

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 2019-1342

KINGSTON TECHNOLOGY COMPANY

Appellant

v.

SPEX TECHNOLOGIES, INC.

Appellee

Appeal from the United States Patent and Trademark Office, Patent Trial and
Appeal Board, *Inter Partes* Review No. 2018-01002

APPELLEE'S RESPONSE TO APPELLANT'S COMBINED PETITION
FOR PANEL REHEARING AND REHEARING EN BANC

Dated: October 31, 2019

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CERTIFICATE OF INTEREST

Counsel for Appellee certifies the following:

1. The full name of the parties represented by me: SPEX Technologies, Inc.

2. The name of the real parties in interest represented by me: Not Applicable.

3. SPEX Technologies, Inc. does not have any parent corporations and no publicly held company owns 10 percent or more of stock in SPEX Technologies, Inc.

4. The names of all law firms and the partners or associates that appeared for SPEX Technologies, Inc. in the trial court, or are expected to appear in this Court are: Marc A. Fenster, Benjamin T. Wang, Adam S. Hoffman, Paul A. Kroeger, Andrew D. Weiss, Justin Maio, and Jacob Buczko of Russ August & Kabat and Vincent J. Rubino, III, Alfred R. Fabricant, Enrique W. Iturralde, Peter Lambrianakos of Brown Rudnick LLP.

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: *Kingston Technology Company, Inc. v. SPEX Technologies, Inc.*, CAFC Case No. 19-1256; *SPEX Technologies Inc. v. Kingston Technology Corp.*, CACD Case No. 8:16-CV-01790-JVS (ARGx).

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I. THE DIRECTOR'S DECISION TO DENY INSTITUTION IS FINAL AND NONAPPEALABLE

Kingston seeks to challenge the Director's decision not to institute inter partes review proceedings. However, under 35 U.S.C. § 314(d), "Congress has told the *Patent Office* to determine whether inter partes review should proceed, and it has made the agency's decision 'final' and 'nonappealable.'" *Cuozzo Speed Technologies v. Lee*, 136 S. Ct. 2131, 2141 (2016).¹

Cuozzo and numerous decisions from this Court, both before and after *Cuozzo*, have dismissed challenges to the Director's institution decisions, whether denying or instituting inter partes review. *Cuozzo* held that the Patent Office's decision to institute inter partes review over claims not expressly challenged in the petition for review was not appealable because, "[f]or one thing, that is what § 314(d) says." *Cuozzo*, 136 S. Ct. at 2139. In *St. Jude Med. Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014), this Court dismissed a challenge to the Director's denial of a petition for inter partes review as time barred because "the statutory provisions addressing *inter partes* review contain no authorization to appeal a non-institution decision to this court." In *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1312 (Fed. Cir. 2015), this Court dismissed an appeal of the Director's

¹ While *Cuozzo* acknowledged, but did not decide, the possibility of review of an institution decision implicating constitutional questions, or questions that reach well beyond the decision to institute, Kingston does not allege that such narrow potential exceptions apply in this appeal.

decision vacating a decision instituting post grant review proceedings because, whether an initial decision or a determination on reconsideration, “[t]he statute declares such a decision to be ‘final and nonappealable’” In *In re Power Integrations, Inc.*, 899 F.3d 1316, 1319 (Fed. Cir. 2018), this Court acknowledged “the statutory prohibition on appeals from decisions not to institute inter partes review” in rejecting mandamus petitions challenging the Director’s determination that the prior art was not publicly available prior to the patents’ priority date. In *ARRIS International PLC v. ChanBond, LLC*, 773 Fed. Appx. 605, 606 (Fed. Cir. 2018), this Court dismissed appeals challenging the Director’s denial of petitions for inter partes review as time barred because a “‘determination ... whether to institute’ a proceeding ... is ‘final and nonappealable’” And in *BioDelivery Sciences International, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1366 (Fed. Cir. 2019), this Court dismissed challenges to the Director’s decisions to deny institution based on efficiency and cost concerns even though the petitions met the threshold requirement of a reasonable likelihood of prevailing on at least one of the challenged claims. All of these cases demonstrate that Kingston is prohibited from appealing the Director’s decision not to institute inter partes review because that decision is statutorily “final and nonappealable.”

