining Procedure* (*MPEP*), Ch. 1000, § 1002.02 (9th ed. Mar. 2014); *id.* § 1002.02 (8th ed., Rev. 2 May 2004). In addition to the offices established by statute, Congress also provided for "other officers and employees" of the PTO. 35 U.S.C. 3(b)(3). Congress authorized the Director to create additional positions within the agency, delegate functions to the occupants of those positions, and appoint other officers and employees to fill them. *Ibid.*

This case concerns the authority of the Director to delegate a decision to the PTAB, the expert tribunal for resolving contested questions of patentability. Congress established the PTAB as an entity "in the [Patent and Trademark] Office" and provided that the PTAB consists of the Director, the Deputy Director, the Commissioners, and the administrative patent judges. 35 U.S.C. 6(a). The PTAB replaced the former Board of Patent Appeals and Interferences, which previously performed many of the same functions. When Congress created the PTAB, it provided that "[a]ny reference in any Federal law, Executive order, rule, regulation, *or delegation of authority*, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board." 35 U.S.C. 6(a) (emphasis added).

b. Congress has long provided administrative mechanisms for third parties to ask the PTO to reconsider the patentability of claims in an issued patent. In the AIA, Congress substantially expanded those procedures and streamlined the process to more efficiently resolve petitions. As relevant here, the AIA replaced

the former inter partes reexamination process with the new inter partes review process. See generally 35 U.S.C. 311-319; *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). As one of the AIA's co-sponsors explained, the new procedure was conceived to "substantially accelerate the resolution of inter partes cases." 157 Cong. Rec. 3430 (2011) (statement of Sen. Kyl).

Inter partes review proceeds in two phases. After receiving a "petition to institute an inter partes review" of a particular patent under 35 U.S.C. 311(a), the Director may institute the proceeding if she finds that "there is a reasonable likelihood" that the challenger would prevail on one of the claims challenged in the petition. 35 U.S.C. 314(a); see 37 C.F.R. 42.108. The determination "whether to institute an inter partes review * * * shall be final and nonappealable." 35 U.S.C. 314(d). Exercising her rulemaking authority, as well as her inherent authority as the head of the PTO, the Director has delegated the institution decision to the PTAB. 37 C.F.R. 42.4(a).

If the PTAB grants a petition to institute an inter partes review, it then conducts a trial-like adversarial proceeding to determine the patentability of the challenged claims. 35 U.S.C. 316. The PTAB resolves the proceeding by issuing a "final written decision with respect to the patentability" of the claims at issue. 35 U.S.C. 318(a). That final written decision may be appealed to the Federal Circuit. See 35 U.S.C. 141(c), 319.

2. In 2013, respondent Covidien sought inter partes review of petitioner's U.S. Patent No. 8,317,070, which claims a surgical stapler. Pet. App. 7a. A panel of the PTAB, exercising the institution authority delegated by the Director, instituted a review of the challenged

patent claims. *Ibid.* Petitioner did not contend that the Director's delegation to the PTAB was invalid in any respect, nor did it suggest that the PTAB lacked authority to rule on the petition. Petitioner also did not request that the trial on the merits be conducted by a PTAB panel different from the one that had made the institution decision. After a trial, the same panel issued a final written decision concluding that all of the challenged claims were unpatentable as obvious in light of prior art. *Ibid.*

3. Petitioner appealed the PTAB's decision to the Federal Circuit, arguing for the first time that the statute prohibited the PTO from using the same panel to make both the institution decision and the final decision with regard to patentability. The court of appeals affirmed. Pet. App. 2a-24a.

a. The court of appeals first held that it had jurisdiction to consider petitioner's challenge. The court stated that petitioner "does not challenge the institution decision, but rather alleges a defect in the final decision," by arguing "that the final decision is invalid because it was made by the same panel that instituted inter partes review." Pet. App. 10a. The court further explained that 35 U.S.C. 314(d) "does not prevent [it] from hearing a challenge to the authority of the [PTAB] to issue a final decision." Pet. App. 10a.

b. On the merits, the court of appeals rejected petitioner's argument that having the same panel of the PTAB make both the institution decision and the final determination as to patentability violated the Due Process Clause. The court explained that in *Withrow* v. *Larkin*, 421 U.S. 35 (1975), this Court held that combining investigative and adjudicatory functions in one body does not raise due process concerns. Pet. App.

