No. 16-712

IN THE

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, ET AL.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR RESPONDENT GREENE'S ENERGY GROUP, LLC

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QUESTION PRESENTED

Whether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

PARTIES TO THE PROCEEDINGS AND RULE 29.6 STATEMENT

The parties to the proceedings include those listed on the cover.

Greene's Energy Group, LLC ("Respondent" or "Greene's") is an independent, privately held company. Respondent has no parent corporation. No publicly held company owns 10% or more of Respondent's stock.

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OPINIONS AND ORDERS BELOW

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STATEMENT OF JURISDICTION

The court of appeals entered its order denying en banc rehearing on July 26, 2016. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article I, Section 8, Clause 8 of the United States Constitution provides:

> Congress shall have the power * * * [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Article III, Section 1 of the United States Constitution provides:

> 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. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behaviour, and shall, at stated Times, receive for their Services, a Compensation, which

> shall not be diminished during their Continuance in Office.

The Seventh Amendment to the United States Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

STATEMENT

In passing the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 35 U.S.C. § 1 *et seq*. (2011) ("AIA"), Congress provided for *inter partes* review ("IPR"), an administrative mechanism intended to "protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.'" *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016) (quoting *Precision Instrument Mfg. Co.* v. *Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)). Like its antecedents, IPR is a "specialized agency proceeding" according the United States Patent and Trademark Office ("PTO") a "second look" at its own initial patentability decision. 136 S. Ct. at 2143-44.

Patent rights derive exclusively from federal statute, and Congress has given the PTO the sole authority to issue patents. The PTO examines patent applications and issues a patent if the statutory criteria for patentability are satisfied. IPR permits the PTO to perform limited post-issuance error-correction; that is, to determine whether the claims in a patent should

have issued in the first place. The PTO has long been empowered by Congress to review, post-issuance, its own initial patentability determinations, and such post-issuance error-correction forms an integral part of the patent regulatory scheme.

IPR allows a third party, like Greene's, to ask the PTO to reexamine its initial patentability decision and to cancel any challenged claims found unpatentable in light of prior art. 35 U.S.C. § 311(a). The "prior art" is the collective body of preexisting information in the categories listed in 35 U.S.C. § 102 (2000) (pre-AIA), and includes patents or printed publications that published more than one year before the U.S. patent application was filed. See, *e.g.*, 35 U.S.C. § 102(b) (2000). Prior art is generally considered information in the public domain. The AIA modified what constitutes prior art, but those changes do not impact this case.

IPR has two principal phases. In the pre-institution phase, a petition requesting IPR is filed, detailing the challenged claim, the grounds for the challenge, and the evidentiary support for the challenge. 35 U.S.C. § 312(a)(3). A patent holder has the option to file a preliminary response. § 313. The PTO, as gatekeeper, must determine whether to institute an IPR based on whether a petitioner has shown a reasonable likelihood it would prevail as to at least one of the claims in the petition. § 314(a).

In the post-institution phase, the PTO examines the patentability of challenged claims, applying the broadest reasonable construction. The PTO applies this same standard during prosecution of patent applications prior to issuance. *Cuozzo*, 136 S. Ct. at 2143. The post-institution process leads to a final written decision on the patentability of the instituted claims. See §§ 316, 318.

This case involves an IPR of U.S. Patent No. 6,179,053 ("the '053 patent"), which names L. Murray Dallas ("Mr. Dallas") as sole inventor. J.A. 1. The '053 patent discloses a well tool described as being used to protect wellhead equipment during fracking, *i.e.*, "stimulation to enhance hydrocarbon flow and make or keep [oil and gas wells] economically viable." J.A. 11. The original patent application leading to the '053 patent was filed in the PTO on August 12, 1999. Based on the prior art that the PTO examiner evaluated at the time, the claims were found patentable and the PTO issued the '053 patent on January 30, 2001.

Mr. Dallas is also identified as sole inventor in a Canadian published patent application, No. 2,195,118 ("Dallas '118"). The Canadian patent office published that application on July 14, 1998. J.A. 18. Like the '053 patent, Dallas '118 discloses a well tool for protecting wellhead equipment during fracking operations. Because Dallas '118 published more than one year before the '053 patent application was filed, Dallas '118 is prior art to the '053 patent under 35 U.S.C. § 102(b) (2000) (pre-AIA). Pet. App. 20 n.5.

However, Dallas '118 was never cited to the PTO during the original examination of the '053 patent.[1] J.A. 1. Nor did the PTO independently locate Dallas '118 during the original examination. In short, the PTO did not evaluate the patentability of claims 1 and 22 over Dallas '118 before issuing the '053 patent. See J.A. 1 (face of '053 patent does not list Dallas '118). As Greene's IPR of the '053 patent ultimately

[1] "Each individual associated with the filing and prosecution of a patent application has * * * a duty to disclose to the Office all information known to that individual to be material to patentability." 37 C.F.R. § 1.56(a) (2000).

demonstrated, had the PTO evaluated Dallas '118 during the original examination, patent claims 1 and 22 would have never issued.

On December 3, 2013, Greene's petitioned for IPR, requesting that the PTO institute an IPR proceeding and find claims 1 and 22 of the '053 patent unpatentable (the "IPR Petition"). Greene's request was simple: the PTO should conduct a specialized agency proceeding to take a second look at its initial patentability determination because prior art demonstrated that its earlier grant of two claims in the '053 patent was in error. Pet. App. 4. Greene's IPR Petition explained why Dallas '118 anticipated (*i.e.*, rendered not novel) claims 1 and 22 of the '053 patent.[2] Pet. App. 4. Greene's IPR Petition targeted only two claims in the '053 patent, making no request as to the remaining 25 claims.

The Petitioner (Oil States Energy Services) filed a patent owner preliminary response, arguing that the IPR proceeding should not be instituted. Patent Owner Preliminary Response [IPR2014-00216, Doc. 8] available at https://goo.gl/k6WrSB. However, the PTO disagreed. In performing its gatekeeping function, the PTO found that Greene's established a reasonable likelihood that claims 1 and 22 of the '053 patent were unpatentable as anticipated by Dallas '118, and instituted the IPR. C.A. App. 36-56.

Following institution, Petitioner actively participated in the IPR proceeding, filing a patent owner

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[2] The Dallas '053 patent refers to U.S. Patent No. 5,819,851 ("the '851 patent"), which has the same basic disclosure as Dallas '118. However, under section 102, the '851 patent is not prior art to the '053 patent. Pet. App. 20 n.5.

response (arguing claims 1 and 22 remained patentable), several supporting declarations, and an optional "motion to amend," seeking to substitute claims 1 and 22 of the '053 patent with new claims 28 and 29. Pet. App. 4. Greene's opposed Petitioner's motion to amend because, *inter alia*, the proposed amended claims were also not patentable over the prior art. Pet. App. 34-36.

While both parties submitted declarations to support their positions, and took depositions of certain declarants, neither party served any document requests, interrogatories, or requests for admissions; deposed non-declarants; or subpoenaed third parties. The PTO did not conduct a claim construction hearing, summary judgment proceeding, or pre-trial proceeding.

The PTAB held a short hearing where counsel presented argument but no live testimony. Rec. of Oral Hrg. 3 [IPR2014-00216, Doc. 52] available at https://goo.gl/ozwp7f. Thereafter, the PTAB rejected Petitioner's claim construction position, and issued a final written decision holding claims 1 and 22 of the '053 patent unpatentable as anticipated by Dallas '118. Pet. App. 29. The PTAB explained in detail why Dallas '118 rendered claims 1 and 22 of the '053 patent unpatentable, *i.e.*, why they should have never issued in the first place. Pet. App. 20-29.

Rather than seek reconsideration by the PTAB, as permitted under 37 C.F.R. § 42.71(d), Petitioner appealed to the Court of Appeals for the Federal Circuit ("Federal Circuit"). In that appeal, Petitioner fully presented its claim construction and patentability positions. Pet. C.A. Br.

The Federal Circuit reviewed *de novo* the claim construction determination and affirmed the PTAB's final written decision. Pet. App. 1-2. Petitioner sought

panel rehearing, or en banc rehearing, which the Federal Circuit denied. Pet. App. 37-38. Petitioner then petitioned the Court for certiorari.

SUMMARY OF ARGUMENT

Congress has plenary power under the Constitution to provide for patent monopolies of proper scope to "promote the Progress of Science and useful Arts." U.S. Const. Art. I, § 8, cl. 8. Exercising this power, Congress has created by statute the patent right, and defined the nature, scope and limits of that right. *Deepsouth Packing Co., Inc.* v. *Laitram Corp.*, 406 U.S. 518 (1972). U.S. patent rights thus derive not from the common law, but exclusively from statutes enacted to advance a paramount public purpose. *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 502 (1917); *Gayler* v. *Wilder*, 51 U.S. (10 How.) 477, 494 (1850). Moreover, patent rights are expressly granted "subject to" the power of Congress to define such rights. 35 U.S.C. § 261; *eBay, Inc.* v. *Mercexchange, LLC*, 547 U.S. 388, 392 (2006). The nature of U.S. patent rights, which Petitioner ignores out of necessity, is at the core of the constitutional question before the Court.

Congress has also adopted a comprehensive regulatory scheme for issuing patents. Congress created the PTO, a highly specialized administrative agency, granting it the exclusive authority to issue patents. As to patents, the PTO has one predominant objective: to issue valid patents. In furtherance of that objective, the PTO examines patent applications and is authorized to issue a patent only if the specific statutory criteria for patentability are satisfied. Of course, where the standards for patentability are not

met, a patent should not issue, and any patent issued in error cannot possibly create a legitimate property right in the holder.

The PTO, while proficient and diligent in advancing its core mission, is not perfect. Errors are made in the course of original examination and issuance of a substantial number of patents.[3] Indeed, this case presents one such error. During the initial examination process, the PTO was unaware of prior art which rendered claims 1 and 22 of the '053 patent unpatentable. The less-than-fully informed PTO nonetheless granted the patent, and bestowed upon the recipient a federal monopoly cloaked in the presumption of validity.