That there is no right to appeal the Director’s institution decisions is by design. There is “no mandate to institute review” under the Leahy-Smith America Invents

Act. *Cuozzo*, 136 S. Ct. at 2141 (citing 35 U.S.C. § 314(a)). “[T]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.” *Id.* The Director “possesses broad discretion in deciding whether to institute review. ... If the Director decides not to institute review, for whatever reason, there is no review. In making this decision, the Director has complete discretion to decide not to institute review.” *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018). “While [the Director] has the authority not to institute review on the merits of the petition,” or based on estoppel, as here, “[the Director] could deny review for other reasons such as administrative efficiency or based on a party’s status as a sovereign.” *Id.*² Indeed, the Director has “discretion not to institute review even when the threshold [requirement for review] is met.” *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364, 1372 (Fed. Cir. 2018); *see also BioDelivery Sciences*, 935 F.3d at 1366 (same).

The authority bestowed on the Director to determine whether or not to institute inter partes review, and the nonappealability of those decisions, serves the Act’s

² Kingston faults the Panel’s order dismissing its appeal for relying on *Saint Regis* on the ground that the Panel denied review based on what “the Board *could* have” done rather than “what the Board did.” Kingston Combined Petition For Panel Rehearing and Rehearing En Banc at 11 (emphasis original). The Panel’s decision, however, is not as Kingston recounts. The Panel’s decision was based on § 314(d) and the fact that Kingston challenges an institution decision. The Panel cites to *St. Regis* to explain that § 314(d) is not limited solely to decisions under § 314.

policy goals of ensuring the “efficient administration of the Office, and the ability of the Office to timely complete proceedings ...” 35 U.S.C. § 316(b). And the estoppel provisions of the Act, upon which the Director based his decision to deny Kingston’s petition for review, serves those same goals by “put[ting] an end to repetitive challenges.” *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1357 (Fed. Cir. 2016) (Newman, J.) (concurring in part, dissenting in part), rev’d on other grounds, *SAS Inst., Inc. v. Iancu*, 138 S.Ct. 1348 (2018).

II. *WI-FI ONE DID NOT LIMIT NONAPPEALABILITY TO DECISIONS BASED ONLY ON § 314; WI-FI ONE CONFIRMS THAT KINGSTON’S APPEAL IS BARRED*

Kingston contends that the nonappealability of the Director’s institution decisions does not apply in this instance because (i) *Wi-Fi One* limits § 314(d)’s “No Appeal” provision to decisions made under § 314, and (ii) the Director relied on § 315 in deciding not to institute review proceedings.

Kingston misreads *Wi-Fi One*. *Wi-Fi One* expressly held that “[o]ur holding applies only to the appealability of § 315(b) time-bar determinations.” 878 F.3d at 1375.³ *Wi-Fi One* did not, and could not, hold that § 314(d)’s “No Appeal” provision applied only to institution decisions based on § 314. *Cuozzo* itself forecloses

³ The Supreme Court has granted review of the question of “[w]hether 35 U.S.C. § 314(d) permits appeal of the PTAB’s decision to institute an inter partes review upon finding that § 315(b)’s time bar did not apply.” *Thryv, Inc. v. Click-To-Call Technologies, LP*, Case No. 18-916. Oral Argument is scheduled for December 9, 2019.

Kingston's contention as it barred review of the Director's decision under § 312. *Cuozzo*, 136 S.Ct. at 2141. Indeed, heeding "*Cuozzo's* directive," *Wi-Fi One* acknowledged the nonappealability of the Director's institution decisions not only based on § 314, but also based on §§ 311-313, any "statute closely related" to § 314(a), in other words, the "preliminary patentability determination," "or the exercise of discretion not to institute." 878 F.3d at 1372; *see also id.* at 1371 n.7 (noting other contexts in which the Supreme Court has held that "an agency's discretionary decision *not* to initiate a proceeding" to be "unreviewable" (emphasis original)) & 1373 ("unreviewability" of "non-initiation decisions or preliminary-only merits determinations ... is common in the law").