11a. The court of appeals further explained that the structure of the PTO process is "less problematic" than the decisionmaking structure in *Withrow* because "[b]oth the decision to institute and the final decision are adjudicatory decisions and do not involve combining investigative and/or prosecutorial functions with an adjudicatory function." *Id.* at 12a-13a. The court observed that the PTO's decisionmaking structure is "directly analogous to a district court determining whether there is 'a likelihood of success on the merits' and then later deciding the merits of a case." *Id.* at 13a. The court also noted that, although the Administrative Procedure Act prohibits "'[a]n employee or agent engaged in the performance of investigative or prosecuting functions for an agency' from participating 'in the decision . . . except as witness or counsel,'" it "imposes no separation obligation as to those involved in preliminary and final decisions." *Id.* at 12a n.3 (brackets in original) (quoting 5 U.S.C. 554(d)).

The court of appeals also rejected petitioner's argument that the AIA prohibits the Director from delegating the institution decision to the PTAB. The court held that the Director can lawfully assign the institution decision to the PTAB under the "longstanding rule that agency heads have implied authority to delegate to officials within the agency, even without explicit statutory authority and even when agency officials have other statutory duties." Pet. App. 15a; see *id.* at 16a (citing *Parish* v. *United States*, 100 U.S. 500 (1880); *Fleming* v. *Mohawk Wrecking & Lumber Co.*, 331 U.S. 111 (1947); *United States* v. *Giordano*, 416 U.S. 505 (1974)).

The court of appeals explained that nothing in the AIA's text or legislative history suggests that the de-

legation to the PTAB at issue here is impermissible. Pet. App. 17a. The court noted that Congress had "obviously assumed that the Director would delegate," and that the Director had "regularly assigned tasks to subordinate officers" before the AIA's enactment. *Id.* at 18a. The court rejected petitioner's argument that 35 U.S.C. 3(b)(3)(B) prohibits the Director from delegating functions to officers whom she does not appoint. Pet. App. 18a-19a. The court concluded that Section 3(b)(3) is a "source of authority for the Director to appoint subordinates and assign them tasks," and that it "cannot be read" to limit the Director's ability to delegate to non-appointees because that reading would preclude the Director from delegating tasks to the Deputy Director, who is appointed by the Secretary of Commerce. *Id.* at 19a.

The court of appeals also held that the Director's "broad rulemaking power" is an "alternate source of authority to delegate." Pet. App. 20a. The court explained that the Director has promulgated a rule allowing the PTAB to institute inter partes review proceedings on the Director's behalf, and that the rule is entitled to deference. *Ibid.* (citing *Chevron U.S.A. Inc.* v. *Natural Res. Def. Council, Inc.*, 467 U.S. 837, 842-843 (1984)).

c. Judge Newman dissented. Pet. App. 25a-38a. Although she acknowledged that the Director can delegate the institution decision to certain subordinates within the PTO, *id.* at 27a, she concluded that the AIA precludes the Director from delegating the decision to the PTAB, *id.* at 32a-37a.

d. The court of appeals denied petitioner's petition for rehearing en banc, Pet. App. 39a-40a, with Judge Newman again dissenting, *id.* at 41a-48a.

ARGUMENT

Petitioner contends (Pet. 12-24) that the AIA and various principles of administrative law prohibit the Director from delegating to the PTAB the decision whether to institute an inter partes review proceeding. That challenge fails at the threshold because the institution decision is not subject to judicial review. See 35 U.S.C. 314(d). In any event, the court of appeals correctly held that neither the AIA nor background principles of administrative law bar the Director from delegating the institution decision to the PTAB, and the Federal Circuit's decision does not conflict with any decision of this Court or another court of appeals. Further review is not warranted.