To address this problem, and to ensure patent monopolies are "kept within their legitimate scope," Congress long ago authorized the PTO to engage in limited, post-issuance error-correction. *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016). IPR is one such error-correction mechanism, allowing the specialized agency empowered to make the initial patentability determination a "second look" at its own decision. *Id*. at 2143-44. Thus IPR is an integral part of Congress's regulatory framework for maintaining the proper scope of patent monopolies.

Petitioner asserts that the post-issuance patentability determinations made in an IPR are the exclusive province of Article III courts. But this assertion ignores fully that "the primary responsibility for sifting out

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[3] From 2012 to 2015 (the last full year of available statistics), the PTO received 2,282,639 applications for invention patents, and issued 1,130,075 such patents. U.S. Patent & Trademark Office, *Table of Annual U.S. Patent Activity Since 1790*, at 1 (Mar. 17, 2016) available at https://goo.gl/wUnZXm.

unpatentable material lies in the [PTO]. To await litigation is—for all practical purposes—to debilitate the patent system." *Graham* v. *John Deere Co.*, 383 U.S. 1, 18 (1966). Fortunately however, neither Article III nor the Seventh Amendment compel Petitioner's untoward result.

Article III "does not confer on litigants an absolute right to the plenary consideration of every nature of claim by an Article III court." *Commodities Futures Trading Comm'n* v. *Schor*, 478 U.S. 833, 848 (1986). Indeed, the limited patentability questions presented in an IPR include nothing that "inherently or necessarily requir[e] judicial determination." *Ex parte Bakelite Corp.*, 279 U.S. 438, 453 (1929). Where, as here, "the claim at issue derives from a federal regulatory scheme, or * * * resolution of the claim by an expert Government agency is deemed essential to a limited regulatory objective," the Court has applied the "public rights" doctrine, determining that Congress may in such circumstances assign adjudication to a non-Article III forum. *Stern* v. *Marshall*, 564 U.S. 462, 490 (2011). In applying this doctrine, "what makes a right 'public' rather than private is that the right is integrally related to particular Federal Government action." *Id*. at 490-91.

Accordingly, patent rights are public rights, that is, derived from a "federal regulatory scheme" and "integrally related to particular Federal Government action." *Stern*, 564 U.S. at 490-91. See also *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944) (patent a "grant of a special privilege"); cf. *Teva Pharm. USA, Inc.* v. *Sandoz, Inc.*, 135 S. Ct. 831, 848 n.2 (2015) (Thomas, J., dissenting) (describing invention patents as "'privileges' or 'franchises' 'which public authorities ha[ve] created purely for reasons of

public policy and which ha[ve] no counterpart in the Lockean state of nature'") (citation omitted). IPR is an administrative mechanism designed for "improving patent quality and providing a more efficient system for challenging patents that should not have issued." H.R. Rep. No. 112-98, at 39-40 (2011). The reexamination of patentability determinations to correct errors made in the initial assessment is "closely intertwined with [the] federal regulatory program Congress has power to enact." *Granfinanciera*, *S.A.* v. *Nordberg*, 492 U.S. 33, 55 (1989).

The patentability determinations made in an IPR bear no resemblance to the claims this Court addressed in *Stern*, *Granfinanciera*, and *Northern Pipeline Constr. Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50, 83 (1982). Unlike those claims, which Congress had "nothing to do with," *Stern*, 564 U.S. at 493, Congress has ***everything*** to do with IPR. Patent rights are created solely by Congress, the power to determine patentability and issue patents is given by Congress to the PTO, and the federal statutes provide the exclusive criteria for patentability. According the PTO the limited ability to review its own patentability determination hardly constitutes the adjudication of a "[w]holly private" dispute. *Granfinanciera*, 492 U.S. at 51.

Moreover, despite Petitioner's arguments to the contrary, IPR differs fundamentally from litigation. Indeed, the Court in *Cuozzo* noted IPR has a different "purpose" and is not like litigation, but rather "more like a specialized agency proceeding." 136 S. Ct. at 2143. In an IPR, there is no adjudication of liability as between private parties, nor any award of damages. The PTO simply determines whether it made a mistake when issuing the challenged patent claims. The issue has not been "removed" from federal court as

Petitioner suggests (Pet. Br. 14); Congress has simply determined certain patentability questions need not arrive there in the first place.

Petitioner's reliance on Nineteenth Century precedent is unavailing. All the cited cases were decided based on the patent statutes as they existed at the time and not on Article III or the Seventh Amendment. See, *e.g.*, *McCormick Harvesting Mach. Co.* v. *Aultman*, 169 U.S. 606 (1898).

English tradition is equally unavailing. First, the historical record is less than clear. Moreover, to the extent there is any clarity, it favors the constitutionality of IPR. But in all events, the Court should decline Petitioner's invitation to disregard constitutionally established congressional primacy over U.S. patents based on a hazy historical record.

In sum, Article III does not preclude Congress from authorizing the PTO to correct its own errors through a limited, post-issuance administrative proceeding.

The Seventh Amendment likewise presents no impediment to IPR. Where Congress may appropriately assign the limited, post-issuance patentability questions presented in an IPR to a non-Article III forum, the Seventh Amendment "poses no independent bar." *Granfinanciera*, 492 U.S. at 53-54. Moreover, even if the Court considers the Seventh Amendment analysis, an IPR is not a suit at common law, does not adjudicate a "legal claim," and entails no possible award of damages. The patentability questions presented in an IPR have no English common-law analogues and any "relief" granted is purely equitable in nature and serves the general public.

ARGUMENT

I. PATENT RIGHTS EMANATE SOLELY FROM FEDERAL STATUTE.

The nature of the right at issue is central to the Court's determination of the question presented. Congress has plenary authority to create and regulate patents, and U.S. patents have always emanated solely from federal statute. Petitioner's assertion that patents are "common law, private property," (Pet. Br. 3), is incorrect. Patent rights are created solely by Congress to promote a paramount public purpose. Congress alone defines the parameters of the patent rights bestowed on an inventor, and establishes both substantive and procedural limits on the access to and exercise of those rights. Petitioner's argument contravenes the origin, purpose, nature, and limits of patent rights. Petitioner asks the Court to deprive Congress of the power to create an administrative mechanism designed to promote the core purpose of the patent laws, namely, to ensure only valid patent claims are granted the statutory monopoly.

A. Congress Has Plenary Power to Promote Useful Arts.

The Constitution delegates to Congress the sole, discretionary, and permissive power to secure exclusive rights to inventors. U.S. Const. Art. I, § 8, cl. 8. Congress decides the nature and scope of any such exclusive rights for limited times, whether through patents or otherwise. See *Motion Picture Patents Co.* v. *Universal Film Mfg. Co*., 243 U.S. 502, 510-11, 517 (1917) (Congress is "the source of all rights under patents"). The Article I grant is "permissive," meaning that nothing in the Constitution requires giving exclusive rights to inventors for their discoveries.

Deepsouth Packing Co., Inc. v. *Laitram Corp.*, 406 U.S. 518, 530 (1972). Thus, Congress has broad authority to create the patent right, to define the contours of that right, and to establish the conditions attached to the grant of that right. *Id*. ("[T]he sign of how far Congress has chosen to go can come only from Congress.").

Petitioner argues that patents existed in the United States before the Constitution, suggesting erroneously that U.S. patents derive from common law rights. See Pet. Br. 3, 34-35. But U.S. patents derive entirely from federal statute:

> 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. It 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.

Gayler v. *Wilder*, 51 U.S. (10 How.) 477, 494 (1850); see also *Crown Die & Tool Co.* v. *Nye Tool & Mach. Works*, 261 U.S. 24, 40 (1923) ("Patent property is the creature of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment."). The patent right is created exclusively through the statutory monopoly, and has no separate existence. See *Gayler*, 51 U.S. at 493-94.

In *Wheaton* v. *Peters*, 33 U.S. (8 Pet.) 591, 592 (1834), this Court rejected the notion that patent rights predated the Constitution at common law. Construing Article I, Section 8, the Court observed

> the word *secure*, as used in the constitution, could not mean the protection of an

> acknowledged legal right. It refers to inventors * * * and it has never been pretended, by any one, either in this country or in England, that an inventor has a perpetual right, at common law, to sell the thing invented.

33 U.S. (8 Pet.) at 661. See also *Brown* v. *Duchesne*, 60 U.S. (19 How.) 183, 195 (1856) ("the right of property which a patentee has in his invention * * * is derived altogether from these statutory provisions" and "his rights are to be regulated and measured by these laws, and cannot go beyond them").

Pursuant to its constitutional authority, Congress enacted comprehensive patent legislation, beginning with the Patent Act of 1790 ("1790 Act"), defining the patent right and authorizing the Executive Branch to issue patents based on specified criteria. Patent Act of 1790, § 1, 1 Stat. 109. Since 1790, Congress has enacted numerous Patent Acts, including the Patent Act of 1793, the Patent Act of 1832, the Patent Act of 1836, the Patent Act of 1952 ("1952 Act"), Act to Amend the Patent and Trademark Laws of 1980, American Inventors Protection Act of 1999 ("AIPA"), and the AIA in 2011. U.S. patent rights derive solely from these statutes, not from the common law. The patentability determinations made in an IPR are therefore not "'the stuff of the traditional actions at common law.'" Pet. Br. 15. See *Crown Die & Tool*, 261 U.S. at 40; *Teva Pharm. USA, Inc.* v. *Sandoz, Inc.*, 135 S. Ct. 831, 848 n.2 (2015) (Thomas, J., dissenting) ("Notwithstanding a movement to recognize a 'core' property right in inventions, the English common law placed patents squarely in the final category, as franchises that 'depend upon express legislation,' and 'hath [their] essence by positive municipal law.'") (quoting 7 W.

Holdsworth, A History of English Law 479 n.7, 480 & n.4, 497 (1926)).

