No. 07-1303

IN THE

Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,

Petitioner,

v.

JON W. DUDAS, Director,
Patent And Trademark Office,

Respondent.

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

BRIEF IN OPPOSITION FOR RESPONDENT INTERVENORS HITACHI LTD., HITACHI AMERICA, LTD., AND RENESAS TECHNOLOGY AMERICA, INC.

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QUESTIONS PRESENTED

After re-examination by the United States Patent and Trademark Office ("PTO"), all the claims of United States Patent No. 5,162,666 ("'666 Patent") were found to be unpatentable. That decision was unanimously affirmed by the PTO's Board of Patent Appeals and Interferences ("Board"). The Board's decision, in turn, was unanimously affirmed by the Court of Appeals for the Federal Circuit ("Federal Circuit"). Petitioner now claims one of the three administrative judges on the Board was appointed improperly and asks that the Board's decision be vacated despite the affirmance of that decision by the Federal Circuit.

The Questions Presented are:

1. Should the Court review whether one administrative patent judge was properly appointed when his decision was confirmed by two other administrative patent judges and then unanimously affirmed by three Article III judges;

2. Did Petitioner forfeit the opportunity to challenge any alleged error in the appointment of the administrative patent judge by waiting until all appeals were concluded before raising the issue; and

3. Is the Board's decision effective under the *de facto* officer doctrine even if there were some error in the appointment of one of its members?

CORPORATE DISCLOSURE STATEMENT

The Respondents Intervenors are Hitachi, Ltd., Hitachi America, Ltd., and Renesas Technology America, Inc. (collectively "Hitachi"). Hitachi, Ltd. is a publicly-traded corporation with no parent and no other publicly-traded corporation owning 10% or more of its stock. Hitachi America, Ltd. is a wholly-owned subsidiary of Hitachi, Ltd. Renesas Technology America, Inc. is a wholly-owned subsidiary of Renesas Technology Corp. Hitachi, Ltd. and Mitsubishi Electric Corporation each own more than 10% of the stock of Renesas Technology Corporation. No other publicly-traded company owns 10% or more of its stock.

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STATEMENT OF THE CASE

A. Summary Of Argument

Ultimately at issue in this lawsuit is a patent that repeatedly has been held invalid, most recently by a unanimous decision of the Court of Appeals for the Federal Circuit ("Federal Circuit"). *In re Translogic Technology, Inc.*, 504 F.3d 1249 (Fed. Cir. 2007) (Pet. App. 1a). The Federal Circuit, applying this Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. ____, 127 S. Ct. 1727 (2007), affirmed a unanimous decision of the PTO's Board of Patent Appeals and Interferences ("Board"), which had in turn affirmed the patent examiner's rejection of all asserted claims in the patent as obvious. (Pet. App. 29a) Petitioner Translogic Technology, Inc. ("Translogic"), the patent owner, now contends that one of the three administrative patent judges on the Board panel was appointed improperly. Translogic raised this issue for the first time in a petition for rehearing filed after the Federal Circuit already had reached its unanimous conclusion that all claims of the '666 Patent were obvious and invalid.

Translogic claims the appointment of Administrative Patent Judge Robert Nappi violated the Appointments Clause of Article II, § 2 of the United States Constitution and that this administrative error is of such magnitude that it warrants Supreme Court review. Hitachi — the initiator of the reexamination proceedings at issue, and intervenor here — does not concede the appointment

was made improperly,[1] but does not address that issue at this time, since there are three other dispositive reasons this Court should not review this case. First, the appointment error, if any occurred, was harmless, because two other administrative patent judges (who unquestionably were appointed properly) and three Article III judges all reached the identical conclusion that the '666 Patent is invalid. Second, Translogic waived or forfeited any claim of error in the appointment of Judge Nappi. Third, Judge Nappi's many decisions since his appointment in 2004 are valid and enforceable under the *de facto* officer doctrine applicable to a person acting under the color of official title. *Buckley v. Valeo*, 424 U.S. 1, 142 (1976).