1. The AIA states that "[t]he determination by the Director whether to institute an inter partes review * * * shall be final and nonappealable." 35 U.S.C. 314(d). Section 319 reinforces that conclusion by authorizing appeal only of the "final written decision" of the PTAB. 35 U.S.C. 319; see *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2140 (2016). The *Cuozzo* Court "emphasize[d]" that Section 314(d) "applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the [PTO's] decision to initiate inter partes review." *Id.* at 2141. The Court added that it was not deciding "the precise effect of § 314(d) on appeals that implicate constitutional questions, that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond" Section 314. *Ibid.*

In the court of appeals, petitioner asserted two distinct challenges: that the use of the *same PTAB panel*

for both the institution and merits decisions "raise[d] serious due process concerns" (see Pet. App. 10a-15a), and that the AIA precludes the Director from delegating the institution decision to the PTAB *at all* (see *id.* at 15a-21a). The court of appeals rejected both those contentions. In this Court, petitioner has abandoned the first argument. The petition does not cite the Due Process Clause, and it does not rely on the fact that the same PTAB panel was used at both stages of the proceeding. Rather, petitioner argues only that, under the AIA, the decision whether to institute an inter partes review may not be delegated to the Board. See, *e.g.*, Pet. i (question presented).

The court of appeals' justiciability analysis focused exclusively on the first of the two arguments that petitioner advanced below. See Pet. App. 8a-10a. In finding Section 314(d)'s restriction on judicial review to be inapplicable, the court stated that petitioner "does not challenge the institution decision, but rather alleges a defect in the final decision. It argues that the final decision is invalid because it was made by the same panel that instituted inter partes review." *Id.* at 10a.

The court of appeals was correct in holding that Section 314(d) did not bar judicial consideration of petitioner's former "same panel" argument. See Pet. App. 10a. Because that argument did not logically imply that the PTAB's institution decision was itself unlawful, it was not a challenge to the decision "whether to institute an inter partes review." 35 U.S.C. 314(d). And, to the extent that the argument was grounded in the Due Process Clause, the Court in *Cuozzo* reserved the question whether Section 314(d) would preclude "appeals that implicate constitutional questions." 136 S. Ct. at 2141. But the court below correctly rejected

petitioner's "same panel" challenge on the merits, see Pet. App. 10a-15a, and petitioner does not renew it in this Court.

The court below made no effort to explain, however, how its justiciability analysis applied to petitioner's additional argument (the only argument that petitioner presses in this Court) that the Director lacked statutory authority to delegate the institution decision to the Board. See Pet. App. 15a-21a. That argument logically implies that the institution decision itself was illegal, and it does not rely on the Constitution. Because petitioner's current argument is a direct attack on the institution decision, Section 314(d) barred the court of appeals (and would prevent this Court) from adjudicating it on the merits. For that reason alone, further review is not warranted.

2. In any event, the court of appeals correctly held that the Director acted permissibly in delegating to the PTAB the decision whether to institute inter partes review.

a. This Court has long recognized that agency heads have inherent authority to delegate matters to their subordinates. In *Fleming* v. *Mohawk Wrecking & Lumber Co.*, 331 U.S. 111 (1947), for example, the Court held that an agency administrator had permissibly delegated to regional administrators the power to sign and issue subpoenas where there was "no provision in the [relevant] Act negativing the existence of such authority." *Id.* at 121. And in *United States* v. *Giordano*, 416 U.S. 505 (1974), this Court found it "unexceptionable" that a statute vesting authority in the Attorney General "evinces no intention whatsoever to preclude delegation to other officers in the Department of Justice." *Id.* at 513-514.

The courts of appeals "are unanimous in permitting subdelegations to subordinates, even where the enabling statute is silent, so long as the enabling statute and its legislative history do not indicate a prohibition on subdelegation." *Kobach* v. *United States Election Assistance Comm'n*, 772 F.3d 1183, 1190 (10th Cir. 2014), cert. denied, 135 S. Ct. 2891 (2015). "When a statute delegates authority to a federal officer or agency, subdelegation to a subordinate federal officer or agency is presumptively permissible absent affirmative evidence of a contrary congressional intent." *United States Telecom Ass'n* v. *FCC*, 359 F.3d 554, 565 (D.C. Cir.), cert. denied, 543 U.S. 925 (2004).