A patent does not give an inventor affirmative rights to make, sell, or use a patented invention. Instead, it provides a right to exclude others via a federally issued monopoly. See, *e.g.*, *Crown Die & Tool*, 261 U.S. at 36-37 ("Government is not granting the common law right to make, use and vend," but the statutory right to "exclude others."); 35 U.S.C. § 154(a)(1) ("Every patent shall contain * * * a grant to the patentee * * * of the right to exclude others from making, using, offering for sale, or selling the invention."); *Motion Picture Patents*, 243 U.S. at 510 (patents "restrain others from manufacturing, using or selling that which [the patent holder] has invented"). "In granting a patent, the Government is acting * * * as a sovereign bestowing upon the inventor a right to exclude the public at large from the invention marked out by his claims." *Teva*, 135 S. Ct. at 848 (Thomas, J., dissenting).

As an exception to an otherwise free market, Congress may not "enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby." *Graham* v. *John Deere Co.*, 383 U.S. 1, 6 (1966). Congress also may not authorize patents "whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." *Id.*; see also *Lear, Inc.* v. *Adkins*, 395 U.S. 653, 663-64, 670 (1969) ("Surely the equities of the [patentee/]licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain" and "[i]t is as important to the public that competition should not be repressed by worthless

patents as that the patentee of a really valuable invention should be protected in his monopoly.") (citation omitted); *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016) (restriction of patent monopolies "paramount"); *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 665 (1944) ("protection of the public in a system of free enterprise * * * nullifies a patent where any part of it is invalid"). Unpatentable claims reflect knowledge that is and should remain freely available to the public.

While Petitioner asserts a patent is "emphatically a private property right," (Pet. Br. 16), the rights embodied in a patent are instead public, granted to promote the paramount public purpose of the progress of science and useful arts. *Mercoid*, 320 U.S. at 665 ("public interest * * * is dominant in the patent system"). See also 37 C.F.R. § 1.56(a) (2000) ("A patent by its very nature is affected with a public interest."). Any benefit accorded the individual inventor is subservient to this overriding public purpose. See, *e.g.*, *Quanta Computer, Inc.* v. *LG Elects., Inc.*, 553 U.S. 617, 626 (2008) (purpose "not the creation of private fortunes for the owners of patents but is 'to promote the progress of science and useful arts'") (quoting *Motion Picture Patents*, 243 U.S. at 511). Congress created IPR to advance this paramount public purpose by reducing the prevalence of invalid monopolies. Thus the nature of the patent right, which Petitioner ignores out of necessity, authorizes Congress to provide for limited post-issuance patentability determinations by the PTO.[4]

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[4] At the very least, patents are quasi-private rights, that is, "statutory entitlements * * * bestowed by the government on individuals." *B & B Hardware v. Hargis Indus.*, 135 S. Ct. 1293, 1316 (2015) (Thomas, J., dissenting) (citation omitted). Either

B. Patent Rights Are Granted "Subject To" the Power of Congress.

Petitioner ignores the key language in the Patent Act limiting the property interest conferred by Congress to an inventor in the form of a patent. The Act provides: "*Subject to the provisions of this title*, patents shall have the attributes of personal property." 35 U.S.C. § 261 (emphasis added). In quoting section 261, Petitioner omits this limitation that long pre-dates the application for the '053 patent. Pet. Br. 27-28. But the phrase "subject to" is a potent modifier, expressly qualifying a patent's "attributes of personal property." § 261; see also *eBay, Inc.* v. *Mercexchange, LLC*, 547 U.S. 388, 392 (2006) (noting the statutory limitation). Thus, an applicant has no property right to receive or retain a patent that fails the statutory standards. A patent issued in error cannot possibly create a legitimate property right. Further, such a patent does not transform into a legitimate property right simply because the error might be revealed in a limited, post-issuance review process conducted by the very agency that issued the patent in the first place.

Moreover, an inventor need not seek patent protection and can protect her invention in other ways (*e.g.*, as a trade secret such as the formula for Coca-Cola®). But should an inventor seek voluntarily to obtain the government-granted monopoly rights embodied in a patent, she does so knowing any such rights are "subject to" Congress's power to define the parameters and to adopt procedures to correct error. Thus the PTO power to engage in post-issuance error-correction inheres in every issued patent.

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way, the rights granted remain subject to the power of Congress, and subservient to the paramount public purpose.

II. CONGRESS IS AUTHORIZED TO PROVIDE FOR POST-ISSUANCE ERROR-CORRECTION.

IPR simply provides a mechanism by which the PTO can correct its own initial mistake. As this Court has determined, IPR is a "specialized agency proceeding" the purpose of which is to allow the PTO to "reexamine an earlier agency decision." *Cuozzo*, 136 S. Ct. at 2143-44. Moreover, IPR has a narrow scope, limited to consideration of only grounds that "could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications," and incorporating several procedural protections for the patent owner. 35 U.S.C. §§ 311, 315.

A. IPR Is a Permissible Post-Issuance Error-Correction Mechanism.

Congress has provided several post-issuance error-correction mechanisms empowering the administrative agency that initially assessed patentability to reexamine issued patents and correct or cancel them where appropriate. *Cuozzo*, 136 S. Ct. at 2137 ("For several decades, the Patent Office has also possessed the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed."). As Congress has refined the process over the years, the fundamental question of whether a patent should have issued in the first place has remained constant.

Reissue is an early post-issuance error-correction mechanism, codified in the Patent Act of 1832. See § 3, 4 Stat. 559; *Grant* v. *Raymond*, 31 U.S. (6 Pet.) 218, 242-43 (1832) (finding that, even before the 1832 Act, the Department of State, the entity issuing the patent, could correct a defect in that patent post-

issuance).[5] In a reissue, the patent owner requests that the patent-granting authority—today the PTO—correct a defective patent. See Patent Act of 1836, Ch. 357, § 13, 5 Stat. 117. One such defect is the patentee claiming as her invention more than she had a right to claim as new. *Id.*; *McCormick Harvesting Mach. Co.* v. *Aultman*, 169 U.S. 606, 609-10 (1898) (citing Patent Act of 1870, § 53, 16 Stat. 198). In a reissue, the patentee requests that the original issuing administrative agency, *e.g.*, the PTO, change the patent to correct the specified defect. Reissue practice continues today. 35 U.S.C. § 251.

Another post-issuance error-correction mechanism, evolving from the 1800's, is an interference proceeding. Beginning in 1836, the Commissioner could decide whether a patent application interfered with (that is, claimed the same invention as) "any unexpired patent which shall have been granted" to determine priority of invention. See Patent Act of 1836, § 8. The losing inventor had a remedy by bill in equity. *Id.* § 16. The 1952 Act authorized the PTO to cancel patent claims. 35 U.S.C. § 135 (1952) (final judgment of the Board "shall constitute cancellation of the claims").

Congress further expanded post-issuance error-correction in 1980, creating *ex parte* reexamination. This procedure gives "the Patent Office * * * the authority to reexamine—and perhaps cancel—a patent claim that it had previously allowed." *Cuozzo*, 136

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[5] In *Grant*, the Court reasoned that "[i]f the mistake should be committed in the department of state, no one would say that it ought not to be corrected. All would admit that a new patent, correcting the error, and which would secure to the patentee the benefits which the law intended to secure, ought to be issued." 31 U.S. (6 Pet.) at 242.

S. Ct. at 2137. *Ex parte* reexaminations allow third parties to request that the PTO reexamine an issued patent based on prior art. Third parties with historical background and expertise in the same subject matter often locate important prior art the PTO does not locate during the initial examination process. Cf. *Lear*, 395 U.S. at 670 ("[T]he Patent Office is often obliged to reach its [initial] decision in an *ex parte* proceeding, without the aid of the arguments which could be advanced by parties interested in proving patent invalidity."). Congress considered it critical that the PTO have the ability to reexamine issued patents. See *Patlex Corp.* v. *Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985). Congress expected that *ex parte* reexamination would keep strong patents in the system while removing illegitimate ones, thereby helping "restore confidence in the effectiveness of our patent system." H.R. Rep. No. 96-1307(I), at 3 (1980), *reprinted in* 1980 U.S.C.C.A.N. 6460, 6462-63.

Recognizing weaknesses in prior reexamination procedures, including limited third-party participation and the third party's inability to appeal the PTO's decision, in the 1999 AIPA, Congress expanded reexamination to include *inter partes* reexamination. *Inter partes* reexamination afforded third parties a greater opportunity to participate in the proceeding. See 35 U.S.C. § 314 (2000); H.R. Rep. No. 106-287, at 59 (1999) (discussing same). The third party requester also received certain appeal rights. 35 U.S.C. § 315(b) (2000).

Congress yet further improved reexamination through IPR, an "inter partes reexamination expansion," (157 CONG. REC. S1357-58 (daily ed. Mar. 8, 2011) (statement of Sen. Hatch)), intended to "improve the current inter partes administrative process for

challenging the validity of a patent." 157 CONG. REC. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley).[6] Congress also mandated that IPRs would be decided within one year from institution, seeking to remedy the problem of lengthy *inter partes* reexamination proceedings, which usually last three to five years. 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl). Congress also believed that IPR would remedy another flaw of *inter partes* reexamination—the possibility of serial challenges—because the PTO can reject IPR petitions that raise the same or substantially the same prior art or arguments previously presented to the PTO with respect to the patent. 35 U.S.C. § 325(d); 157 CONG. REC. S1376 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

In *Cuozzo*, this Court determined the purpose of IPR is the same as reexamination, namely, "to reexamine an earlier agency decision." 136 S. Ct. at 2144. Petitioner tacitly concedes the constitutionality of *ex parte* reexamination and *inter partes* reexamination. See Pet. Br. 5-7, 49-50. Yet there is no principled basis for a different constitutional result as to IPR. Congress has modified the process, but not the power. Like IPR, *ex parte* and *inter partes* reexamination authorize post-issuance error-correction by the PTO of an initial patentability determination, do not accord the challenged claims any presumption of validity, and construe those claims using the broadest reasonable

[6] The AIA provides several post-issuance error-correction mechanisms. For patents that are up to nine months old, it provides for "post-grant review" by the PTAB. 35 U.S.C. § 321(c). For older patents, it provides for IPR. § 319. For certain patents, it provides for Covered Business Method review. AIA § 18, 125 Stat. 329.

construction.[7] Petitioner argues, without authority, that increased participation in an IPR by third parties and the conduct of the proceedings somehow cross the constitutional line. Pet. Br. 6-8, 50. But, in "chang[ing] the name from 'reexamination' to 'review,' [there is nothing to indicate] Congress wanted to change its basic purposes, namely, to reexamine an earlier agency decision." *Cuozzo*, 136 S. Ct. at 2144. Rather, Congress determined the patent system, and therefore the public, would benefit if the PTO received more developed input from third parties.

