Nos. 2018-1400, -1401, -1402, -1403, -1537, -1540, -1541

United States Court of Appeals for the Federal Circuit

FACEBOOK, INC.,

Appellant,

v.

WINDY CITY INNOVATIONS, LLC,

Cross-Appellant.

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in Nos. IPR2016-01156, IPR2016-01157,
IPR2016-01158, IPR2016-01159, IPR2017-00659, and IPR2017-00709

BRIEF OF AMICUS CURIAE JEREMY C. DOERRE IN SUPPORT OF NEITHER PARTY

October 1, 2019

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CERTIFICATE OF INTEREST

Counsel for Amicus Curiae Jeremy C. Doerre certifies the following:

1. The full name of every party or amicus represented by me is:

   Jeremy C. Doerre

2. The name of any real party in interest represented by me (other than identified in question 3) is:

   Jeremy C. Doerre

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

   none

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

   none

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal is (*See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b)):

   none

Dated: October 1, 2019

/s/ Jeremy C. Doerre

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RULE 29 STATEMENT OF IDENTITY, INTEREST, AND AUTHORITY

Amicus Curiae Jeremy C. Doerre is a patent attorney who believes that judicial review is an important check on administrative agency action. Amicus has no stake in any party or in the outcome of this case. Amicus has no relationship to any of the parties, and no current client with a direct interest in the outcome of this case. Amicus has no interest in this case, only in the law.

No counsel for a party authored this brief in whole or in part, and no party or counsel for a party contributed money that was intended to fund preparing or submitting this brief. No person other than the amicus curiae or his counsel contributed money that was intended to fund preparing or submitting this brief.

By email, counsel for Appellant Facebook, Inc. indicated that Appellant will not oppose filing of this brief.

By email, counsel for Cross-Appellant Windy City Innovations, LLC indicated that Cross-Appellant consents to filing of this brief.

Dated: October 1, 2019

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ARGUMENT

This brief responds to the Court's order of August 12, 2019 asking "what, if any, deference should be afforded to decisions of a Patent Trial and Appeal Board Precedential Opinion Panel ("POP"), and specifically to the POP opinion in *Proppant Express Investments, LLC v. Oren Technologies, LLC*, No. IPR2018-00914, Paper 38 (P.T.A.B. Mar. 13, 2019)."

The United States urges that "the POP's precedential decisions interpreting the AIA qualify for *Chevron* deference."[1] In particular, the United States argues that "where, as here, Congress has empowered an agency to proceed both by adjudication and regulation, it is not a precondition for *Chevron* deference that the agency choose the rulemaking path."[2]

Notably, though, the United States in its brief does not consistently disambiguate between (i) congressional grants of authority to the Director, and (ii) congressional grants of authority to the Patent Trial and Appeal Board ("the Board"), and instead appears to conflate the two. For example, the United States indicates that "Congress has expressly delegated authority to adjudicate IPRs, *see* 35 U.S.C. §§ 311-319, as well as authority to enact regulations 'establishing and governing inter partes review under this chapter,' *id.* § 316(a)(4)," and suggests

[1] Brief for the United States as Amicus Curiae (ECF no. 76) at 5 (referencing *Chevron U.S.A. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984)).
[2] Brief for the United States as Amicus Curiae at 8.

that "[t]hus, both of the quintessential forms of lawmaking authority discussed in *Mead*, 'adjudication [and] notice-and-comment rulemaking,' are present here."[3]

Amicus observes, however, that Congress in the AIA chose to grant rulemaking power to "prescribe regulations … establishing and governing inter partes review" to the Director,[4] but chose to grant adjudicatory power to "conduct each inter partes review" to the Board.[5] In this regard, while the Director is a member of the Board,[6] the Board is not under the Director's full control, as evidenced by the fact that administrative patent judges are appointed not by the Director, but by the Secretary of Commerce.[7] Further, even if the Director is on a particular panel of the Board deciding a case, the Director is at best only one vote of three, and cannot exercise complete control over the outcome, as Congress has mandated that "[e]ach appeal, derivation proceeding, post-grant review, and inter

[3] Brief for the United States as Amicus Curiae at 5 (referencing *United States v. Mead Corp.*, 533 U.S. 218 (2001)).
[4] 35 U.S.C. § 316(a)(4) ("The Director shall prescribe regulations… establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title.")
[5] 35 U.S.C. § 316(c) ("The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each inter partes review instituted under this chapter.")
[6] See 35 U.S.C. § 6(a) ("The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board.")
[7] See 35 U.S.C. § 6(a) ("The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director.")

partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board."[8]

This distinction between grants of authority to the Director and grants of authority to the Board is potentially relevant to the analysis because the Supreme Court has suggested that "agency adjudication is a generally permissible mode of lawmaking and policymaking only because the unitary agencies in question also had been delegated the power to make law and policy through rulemaking."[9]