Applying those established precedents, the court below correctly held that the Director had permissibly delegated the institution decision to the PTAB, a subordinate entity within the PTO.[1] The Patent Act vests the responsibility for instituting inter partes reviews in the Director, 35 U.S.C. 314, just as it vests other basic responsibilities of the agency in the Director personally. See, *e.g.*, 35 U.S.C. 131 ("the Director shall issue a patent"); 35 U.S.C. 132(a) ("the Director shall notify the applicant" of the rejection of a patent application); 35 U.S.C. 251(a) ("the Director shall" reissue amended patents). Congress understood and expected that the Director would not make thousands of institution decisions herself, but would delegate that responsibility to other officials within the agency, just

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[1] Congress vested in the Director all of the "powers and duties of the United States Patent and Trademark Office," 35 U.S.C. 3(a)(1), and established the PTAB as part of that "Office," 35 U.S.C. 6(a). The Director is also specifically empowered to prescribe rules governing PTAB proceedings and to set the pay of the PTAB's administrative patent judges. 35 U.S.C. 3(b)(6), 316(a).

as she has long delegated the responsibility to examine and issue patents, correspond with applicants, reissue corrected patents, and so on. "[T]he Director, as head of the PTO, regularly assigned tasks to subordinate officers" before the AIA was enacted, and Congress no doubt expected that the practice would be "carried over to the AIA." Pet. App. 18a. When Congress enacted the AIA, it "necessarily assum[ed] that the popularity of inter partes review and the short time frame to decide whether to institute inter partes review would mean that the Director could not herself review every petition." *Ibid.*

Indeed, the AIA expressly anticipates that the PTAB will exercise delegated powers, in addition to those powers bestowed upon it directly by statute. The statute directs that the PTAB will inherit the powers and functions of its predecessor entity, the Board of Patent Appeals and Interferences (BPAI). In so providing, Congress stated that "[a]ny reference in any Federal law, Executive order, rule, regulation, or *delegation of authority*, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board." 35 U.S.C. 6(a) (emphasis added).

When Congress enacted Section 6(a), the Director had already delegated several of her own statutory powers to the BPAI.[2] Pursuant to Section 6(a), those

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[2] See *MPEP* § 1002.02(f)(1)-(3) (8th ed., Rev. 2 May 2004) (delegating to BPAI the Director's authority under 35 U.S.C. 6(b) (2008) to designate panels of the BPAI to adjudicate particular cases); 75 Fed. Reg. 36,357 (June 25, 2010) (delegating to BPAI the Director's authority under 35 U.S.C. 303 to decide whether an examiner properly based a rejection of a claim in an ex parte reexamination on a substantial new question of patentability).

delegated powers were transferred to the PTAB. Petitioner identifies no plausible reason that Congress would have wished to preclude similar delegations to the PTAB of powers conferred on the Director by the AIA itself.

The court of appeals also correctly explained that, even apart from the Director's inherent discretion as the head of the agency, the delegation at issue here was a permissible exercise of the Director's broad rulemaking powers. Pet. App. 20a (citing *Fleming*, 331 U.S. at 121). Congress has empowered the Director to prescribe rules "govern[ing] the conduct of [the] proceedings in the Office" in general, 35 U.S.C. 2(b)(2), and "governing inter partes review" in particular, 35 U.S.C. 316(a)(4). The PTO's rule authorizing the PTAB to make the institution decision "on behalf of the Director," 37 C.F.R. 42.4(a), under standards set forth by the Director, falls squarely within that rulemaking authority. It represents a reasonable interpretation of the AIA provision authorizing "the Director" to institute inter partes review, 35 U.S.C. 314, and is therefore entitled to deference. Pet. App. 20a; see *Cuozzo*, 136 S. Ct. at 2143-2146 (affording *Chevron* deference to a PTO rule issued under Section 316).[3]

b. Petitioner does not suggest that anything in the AIA expressly prohibits the Director from delegating the institution decision to the PTAB. Nor does peti-

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[3] See also *Kobach*, 772 F.3d at 1191 (giving *Chevron* deference to agency's determination that its enabling statute "permitted a limited subdelegation of decisionmaking authority"); *United States* v. *Mango*, 199 F.3d 85, 92 (2d Cir. 1999) ("[W]e find the Secretary [of the Army] reasonably interpreted [the relevant statute] to permit subdelegation of permit-issuing authority to district engineers and their designees.").

tioner dispute that "agency heads generally have authority to delegate their tasks." Pet. 16. Petitioner agrees that "[a]t bottom, the question is whether a 'provision in the * * * Act negative[s] the existence of such authority' or 'the absence of such authority [can] be fairly inferred from the history and content of the Act.'" Pet. 17 (second brackets in original) (quoting *Fleming*, 331 U.S. at 121-122). Petitioner even acknowledges (Pet. 19) that the Director could delegate the institution decision to certain other subordinates, such as the Solicitor or patent examiners. Petitioner contends (Pet. 17-21), however, that Congress implicitly precluded the Director from delegating the institution decision to the PTAB. The court of appeals correctly rejected that contention.