B. IPR Is a Limited and Specialized Agency Proceeding.

1. IPR Is Narrow in Scope.

IPR decides only the patentability of individual patent claims. IPR does not decide infringement,[8] damages, inequitable conduct, ownership, and/or a host of other patent issues. The PTO reviews its initial patentability determination to assess whether it had erroneously found that the claims presented in the application process were patentable.

Even as to patentability, IPRs concern only a limited subset of issues. During the initial examination of a patent application, the PTO generally considers numerous patentability issues, including prior art that may exist in many forms (*i.e.*, patents, publications, prior sales, public knowledge, and earlier invention materials by others); patent eligibility (35 U.S.C.

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[7] This standard differs from the "ordinary meaning" standard applied when district courts assess validity.

[8] Throughout its brief, Petitioner merges the concepts of validity and infringement (*e.g.*, Pet. Br. 2, 23-24). But IPR does not involve or adjudicate infringement claims.

§ 101); anticipation/novelty (§ 102); obviousness (§ 103); and specification requirements, such as written description and indefiniteness (§ 112). By contrast, an IPR petition may request to cancel one or more claims "only on a ground that could be raised under section 102 or section 103 and only on the basis of prior art consisting of patents or printed publications." § 311.

The IPR process also includes important procedural safeguards that protect patent owners, imposing greater restrictions on third parties as compared to *ex parte* reexamination. *First*, a challenger may not file an IPR petition if that challenger filed a civil action challenging the validity of the same patent. 35 U.S.C. § 315(a). *Second*, a challenger may not file an IPR petition more than one year after it has been served with a complaint alleging infringement of the patent at issue. § 315(b). *Third*, if the PTAB issues a final written decision in an IPR proceeding, certain estoppels apply against the petitioner. Thus, the petitioner may not "request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that [IPR]." § 315(e)(1). In addition, the petitioner may not "assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR]." § 315(e)(2).

2. IPR Is Not Litigation or Inherently Judicial.

Despite Petitioner's claims otherwise (Pet. Br. 8-10, 17, 20-22), IPR differs fundamentally from private party litigation, both in form and purpose. In *Cuozzo*,

a case ignored completely by Petitioner, this Court rejected similar arguments, holding that IPR "is less like a judicial proceeding and more like a specialized agency proceeding." 136 S. Ct. at 2143. The Court noted several distinctions: (1) initiating parties need not have a stake in the outcome or even standing, (2) the PTO may continue an IPR even after the initiating party has settled, (3) the PTO may intervene in a later *judicial* proceeding to defend its decision, even where private challengers settle or drop out, and (4) the burden of proof in an IPR is different from that in district court. *Id.* at 2143-44. Also unlike in district court, in IPR the patent owner may make one "motion to do just what he would do in the examination process, namely, amend or narrow the claim" (*i.e.*, modify what is adjudicated). *Id*. at 2145 (citing 35 U.S.C. 316(d)). "[T]hese features, as well as *inter partes* review's predecessors, indicate that the purpose of the proceeding is not quite the same as the purpose of district court litigation." *Id.* at 2144.

Additionally, unlike filing a complaint in district court (initiating suit), an IPR petitioner must *ask* the PTO to institute an IPR. The PTO may only do so if it determines there is a reasonable likelihood the petitioner will prevail (*i.e.*, demonstrate unpatentability) on at least one claim. 35 U.S.C. § 314; see 157 Cong. Rec. S1375 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) ("petitioners [must] present information that creates serious doubts about the patent's validity"). The PTO thus plays a significant gatekeeping role with no analogue in district court lawsuits. PTO statistics demonstrate that, as of December 31, 2016, the PTO rejected close to 30% of IPR petitions before

institution, *i.e.*, 1171 out of 4054 "completed" IPR petitions.[9]

Petitioner also argues IPR uses common litigation terms like "discovery" and "trial." Pet. Br. 21. But "discovery" in an IPR is unlike discovery in district court. In the latter, Federal Rule 26 provides for broad discovery. Fed. R. Civ. P. 26(b)(1). In IPR, discovery is limited. 35 U.S.C. § 316(a)(5). Moreover, IPR "trials" are short hearings, almost never involving live witnesses. See Eric C. Cohen, *A Primer on Inter Partes Review, Covered Business Method Review, and Post-Grant Review before the Patent Trial and Appeal Board*, 24 Fed. Cir. B. J. 1, 5 n.40 (2014) (noting that in the first two years of IPRs, the Board allowed live testimony once).

Further, in an IPR the PTO has an independent ability to ensure statutorily granted monopolies remain within their legitimate scope. While Petitioner stresses that parties in an IPR can settle their dispute "at any time," (Pet. Br. 21), it ignores that, unlike litigation, where a settlement usually ends a lawsuit, in an IPR, the PTAB can proceed to issue a final

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[9] U.S. Patent & Trademark Office, *Patent Trial and Appeal Board Statistics*, at 10 (Dec. 31, 2016) available at https://goo.gl/h7Y4Yv. Petitioner claims the PTAB acts as a patent "death squad" (Pet. Br. 48), but the data indicate otherwise. Since passage of the AIA through September 30, 2017, a total of 6,955 IPR petitions have been filed (not all completed), and the PTAB has issued 1,440 final written decisions finding some or all of the challenged claims unpatentable. See U.S. Patent & Trademark Office, *Trial Statistics/IPR, PGR, CBM/Patent Trial and Appeal Board*, at 3, 11 (Sept. 2017) available at https://goo.gl/tmD8a3. This compares to the 1,130,075 invention patents granted just between 2012 and 2015. U.S. Patent & Trademark Office, *Table of Annual U.S. Patent Activity Since 1790*, at 1 (Mar. 17, 2016) available at https://goo.gl/wUnZXm.

written decision even after the parties seek termination. 35 U.S.C. § 317(a); see also *Cuozzo*, 136 S. Ct. at 2144 (citing § 317(a)).

Finally, the limited patentability questions presented in an IPR proceeding include nothing that "inherently or necessarily requir[e] judicial determination." *Ex parte Bakelite Corp.*, 279 U.S. 438, 453 (1929). IPR targets specific, individual claims in a patent on the narrow basis of obviousness or anticipation/novelty over the prior art. Like the initial examination process, the PTAB applies the same patentability criteria to the claims construed based on the same broadest reasonable construction standard, and no presumption of validity is accorded the challenged claims. These characteristics demonstrate IPR is truly a "second look," not an Article III adjudication. See *Cuozzo*, 136 S. Ct. at 2144.

III. IPR DOES NOT VIOLATE ARTICLE III.

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. But Article III "does not confer on litigants an absolute right to the plenary consideration of every nature of claim by an Article III court." *Commodities Futures Trading Comm'n* v. *Schor*, 478 U.S. 833, 848 (1986). "Many matters that involve the application of legal standards to facts and affect private interests are routinely decided by agency action with limited or no review by Article III courts," and "the Court has long recognized that Congress is not barred from acting pursuant to its powers under Article I to vest decision-making authority in tribunals that lack the attributes of Article III courts." *Thomas* v. *Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 583 (1985); see also *Palmore*

v. *United States*, 411 U.S. 389, 407 (1973) ("[n]either [the Supreme] Court nor Congress has read the Constitution as requiring every federal question arising under the federal law * * * to be tried in an Art. III court before a judge enjoying lifetime tenure and protection against salary reduction.").

Where, as here, Congress has exercised its plenary authority to delegate to a non-Article III forum the adjudication of a "particularized area of law," *N. Pipeline Constr. Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50, 85 (1982), the Court has, as Petitioner acknowledges (Pet. Br. 27), recognized application of the "public rights" doctrine. *Stern* v. *Marshall*, 564 U.S. 462 (2011); *Granfinanciera, S.A.* v. *Nordberg*, 492 U.S. 33 (1989); *Schor*, 478 U.S. 833; *Thomas*, 473 U.S. 568; *N. Pipeline*, 458 U.S. 50; *Crowell* v. *Benson*, 285 U.S. 22 (1932); *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1855) ("congress may or may not bring [certain matters] within the cognizance of the courts of the United States, as it may deem proper").

In *Stern*, the Court determined the public rights doctrine applies in "cases in which the claim at issue derives from a federal regulatory scheme, or in which resolution of the claim by an expert Government agency is deemed essential to a limited regulatory objective within the agency's authority." 564 U.S. at 490. Thus, "what makes a right 'public' rather than private is that the right is integrally related to particular Federal Government action." *Id.* at 490-91. See also *Granfinanciera*, 492 U.S. at 54 (public rights include "seemingly 'private' right[s] that [are] so closely integrated into a public regulatory scheme as to be a matter appropriate for agency resolution with limited involvement by the Article III judiciary") (citation

omitted). The Court contrasted between suits that were "quintessentially suits at common law," where the doctrine has not been applied, and those that "flow from a federal statutory scheme," where it has been applied. *Stern*, 564 U.S. at 492-93 (citing *Granfinanciera*, 492 U.S. at 54-56; *Thomas*, 473 U.S. at 584-85; *Atlas Roofing* v. *Occupational Safety & Health Comm'n*, 430 U.S. 442, 458 (1977)). The Court has also made clear the government need not be a party for the doctrine to apply.[10] *Stern*, 564 U.S. at 490. See also *Thomas*, 473 U.S. at 586-87 (noting that in *Crowell*, the fact that an adjudication "clearly concern[ed] obligations among private parties, * * * did not make the scheme invalid under Article III").

