2019-1467, -1468

United States Court of Appeals

for the

Federal Circuit

ALACRITECH, INC.

Appellant,

v.

INTEL CORPORATION, CAVIUM, LLC, DELL, INC.,

Appellees,

UNITED STATES,

Intervenor.

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01409 and IPR2017-01410.

COMBINED PETITION FOR PANEL REHEARING AND/OR REHEARING *EN BANC*

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Alacritech, Inc. v. Intel Corp.

Case No. 19-1467, 19-1468

CERTIFICATE OF INTEREST

Counsel for the:
☐ (petitioner) ■ (appellant) ☐ (respondent) ☐ (appellee) ☐ (amicus) ☐ (name of party)

Alacritech, Inc.

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
Alacritech, Inc.	None	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:

Mark Lauer of Silicon Edge Law Group, LLP; James M. Glass, Brian E. Mack, Ziyong Li, Iman Lordgooei, Antonio Sistos of Quinn Emanuel Urquhart & Sullivan, LLP.

FORM 9. Certificate of Interest

Form 9
Rev. 10/17

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. *See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

Federal Circuit Cases: Alacritech, Inc. v. Intel Corp., 19-1443; Alacritech, Inc. v. Intel Corp., 19-1444; Alacritech, Inc. v. Intel Corp., 19-1445; Cavium, LLC v. Alacritech, Inc., 19-1447; Dell, Inc. v. Alacritech, Inc., 19-1449; Intel Corp. v. Alacritech, Inc., 19-1450; Alacritech, Inc. v. Intel Corp., 19-1464; Alacritech, Inc. v. Intel Corp., 19-1466. Eastern District of Texas Cases: Alacritech, Inc. v. CenturyLink, Inc., 2:16-cv-00693-RWS-RSP (E.D. Tex.); Alacritech, Inc. v. Wistron Corp., 2:16-cv-00692-RWS-RSP (E.D. Tex.); Alacritech, Inc. v. Dell Inc., 2:16-cv-00695-RWS-RSP (E.D. Tex.).

6/5/2019
Date

/s/ Sanford I. Weisburst
Signature of counsel

Please Note: All questions must be answered

Sanford I. Weisburst
Printed name of counsel

cc: All Counsel of Record

Reset Fields

TABLE OF CONTENTS

Page

CERTIFICATE OF INTEREST i
TABLE OF AUTHORITIES iv
STATEMENT OF COUNSEL PURSUANT TO FED. CIR. R. 35(B)(2) vi
INTRODUCTION 1
ARGUMENT IN SUPPORT OF REHEARING *EN BANC* 3
CONDITIONAL ARGUMENT IN SUPPORT OF PANEL REHEARING 7
CONCLUSION 9
ADDENDUM 11

TABLE OF AUTHORITIES

Page(s)

Cases

Alaska Airlines, Inc. v. Brock.,
480 U.S. 678 (1987)....................4

Arthrex, Inc. v. Smith & Nephew, Inc.,
941 F.3d 1320 (Fed. Cir. 2019) 1, 4, 5

Bowsher v. Synar,
478 U.S. 714 (1986).................... vi, 7

Cuozzo Speed Techs., LLC v. Lee,
136 S. Ct. 2131 (2016)....................5

Free Enter. Fund. v. Pub. Co. Accounting Oversight Bd.,
561 U.S. 477 (2009)....................5, 6

Humphrey's Ex'r v. United States,
205 U.S. 602 (1935)....................5, 6

Intel Corporation, Cavium, LLC, Dell, Inc. v. Alacritech, Inc.,
Nos. 2019-1443 *et al.*, Doc. 79 (Order) (Fed. Cir. Mar. 9, 2020)....................9

Murphy v. Nat'l Collegiate Athletic Ass'n,
138 S. Ct. 1461 (2018).................... vi, 4

Rules and Regulations

35 U.S.C. § 3(a) 6

35 U.S.C. § 100 *et seq.*....................1

Fed. Cir. R. 35(e)(3)....................3

Other Authorities

Patent Reform Act of 2011- Continued, 157 Cong. Rec. S1360, S1380
(daily ed. Mar. 8, 2011) (statement of Sen. Kyl)....................5