Petitioner argues (Pet. 17) that an implicit limitation on delegation should be inferred from the fact that the AIA assigns the institution decision to the Director and the final patentability determination to the PTAB. But it is unremarkable that Congress assigned the delegation decision to the "Director." As already discussed, Congress often assigns an agency's powers to the head of the agency, without thereby enacting any implied limitation on delegation.

Nor does Congress's assignment of the final patentability determination to the PTAB suggest that Congress intended to preclude the Director from delegating the institution decision to that entity. The AIA's legislative history indicates that Congress assigned the conduct of inter partes reviews to the PTAB in order to streamline the process. Senator Kyl explained that the AIA "eliminates intermediate administrative appeals of inter partes proceedings to the BPAI, instead allowing parties to only appeal directly

to the Federal Circuit. By reducing two levels of appeal to just one, this change will substantially accelerate the resolution of inter partes cases." 157 Cong. Rec. 3430; see H.R. Rep. No. 98, 112th Cong., 1st Sess. 45 (2011). The Director's delegation of the institution decision to the PTAB is fully consistent with that rationale.

Indeed, far from casting doubt on the propriety of the delegation at issue here, the statutory directive that the PTAB conduct inter partes reviews simply demonstrates that, when Congress wishes to constrain the Director's delegation authority, it does so expressly. Petitioner suggests (Pet. 26) that, even if Congress wished to foreclose the Director from delegating the institution decision to the PTAB, Congress could not realistically have been expected to make that prohibition explicit. But while Congress authorized "the Director" to perform a variety of functions under the Patent Act, it specifically identified the PTAB as the body that will conduct inter partes reviews and enter final decisions as to patentability. See 35 U.S.C. 316(c), 318(a). Congress thus did not allow the Director to delegate *those* functions to other agency personnel, such as patent examiners. Congress could have used similarly specific language if it had wished to limit the range of PTO officials to whom the Director may delegate the institution decision.

Petitioner also relies (Pet. 17-18) on 35 U.S.C. 3(b)(3), which authorizes the Director to define new positions in the agency as needed, to appoint officers and employees to those positions, and to delegate powers to them. Petitioner argues that the express reference to delegation in Section 3(b)(3) implies that "the Director may delegate her duties *only* to officers

and employees whom she appoints or hires" under that provision. Pet. 17 (emphasis added). That contention lacks merit. Section 3(b)(3) is an affirmative grant of authority, not a limit on the Director's exercise of powers conferred by other provisions of law. See Pet. App. 19a (explaining that Section 3(b)(3) is "a source of authority for the Director to appoint subordinates and assign them tasks"); *United States* v. *Mango*, 199 F.3d 85, 90 (2d Cir. 1999) ("Congress may mention a specific official only to make it clear that this official has a particular power rather than to exclude delegation to other officials.") (citing *Shook* v. *District of Columbia Fin. Responsibility & Mgmt. Assistance Auth.*, 132 F.3d 775, 782 (D.C. Cir. 1998)).

The title of Section 3(b)(3) ("*Other* officers and employees") reinforces the conclusion that the provision does not restrict the Director's authority to delegate tasks to the occupants of offices created by statute. 35 U.S.C. 3(b)(3) (emphasis added). Petitioner's interpretation suggests that the Director could not delegate tasks to the Deputy Director or the Commissioner for Patents, simply because those officials—like the PTAB members—are appointed by the Secretary of Commerce rather than by the Director herself. As the panel observed, "[i]t would indeed be strange to read § 3(b)(3) as limiting delegation" in this way. Pet. App. 19a. This case therefore is unlike *Cudahy Packing Co.* v. *Holland*, 315 U.S. 357 (1942), in which it was "fairly inferable that the grant of authority to delegate the power of inspection, and the omission of authority to delegate the subpoena power, show[s] a legislative intention to withhold the latter." *Id.* at 364.

