

2019-1686

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UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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**UNILOC 2017 LLC,**  
*Appellant*

v.

**HULU, LLC, NETFLIX, INC.,**  
*Appellees,*

**ANDREI IANCU, DIRECTOR,**  
**U.S. PATENT AND TRADEMARK OFFICE**  
*Intervenor.*

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Appeal from the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in IPR No. 2017-00948.

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Supplemental Brief for Intervenor—Director of the United States Patent and  
Trademark Office

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## RESPONSE TO ORDER

Per this Court’s order of April 14, the Director submits this brief addressing the question whether this Court’s final judgment of August 9, 2018, which affirmed the invalidity of all of the original patent claims that are at issue in the inter partes review that is the subject of this appeal, renders this appeal moot. The Director contends that it does not—that patent owner Uniloc’s pursuit of substitute claims, initiated before entry of the final judgment rendering the original claims invalid, is authorized to proceed under the statute even if all original patent claims are cancelled or invalidated, and that Uniloc’s pursuit of such relief creates a live controversy that is sufficient to sustain this Court’s jurisdiction.

### **A. Uniloc has standing to pursue its substitute claims**

“Under settled law, [an Article III court] may dismiss the case for [mootness] only if ‘it is impossible for a court to grant any effectual relief whatever’ to [the appellant] assuming it prevails.” *Mission Prods. Holdings, Inc. v. Tempnology, LLC*, 139 S. Ct. 1652, 1660 (2019). Thus, because a patent owner cannot seek any relief from any party on the basis of claims that have been finally declared invalid or cancelled in any proceeding, *see Blonder-Tongue Labs., Inc. v. U. of Ill. Foundation*, 402 U.S. 313, 350 (1971), where patent claims that are on appeal from an IPR are finally invalidated or cancelled elsewhere, the claims are effectively dead for all purposes, and the appeal from that IPR becomes moot. *See,*

*e.g.*, *Facebook, Inc. v. Windy City Innovations, LLC*, 953 F.3d 1313, 1336 (Fed. Cir. 2020) (appeal of IPR rendered moot for some claims by affirmance of separate IPR holding those claims unpatentable); *Mylan Pharms. Inc. v. Research Corp. Techs., Inc.*, 914 F.3d 1366, 1368 n.1 (Fed. Cir. 2019) (appeal of IPR rendered moot by patent owner’s voluntary cancellation of the subject claims in a reexamination).

In this case, however, Uniloc appeals the USPTO’s denial of claims—proposed substitute claims offered by Uniloc in the IPR—that have never been finally invalidated or cancelled. Because this Court *could* hold that Uniloc is entitled to those claims, which Uniloc could then assert against others,<sup>1</sup> this Court can “grant [the appellant] effectual relief,” *Mission Prods.*, 139 S. Ct. at 1660, and this appeal is not moot.

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<sup>1</sup> See *Target Training Int’l v. Extended Disc N. Am., Inc.*, 645 F. App’x 1018, 1026 (Fed. Cir. 2016) (noting that res judicata would not bar assertion in a second action of new patent claims that were acquired in a reexamination during the pendency of a first action between the parties).

- B. The AIA permits a patent owner to pursue substitute amended claims in an IPR even if original claims are cancelled or otherwise voided during the pendency of the proceeding**
  - 1. Longstanding agency practice allows patent owners to pursue amended claims in post-issuance proceedings regardless of the status of original claims**

The USPTO believes that the America Invents Act is best read as allowing a patent owner in an IPR to pursue new patent claims even if all of its original claims are finally invalidated or cancelled during the pendency of the proceeding. This is how *ex parte* reexamination has long been understood to operate. MPEP § 2286 describes the effect on reexamination of a final determination by this Court that the claims in the subject patent are invalid, noting that “the claims being examined which are held invalid or unenforceable will be withdrawn from consideration in the reexamination.” MPEP § 2286. The section goes on to note, however, that “[t]he reexamination will continue as to any remaining claims being examined. Thus, the reexamination will continue [o]f any original, new, or amended claim being examined that was not found invalid or unenforceable by the court.” *Id.*<sup>2</sup>

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<sup>2</sup> The Office understands the reissue statute to operate the same way—a reissue may proceed despite a final invalidity decision from the Board or in civil litigation, so long as the request for reissue was filed before the Office issued a certificate cancelling the relevant claim or this Court issued its mandate. *See* “Notice Regarding Options for Amendments by Patent Owner Through Reissue or Reexamination During a Pending AIA Trial Proceeding,” 84 Fed. Reg. 16654-01, 16655 (April 22, 2019) (“[P]atent owners may avail themselves of a reissue application or a request for reexamination before, during, or after an AIA trial proceeding results in a final written decision, as long as the application or request

This was the USPTO’s construction of the reexamination statute before the AIA was enacted. *See* MPEP § 2286 (8th ed., as revised in 2008). And Congress echoed the language it used regarding claim amendment in the reexamination context in the AIA. *Compare* 35 U.S.C. § 305 (“the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto,”), with 35 U.S.C. § 316(d) (“the patent owner may file 1 motion to amend the patent . . . [to] [c]ancel any challenged patent claim [or] . . . propose a reasonable number of substitute claims.”) Congress is presumed to have been aware of the agency’s construction of the earlier statute, and to have incorporated that understanding into the newly enacted law. *See Lorillard v. Pons*, 434 U.S. 575, 580 (1978); *Immersion Corp. v. HTC Corp.*, 826 F. 3d 1357, 1365 (Fed. Cir. 2016).