Patent Trial and Appeal Board and the Appointments Clause: Implications of Recent Court Decisions: Hearing Before the Subcomm. On Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary, 116th Congress (2019) (Statement of Rep. Jerrold Nadler, Chair, H. Comm. on the Judiciary), available at https://judiciary.house.gov/news/documentsingle.aspx?DocumentID=2155 6

Patent Trial and Appeal Board and the Appointments Clause: Implications of Recent Court Decisions: Hearing Before the Subcomm. On Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary, 116th Congress (2019) (statement of Rep. Johnson), available at https://hankjohnson.house.gov/media-center/press-releases/chairman-rep-johnson-s-ip-subcommittee-statement-patent-trial-appeal)..6

STATEMENT OF COUNSEL PURSUANT TO FED. CIR. R. 35(B)(2)

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States: *Murphy v. Nat'l Collegiate Athletic Ass'n*, 138 S. Ct. 1461, 1482-83 (2018) (a piece of legislation should be invalidated in its entirety where merely striking down unconstitutional provisions would result in "a scheme sharply different from what Congress contemplated"); *Bowsher v. Synar*, 478 U.S. 714, 735 (1986) (severance of tenure protections inappropriate where "striking the removal provisions would lead to a statute that Congress would probably have refused to adopt").

Dated: March 16, 2020

Respectfully submitted,

/s/ *Sanford I. Weisburst*

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INTRODUCTION

Appellant Alacritech, Inc. ("Alacritech") respectfully seeks rehearing *en banc* in No. 2019-1467 *et al.* of the panel's order that vacated and remanded the Patent Trial and Appeal Board's ("PTAB") decision in light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). Alacritech, like the patent owner in *Arthrex*—whose own petition for rehearing *en banc* is pending, *see* Appellant Arthrex, Inc.'s Combined Petition for Rehearing and/or Rehearing *En Banc*, No. 18-2140, Doc. 78 (Fed. Cir. Dec. 16, 2019)—contends that the proper remedy for the Appointments Clause violation is instead an outright reversal of the PTAB decision, with no need for a remand. An outright reversal is warranted because the vacatur-and-remand remedy adopted by the *Arthrex* panel is premised upon the invalidation and severance from the Leahy-Smith America Invents Act, 35 U.S.C. § 100 *et seq.* ("America Invents Act") only of Title 5's removal protections for PTAB judges, *Arthrex*, 941 F.3d at 1337-38—but that results in a statute that Congress would not have enacted. The proper approach instead is to invalidate the entirety of the America Invents Act. Such invalidation of the entire Act would result in reversal (not just vacatur) of the PTAB's decision invalidating Alacritech's patent claims. This Court may prefer to grant rehearing *en banc* on this issue in *Arthrex* itself, in which case the Court should hold the instant petition

for rehearing *en banc* pending decision on the petition for rehearing *en banc* in *Arthrex*.

In the alternative, if rehearing *en banc* is denied, and Alacritech is left with the vacatur-and-remand remedy prescribed by the *Arthrex* panel, Alacritech respectfully seeks panel rehearing so that Alacritech can abandon its Appointments Clause argument and the panel can address Alacritech's remaining arguments rather than remanding now to the PTAB. Alacritech did not seek to abandon its Appointments Clause argument prior to the panel's order because Alacritech desired fully to exhaust its ability to seek a ruling by this Court (specifically the *en banc* Court) adopting a reversal rather than a vacatur-and-remand remedy for the Appointments Clause violation. But if the *en banc* Court declines to grant rehearing, given the extremely low probability of a successful petition for a writ of certiorari in the U.S. Supreme Court (and the delay that such a petition could involve) and the failing health of Alacritech's principal Larry Boucher, Alacritech would prefer, with the panel's permission and in the panel's discretion, to abandon the Appointments Clause argument and to obtain a decision now on the remaining issues in the appeal without an intervening remand to the PTAB.