B. Procedural History

The '666 Patent was issued in November, 1992. It claims a well-known type of logic circuit called a "multiplexer." Translogic tried to develop its own products based upon this logic circuit, or license its technology to others, but with very little success. In 1999 Translogic asserted the patent against Hitachi in a lawsuit filed in the District of Oregon. *Translogic*

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1. Several compelling arguments supporting the validity of the appointment of administrative patent judges under Article II might be made by the PTO, including that (1) administrative patent judges are not "inferior Officers;" (2) the Director of the PTO functions as a "Head of Department;" and (3) the Board is a "Court of Law." *See, e.g., Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868 (1991). None of these arguments need to be reached at this time to determine that this matter does not warrant further review. Hitachi may expand on these arguments if the Court decides to review this case on the merits.

Technology, Inc. v. Hitachi, Ltd., et al., Civ. No. 99-407-PA (D. Ore.). The lawsuit alleged that certain microprocessors sold in the United States included somewhere within their millions of circuits the multiplexer logic circuit claimed in the '666 Patent. Between 1999 and 2002, while the lawsuit was pending, five reexaminations of the '666 Patent were initiated in the PTO at the behest of Hitachi and Translogic. All five re-exams were merged by the PTO. *See* Pet. App. 4a-5a. Eventually the PTO examiner rejected all remaining claims in the '666 Patent as obvious. That final rejection occurred on March 8, 2004. Translogic appealed to the Board.

Meanwhile, the federal court litigation proceeded. A jury concluded Hitachi had not proven invalidity by clear and convincing evidence. *See* Pet. App. 4a-5a, 32a. Thereafter, the district court entered summary judgment of infringement and a different jury awarded damages to Translogic of $86.5 million. Neither jury was informed that during the re-examination proceeding the PTO examiner had declared the '666 Patent invalid. Moreover, despite the final rejection of the patent by the PTO examiner, the district court entered an injunction halting the sale of Hitachi microprocessors in the United States. Hitachi appealed to the Federal Circuit and asked that the injunction be stayed. The Federal Circuit granted the requested relief.

On July 14, 2005, the Board, in an opinion written by Administrative Patent Judge Lee E. Barrett, and joined by Administrative Patent Judges Errol A. Krass and Robert Nappi, unanimously affirmed the examiner's conclusion that all claims of the '666 Patent were invalid.

Pet. App. 30a-112a. The Board opinion carefully construed the key claim terms, determined that the examiner had correctly decided Translogic's patent claims were obvious as a matter of law, and affirmed that the claims were unpatentable. *Id.* Translogic sought a rehearing before the Board, which was denied with a lengthy opinion. Pet. App. 121a-141a. Translogic then appealed to the Federal Circuit. The Federal Circuit assigned both the *Hitachi* appeal and the *Translogic* appeal to the same panel of Article III judges, for a consistent treatment of the '666 Patent. Pet. App. 5a.

Crucial to the outcome of the appeals, and the validity of the '666 Patent, was construction of the claim term "coupled to receive."[2] On appeal, the Federal Circuit, following its well-established precedent in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998), and *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995), reviewed the Board's claim construction *de novo*, "without deference," giving the terms their "broadest reasonable interpretation." *In re Translogic Technology, Inc.*, 504 F.3d 1249, 1256 (Fed. Cir. 2007);

2. This term refers to the manner in which portions of the electrical circuit claimed in the patent were connected to surrounding wiring. If the term means the circuit is "capable of receiving" particular types of signals then the patent is invalid as obvious, because many prior art circuits also were capable of being connected in the same manner. If the term "coupled to receive" means the circuit is connected in such a way that it must receive certain types of signals at all times and no others, then fewer prior art references applied. The Board unanimously concluded that "coupled to receive" means a "terminal capable of receiving a control signal. The control signal itself is not part of the claimed structure." Pet. App. 39a-40a.

Pet. App. 14a-15a. In the process, the Federal Circuit simultaneously considered the claim construction adopted by the district court in the *Hitachi* case. 504 F.3d at 1257; Pet. App. at 16a. With both constructions before it, and using its standard claim construction tools, the Federal Circuit independently concluded that the Board's claim construction was correct. 504 F.3d at 1257-1258; Pet. App. at 17a-19a.

Using its chosen claim construction, the Federal Circuit then applied this Court's recent decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. ___, 127 S. Ct. 1727 (2007), to determine whether the '666 Patent was invalid as obvious. After a careful review the Federal Circuit unanimously concluded the claims were obvious — the same decision reached by the Board — and affirmed the Board's decision rejecting all claims. 504 F.3d at 1258-62; Pet App. at 19a-28a. The Federal Circuit simultaneously reversed the verdict entered against the Hitachi defendants in the district court case. Pet. App. 113a-117a.

