

2019-1761

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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**IYM TECHNOLOGIES LLC,**

*Appellant,*

**v.**

**RPX CORPORATION AND ADVANCED MICRO DEVICES, INC.,**

*Appellees.*

Appeal from the United States Patent and Trademark Office,  
Patent Trial and Appeal Board in IPR2017-01886

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**APPELLANT IYM TECHNOLOGIES LLC'S COMBINED PETITION FOR  
PANEL REHEARING AND REHEARING EN BANC**

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Dated: April 8, 2020

### CERTIFICATE OF INTEREST

Counsel for Appellant IYM Technologies LLC certifies the following:

<b>1. Full Name of Party Represented by me</b>	<b>2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:</b>	<b>3. Parent corporations and publicly held companies that own 10% or more of stock in the party</b>
IYM Technologies LLC	IYM Technologies LLC	General Patent Corporation

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: Mishcon de Reya New York, LLP; Timothy Rousseau.

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:

- *IYM Technologies LLC v. Advanced Micro Devices, Inc.*, Case No. 1:16-cv-00649-MN (D. Del.)
- *IYM Technologies LLC v. Advanced Micro Devices, Inc.*, Case No. 3:17-mc-80167-SK (N.D. Cal.)
- *IYM Technologies LLC v. RPX Corporation and Advanced Micro Devices, Inc.*, Case No. 19-1762 (Fed. Cir.)

Date: April 8, 2020      by: /s/ Michael S. DeVincenzo  
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### **RULE 35 STATEMENT OF COUNSEL**

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. Whether this Court's decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), holding that the appointment of Administrative Patent Judges ("APJs") to the Patent Trial and Appeal Board ("PTAB" or "Board") violated the Appointments Clause, U.S. Const., art. II, § 2, cl. 2, was a significant change in the law governing this appeal.

2. Whether, in view of this Court's decision in *Arthrex*, the Director's delegation of institution authority to APJs acting as principal officers violates 35 U.S.C. § 314 and due process of law.

Date: April 8, 2020      by: /s/ Michael S. DeVincenzo  
Michael S. DeVincenzo  
*Counsel for Appellant IYM Technologies LLC*

**POINTS OF LAW AND FACT OVERLOOKED OR MISAPPREHENDED  
BY THE PANEL**

1. Pursuant to Federal Rule of Appellate Procedure 40, IYM Technologies LLC (“IYM”) respectfully submits that the panel overlooked or misapprehended that the PTAB’s decision on appeal rests on findings of fact that are undisputedly unsupported by substantial evidence, and therefore cannot be affirmed. Specifically, the Board found that the Côté reference teaches the “local process modifications” recited in the claims at issue in the form of “changes to initial design rules 505.” As IYM demonstrated in its Opening Brief, Côté does not teach any such “changes” to “design rules 505.” In Response, Appellees RPX Corp. and Advanced Micro Devices, Inc. (collectively, “RPX”) did not dispute that Côté does not teach “changes to initial design rules 505.” Instead, RPX argued that the Board’s determination should be affirmed based on an alternative rationale, which was not adopted by the Board, and is therefore relevant only to a potential remand, not to affirmance. IYM respectfully requests rehearing for the panel to reconsider whether it can affirm (without opinion) the Board’s findings, when it is undisputed that substantial evidence does not support the Board’s finding that Côté teaches “changes to initial design rules 505.”

2. Additionally, pursuant to Federal Rule of Appellate Procedure 35, IYM respectfully requests rehearing en banc for the Court to reconsider the affirmance of the PTAB's final written decision in view of the Federal Circuit's decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). In *Arthrex*, the Federal Circuit found that the PTAB's APJs had been unconstitutionally appointed, and that any Board decisions prior to *Arthrex*—like the underlying decision here—were invalid. The Federal Circuit also determined that, where a party raised an Appointments Clause challenge in its opening brief on appeal, the remedy is to vacate and remand the cases to be reconsidered by a new panel of APJs. Here, the *Arthrex* decision issued after briefing had closed, and IYM therefore did not raise the Appointments Clause issue in its opening (or reply) brief. Nevertheless, IYM is still entitled to raise such challenge, because *Arthrex* represents a change of exceptional importance in the law concerning the constitutionality of the appointment of APJs, and the validity of any final written decisions issued by the unconstitutionally appointed APJs. Because the final written decision here was issued by unconstitutionally appointed APJs, it should be vacated, and at a minimum the case should be remanded to a different panel of constitutionally appointed APJs at the PTAB for further proceedings.



3. Finally, this Court’s decision in *Arthrex* undermines the Director’s authority to delegate the institution of RPX’s petition under 35 U.S.C. § 314 to APJs acting as independent principal officers outside the Director’s review. This Court should also grant en banc review to resolve the implications of *Arthrex* on the Director’s unconstitutional delegation of institution authority to ALJs acting as principal officers.

