

2019–1686

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

UNILOC 2017 LLC,

Appellant

v.

HULU, LLC, NETFLIX, INC.,

Appellees

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in No. IPR2017-00948

APPELLEES' RESPONSE TO ORDER FOR SUPPLEMENTAL BRIEFING

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AIA	America Invents Act
Appx####	joint appendix page ####
Blue Br.	Uniloc’s Opening Brief
IPR	<i>inter partes</i> review
PTAB or Board	Patent Trial and Appeal Board
PTO	United States Patent and Trademark Office
Uniloc	Appellant Uniloc 2017 LLC
’960 patent	U.S. Patent No. 8,566,960

INTRODUCTION

On April 14, 2020, this Court ordered the parties to address:

whether this appeal and the underlying IPR are rendered moot by the final judgment of invalidity of all claims of the '960 patent in *Uniloc USA, Inc. v. Amazon.com, Inc.*, 733 F. App'x 1026 (Fed. Cir. 2018).

Uniloc sought to amend the '960 patent via a *contingent* motion that was not triggered until the Board reached a decision on the grounds raised in the petition. Because the Board's decision regarding those grounds is moot, the underlying IPR itself is moot—including the contingent motion that was not reached until *after* the IPR issues were resolved.

As the Supreme Court explained in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348, 1355 (2018), the scope of an IPR is controlled by the petitioner. While the Court also recognized that a patent owner may seek to amend its patent during the IPR, that did not happen here. Uniloc's motion to amend was contingent on the outcome of the issues raised in the petition, and that contingency has been rendered moot by this Court's affirmance of the district court's invalidity determination.

In addition, the case is moot because the Board can no longer grant the relief that Uniloc seeks. A substitute claim must be based on an original claim. All claims of the '960 patent have been invalid since 2018, so there are no claims left upon which a substitute claim can now be grafted.

ARGUMENT

I. This appeal is moot because Uniloc filed only a contingent motion to amend the '960 patent, and that contingency is now moot

A. Uniloc's contingent motion to amend the '960 patent did not expand the scope of the IPR but instead tied the motion to a decision on the merits

The AIA permits a patent owner to move to amend its patent during an IPR by adding a reasonable number of substitute claims that do not enlarge the scope of the patented claims or introduce new matter. 35 U.S.C. § 316(d); *see also Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1300 (Fed. Cir. 2017) (en banc). At the close of an IPR, the Board must “issue a final written decision with respect to the patentability of ... any new claim added under section 316(d).” 35 U.S.C. § 318(a). The language in § 318(a) contemplates two decisions: a motion to amend is first considered for compliance with § 316(d), and if new claims qualify to be “added under section 316(d),” then the patentability of those claims is decided in the final written decision.

Uniloc filed a “contingent” motion that expressly tied the Board’s consideration of the § 316(d) requirements to an outcome on the merits of the original claims. Uniloc sought to amend the '960 patent only “[t]o the extent the Board [found] independent claims 1, 22, or 25 unpatentable” Appx313 (citing § 316(d)). Uniloc’s decision to premise its motion on a contingency that could not

be reached until a decision on the merits of the petition has two consequences. First, Uniloc did not seek to amend the '960 patent *during* the IPR. If it had, it could perhaps argue now that the scope of the IPR extended beyond the issues raised in the petition. But because Uniloc's motion was contingent, it did not ask the Board to consider whether the motion complied with § 316(d) until the Board resolved the issues raised in the petition.

Second, the event triggering Uniloc's motion was a particular determination on the merits of the petition. The motion was not just delayed *until* the IPR ended; its activation depended on *how* the IPR ended. If the Board had confirmed the patentability of independent claims 1, 22, and 25, the contingency would not have arisen and the motion would, in effect, never have been made. Because the Board held those claims unpatentable, it reached the motion. Nevertheless, reaching the proposed substitute claims was premised on the outcome of the underlying IPR—an outcome that is now moot.

B. Because the Board's final written decision regarding the original claims is moot, the contingency that decision triggered is also moot

As this Court has explained, “where a party challenges an agency action alternatively in two separate suits, and a decision in one case resolves the issues presented in the companion case, the companion case becomes moot.” *Synopsys, Inc. v. Lee*, 812 F.3d 1076, 1078 (Fed. Cir. 2016). In *Synopsys*, the validity of an agen-

cy regulation was challenged both in the district court and before this Court during an appeal from an IPR in which the regulation was followed. *Id.* at 1077. After affirming the Board's decision on appeal, this Court dismissed the appeal from the district court's decision as moot and vacated the district court's opinion. *Id.* (citing *United States v. Munsingwear, Inc.*, 340 U.S. 36, 39 (1950)); *see also BTG Int'l Ltd. v. Amneal Pharms. LLC*, 923 F.3d 1063, 1066 (Fed. Cir. 2019) (dismissing appeals from two IPRs and a district court action after affirming a third IPR in which all claims were held unpatentable) (citing *Synopsys*, 812 F.3d at 1077).