During these many and lengthy proceedings Translogic never argued any impropriety in the appointment of any member of the Board. Rather, Translogic raised its Appointment Clause argument for the first time in a Petition for Rehearing and Rehearing *En Banc* filed on October 26, 2007. That Petition was denied by the Federal Circuit without comment on January 24, 2008. By then the issue was entirely moot, since the Federal Circuit already had decided the '666 Patent was invalid.

REASONS FOR DENYING THE PETITION

A. The Appointments Clause Issue Is Moot Because Three Article III Judges Have Unanimously Declared The '666 Patent Is Invalid

Petitioner contends a constitutional right was transgressed in the appointment of one member of the three-member Board, but ignores that the Board's unanimous decision invalidating the '666 Patent was affirmed unanimously by three Article III judges of the Court of Appeals for the Federal Circuit. Consequently, any constitutional infirmity in the appointment of one member of the administrative tribunal was rendered moot and irrelevant when the Federal Circuit, applying its own law and standards, confirmed that Petitioner's patent is not valid.

One of this Court's most deeply-rooted doctrines is that it "ought not to pass on the constitutionality of an act of Congress unless such adjudication is unavoidable." *Alma Motor Co. v. Timken-Detroit Axle Co.*, 329 U.S. 129, 136, 67 S. Ct. 231, 234 (1946). *Accord, Spector Motor Service v. McLaughlin*, 323 U.S. 101, 105, 65 S. Ct. 152, 154 (1944); *Burton v. United States*, 196 U.S. 283, 295, 25 S. Ct. 243, 245 (1905). Here it is wholly unnecessary to resolve Translogic's constitutional claim because it cannot, and will not, affect the outcome of this matter or afford Petitioner any additional rights.

Translogic asserts that one of three administrative patent judges on the Board was appointed improperly, but admits that all three judges ruled against it. Moreover, three Article III judges on the Federal

Circuit also unanimously concluded the '666 Patent's claims were invalid as obvious after: reviewing the Board's claim construction "without deference," *In re Translogic Technology, supra*, 504 F.3d at 1256; applying this Court's most recent pronouncement on the law of obviousness in *KSR Intl. Co. v. Teleflex, Inc.*, 550 U.S. ___, 127 S. Ct. 1727 (2007); and reviewing the factual record which had been fully developed by the PTO examiner for "substantial evidence." 504 F.3d at 1258-1262. Translogic does not contend there is any impropriety in the appointment of the Article III judges on the Federal Circuit who decided this case. Nor does it claim any error by the Federal Circuit. Therefore, there is no need for this Court to delve below the Federal Circuit's decision to seek out a nondispositive constitutional issue.

B. The Court Should Deny The Petition For Certiorari Because The Appointments Clause Issue Was Not Properly Raised

The Court should deny the Petition for Certiorari because the Appointments Clause issue was not properly raised. Translogic forfeited the opportunity to vacate the Board decision based upon an alleged violation of the Appointments Clause by waiting until it received an unfavorable ruling from the Board, and then from the Federal Circuit, before challenging the composition of the Board. That delay prevented the Board from addressing, and rectifying, any perceived issue regarding Judge Nappi's appointment. Nevertheless, citing *Freytag v. Commissioner of Internal Revenue, supra*, 501 U.S. 868, Translogic argues the Court should consider the Appointments

Clause issue on the merits even though it was not raised until after the Federal Circuit had conclusively held the '666 Patent invalid.

Freytag did not, as Translogic implies, hold that the opportunity to advance the Appointments Clause argument cannot be waived or forfeited. Rather, in *Freytag* the Court *exercised its discretion* to consider the Appointments Clause claim on the merits. *Id.* at 879 ("We conclude that this is one of those *rare* cases in which we should exercise our discretion to hear petitioners' challenge to the constitutional authority of the Special Trial Judge." (Emphasis Added)) The concurrence clarified that the Court did *not* adopt a general rule that "structural constitutional rights cannot be forfeited and that litigants are entitled to raise them at any stage of the litigation," but, rather, simply exercised its discretion to entertain the claim in that case. *Id.* at 893. This, however, is not one of those "rare" cases warranting deviation from standard norms of legal practice.