ARGUMENT IN SUPPORT OF REHEARING *EN BANC*[1]

The panel's order warrants rehearing *en banc* because the panel followed (as is required under principles of *stare decisis*) the *Arthrex* panel's prescribed remedy for the Appointments Clause violation, and did not independently examine whether the different remedy of a full invalidation of the America Invents Act (and hence a full reversal of the PTAB's decision here), rather than a partial invalidation and severance of the America Invents Act's provision protecting PTAB judges from termination (and hence a vacatur of the PTAB's decision and remand to a different PTAB panel), is required under governing precedent of the U.S. Supreme Court.

Resolution of patent disputes before independent and impartial adjudicators was a central feature of the America Invents Act, the statute creating *inter partes* review, and the *Arthrex* court's remedy undermines that feature by rendering PTAB judges dependent on the Director of the Patent Trial and Appeal Board for job security. Accordingly, this Court should grant rehearing *en banc* to hold that *inter partes* review's constitutional defects pertaining to the appointment of PTAB

[1] We recognize that, under Fed. Cir. R. 35(e)(3), the preferred order of sections in a combined petition for panel rehearing and petition for rehearing *en banc* is to put the "Points of Law Overlooked or Misapprehended by the Panel" section before the "Argument in Support of Rehearing *En Banc*" section. In the unusual circumstances here, where the petition for panel rehearing is conditional upon denial of the petition for rehearing *en banc*, we have departed from the typical order.

judges undermine the entire statutory scheme, and cannot be remedied by severing the PTAB judges' removal protections from the rest of the statute.

In cases where a court holds part of a statute unconstitutional, as this Court did in *Arthrex*, "the invalid part" of a statute "may be dropped if what is left is fully operative as law" "[u]nless it is evident that the Legislature would not have enacted those provisions which are within its power, independently of that which is not." *Alaska Airlines, Inc. v. Brock*, 480 U.S. 678, 684 (1987) (citations and quotations omitted). Thus, the non-severed part of the statute must "function in a *manner* consistent with the intent of Congress." *Id.* at 685 (emphasis in original). *See also Murphy v. Nat'l Collegiate Athletic Ass'n*, 138 S. Ct. 1461, 1482-83 (2018) (holding entirety of legislation that prohibited state licensing of sports gambling unconstitutional because merely striking down unconstitutional provisions would result in "a scheme sharply different from what Congress contemplated").

Here, respectfully, the *Arthrex* panel erred in concluding that "Congress would preserve the statutory scheme it created for reviewing patent grants" even if PTAB judges served at the pleasure of the Director (the result of invalidating the provisions that protected the PTAB judges from termination by the Director without cause and thus subjected them to being terminated at the pleasure of the

Director), *Arthrex*, 941 F.3d at 1338, because the PTAB judges would no longer possess the independence and impartiality central to *inter partes* review.

When Congress created the institution of *inter partes* review in 2011, it intended to create broader participation rights for challengers, and an adjudicative framework in which patent judges would act as independent and impartial adjudicators. *See generally Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2137 (2016) ("The new statute provides a challenger with broader participation rights" creating "a Patent Trial and Appeal Board (Board) composed of administrative patent judges, who are patent lawyers and former patent examiners" to "conduct[] the proceedings, reach[] a conclusion, and set[] forth its reasons."); *see also* Patent Reform Act of 2011- Continued, 157 Cong. Rec. S1360, S1380 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (explaining the statute is designed to "move us toward a patent system that is objective, transparent, clear, and fair to all parties").

The "as-applied severance," *Arthrex*, 941 F.3d at 1337, of the PTAB judges' removal protections undermines this legislative purpose. Specifically, the elimination of PTAB judges' tenure protections undermines their impartiality and independence because PTAB judges after *Arthrex* serve at the pleasure of the Director. And "one who holds his office only during the pleasure of another[] cannot be depended upon to maintain an attitude of independence against the

latter's will." *See Free Enter. Fund. v. Pub. Co. Accounting Oversight Bd.*, 561 U.S. 477, 493 (2009) (quoting *Humphrey's Ex'r v. United States*, 295 U.S. 602, 629 (1935)).