This Court has also eschewed bright-line tests in determining whether a given congressional delegation of adjudicative functions to a non-Article III body is within its powers. See *Schor*, 478 U.S. at 857. The "inquiry, in turn, is guided by the principle that 'practical attention to substance rather than doctrinaire reliance on formal categories should inform application of Article III.'" *Id.* at 847-48 (quoting *Thomas*, 473 U.S. at 587). In conducting such inquiry, "due regard must be given in each case to the unique aspects of the congressional plan at issue and its practical consequences in light of the larger concerns that underlie Article III." *Schor*, 478 U.S. at 857. In assessing those practical consequences, the Court in *Schor* weighed

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[10] Petitioner's argument (Pet. Br. 30) to the contrary is thus unavailing. Moreover, as developed herein, while not a "party," the government has an interest in the patentability question presented in an IPR, as the adjudication impacts directly the relationship between the government and the patentee, determining whether the patentee meets the requirements to hold a federal monopoly.

various factors to determine whether agency adjudication of a claim "impermissibly threatens the institutional integrity of the Judicial Branch." *Id.* at 851. The Court listed various factors for making the determination:

> the extent to which the "essential attributes of judicial power" are reserved to Article III courts, and, conversely, the extent to which the non-Article III forum exercises the range of jurisdiction and powers normally vested only in Article III courts, the origins and importance of the right to be adjudicated, and the concerns that drove Congress to depart from the requirements of Article III.

Id. The Court further analyzed whether the parties consented to the administrative forum and the nature of the available judicial review. See *id.* at 852, 855. In applying the factors, the Court concluded that, even though the cause of action was a pure state law claim to recover debit balances, *id.* at 838, its initial adjudication by an administrative agency did not contravene separation of powers principles or Article III. *Id.* at 856-57.

A. IPR Adjudicates Public Rights.

In adopting IPR, "Congress devised an 'expert and inexpensive method for dealing with a class of questions of fact which are particularly suited to examination and determination by an administrative agency specially assigned to that task.'" *Stern*, 564 U.S. at 494 (quoting *Crowell*, 285 U.S. at 46-47). IPR is a narrow procedural mechanism Congress has chosen to enable the PTO to correct its own patentability determination errors, thereby "'improv[ing] patent quality and restor[ing] confidence in the presumption

of validity that comes with issued patents.'" *Cuozzo*, 136 S. Ct. at 2140 (quoting legislative history). Determining patentability in an IPR is therefore "integrally related to particular Federal Government action." *Stern*, 564 U.S. at 490-91.

1. The Claims at Issue in IPR Derive Solely from a Federal Regulatory Scheme.

As discussed, (pp. 12-17, *supra*), patent rights emanate solely from federal statute and are expressly granted "subject to" the power of Congress to define those rights. Patent rights are therefore public rights, derived from a "federal regulatory scheme." *Stern*, 564 U.S. at 490. See also *Mercoid*, 320 U.S. at 665 (patent is "grant of a special privilege 'to promote the Progress of Science and useful Arts.'"); cf. *Teva*, 135 S. Ct. at 848 n.2 (Thomas, J., dissenting) (describing invention patents as "'privileges' or 'franchises' 'which public authorities ha[ve] created purely for reasons of public policy and which ha[ve] no counterpart in the Lockean state of nature'") (citation omitted).

As this Court has recognized, Congress has created a federal patent system that seeks "a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the 'Progress of Science and useful Arts.'" *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989). The core of the regulatory scheme involves extensive statutory conditions that govern when an inventor is entitled to a patent. *Id.* at 156. Beyond these substantive statutory criteria, Congress's regulatory scheme for granting patents includes the fees for filing and examination, formal requirements for applications, and how examination of applications is to be conducted. 35

U.S.C. §§ 41, 111-113, 115, 131-133. Indeed, Congress has established an entire agency, the PTO, whose core function is to determine patentability.

Complementing the authority it gives to the PTO to make initial patentability determinations, Congress also authorized the PTO to conduct certain post-issuance error-correction procedures to ensure further the validity of the patent monopolies granted. Some post-issuance procedures take a second look at the initial administrative act to grant a patent, namely *ex parte* reexamination, *inter partes* reexamination, and IPR. Thus, IPR is an integral part of the federal regulatory scheme of patent rights. Allowing the PTO to engage in post-issuance error-correction of its own initial decisions is essential to the regulatory scheme of granting valid patent monopolies.

An IPR determination involves the core elements of Congress's broad power over patents. To issue a patent, Congress's scheme requires that the PTO examine patent claims and determine patentability. Reevaluating patentability to correct errors made in that initial assessment is "closely intertwined with [the] federal regulatory program Congress has power to enact." *Granfinanciera*, 492 U.S. at 55. See also *id.* (noting that challenged provision involves public rights because "the dispute arises in the context of a federal regulatory scheme that virtually occupies the field") (citing *Thomas*, 473 U.S. at 600 (Brennan, J., concurring in the judgment)).

Taking Petitioner's assertion to its logical extent, the moment the PTO issues a patent, it loses the ability to correct its own errors regarding its own initial patentability determination. Thus, even where, as here, the PTO's error is due to the omission or failure by a patent applicant during the examination process,

an otherwise invalid patent may still be enforced. A patent issued in error will carry a "presumption of validity" and the holder will enjoy the statutory monopoly against ideas that should be open to free competition. This result contravenes the fundamental purpose of the congressional regime, the public interest, and this Court's precedent. See *Lear*, 395 U.S. at 656 (the Court's decisions emphasize "the strong federal policy favoring free competition in ideas which do not merit patent protection").

2. IPR Determinations Are Essential to a Limited Regulatory Objective.

As to patents, the PTO has one paramount regulatory objective: to issue valid patents. IPR advances that core mission, providing a mechanism for the PTO to take "a second look" and to ensure patent monopolies are valid. *Cuozzo*, 136 S. Ct. at 2144. In *Cuozzo*, this Court reviewed the AIA's legislative history and ruled that it was an "important congressional objective [to] giv[e] the Patent Office significant power to revisit and revise earlier patent grants." *Cuozzo*, 136 S. Ct. at 2139-40.

Petitioner asserts post-issuance error-correction must be litigated in an Article III court. Pet. Br. 19-20. But Congress and the Court have both recognized that litigation is an imperfect instrument for ensuring patent monopolies are legitimate. Patents issued in error contravene the public interest. Congress therefore "designed [IPR] to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs." H.R. Rep. No. 112-98, at 40. The PTO, not the courts, has "the primary responsibility for sifting out unpatentable material, * * * [t]o await

litigation is—for all practical purposes—to debilitate the patent system." *Graham*, 383 U.S. at 18.

Petitioner would handcuff Congress, leaving all post-issuance patentability determinations to be resolved through litigation. But then only those with Article III standing and sufficient resources will be able to litigate patentability in the courts. This will "debilitate" the patent system, preventing Congress from achieving its stated goals in passing the AIA. The Court should accept congressional findings about why the AIA was necessary and why the mechanism chosen was an effective way to solve the identified problem. See *Brown*, 60 U.S. at 197 ("We think [patent] laws ought to be construed in the spirit in which they were made—that is, as founded in justice"); *Grant*, 31 U.S. (6 Pet.) at 241-42 (same).

In other circumstances where Congress has deemed administrative adjudication essential to the success of a federal regulatory scheme, this Court has upheld such adjudication as within Congress's Article I powers. In *Thomas*, 473 U.S. at 571, this Court upheld the binding arbitration scheme created by the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"). The Court observed that the arbitration scheme was in response to the "near disaster" of earlier FIFRA provisions, focusing on the "obvious purpose of the legislation to furnish a prompt, continuous, expert and inexpensive method for dealing with a class of questions of fact which are peculiarly suited to examination and determination by an administrative agency specially assigned to that task." *Id.* at 590 (citation omitted). The Court looked at both the "nature of the right at issue" and "the concerns motivating the Legislature." *Id.* IPR likewise serves an important public purpose and represents Congress's legislative response

to its growing concern over the quality of U.S. patents, for which then-existing administrative mechanisms had been inadequate. As in *Thomas*, Congress revisited earlier legislation that had proven insufficient.

Likewise in *Schor*, the CFTC, pursuant to its statutory authority, created a process allowing customers of brokers to seek reparations before that Agency for alleged violations of the Commodities Exchange Act. The Court emphasized that the CFTC, "like the agency in *Crowell*, deals only with a 'particularized area of law'" and contrasted this with the 1978 Bankruptcy Act, which was found unconstitutional in *Northern Pipeline*, because it gave bankruptcy courts jurisdiction broadly over "'all civil proceedings arising under title 11 or arising in or *related to* cases under title 11.'" 478 U.S. at 852-53 (quoting 28 U.S.C. § 1471(b)).

So here, the PTO regulates a "particularized area of law" and IPR addresses directly the core task of the PTO, namely, determining patentability. "It would be odd indeed if Congress could not authorize the PTO to reconsider its own decisions." *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 812 F.3d 1284, 1291 (Fed. Cir. 2015), cert. denied, 137 S. Ct. 292 (2016).

3. IPR Patentability Determinations Bear No Resemblance to the Claims in *Stern*, *Granfinanciera*, and *Northern Pipeline*.