Indeed, the Court already has held that failure to challenge the appointment of an administrative hearing officer during a hearing waives any right to challenge that appointment later. In *United States v. LA Tucker Truck Lines*, 344 U.S. 33 (1952), this Court held that a decision of the Interstate Commerce Commission rendered by an invalidly appointed examiner was an "irregularity that would invalidate a resulting order if the Commission had overruled an appropriate objection made during the hearings." *Id.* at 38. But the improper appointment was not an error "which deprives the Commission of power or jurisdiction, so that even in the absence of a timely objection, its order should be set

aside as a nullity." *Id. See Yakus v. United States*, 321 U.S. 414, 444 (1944) ("No procedural principle is more familiar to this Court than that a constitutional right may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it."); *Johnson v. United States*, 520 U.S. 461, 465 (1997) (same, quoting *Yakus*); *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 231 (1995) ("[T]he proposition that legal defenses based upon doctrines central to the courts' structural independence can never be waived simply does not accord with our cases.").

Translogic asserts it only learned of the potential error in Judge Nappi's appointment by reading an on-line law blog in July, 2007. Pet. at 5. But, of course, the same facts set forth in the blog were also available to Translogic and its counsel. As in *Tucker Truck Lines*, Translogic "did not bestir itself to learn the facts until long after the administrative proceeding was closed." 344 U.S. at 35.

Based on this well-established precedent, the Federal Circuit has long understood that a defect in the composition of the Board is a waivable issue. *See In re Alappat*, 33 F.3d 1526, 1546-47 (Fed. Cir. 1994) (*en banc*) (Archer, C.J. concurring). The Federal Circuit's predecessor, the Court of Customs and Patent Appeals, expressly followed *Tucker Truck Lines* in an appeal from a Board decision affirming a refusal to issue a patent. *In re Wiechert*, 370 F.2d 927 (C.C.P.A. 1967). After the Board rejected all claims in the patent application, Wiechert asked for reconsideration based upon his contention that the Board had been appointed

improperly. 370 F.2d at 933-4 n.4. Citing *Tucker Truck Lines* the C.C.P.A. concluded that applicant had waived his right to challenge the composition of the Board, and that "an invalid appointment would not so vitiate a board's decision that neither waiver nor abandonment of the defect would be possible." *Id.* at 936 n.6. Judge Archer subsequently observed that "*Wiechert* expressly holds that a defect in the composition of the board is a waivable matter." *In re Alappat*, 33 F.3d at 1547.

As the concurrence noted in *Freytag*,

> The very word "review" presupposes that a litigant's arguments have been raised and considered in the tribunal of first instance. To abandon that principle is to encourage the practice of "sandbagging": suggesting or permitting, for strategic reasons, that the trial court pursue a certain course and later - if the outcome is unfavorable - claiming that the course followed was reversible error.

501 U.S. at 895. Exactly that has occurred here. If Translogic had raised its concern before the Board's decision, or even when it sought rehearing before the Board, then the PTO would have been given options: determine that the argument was unpersuasive; have the Chief Judge appoint a different administrative patent judge, *see Manual of Patent Examining Procedure* § 1002.02(f) (8th ed., Rev. 6, 2007); Board of Patent Appeals and Interferences, *Standard Operating Procedure* 1 (Rev. 12) § V(D), Aug. 10, 2005; or have Judge Nappi's appointment confirmed *nunc pro tunc* by the Secretary of Commerce. Moreover, considering this petition on the merits would encourage all patent applicants to sandbag on such issues, because the PTO *cannot appeal* a Board

decision in favor of the applicant. *See* 35 U.S.C. § 141; *Manual of Patent Examining Procedure* §1216 (8th ed., Rev. 6, 2007) [while a dissatisfied applicant may appeal, no right of appeal is granted to the PTO]. Consequently, the applicant always would withhold any challenge to the composition of the Board panel: if the Board rules for applicant then he will never contest its membership; if the Board rules against the applicant then he can subsequently argue the entire proceeding must be vacated.

Because Translogic did not raise the Appointments Clause issue before the Board, or even before the Federal Circuit until its Petition for Rehearing, it has forfeited the opportunity to challenge Judge Nappi's appointment now.

C. Even If There Is A Defect In The Appointment Of Administrative Patent Judges After March 2000, The *De Facto* Officer Doctrine Confers Validity On The Board's Decision In This Case

Even if Translogic's interpretation of the Appointments Clause is correct, the remedy it seeks is unavailable in this case. Under prior decisions of this Court, the *de facto* officer doctrine confers validity on the Board's decision.