Rather than support judicial review of Kingston's challenge to the Director's decision not to initiate proceedings, *Wi-Fi One* undercuts it. In one respect, *Wi-Fi One* can be and has been read as limited to "review of the Board's § 315(b) determination **in a final written decision**, not a decision denying institution." *ARRIS International PLC*, 773 Fed. Appx. at 606 (emphasis added). Indeed, in *Wi-Fi One*, "**Wi-Fi appealed the Final Written Decisions**, arguing, among other things, that this court should reverse or vacate the Board's time-bar determinations." 878 F.3d at 1371 (emphasis added). So read, *Wi-Fi One* is inapplicable to Kingston's appeal both because it challenges a decision denying institution (not a final written decision), and does not involve § 315(b).

Kingston argues that *Wi-Fi One* cannot be limited to review of final written decisions because “the time-bar determination may be decided fully and finally at the institution stage.” Kingston Combined Petition for Panel Rehearing and Rehearing En Banc at 9 (quoting *Wi-Fi One*, 878 F.3d at 1373). *Wi-Fi One*, however, nowhere acknowledges a right to appeal an institution decision, whether involving the time-bar or any other statute. To the contrary, *Wi-Fi One* repeatedly acknowledged the “common” “unreviewability” of “non-initiation decisions.” 878 F.3d at 1373. Indeed, this Court’s decisions in both *St. Jude* (before *Wi-Fi One*) and *ARRIS* (after *Wi-Fi One*) held that challenges to the Director’s **institution decisions** based on § 315(b) were not appealable. And the fact that *Wi-Fi One* overturned *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652, 658 (Fed. Cir. 2015) (dismissing appeal of the Board’s § 315(b) determinations in final written decisions), and not *St. Jude* (dismissing appeal of the Board’s § 315(b) determination in an institution decision), shows that the statutory contrast between a challenge to an institution decision and a challenge to a final written decision was important to *Wi-Fi One*.⁴ It also shows that, despite Kingston’s contention, *St. Jude* is not inconsistent

⁴ Kingston also argues that *Wi-Fi One* cannot be limited to final written decisions because in the underlying inter partes review, the time-bar issue was decided “entirely at the institution stage of the proceeding.” Kingston Combined Petition For Panel Rehearing and Rehearing En Banc at 9. That, however, is not correct. While the Board addressed the time-bar prior to institution, it went on to hold that Wi-Fi had not shown that Broadcom was time-barred in its final written decisions, which were the subject of Wi-Fi’s appeals. *Wi-Fi One*, 878 F.3d at 137.

with *Wi-Fi One*. As acknowledged in *ARRIS*, “[n]othing in *Wi-Fi One* ... undermines [*St. Jude*’s] holding” that the authority to review a final written decision “does not extend to appeals from decisions not to institute,” which are final and nonappealable. *ARRIS*, 773 Fed. Appx. at *606.

In other respects, *Wi-Fi One* undercuts Kingston’s appeal in that it acknowledges the common unreviewability of decisions not to institute, which is what the Director did here, and acknowledged that “[t]he agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion.” 878 F.3d at 1372 (quoting *Cuozzo*, 136 S. Ct. at 2140).

III. KINGSTON’S CLAIM OF A LACK OF FAIRNESS AND THE NEED FOR REVIEW ARE UNTENABLE

Kingston never directly reckons with the fact that it seeks review of a decision not to institute. Instead it argues that the result is unfair, and treats patent owners and petitioners differently. But there is “no mandate to institute review.” *Cuozzo*, 136 S. Ct. at 2140. And it is not “surprising that Congress would design such a scheme. A patent challenger does not have nearly as much to lose from an erroneous *denial* of inter partes review as a patent owner stands to lose from an erroneous *grant* of inter partes review. Although the challenger loses some of the advantages of inter partes review ... , it remains free to challenge the patent’s validity in litigation. A patent owner, on the other hand, risks the destruction of a valuable property right.” *Id.* at 2153 n.6 (Alito, J.) (concurring in part, dissenting in part) (cited by the majority in

support of its determination that “the agency’s decision to deny a petition is a matter committed to the Patent Office’s discretion” (*id.* at 2140)).