An IPR adjudication bears no resemblance to the adjudications this Court evaluated in *Stern*, *Granfinanciera*, and *Northern Pipeline*. In each case, an Article I tribunal had adjudicated state law claims between private parties, one of which had not consented to the forum's jurisdiction. In *Stern*, the state law claim was for tortious interference; in *Granfinanciera*,

for fraudulent transfer; and in *Northern Pipeline*, for breach of contract. Each such claim originated in the common law, not from a federal statutory scheme. The resolution of these claims was "not completely dependent upon adjudication of a claim created by federal law." *Stern*, 564 U.S. at 493 (citation omitted). They did not "depend on the will of Congress." *Id.* (citation omitted). In short, "Congress ha[d] nothing to do with" the claims involved in *Stern*, *Granfinanciera*, and *Northern Pipeline*. *Id*.

By contrast, Congress has ***everything*** to do with the adjudication of patentability in an IPR. The patent rights Congress grants do not supplant any common law rights.[11] Rather, the rights at issue are created solely by federal statutes Congress enacted pursuant to a specific plenary grant of constitutional authority. Congress has given the power to grant patent rights solely to the PTO, and the federal statutes and associated regulatory scheme provide the exclusive criteria for patentability. Even the relationship between the participants in an IPR derives exclusively from the congressional framework. Providing the agency empowered to grant the rights in question a "second look" at its own decision hardly qualifies as the adjudication of a "'[w]holly private tort, contract, [or] property'" dispute between private parties. *Granfinanciera*, 492 U.S. at 51 (quoting *Atlas Roofing*, 430 U.S. at 458). See also *In re Renewable Energy Dev. Corp.*, 792 F.3d 1274, 1280 (10th Cir. 2015) (contrasting "prototypical public rights disputes [which] arise from 'federal statutory scheme[s]' [and] 'quintessential[]' private rights disputes [which]

[11] Petitioner's claim that Congress could bypass Article III through the "mere creation of a[ny] right by federal statute" is therefore a *non-sequitur*. Pet. Br. 35.

involve common law rights affecting personal life, liberty, or property").

Additionally, IPR does not adjudicate "liability of one individual to another under the law." *Crowell*, 285 U.S. at 51. IPR determines, based on very narrow grounds, whether a patentee remains entitled to the statutory right granted by the government. Put another way, IPR resolves only the question whether issuance of the patent was a mistake (*i.e.*, whether the initial patent grant should have occurred in the first place). This determination involves the rights as between the government, as issuer, and the patentee, as holder. While this determination may impact a private dispute, it does not constitute an adjudication of private rights solely between private parties, *i.e.*, liability for injury in tort, *Stern*, for fraudulent transfer, *Granfinanciera*, or for breach of contract, *Northern Pipeline*.

In an IPR, a third party stands to gain nothing more than what is provided to the public, that is, "free access to materials already available." *Graham*, 383 U.S. at 6. So here, Petitioner was not found "liable" to Greene's—or to anyone. Petitioner did not have to pay damages to Greene's or to provide any personal relief to Greene's. The PTO determined two claims of Petitioner's '053 patent were unpatentable, leaving 25 patent claims intact. Greene's did not take ownership of these two claims. The PTO simply reexamined its earlier decision to grant certain patent claims. The third-party input (like Greene's) assisted the PTO in making the decision, but did not transform the IPR process into a "wholly private" dispute.

Patent rights are thus not "emphatically" private. Pet. Br. 16. Moreover, since the very existence of the rights at issue in an IPR depends on the will of

Congress, Congress "may also provide that persons seeking to vindicate th[ose] right[s] must do so before particularized tribunals created to perform the specialized adjudicative tasks related to that right." *N. Pipeline*, 458 U.S. at 83. Indeed, "[t]he distinction between 'core' private rights, on the one hand, and public rights and government-created privileges, on the other, has traditionally had significant implications for the way in which rights are adjudicated." *Teva*, 135 S. Ct. at 848 n.2 (Thomas, J., dissenting) ("Thus, no matter how closely a franchise resembles some 'core' private right, it does not follow that it must be subject to the same rules of judicial interpretation as its counterpart.").[12]

Petitioner characterizes IPR as adjudicating private rights by merging the distinct concepts of "patent-infringement and patent-validity disputes," claiming that both were adjudicated by courts for centuries, and "resolved competing claims to private property rights." Pet. Br. 2. But this tactic fails. IPR does not decide infringement, and such issues are not before the

[12] Even assuming the patent rights at issue in an IPR were "private" rights, this Court has upheld adjudication of such private rights before a non-Article III tribunal where Congress has deemed this necessary to protect federal interests. See *Schor*, 478 U.S. at 856 (CFTC adjudication of private state-law counterclaims); *Crowell*, 285 U.S. at 51, 53-54 (agency determination of "private right"—compensation for workers injured or killed performing maritime activities); *Atlas Roofing*, 430 U.S. 442 (damages owed by one private party to another adjudicated by administrative tribunal). See also Caleb Nelson, *Adjudication in the Political Branches*, 107 Colum. L. Rev. 559, 605 (2007) ("The innovation of *Atlas Roofing* was to drive a wedge between core private rights to life and liberty (which retain the full protections of the traditional framework) and traditional forms of property (which no longer require as much 'judicial' involvement when pitted against public rights).").

Court. Moreover, IPR does not adjudicate any competing claim to property. Instead, IPR looks to determine if any patent right should have ever been granted. Here, the PTAB determined that prior art, previously undisclosed by the inventor to the PTO, rendered unpatentable the two challenged patent claims in Petitioner's '053 patent. Although the less-than-fully informed PTO issued claims 1 and 22 of the patent, such claims should have never issued. This determination impacts the private dispute between Petitioner and Greene's, but it does not adjudicate that dispute. Congress added through IPR the benefit of additional third-party input as to the issue of patentability, but the point of IPR is not to determine liability as between the private parties.

4. IPR Does Not Threaten the Institutional Integrity of the Judicial Branch.

Consideration of the *Schor* factors also supports the conclusion IPR comports with Article III. First, in IPR, the PTO does not "exercise the range of jurisdiction and powers normally vested only in Article III courts." *Schor*, 478 U.S. at 851. Rather, the same patentability issues considered in an IPR were vested in the PTO during the initial examination process. IPR just allows the PTO to "reexamine" those same issues and its own initial patentability determination. *Cuozzo*, 136 S. Ct. at 2144. There is no "full dress exercise of judicial power" (Pet. Br. 49), or any departure "from the traditional agency model." *Schor*, 478 U.S. at 852.

Next, while Petitioner claims it did not consent to the IPR process (Pet. Br. 17), it did knowingly seek a patent monopoly "subject to" the power of Congress to define the procedures and conditions accompanying

the rights granted. 35 U.S.C. § 261 (1994). Petitioner should not now dispute that "where Congress create[d the] substantive right, pursuant to one of its broad powers to make laws, Congress may [also] have something to say about the proper manner of adjudicating that right." *N. Pipeline*, 458 U.S. at 84 n.35. The "subject to" language in section 261, and post-issuance error-correction by the PTO, have been an integral part of the congressional framework since well before Petitioner sought a patent monopoly. That Congress modified somewhat the reexamination process does not alter its "basic purposes." *Cuozzo*, 136 S. Ct. at 2144.[13]

Finally, IPR decisions are reviewable by an Article III court. Final decisions of the PTO may be appealed to the Federal Circuit. 35 U.S.C. § 319. The Federal Circuit applies a *de novo* standard of review for legal conclusions and the substantial evidence standard of review for findings of fact. *MCM*, 812 F.3d at 1287. This is the same appellate standard of review applied in appeals from PTO decisions for original application examination and for patent reexaminations. See, *e.g.*, *In re Distefano*, 808 F.3d 845, 848 (Fed. Cir. 2015); *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1361 (Fed. Cir. 2012). Such review provides a higher level of scrutiny than the regulatory scheme upheld in *Thomas*. See 473 U.S. at 573-74 (judicial review available only for fraud, misrepresentation, or other misconduct).

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[13] IPR alters nothing about the substantive standards for patentability. The references by various amici to repealing patent laws in effect at the time a patent is issued as in *McClurg* v. *Kingsland*, 42 U.S. (1 How.) 202 (1843) and Takings Clause cases such as *Horne* v. *Dept. of Agric.*, 133 S. Ct. 2053 (2015), are therefore inapposite.

B. Nineteenth Century Precedent Does Not Limit Congressional Authority.

Petitioner misplaces reliance on Nineteenth Century precedent to argue the Court has already decided that post-issuance patentability determinations must occur in an Article III court. None of these cases addressed Article III or the Seventh Amendment, and all were decided based on then-existing congressional statutory regimes. Indeed, none even discuss, much less limit, Congress's power to grant such authority.

Petitioner asserts the Court's statement in *McCormick*, 169 U.S. at 609, that: "The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent" means only an Article III court may decide validity questions. Pet. Br. 32. But *McCormick* did not address Article III and was decided according to the then-existing patent statute. Congress had not yet authorized the Patent Office to fully cancel an original patent, without the patent holder surrendering the original patent in connection with an amended patent being issued. Absent any statutory mechanism, courts were the only option to render patents invalid.

McCormick did not hold that Congress could never adopt statutory post-issuance error-correction procedures. Instead, *McCormick* simply *enforced* Congress's then-existing statutory scheme for a post-issuance procedure at the Patent Office. The Court in *McCormick* relied entirely on the statute in finding that it did not permit the Patent Office to cancel an original patent when the patent owner abandoned its reissue patent application. *McCormick*, 169 U.S. at 609-11 (citing Patent Act of 1870, 16 Stat. 198). As a

result, the Court held that "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." *Id.* at 610 (citation omitted). Reflecting then-existing statutory authority, the Court added that "the patent office has no greater authority to mutilate it by rejecting any of its claims than it has to cancel the entire patent." *Id*.

The Court explained that the Patent Act of 1870 (16 Stat. 198) modified prior law pursuant to which surrendering the original patent could result in its cancellation. *McCormick*, 169 U.S. at 609; see also *Peck* v. *Collins*, 103 U.S. 660, 664-65 (1880) (finding that, under the 1866 patent statute, "[s]urrender of the patent was an abandonment of it, and the applicant for reissue took upon himself the risk of getting a reissue or of losing all"). *McCormick* simply held that, given the language in the Act of 1870, the Patent Office no longer had the statutory authority to cancel the original patent.