The *de facto* officer doctrine holds that past acts of appointed officials are valid even if the appointment is somehow defective. For example, in *Buckley v. Valeo*, 424 U.S. 1 (1976), the Court held that the statutory system for appointment of members of the Federal Election Commission violated the Appointments Clause and, therefore, that the Commission could not validly exercise all of the powers that had been delegated to it. *Id.* at 140. The Court further held, however, that the constitutional

violation did not warrant invalidation of the Commission's acts to date:

> It is also our view that the Commission's inability to exercise certain powers because of the method by which its members have been selected should not affect the validity of the Commission's administrative actions and determinations to this date . . . . The past acts of the Commission are therefore accorded de facto validity, just as we have recognized should be the case with respect to legislative acts performed by legislators held to have been elected in accordance with an unconstitutional apportionment plan.

Id. at 142 (citing cases)

Similarly, in *Ryder v. United States*, 515 U.S. 177 (1995), this Court considered the *de facto* officer doctrine in a case in which the petitioner, an enlisted member of the United States Coast Guard, challenged, under the Appointments Clause, the appointment of two of the three members of the military review panel who affirmed his conviction by general court-martial. *Id.* at 179. In determining whether the decision of the panel was valid despite the constitutional defect, the Court explained the important policy underlying the *de facto* officer doctrine:

> The *de facto* officer doctrine confers validity upon acts performed by a person acting under the color of official title even though it is later discovered that the legality of that person's appointment or election to office is deficient. "The de facto doctrine springs from the fear of the chaos that would result from multiple and

> repetitious suits challenging every action taken by every official whose claim to office could be open to question, and seeks to protect the public by insuring the orderly functioning of the government despite technical defects in title to office."

Id. at 180 (Citations omitted). The Court did not apply the *de facto* officer doctrine in *Ryder* because there, unlike here, the petitioner had challenged the composition of the panel while his case was still pending before it.[3]

Petitioner argues the Court's decision in *Nguyen v. United States*, 539 U.S. 69 (2003), vacating a decision of the Ninth Circuit Court of Appeals, when one of the judges on the panel was not an Article III judge, means the *de facto* officer doctrine should not apply here. Pet. at 15-17. However, the *Nguyen* opinion noted that when a judge whose appointment has been challenged is otherwise qualified to serve, the defect is considered technical. *Nguyen*, 539 U.S. at 77. The Court stated, "The difference between the irregular judicial designations in [prior cases] and the impermissible panel designation in the instant cases is therefore the difference between an action which could have been taken, if properly pursued, and one which could never have been taken at all." *Id.* at 79. Here, in contrast to *Nguyen*, the appointment defect, if any, was merely technical because Judge Nappi was otherwise qualified to serve, and could have been validly appointed.

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3. "We think that one who makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case is entitled to a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred." *Id.* at 182-83.

35 U.S.C. section 6(a) provides that administrative patent judges "shall be persons of competent legal knowledge and scientific ability who are appointed by the Director." Judge Nappi undoubtedly meets these criteria since he was a supervisory patent examiner of Art Unit 2837 before being appointed to the Board. Bruce H. Stoner, Jr., *Extrajudicial Statements — Welcome: From Patent Judge to Private Practice, The Patent Lawyer*, Spring 2004, pg. 24. Translogic does not, and cannot, claim he was unqualified or otherwise unfit to serve. *See Tucker Truck Lines*, 344 U.S. at 35-36.

Under these circumstances, even if it were to find a violation of the Appointments Clause, this Court should then apply the *de facto* officer doctrine and allow the Board's ruling to stand. Such a ruling properly prevents the chaos that would result if all of the Board decisions in which administrative patent judges appointed after March 2000 participated could be called into question. Furthermore, it protects the public interest by insuring the Board can continue, without interruption, its important function of eliminating doubtful patents. In light of the other defects in Translogic's petition, there is no reason even to start down this path.

CONCLUSION

For all of the foregoing reasons — because the appointment error (if any occurred) was harmless, because Translogic forfeited the opportunity to claim any error in the appointment, and because Judge Nappi's many decisions, including his participation in the unanimous Board decision here, are enforceable under the *de facto* officer doctrine — Translogic's Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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