Moreover, Kingston overstates any unfairness. Although Kingston did not avail itself of it, Kingston could have sought rehearing before the Board. 37 CFR § 42.71(c), (d). Likewise, if the Board had addressed estoppel as part of a final written decision – the estoppel provision envisions that its applicability may not arise until after institution, for example – Kingston presumably would have been able to seek review of such a decision. *Cf. Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044, 1052 (Fed. Cir. 2017).⁵ And ultimately, Kingston’s complaint is that it was prevented from re-challenging SPEX’s patent based on prior art references that it admittedly knew of when it filed its first inter partes review petition, but

⁵ *Credit Acceptance* addressed the estoppel provision for post grant reviews in the context of a final written decision finding the challenged claims unpatentable under § 101. 859 F.3d at 1048. SPEX also notes that while *Credit Acceptance* stated that “the estoppel dispute in this case is neither a challenge to the Board’s institution decision, nor is it ‘closely tied’ to any ‘statute[] related to the Patent Office’s decision to initiate [CBM] review,’” neither statement addresses the issue in this appeal. *Id.* at 1051 (alterations original). First, it is correct that *Credit Acceptance* was not a “challenge to the Board’s institution decision.” *Credit Acceptance* was a challenge to a final written decision, unlike Kingston’s challenge here to an institution decision. Second, “the estoppel dispute in [that] case” could be viewed as not being “closely tied” to a patentability determination because it turned on the fact that the prior final written decision addressed claims different from those challenged in the later CBM review. *Id.* That, however, is not the case here, in which the earlier final written decision challenged the same claims as the later denied petition that is the subject of Kingston’s current appeal. In this case, the estoppel decision is closely tied to the Director’s patentability determination. *See id.* at 1058 (Mayer, J.) (dissenting-in-part).

deliberately chose not to include. The unfairness in that scenario is the unfairness to the patent owner from serial challenges, and not to the dissatisfied petitioner who seeks a mulligan.

Finally, Kingston contends that precluding review is inconsistent with the presumption in favor of judicial review and the prohibition on agencies finally deciding the limits of their statutory power. Both of those concerns, however, yield to Congress' clear intent. As recognized in *Cuozzo*, "Congress has told the *Patent Office* to determine whether inter partes review should proceed, and it has made the agency's decision 'final' and 'nonappealable.'" 136 S. Ct. at 2141. The Director determined that Kingston's petition should not proceed to review, and that decision is final and nonappealable. Further, as even Kingston acknowledges, review of a final decision from the Board under 28 U.S.C. § 1295(a)(4) is inapplicable because "§1295 is trumped by the more-specific ... § 314(d)" Kingston Combined Petition For Panel Rehearing and Rehearing En Banc at 13; *see also St. Jude*, 749 F.3d at 1375–76 (holding that review under § 1295(a)(4)(A) does not extend to appeals from decisions not to institute IPR).

IV. CONCLUSION

Kingston's appeal challenges the Director's decision to not institute inter partes review. Section 314(d) makes such decisions final and nonappealable. Neither *Wi-Fi One* nor any other case has ever permitted judicial review of such decisions.

Kingston's combined petition for panel rehearing and rehearing en banc should be dismissed.

Dated: October 31, 2019

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CERTIFICATE OF COMPLIANCE

1. This motion complies with type-volume limitation of Federal Rule of Appellate Procedure 27(d)(2)(A). The motion contains 2,433 words, excluding the portions exempted by Federal Circuit Rule 27(d).

2. This motion complies with the requirements of Federal Rule of Appellate Procedure 27(d)(1). The motion has been prepared in a proportionally spaced type face using Microsoft Word and 14-point Times New Roman font.

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I hereby certify that on October 31, 2019, I electronically filed the foregoing with the Clerk of the Court of the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system.

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