Significantly, the Court specifically distinguished land patents, which the Court stated are "absolutely free" from control by officers of the land department, from invention patents, which are directly limited by statutory reissue procedures. *McCormick*, 169 U.S. at 609. If invention patents provided the same rights as land patents, the Court would have rejected the notion of the Patent Office having any ability to review the claims presented in an issued patent. Instead, the Court observed that, in a reissue application, "the Patent Office was authorized to deal with all its claims, the originals as well as those inserted first in the [reissue] application, and might declare them to be invalid." *Id*. at 612. The Court thus recognized the

statutory authority for post-issuance error-correction by the Patent Office.

Therefore, *McCormick* demonstrates that Congress defines the scope of the PTO power to review issued invention patents. Permitting such review based on post-issuance information provided by the holder (1870), through interference proceedings (1952), through *ex parte* reexamination (1980), through *inter partes* reexamination (1999), or through IPR (2011), does not alter the constitutional analysis. See *Patlex*, 758 F.2d at 604 ("purpose is to correct errors made by the government, to remedy defective governmental (not private) action, and if need be to remove patents that should never have been granted").

Petitioner likewise misreads *United States* v. *American Bell Telephone Co.*, 128 U.S. 315, 364 (1888), arguing patent validity challenges were actions at common law that could only be decided by courts. Pet. Br. 58. *American Bell* addressed the question whether the government could seek to annul or vacate a patent in equity courts. In answering the question, the Court looked to what Congress had provided for determining the scope of patent rights. The Court found that giving the government the right "only expresses the necessary effect of the acts of Congress." *Id*. at 363. The Court held that giving equity courts jurisdiction to adjudicate the government's request was premised on the "very clea[r] sense of Congress that if such power is to be exercised anywhere it should be in the equity jurisdiction of those courts." *Id.* at 364. *American Bell*, like *McCormick*, involved no statutory challenge, nor any Article III or Seventh Amendment question.

Petitioner selectively quotes *American Bell* in an attempt to conflate "private property" and "private

right" for Article III purposes. Pet Br. 16-17. A review of the full text demonstrates the Court viewed a patent as the grant of a federal privilege. The Court emphasized that when a patent is issued, "the government and its officers are acting as the *agents of the people*, and have, under the authority of law vested in them, *taken from the people* this valuable *privilege* and conferred it as an exclusive right upon the patentee." 128 U.S. at 370 (emphasis added). This Court's Nineteenth Century decisions recognize Congress's broad, ongoing authority regarding federally granted privileges. See also Nelson, *supra*, at 571. *American Bell* does not hold that invention patents are purely private rights for Article III purposes.

To the contrary, *American Bell* reinforces the right of Congress to legislate to protect the public interest as to patents that should not have issued. The Court noted the government's suit to cancel a patent differs from the remedy accorded a private defendant in an infringement action. At the time, if an alleged infringer raised a successful invalidity defense, the result applied only to that individual. By contrast, the government's suit would "put[] an end to all suits which the patentee can bring against anybody. It opens to the entire world the use of the invention or discovery in regard to which the patentee had asserted a monopoly." 128 U.S. at 372.

Petitioner's cited cases construing land patents from the Nineteenth Century are even less persuasive. See *Moore* v. *Robbins*, 96 U.S. 530, 532-33 (1877) (no statute authorized the Land Department to revoke a land patent after issuance); *Michigan Land & Lumber Co.* v. *Rust*, 168 U.S. 589, 593 (1897) (same). As noted above, *McCormick* specifically differentiates land

patents from invention patents.[14] *Iron Silver Mining Co.* v. *Campbell*, 135 U.S. 286 (1890), makes clear the decision turns on congressional intent. "These expressions of the statute * * * show what the purpose of Congress was in passing the law." *Id.* at 300-01. None of these cases hold that Congress may never give the PTO post-issuance error-correction authority.

C. English Tradition Confirms Patents Are Not Private Property Rights.

Petitioner misinterprets the English tradition. A closer look at English tradition reveals that any guidance it does provide favors the constitutionality of PTO review of issued patents.

In the Sixteenth-Eighteenth Centuries in England, patents were royal grants of privilege, not common law rights, and originally, the Crown could grant patents for invention as well as royal prerogatives for goods or businesses. *Teva*, 135 S. Ct. at 847 (Thomas, J., dissenting) (citing 4 W. Holdsworth, A History of English Law 350-51 (1924)); Mark A. Lemley, *Why Do Juries Decide if Patents are Valid?*, 99 Va. L. Rev. 1673, 1680-81 (2013).

Petitioner emphasizes the Statute of Monopolies (Pet. Br. 51, 53-54), 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)

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[14] In *Teva*, Justice Thomas noted that differences between land patents and invention patents made the deed analogy fit even more uneasily as to the latter, cautioning that "[w]e should not blithely extend the rules governing the construction of deeds to their even more distant cousins, invention patents." 135 S. Ct. at 848 (Thomas, J., dissenting).

(Stevens, J., concurring) (citation omitted). By its terms, the Statute of Monopolies "generally prohibited the Crown from granting" monopoly rights, but "permitted grants of exclusive rights to the 'working or makinge of any manner of new Manufacturers.'" *Id.* (quoting 21 Jam. 1, ch. 3, § 1 (1623), *reprinted in* 4 Statutes of the Realm 1213 (1963)).

Yet despite the Statute of Monopolies, the Crown retained the right to revisit its grant of patents. As Petitioner admits (Pet. Br. 25), the King acted to cancel patents through a body of the King's advisors known as the Privy Council. See Lemley, *supra*, at 1681; E. Wyndham Hulme, *Privy Council Law and Practice of Letters Patent for Invention From the Restoration to 1794*, *II* 33 L. Q. Rev. 180, 195 (1917) (summarizing numerous Privy Council proceedings, with petitions through 1794). The Privy Council retained the power to revoke patents in the late 1790s and 1800s. See Lemley, *supra*, at 1683; Oren Bracha, *Owning Ideas: The Intellectual Origins of American Intellectual Property, 1790-1909*, at 22 n.39 (2016) ("Although the issue is somewhat obscured, it seems that Privy Council jurisdiction over patents, rather than being revoked in one dramatic moment, gradually declined and faded away toward the end of the eighteenth century."); W.M. Hindmarch, A Treatise on the Law Relating to Patent Privileges for the Sole Use of Inventions 431-32 (1846) ("no doubt" Privy Council's revocation power would be exercised in appropriate case). In short, the Crown retained the power to revoke patents.

Petitioner claims that the "ordinary" remedy for the Crown or the public for dealing with a bad patent was by *scire facias*. Pet. Br. 25. Petitioner then baldly asserts that the Privy Council was used on

"rare occasions," and that such occasional use has no effect on the historical practice analysis, citing *Granfinanciera*. Pet. Br. 25-26. Petitioner is wrong. The Privy Council was the forum of choice for revoking patents into the mid-1700s, remained active into the late 1700s, and remained available well into the 1800s.[15] See Lemley, *supra*, at 1683; D. Seaborne Davies, *Early History of the Patent Specification*, 50 L. Q. Rev. 86, 103 (1934); Greg Reilly, *The Constitutionality of Administrative Patent Cancellation*, 23 B. U. J. Sci. & Tech. L. 377, 407-08 (2017) (Privy Council had revocation power "even into the mid-1800s"). Moreover, while *scire facias* proceedings in equity courts may have also been available in the late 1700s, the availability of concurrent forums each having the power to revoke patents dooms Petitioner's Article III argument.[16] Petitioner tries to salvage its position by misinterpreting and selectively quoting *Granfinanciera*. Pet. Br. 25-26. Contrary to Petitioner's argument, the Court in *Granfinanciera* flatly rejected the assertion that a court of equity would "typically or indeed ever" entertain a suit "to recover an allegedly fraudulent transfer *of money*." *Granfinanciera*, 492 U.S. at 43-44 (emphasis added). The Court found no precedent showing otherwise. See *id.* at 44-47.

Likewise, Petitioner notes that infringement actions were long considered by courts of law and that

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[15] The existence of the Privy Council demonstrates that patent validity was not "the subject of a suit at the common law, or in equity, or admiralty." *Murray's Lessee*, 59 U.S. (18 How.) at 284.

[16] The presence of alternative forums reflects the modern U.S. practice, where patent validity can be challenged in federal district courts as a defense to an infringement action or in the PTO in a post-issuance error-correction proceeding.

questions of validity often arose in the context of such suits. But simply because courts considered validity issues presented as a byproduct to an infringement action does not mean separate patentability issues were the exclusive domain of the law courts. Today also, a patent owner can file a patent infringement case in federal district court and the accused infringer can raise validity issues in that case. But an IPR is a separate proceeding that does not decide questions of infringement, and instead only decides limited questions of patentability. IPR thus has no correlation to an historic infringement action.

IV. IPR IS CONSISTENT WITH THE SEVENTH AMENDMENT.

The Seventh Amendment does not require IPR patentability questions to be submitted to a jury. Indeed, the Court need only reach the Seventh Amendment issue if it determines IPR violates Article III. "[I]f Congress may assign 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." *Granfinanciera*, 492 U.S. at 53-54. See *id.* at 53 ("if a statutory cause of action is legal in nature, the question whether the Seventh Amendment permits Congress to assign its adjudication to a tribunal that does not employ juries as factfinders requires the same answer as the question whether Article III allows Congress to assign adjudication of that cause of action to a non-Article III tribunal"). As demonstrated above, IPR does not violate Article III, so the Seventh Amendment "poses no independent bar" to the PTO adjudication of an IPR.