In the present case, this distinction between grants of authority to the Director and grants of authority to the Board may not necessarily defeat a claim to *Chevron* deference, as the *Proppant* POP decision was issued "on behalf of the Director,"[10] who has both the rule making power to "prescribe regulations … establishing and governing inter partes review … and the relationship of such review to other proceedings,"[11] and the adjudicatory power to "determine whether to institute an inter partes review"[12] and to "join as a party to that inter partes

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[8] 35 U.S.C. § 6(c).
[9] *Martin v. Occupational Safety & Health Review Comm'n*, 499 U.S. 144, 154 (1991). This distinction was highlighted with reference to *Martin* by Amicus Boundy in his brief, where he noted that "unlike the agency tribunals cited [in] the PTO's brief, the PTAB has no delegation of rulemaking authority." Brief of Amicus Curiae David E. Boundy (ECF no. 79) at 3 (citing *Martin*, 499 U.S. at 154).
[10] 37 CFR § 42.4.
[11] 35 U.S.C. § 316.
[12] 35 U.S.C. § 314.

review any person who properly files a petition … that the Director… determines warrants the institution of an inter partes review."[13] [14]

However, with respect to the United States' broader claim that "the POP's precedential decisions interpreting the AIA qualify for *Chevron* deference,"[15] Amicus would urge that this categorical proposition becomes problematic when considering situations where the Board, rather than acting "on behalf of the Director"[16] to exercise the Director's adjudicatory authority, is exercising its own adjudicatory authority that Congress specifically chose to assign to the Board rather than to the Director.

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[13] 35 U.S.C. § 315(c).

[14] In this regard, the Supreme Court has confirmed that exercise of delegated authority may support a claim to *Chevron* deference. For example, as alluded to by the United States in its brief, with respect to the Board of Immigration Appeals (BIA), the Court has observed that "[t]he Attorney General, while retaining ultimate authority, has vested the BIA with power to exercise the 'discretion and authority conferred upon the Attorney General by law' in the course of 'considering and determining cases before it,'" *INS v. Aguirre-Aguirre*, 526 U.S. 415, 425 (1999) (quoting 8 C.F.R. § 3.1(d)(1) (1998)), and concluded that "[b]ased on this allocation of authority, … the BIA should be accorded *Chevron* deference as it gives ambiguous statutory terms 'concrete meaning through a process of case-by-case adjudication.'" *Aguirre-Aguirre*, 526 U.S. at 425 (quoting *INS v. Cardoza-Fonseca*, 480 U.S. 421, 448-449 (1987)). Notably, though, the broad grant of authority to the Attorney General, which indicates that "determination and ruling by the Attorney General with respect to all questions of law shall be controlling," *Aguirre-Aguirre*, 526 U.S. at 424 (quoting 8 U.S.C. § 1103(a)(1) (1994 ed., Supp. III)), is in sharp contrast to the more limited grant to the Director, which merely indicates that "[t]he Director shall prescribe regulations." 35 U.S.C. § 316.

[15] Brief for the United States as Amicus Curiae at 5.

[16] 37 CFR § 42.4.

As a first matter, although Congress chose to grant adjudicatory power to "conduct each inter partes review"[17] to the Board, analogously to *Martin v. Occupational Safety & Health Review Comm'n*, "[i]nsofar as Congress did not invest the [Board] with the power to make law or policy by other means, we cannot infer that Congress expected the [Board] to use *its* adjudicatory power to play a policymaking role."[18]

Further, even though Congress granted rulemaking power to "prescribe regulations … establishing and governing inter partes review"[19] to the Director, given that Congress simultaneously chose to grant adjudicatory power to "conduct each inter partes review"[20] to the Board, it cannot be inferred that Congress intended the Director to exercise his rulemaking power during the Board's use of its adjudicatory power to "conduct [] inter partes review."[21] Denying *Chevron* deference in such a situation would be in accord with the Supreme Court's suggestion that "'[i]f *Chevron* rests on a presumption about congressional intent, then *Chevron* should apply only where Congress would want *Chevron* to apply.'"[22] Such a focus on congressional intent is also in accord with this Court's

[17] 35 U.S.C. § 316(c).
[18] *Martin*, 499 U.S. at 154.
[19] 35 U.S.C. § 316(a)(4).
[20] 35 U.S.C. § 316(c).
[21] 35 U.S.C. § 316(c).
[22] *Mead*, 533 U.S. at 231, n. 11 (quoting Merrill Hickman, *Chevron*'s Domain, 89 Geo. L. J. 833, 872 (2001)).

jurisprudence, such as this Court's indication in *Groff v. United States*[23] that because "Congress intended for the BJA's statutory interpretations announced through adjudication to have the force of law, … those interpretations are therefore entitled to deference under *Chevron*."[24]

Here, it strains credulity to suggest that Congress intended the Director to utilize his rulemaking power during the Board's exercise of adjudicatory authority that Congress specifically chose to assign to the Board rather than the Director.[25] [26]

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[23] *Groff v. United States*, 493 F.3d 1343 (Fed. Cir. 2007).