Indeed, multiple members of Congress have expressed concern that the severance remedy that *Arthrex* ordered has undermined the statute's purpose. *See Patent Trial and Appeal Board and the Appointments Clause: Implications of Recent Court Decisions: Hearing Before the Subcomm. On Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary*, 116th Congress (2019) (Statement of Rep. Jerrold Nadler, Chair, H. Comm. on the Judiciary) ("I do have concerns with the current 'remedy' of removing APJs' civil service protections."), available at https://judiciary.house.gov/news/documentsingle.aspx?DocumentID=2155; *id.* (statement of Rep. Johnson) ("I find it inconsistent with the idea of creating an adjudicatory body to have judges who have no job security."), available at https://hankjohnson.house.gov/media-center/press-releases/chairman-rep-johnson-s-ip-subcommittee-statement-patent-trial-appeal.

Moreover, absent tenure protections for PTAB judges, the Director could effectively determine the result of any case, especially through the authority to issue "policy direction and management supervision." 35 U.S.C. § 3(a)(2)(A). And as the Director serves at the pleasure of the President, *see* 35 U.S.C. §3(a)(4),

the PTAB after *Arthrex* would be effectively under executive control, as the President could direct the outcome of any particular case through the threat of removal. Such Presidential control of PTAB judges' decisions undermines the impartiality and independence central to *inter partes* review, contrary to Congress's wishes.

Accordingly, given the importance of impartial and independent adjudicators to the system of *inter partes* review, this Court should grant rehearing *en banc* to determine whether the *Arthrex* panel erred in severing the removal provisions necessary to sustain PTAB judges' independent and impartiality, instead of striking down the entire statute. *See Bowsher v. Synar*, 478 U.S. 714, 735 (1986) (severance of tenure protections inappropriate where "striking the removal provisions would lead to a statute that Congress would probably have refused to adopt").

CONDITIONAL ARGUMENT IN SUPPORT OF PANEL REHEARING

If this Court denies Alacritech's request for rehearing *en banc*, the panel's order warrants panel rehearing allowing Alacritech to abandon its Appointment Clause challenge and the panel to decide now the remainder of Alacritech's arguments on appeal rather than remanding now to the PTAB. When Alacritech raised its Appointments Clause challenge, it sought complete reversal of the PTAB's decision. *See* Br. (Doc. 27) at 24, 42, 44; Reply (Doc. 50) at 13, 19. Such

a reversal would mean that the U.S. Patent No. 8,131,880 at issue is entirely valid, and this Court would not remand the dispute to the PTAB now.

As explained in the Introduction, Alacritech did not seek to abandon its Appointments Clause challenge in the wake of the *Arthrex* panel decision and before the instant panel issued its order, because Alacritech desired to exhaust its ability to ask the *en banc* Court to consider a different remedy for the Appointments Clause violation—namely, the outright reversal of the PTAB's decision without the need for a remand. If the Court denies rehearing *en banc*, thus denying Alacritech its preferred remedy, Alacritech respectfully seeks, with the panel's permission and in its discretion, to abandon the Appointments Clause challenge and to have the panel proceed now to decide the remainder of Alacritech's arguments on appeal rather than remanding now to a different PTAB panel.

Resolution of this appeal on the already-briefed merits would not prejudice any party (other than Alacritech) because a mandate has not issued, the appeals are fully briefed, and the parties have provided their availability for hearing and only an argument date need be set.[2]

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[2] Alacritech is contemporaneously filing similar combined petitions for panel rehearing and rehearing *en banc* in two companion appeals: *Alacritech, Inc. v. Intel Corporation, Cavium, LLC, Dell, Inc., Wistron Corporation*, Nos. 2019-1444 *et al.* and *Alacritech, Inc. v. Intel Corporation, Cavium, LLC, Dell, Inc.,* No. 2019-

CONCLUSION

This Court should grant rehearing *en banc* to invalidate the entire America Invents Act (such that the PTAB's decision would be reversed outright), or at minimum this Court should hold this petition for rehearing *en banc* pending disposition of the similar petition for rehearing *en banc* filed by the patent owner in *Arthrex*. In the alternative, if this Court denies Alacritech's petition for rehearing *en banc*, the panel should grant panel rehearing to allow Alacritech to abandon its Appointments Clause challenge and proceed to decide the remainder of Alacritech's arguments on appeal.