The issues raised by the petition in the underlying IPR here are indisputably moot. The Board held some claims unpatentable and some not, and neither side appealed the outcome regarding those original claims because this Court held *all* claims in the underlying patent invalid when it reviewed the collateral district court decision. Indeed, neither party could maintain an appeal from the Board's decision on the original claims because their invalidity has been finally adjudged by this Court. As a result, the underlying IPR itself has been rendered moot, and that mootness necessarily extinguishes the proposed substitute claims that were contingent on non-appealable aspects of the Board's decision.¹

¹ Appellees have found no example of the PTAB terminating a pending IPR due to a final invalidity determination in a collateral district court action. However, the PTO recognizes that termination is appropriate in the analogous context of an *inter* (footnote continued on next page)

Uniloc may argue that the patentability of its proposed substitute claims is a distinct issue that outlives the mootness of the issues raised in the IPR petition. But the petition alone controls the scope of an IPR unless the patent owner follows the amendment provisions of § 316 *during* the IPR. The Supreme Court recognized that very possibility in *SAS*. Discussing the amendment provisions of § 316, which include the ability to cancel a challenged claim, the Court observed that, “the claims challenged ‘in the petition’ will not always survive to the end of the case; some may drop out thanks to the patent owner’s actions.” *SAS*, 138 S. Ct. at 1357. Had Uniloc made a non-contingent motion to amend, the issues regarding original claims 1, 22, or 25 may have dropped out in lieu of issues regarding the substitute claims. But Uniloc did not take that path, despite presenting its contingent motion after the district court’s invalidity decision. Uniloc’s motion left the contours of the IPR as they were when the petition was filed. Uniloc asked only that its substitute claims be considered *after* the Board completed its review of the original claims, and then *only if* the Board concluded claims 1, 22, or 25 were unpatentable. But that primary review of the original claims has been mooted, leav-

partes reexamination. See Manual of Patent Examining Procedure § 2686.04(IV) (“Federal Court Decision Issues After *Inter Partes* Reexamination Ordered”) (explaining that “[a] final court holding of invalidity/unenforceability is binding on the Office. ... If all of the claims being examined are finally held invalid or unenforceable ... the reexamination will be vacated/terminated”) (emphasis omitted).

ing any subsidiary, contingent review of the substitute claims beyond the Board's reach. The Board's final written decision should thus be vacated and this appeal should be dismissed.

II. The appeal is also moot because no claims of the '960 patent survive and hence there are no claims for which Uniloc can substitute new claims

The appeal is also moot for a second, independent reason: the relief Uniloc seeks can no longer be granted. Section 316(d) contemplates canceling an existing challenged claim and substituting an amended claim for that existing claim. No claims of the '960 patent remain, so there is nothing left of the '960 patent upon which Uniloc can graft a substitute claim. And because the invalidation of the '960 patent has eliminated all effective scope of all its claims, any new substitute claim would violate the requirement in § 316(d)(3) that an amendment under that section "may not enlarge the scope of the claims of the patent"

Uniloc's alternative request for a remand so that it can raise a belated merits defense regarding the eligibility of its substitute claims highlights this problem. *See* Blue Br. 30. Uniloc wants this Court to remand so that the Board can consider whether a patent that has been invalid since the summer of 2018 can be revived and have its invalid claims replaced by new substitute claims. But Uniloc has cited, and Appellees have found, no instance of an invalid patent being brought back to life via a claim substituted after the patent's complete invalidation.

Thus, even if this case were not moot for the reasons discussed in Section I above, it is moot because neither this Court nor the Board can grant effective relief. Even if this Court were to vacate or reverse on the merits of Uniloc’s appeal, the Board would be presented with an entirely invalid patent that can no longer be amended.

CONCLUSION

Although the parties did not address mootness in their previous briefs, mootness is a threshold jurisdictional issue. *See Synopsys*, 812 F.3d at 1078 (referring to the “case-or-controversy requirement” when discussing the mootness caused by a collateral decision). It is now clear that Uniloc’s appeal is moot. As a result, this Court should vacate the Board’s final written decision and dismiss this appeal. If the Court reaches the merits, however, it should affirm for the reasons explained in Appellees’ principal brief.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Federal Circuit Rule 32(a). The body of this brief spans seven pages and is therefore within the ten-page limit set by the Court in its April 14, 2020, Order for supplemental briefing.

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 365 and 14-point Times New Roman type.

Dated: April 24, 2020

/s/Nathan K. Kelley

Nathan K. Kelley