Petitioner argues (Pet. 20) that, even if the Director may delegate tasks to other PTO officials, "she

may assign only those tasks consistent with the scope of the authority that Congress conferred on those officials." But assigning the institution decision to the PTAB is entirely consistent with that principle. The institution decision requires a finding that there is a "reasonable likelihood" that the petitioner will prevail on one of its patentability challenges. 35 U.S.C. 314(a). Delegation of this determination to the PTAB is consistent with the PTAB's authority because the PTAB is the specialized tribunal of administrative patent judges that Congress established for the very purpose of resolving contested questions of patentability.

Trial judges routinely make threshold determinations (*e.g.*, that the plaintiff's allegations state a claim for relief, or that the plaintiff has established a sufficient likelihood of success on the merits to warrant preliminary injunctive relief) and then go on to conduct a trial and render final judgment in the same case. The Members of this Court are charged both with determining which cases the Court will hear on the merits and with deciding those cases after certiorari has been granted. The Director's delegation to the PTAB of authority to make institution decisions is thus fully consistent with Congress's directive that the PTAB will determine the patentability of the relevant claims after an inter partes review has been instituted.

c. Contrary to petitioner's assertion (Pet. 21-24), the Director's delegation of the institution decision to the PTAB is fully consistent with background principles of administrative law. Petitioner suggests (Pet. 21) that the delegation violates 5 U.S.C. 554(d), which generally prohibits any "employee or agent engaged in the performance of investigative or prosecuting

functions for an agency" from "participat[ing] or advis[ing] in the [agency's] decision" in that matter. Petitioner's reliance on Section 554(d) is misplaced.

The threshold decision to grant a third party's request to institute inter partes review cannot properly be characterized as "prosecut[orial]" or "investigative." Although the PTO has wide discretion to decline to institute inter partes review, see *Cuozzo*, 136 S. Ct. at 2140, "[t]he Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. 314(a). In determining whether to institute an inter partes review of a particular patent, the PTAB thus responds to the submissions of private parties rather than commencing an investigation *sua sponte*. The PTAB's institution decision is a preliminary determination in an adversarial administrative process, commenced and litigated by private parties, to which the PTAB is not a party. Just as this Court acts as an adjudicator when it makes the discretionary decision whether to grant certiorari in a particular case, the PTAB plays an impartial, "adjudicatory" role when it makes an institution decision. Pet. App. 13a; see *id.* at 12a n.3 (explaining that Section 554(d) "imposes no separation obligation as to those involved in preliminary and final decisions").[4]

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[4] Even under petitioner's interpretation of the AIA, the Director may be involved at both the institution and merits stages of an inter partes review because the Director is, by statute, a member of the PTAB. 35 U.S.C. 6(a). If Congress intended to preclude any

Even if petitioner's interpretation of Section 554(d) were correct, it would not affect the validity of the Director's general authority to delegate institution decisions to the PTAB. Section 554(d) prohibits only the particular "employee or agent" who has conducted a specific prosecution or investigation from participating in the agency's ultimate decision in that case. It does not affect the Director's authority to delegate the institution decision to the PTAB in the first instance. During the administrative proceedings in this case, petitioner never requested that the inter partes review process be conducted by a PTAB panel different from the one that had made the institution decision. And while petitioner argued in the Federal Circuit that use of the same panel at both stages raised due process concerns, petitioner does not press that argument in this Court. See pp. 5-6, 9-10, *supra*.

3. Petitioner asserts (Pet. 25-29) that the question whether the Director may delegate the institution decision to the PTAB is an exceptionally important issue of patent law and administrative law. As explained, the Director's delegation is consistent with patent law, administrative law, and this Court's longstanding precedents. Petitioner identifies (Pet. 28-29) various certiorari petitions that have been filed challenging other aspects of inter partes review. Those petitions would not be a reason to grant certiorari in this case, and in any event, they have all been denied.[5]

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agency personnel who had participated in the institution decision from later participating in the merits decision, it would not have authorized the Director to participate in both decisions.

[5] See *Cooper* v. *Square, Inc.*, No. 16-76 (Nov. 14, 2016); *Merck & Cie* v. *Gnosis S.p.A.*, No. 16-125 (Oct. 11, 2016); *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, No. 15-1330 (Oct. 11, 2016).

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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