Dated: March 16, 2020

Respectfully submitted,

/s/ *Sanford I. Weisburst*

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1464. In another companion appeal, *Intel Corporation, Cavium, LLC, Dell, Inc., v. Alacritech, Inc.*, Nos. 2019-1443 *et al.*, the PTAB had not invalidated all of Alacritech's patent claims, and Alacritech filed only a petition for panel rehearing (not a petition for rehearing *en banc*), which the panel subsequently denied. *Intel Corporation, Cavium, LLC, Dell, Inc. v. Alacritech, Inc.*, Nos. 2019-1443 *et al.*, Doc. 79 (Order) at 1 (Fed. Cir. Mar. 9, 2020).

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ADDENDUM

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

____

INTEL CORPORATION, CAVIUM, LLC, DELL, INC.,
Appellants

v.

ALACRITECH, INC.,
Cross-Appellant

UNITED STATES,
Intervenor

____

2019-1443, -1447, -1449, -1450

____

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01405, IPR2017-01735, and IPR2018-00336.

ALACRITECH, INC.,
Appellant

v.

INTEL CORPORATION, CAVIUM, LLC, DELL, INC., WISTRON CORPORATION,
Appellees

UNITED STATES,
Intervenor

2019-1444, -1445, -1466

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01391, IPR2017-01392, IPR2017-01406, IPR2017-01707, IPR2018-00329, and IPR2018-00375.

ALACRITECH, INC.,
Appellant

v.

INTEL CORPORATION, CAVIUM, LLC, DELL INC.,
Appellees

UNITED STATES,
Intervenor

2019-1464

Appeal from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01393, IPR2017-01714, and IPR2018-00374.

ALACRITECH, INC.,
Appellant

v.

INTEL CORPORATION, CAVIUM, LLC, DELL, INC.,
Appellees

UNITED STATES,
Intervenor

2019-1467, -1468

Appeals from the United States Patent and Trademark Office, Patent Trial and Appeal Board in Nos. IPR2017-01409, IPR2017-01410, IPR2017-01736, IPR2017-01737, IPR2018-00338, and IPR2018-00339.

PER CURIAM.

O R D E R

In its opening briefs in each of the above appeals and cross-appeals, Alacritech, Inc. argues that the final written decisions at issue in these appeals exceed the scope of the Patent Trial and Appeal Board's authority and violate the Constitution's Appointments Clause. In light of *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), the court now vacates the Board decisions and remands for proceedings consistent with this court's decision in *Arthrex*. On remand, the Board may also wish to consider *Samsung Electronics America, Inc. v. Prisua Engineering Corp.*, 948 F.3d 1342 (Fed. Cir. 2020).

Accordingly,

IT IS ORDERED THAT:

(1) The Patent Trial and Appeal Board's decisions are vacated, and the cases are remanded to the Board for proceedings consistent with *Arthrex* and this order.

(2) Each side shall bear its own costs.

FOR THE COURT

February 20, 2020	/s/ Peter R. Marksteiner
Date	Peter R. Marksteiner
	Clerk of Court

CERTIFICATE OF COMPLIANCE

I certify that this combined petition for panel rehearing and rehearing *en banc* complies with the type-volume limitation of Fed. R. App. P. 35(b)(2)(A). The petition contains 1,939 words according to the word count of the word-processing system used to prepare the petition, excluding the parts of the petition exempted by Fed. Cir. R. 35(c)(2).

This petition complies with the typeface and type style requirements of Fed. R. App. P. 32(a). The petition has been prepared in a proportionally-spaced typeface, 14 point Times New Roman, using Microsoft Word 2013.

March 16, 2020

/s/ *Sanford I. Weisburst*
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CERTIFICATE OF SERVICE

I hereby certify that, on March 16, 2020, I filed or caused to be filed a copy of the foregoing document with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system and served or caused to be served a copy on all counsel of record by the CM/ECF system.

March 16, 2020

/s/ *Sanford I. Weisburst*

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