Even if the Court considers separately the Seventh Amendment analysis, no jury is required. First,

patentability is a public rights question properly assigned to an administrative agency, so no jury is required. Second, the jury right only extends to suits "at common law." An IPR proceeding is not analogous to common law causes of action ordinarily decided in English law courts. An IPR neither adjudicates a "legal" claim, nor does it involve a "legal remedy"—there is no question of money damages. It simply does not involve "wholly private" tort, contract or property claims.

Petitioner claims the right to a jury trial "in actions enforcing 'statutory rights' is 'a matter too obvious to be doubted.' *Curtis* v. *Loether*, 415 U.S. 189, 193 (1974)." Pet. Br. 35. But central to this Court's reasoning in *Curtis* was that the Seventh Amendment applies to statutory actions "if the statute creates legal rights and remedies, enforceable in an action for damages in the ordinary courts of law." *Curtis*, 415 U.S. at 194. IPR does not involve a statutorily created action for damages in an ordinary court of law. Moreover, as made clear in *Atlas Roofing*, for public rights, "the Seventh Amendment does not prohibit Congress from assigning * * * initial adjudication to an administrative forum with which the jury would be incompatible." 430 U.S. at 450.

A. There Is No Jury Right in Cases Involving Public Rights.

In *Granfinanciera*, this Court emphasized that Congress may decline to provide jury trials for actions involving public rights. *Granfinanciera*, 492 U.S. at 51 ("Congress may devise novel causes of action involving public rights free from the strictures of the Seventh Amendment if it assigns their adjudication to tribunals without statutory authority to employ juries as factfinders."). Indeed, as to public rights, "Congress

may fashion causes of action that are closely *analogous* to common-law claims and place them beyond the ambit of the Seventh Amendment by assigning their resolution to a forum in which jury trials are unavailable." *Id.* at 52. Since IPR involves public rights, the Seventh Amendment is not implicated.

This Court has held that there is no constitutional jury right in an administrative proceeding. See *Tull* v. *United States*, 481 U.S. 412, 418 n.4 (1987) (Seventh Amendment does not apply to administrative proceedings); *Atlas Roofing*, 430 U.S. at 455; *Cox* v. *United States*, 332 U.S. 442, 453 (1947). Thus, in *Atlas Roofing*, the Court found no Seventh Amendment violation where administrative tribunals assess penalties against private parties under the Occupational Health and Safety Act, because the Seventh Amendment does not require Congress "to choke the already crowded federal courts with new types of litigation or prevent[it] from committing some new types of litigation to administrative agencies with special competence in the relevant field." 430 U.S. at 455. The PTO is an administrative agency with special competence in patent law, and Petitioner does not contend otherwise. Denying the PTO authority to conduct IPR and instead forcing all post-issuance patentability determinations to proceed in Article III courts would certainly further choke the court system. Parties without Article III standing would be entirely left without a forum to further the public interest in removing illegitimate patents from the system. Mandating that juries decide all questions of patentability for issued patents eviscerates Congress's limited regulatory objective of having an expert agency review the initial grant, correct its own errors, and restore confidence in the U.S. patent system.

B. IPR Is Not a Suit "at Common Law."

Contrary to Petitioner's assertion, IPRs are not "suits at common law." Pet. Br. 50 (quoting U.S. Const. Amend. VII). "Suits at common law" refers "to cases tried prior to the adoption of the Seventh Amendment in courts of law in which a jury trial was customary as distinguished from courts of equity or admiralty in which jury trial was not." *Atlas Roofing*, 430 U.S. at 449. See also *Feltner* v. *Columbia Pictures*, 523 U.S. 340, 348 (1998) (same); *Granfinanciera*, 492 U.S. at 42 (same).

To make this determination, a court must consider both the nature of the action and the remedy sought: "First, we compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature." *Tull*, 481 U.S. at 417-18 (citations omitted). Here, both inquiries lead to the conclusion that no legal right is at issue. IPR patentability determinations have no counterpart in English law courts, and the remedy of patent claim cancellation is purely equitable in nature. Moreover, even if an action were tried at law as of 1791, the Court must consider whether the particular issue must fall to the jury in order to preserve the substance of the common law right as it existed in 1791. See *Tull*, 481 U.S. at 425-26.

1. English Tradition Supports That No Legal Right Is at Issue.

Petitioner and amici misapprehend both the nature of the patent right under English law—which is different from what a "U.S. patent" means today—and offer at best an incomplete picture of the use of juries under

English law. Moreover, Petitioner's reliance on the limited precedent available is less than convincing. As this Court has noted, "the state of patent law in the common-law courts before 1800 led one historian to observe that the reported cases are destitute of any decision of importance." *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 381 (1996) (citation omitted). Indeed, there is no sufficient historical record to support the contention that the patentability issues presented in an IPR "should be a guaranteed jury issue." *Id*. at 380 (noting the "primitive state of jury patent practice at the end of the 18th century"). Nonetheless, based on this "muddled" history, Petitioner asks this Court to abandon congressionally established procedures integral to the patent regulatory framework. See Christopher Beauchamp, *Repealing Patents* at 8, 22 (Brooklyn Law School Legal Studies Research Paper No. 534, 2017) (describing the historical record relative to Eighteenth Century English and American patent jurisprudence as "wildly convoluted" and "opaque").

English law courts had no analogous action to reexamine the initial patentability determination as to certain claims in a patent. Eighteenth-Century English patents were markedly distinct from modern era U.S. patents in ways directly impacting patentability. IPR determinations consider the patentability of specific patent claims based on specific statutory criteria. Yet, "'[p]rior to 1790 nothing in the nature of a claim had appeared either in British patent practice or in that of the American states.'" *Markman*, 517 U.S. at 378 (citation omitted). In the mid-Eighteenth Century, English patents did not have multiple claims, were not challenged under obviousness, and were not substantively examined for patentability before being issued. Juries most certainly did not construe "claims" or

decide "patentability" questions in the modern sense. Lemley, *supra*, at 1682, 1686-89, 1698.

These differences strain Petitioner's attempt to analogize modern U.S. patentability determinations to English common law suits. The comparison strains further considering that the 1790 Act, creating U.S. patent rights, pre-dated the ratification of the Seventh Amendment, and the first U.S. patent issued on July 31, 1790. See *Bd. of Trs. of Leland Stanford Junior Univ.* v. *Roche Molecular Sys., Inc.*, 563 U.S. 776, 785 (2011) (discussing first U.S. patent). Thus, the distinct constitutional grant of authority to Congress, the timing of the origin of the patent right in the United States, and the establishment of congressional primacy as to patents, diminish the relevance of then-existing English practice, rendering the historical comparison inapt. See *Brown*, 60 U.S. at 198 (while noting that decisions applying English law were worthy of respect, finding that the Court "must interpret our patent laws with reference to our own Constitution and laws and judicial decisions").

Beyond the differences in the nature of the right, Petitioner and amici fail to recognize that, in English tradition in 1791, patent validity was not exclusively decided in common law courts. As outlined above (p. 44-47, *supra*), the English system that Congress "found" in 1791 involved the Crown having concurrent jurisdiction over patent law, with the Privy Council having patent revocation power, and sometimes courts of equity conducting *scire facias* proceedings. Petitioner's argument that the Statute of Monopolies of 1623 required that patent validity be judged in courts of law before juries (Pet. Br. 53) fails to acknowledge that the actual state of the law in 1791 involved concurrent paths for assessing validity of patents. In

short, juries were not mandatory. This aspect of the English system mirrors the allocation of authority today—the PTO has the power to conduct limited review of its patentability determinations pursuant to statute and Article III courts are also able to adjudicate an entire range of patent validity issues.

Petitioner also argues that juries were sometimes used in connection with s*cire facias* proceedings, but fails to acknowledge that chancery courts would only refer disputed subsidiary issues of fact. Pet. Br. 51-53. See Lemley, *supra*, at 1688 n.60 (listing cases affirming *scire facias* revocations by chancery court without a jury). The ultimate decision of invalidity remained with the King's Bench. See *id.* at 1687. Moreover, although the historical record on these issues is, as noted, "opaque," what is clear is that the 1790 Act and the Patent Act of 1793 did not authorize actions for *scire facias* in the United States, and those Acts "did not simply import English practice." Beauchamp, *supra*, at 32.

Consideration of the relief yields the same conclusion. IPR affords only the equitable relief of cancellation of one or up to all claims in a patent. Claims for annulment or cancellation of a patent—entirely different from the question of patent infringement—were traditionally brought before courts of equity, not resolved by juries. See *Mowry* v. *Whitney*, 81 U.S. (14 Wall.) 434, 440 (1872) (explaining, prior to the existence of administrative avenues for patent reconsideration, "the appropriate tribunal for the annulling of a grant or patent from the government" was chancery "and its mode of proceeding").

Petitioner's reliance on English patent infringement actions that could involve patent validity issues (Pet. Br. 51-53) is misplaced. IPRs are standalone

proceedings that only determine patentability, not infringement. How infringement proceedings might have been conducted has no meaningful impact on the remedy in IPR. Infringement actions sought a determination of liability and money damages against the alleged infringer. IPR only determines patentability, not any award of money damages. Further, unlike IPR, validity challenges in English infringement cases presented only a personal defense to the party, not invalidation of the patent against the entire public.

2. An IPR Proceeding Does Not Involve a Legal Remedy.

IPR provides only equitable relief to the public in general. A salient factor of a suit at law was a claim for monetary damages. See *Pernell* v. *Southall Realty*, 416 U.S. 363, 370 (1974) ("where an action is simply * * * for the recovery of a money judgment, the action is one at law") (citation omitted); *Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469, 476 (1962) (agreeing "that insofar as the complaint requests a money judgment it presents a claim which is unquestionably legal").

IPR involves no claim for monetary damages. Instead, the PTO determines patentability. As noted (pp. 34-38, *supra*), IPR does not adjudicate liability wholly between two private parties and does not award damages. Here, Greene's received no individualized relief. The PTO corrected its initial error, finding unpatentable the two challenged claims in the '053 patent. The benefits of the adjudication flow to the public, not merely the third-party participant.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted,

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