**2. Section 316(d)’s reference to “substitute claims” confirms that amended claims *replace*—and thus exist independently of—original claims**

Section 316(d) of title 35, United States Code, authorizes a patent owner to “[c]ancel any challenged [] claim” or pursue “*substitute claims*.” *Id.* § 316(d) (emphasis added). In other words, in an IPR, an amended claim must *replace* an

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is timely filed as discussed above (*i.e.*, before the Office issues a certificate that cancels all relevant claims, or before the Federal Circuit issues a relevant mandate, as applicable.”); *see also* MPEP § 1449.01 (“If all of the patent claims were canceled by the [reexamination] certificate, action on the reissue application can still proceed, [subject to various requirements.]”).

original challenged claim, which must be cancelled. Although patent owners in IPRs often pursue contingent motions to amend, in which they ask the Board to consider proposed amendments only if the original claims are found unpatentable, patent owners also are allowed to pursue non-contingent motions to amend, in which all original challenged claims are cancelled and the patent owner only seeks to obtain new claims. Nothing in the statute precludes such a practice—again, by only authorizing “substitute” amended claims, the AIA makes clear that a successful amendment, once approved by the Board, will not coexist with the original claim. And since an amendment can be pursued even if the original claim is cancelled by the patent owner, there is no reason why the AIA should not also permit the same patent owner to pursue the same amended claims when the original claims are invalidated during the pendency of the IPR in a separate proceeding, such as a reexamination or a civil action. The ability to amend claims in an IPR simply does not depend on the original challenged claims’ surviving through the IPR.<sup>3</sup>

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<sup>3</sup> It is also noteworthy that the AIA’s departures from the reexamination framework lessen the new proceedings’ dependency on copending civil litigation. While the inter partes reexamination statute required that such a proceeding be terminated in the event of a final judgment rejecting the requester’s validity challenges in civil litigation, *see* pre-AIA 35 U.S.C. § 317(b), the AIA eliminated this limitation for AIA trials. This reflects the AIA’s bias in favor of resolution of patentability issues by the PTAB. *See Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916, 2020 WL 1906544, at \*6 (U.S. Apr. 20, 2020) (referring to the statute’s “elevating resolution of patentability” over procedural considerations). It is also



**3. Administrative policy favors allowing a patent owner to pursue amended claims without continuing to defend the original claims**

As a matter of administrative policy, making the right to pursue substitute claims contingent on a continuing dispute over the validity of the original claims would elevate form over substance. Today, patent owners in an IPR who recognize problems with their original claims, but who believe they still can claim a patentable invention, may cancel their original claims and focus the proceeding on their effort to obtain new, more defensible claims. This simplifies the proceeding and allows the patent owner to focus its resources on securing the amended claims. But if amendments could not be pursued absent an ongoing controversy over the validity of the original claims, such a patent owner would be forced to engage in the empty formality of defending the original claims through the end of the proceeding, even if that patent owner did not believe that those claims are valid over prior art.

**4. *SAS Institute* is not to the contrary**

Finally, the Supreme Court's broad statement in *SAS Institute v. Iancu*, 138 S. Ct. 1348 (2018), that it is "the petitioner's petition" in an IPR that "define[s] the scope of the litigation all the way from institution through to conclusion," *id.* at

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consonant with the USPTO's view that a judgment as to original claims should not prevent resolution of live issues concerning the patentability of proposed substitute claims.

1356, 1357, cannot be construed to limit the issues that may create a justiciable controversy in an IPR to those presented in the petition for review. At multiple places, the IPR statute allows new, material issues to be injected into the proceeding. Thus the patent owner is authorized to file a preliminary response, *see* 35 U.S.C. § 313, which may raise defenses that are not addressed in the petition. The statute also allows the patent owner to file a post-institution response, *see id.* § 316(a)(8), and the petitioner to file a written reply, *see id.* § 316(a)(13), and allows each side to seek “discovery of relevant evidence” during the proceeding. *See id.* § 316(a)(5); *see also id.* § 316(a)(3) (allowing “submission of supplemental information after the petition is filed”). As this Court has recognized, these statutory provisions and their implementing regulations clearly allow new evidence and issues to be developed and presented over the course of an IPR. *See Belden Inc. v Berk-Tek LLC*, 805 F.3d 1064, 1080-81 (Fed. Cir. 2015).

So, too, an amendment authorized by § 316(d), which will be proffered by the patent owner, obviously will raise issues beyond those presented in the petition. And particularly since the issues allowed to be raised under all of these statutory provisions are developed later in the proceeding, and in response to earlier arguments, they naturally may become the focus of the proceeding as the issues are refined. It would make little sense to read the statute as allowing presentation and development of these important issues, but as requiring termination of the

proceeding if they become the only issues in dispute. *See Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916, 2020 WL 1906544, at \*7 (U.S. Apr. 20, 2020) (rejecting litigant’s attempt to “home[] in on a single sentence from *SAS Institute[]*” and noting the need to “look to the statute” in construing it).

Respectfully submitted,

April 24, 2020

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**RULE 32(a)(7)(C) CERTIFICATE OF COMPLIANCE**

I certify pursuant to Fed. R. App. Proc. 32(a)(7) that the foregoing  
SUPPLEMENTAL BRIEF FOR INTERVENOR—DIRECTOR OF THE  
UNITED STATES PATENT AND TRADEMARK OFFICE complies with the  
page limit of this Court’s April 14 order.

/s/JOSEPH MATAL  
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**CERTIFICATE OF SERVICE**

I hereby certify that on April 24, 2020, the foregoing SUPPLEMENTAL BRIEF FOR INTERVENOR—DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE was electronically filed using the Court's CM/ECF filing system.

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