[24] *Groff*, 493 F.3d at 1348.

[25] Several members of this Court have indicated that because "Congressional intent to give the agency the authority to gap fill … is expressed clearly in the statute itself—the agency may do so by regulation[,] [i]n light of Congress' clearly expressed intent, we do not assume that Congress also implicitly gave the agency every other known means to gap fill," and suggested that "[w]here Congress has delegated authority to 'prescribe regulations,' [it is not clear] that *Chevron* deference ought to be expanded to encompass other means by which the agency may offer its 'rules.'" *Aqua Products, Inc. v. Matal*, 872 F.3d 1290, 1330 (Fed. Cir. 2017) (Moore, J., concurring). Amicus would urge that even assuming arguendo that it could somehow be inferred that Congress implicitly gave the Director the authority to exercise his rulemaking powers during exercise of his own adjudicatory authority, there is no way to infer that Congress intended to implicitly give the Director the authority to utilize his rulemaking powers during the Board's exercise of *its* adjudicatory authority.

[26] Any attempt by the Director to exercise his rulemaking power during the Board's exercise of adjudicative authority that Congress specifically chose to assign to the Board rather than the Director may even represent an abuse of discretion. In this regard, the Supreme Court suggested in *NLRB v. Bell Aerospace Co.*, 416 U.S. 267 (1974) that even where "the choice between rulemaking and adjudication lies in the first instance within [an administrative actor's] discretion[,] [] there may be situations where [the administrative actor's] reliance on adjudication would amount to an abuse of discretion." *Bell*, 416 U.S. at 294.

Denying *Chevron* deference in such a situation would potentially also be in accord with the Supreme Court's indication that "*Chevron* deference… is not accorded merely because the statute is ambiguous and an administrative official is involved[,] … [as] [t]o begin with, the rule must be promulgated pursuant to authority Congress has delegated to the official."[27] An interpretation set forth during Board exercise of adjudicatory authority to "conduct [] inter partes review"[28] that Congress specifically chose to assign to the Board rather than the Director cannot possibly be characterized as having been "promulgated pursuant to authority Congress has delegated to the [Director]."[29]

Further, the Director cannot simply utilize his rulemaking power to convert such an interpretation into a binding rule warranting *Chevron* deference without following the appropriate procedure, as "*Chevron* deference is not warranted where … the agency errs by failing to follow the correct procedures in issuing the regulation."[30] As Amicus Boundy pointed out, the Director here has not even met "[t]he simplest obligation of all [which] is to publish all rules in the Federal Register."[31]

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[27] *Gonzales v. Oregon*, 546 U.S. 243, 258 (2006).
[28] 35 U.S.C. § 316(c).
[29] *Gonzales*, 546 U.S. at 243.
[30] *Encino Motorcars, LLC v, Navarro*, 136 S. Ct. 2117, 2125 (2016).
[31] Brief of Amicus Curiae David E. Boundy (ECF no. 79) at 3 (citing 5 U.S.C. § 552(a)(1)(C) and (D)).

CONCLUSION

Overall, Amicus urges that although interpretations in some Board decisions such as the POP decision at issue here may be eligible for *Chevron* deference if they are issued "on behalf of the Director"[32] where the Director has adjudicatory authority, any categorical claim that "the POP's precedential decisions interpreting the AIA qualify for *Chevron* deference"[33] is problematic because it strains credulity to suggest that Congress intended the Director to exercise his rulemaking power during the Board's exercise of *its* adjudicative authority that Congress specifically chose to assign to the Board rather than to the Director.

Dated: October 1, 2019

Respectfully submitted,

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[32] 37 CFR § 42.4.
[33] Brief for the United States as Amicus Curiae at 5.

CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing document using the Court's CM/ECF Filing System on October 1, 2019. All counsel of record were served via CM/ECF on October 1, 2019.

Eighteen paper copies will be filed with the Court within the time provided in the Court's rules. Paper copies will also be mailed to counsel for each party in the case at the time paper copies are mailed to the Court.

Dated: October 1, 2019

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CERTIFICATE OF COMPLIANCE

1. This brief does not exceed seven and a half pages, which is half the length set for the opening brief in the Court's order of August 12, 2019, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f) (such as the signature block).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6).

   The brief has been prepared in a proportionally spaced typeface using Microsoft Word from Microsoft Office 365 in Times New Roman Size 14.

   Dated: October 1, 2019

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