## ARGUMENT

### **I. The Final Written Decision Should Be Vacated Because There Is No Dispute that the Board’s Actual Finding Concerning Limitation [D] Was Not Supported By Substantial Evidence**

Claim 1 of U.S. Patent 7,448,012 (“the ’012 Patent”) at issue in this appeal recites limitation [D]<sup>1</sup> of “computing local process modifications to change said initial constraints using said descriptions of manufacturing process.” ’012 Patent at 8:23–25 (Appx0086). The Board found that a prior art reference, U.S. Patent No. 6,745,372 to Côté et al. (“Côté”), teaches the “local process modifications” of limitation [D] in the form of “changes to initial design rules 505.” FWD at 22 (Appx0022). In its Opening Brief, IYM demonstrated that Côté nowhere teaches

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<sup>1</sup> In this appeal and in the proceedings below, the parties have referred to claim limitations by numerals for ease of reference. The only limitation relevant to the present Petition is limitation [D].

that its optimization technique changes design rules in any way. Op. at 28–36. IYM therefore argued that, because the only finding the Board made with respect to limitation [D] lacks substantial evidence, the Board’s finding should not be affirmed. Op. at 43; Reply at 3–7.

In Response, RPX did not argue that the Board’s finding of “changes to initial design rules 505” was supported by substantial evidence. Resp. at 35 (urging that was “an argument that RPX never advanced”). Instead, RPX argued that the Board’s decision should be affirmed under an alternative theory, namely, that limitation [D] is met by Côté’s alleged teaching of “changes to initial constraints imposed by design rules.” Resp. at 34–37.

There can be no legitimate dispute as to what the Board found in Côté meets limitation [D]. The Board repeatedly found that “changes to initial design rules 505,” and *nothing else*, in Côté met limitation [D]:

- “Based on the record developed during trial, we agree with RPX and its declarant, Dr. Nagel, that the *changes to initial design rules 505* that result from running simulations on layout 510 amount to the claimed ‘local process modifications.’” FWD at 22 (Appx0022).
- “We credit Dr. Nagel’s testimony in this regard because it is consistent with *Côté’s disclosure of the changes to initial design rules 505* that result from running simulations on layout 510.” *Id.* at 23 (Appx0023).

- “As we explain previously, when addressing how Côté teaches the claimed ‘local process modifications,’ *Côté discloses making changes to initial design rules 505* that result from running simulations on layout 510.” *Id.* at 32 (Appx0032).

The Board explained that, contrary to RPX’s protestations on appeal, its articulation of this finding came directly from RPX’s own arguments:

- “As we explain above, RPX relies on the *changes to initial design rules 505* that result from running simulations on layout 510 to teach the claimed ‘local process modifications.’” FWD at 23 (Appx0023).
- “RPX *consistently and repeatedly* takes the position that Côté’s *changes to initial design rules 505* that result from running simulations on layout 510 teach the claimed ‘local process modifications.’” *Id.* at 26 (Appx0026).

In sum, the Board’s finding that “changes to initial design rules 505” amount to “local process modifications” was the *sole* basis for the Board’s conclusion that Côté meets this limitation. Because there is no dispute that substantial evidence fails to support the Board’s sole finding with respect to how Côté teaches limitation [D] that finding should not have been affirmed.

RPX’s alternative argument that Côté teaches “changes to initial constraints imposed by design rules” does not permit affirmance, because the Board simply did not make any such factual finding. Reply at 7 (*citing S.E.C. v. Chenery Corp.*, 318 U.S. 80, 88 (1943); *Takeda Pharm. Co. Ltd. v. Array Biopharma Inc.*, 720 F. App’x 620, 622 (Fed. Cir. 2017)). Indeed, RPX contends it made that argument in

the proceeding below, but this Court “does not review supporting arguments, but only the decisions reached” by the Board. *Interactive Gift Exp., Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1346 (Fed. Cir. 2001). Accordingly, IYM respectfully seeks rehearing for the limited purpose of having the panel address the fact that there is no dispute that the Board’s only factual finding with respect to limitation [D] is not supported by substantial evidence.

## **II. The Final Written Decision Should Be Vacated Because It Was Improperly Decided by a Panel of Unconstitutionally Appointed APJs.**

IYM further requests en banc rehearing in view of the Federal Circuit’s determination in *Arthrex* that APJs serving on the PTAB up until that time—like those who issued the underlying decision here—had been unconstitutionally appointed.

In *Arthrex*, the Federal Circuit determined that the PTAB’s “APJs are principal officers under Title 35 as currently constituted[, and] [a]s such, they must be appointed by the President and confirmed by the Senate.” 941 F.3d at 1335. The Court concluded that “because they are not, the current structure of the Board violates the Appointments Clause.” *Id.* To prospectively remedy the Appointments Clause defect, the Federal Circuit severed the portion of the Patent Act protecting APJs from removal without cause. *Id.* at 1337. However, because

the APJs were not constitutionally appointed when they issued the final written decision below in *Arthrex*, the Federal Circuit vacated the PTAB's decision and ordered that a new panel of constitutionally appointed APJs consider the matter on remand. *Id.* at 1340.

Here too, unconstitutionally appointed APJs adjudicated IYM's patent rights, and the remedy should be the same as in *Arthrex*—the Board's final written decision should be vacated, and the case remanded for a constitutionally valid proceeding. The Board issued the decision which IYM is appealing on March 6, 2019, before the Federal Circuit's decision in *Arthrex* sought to remedy the prospective constitutional defects in the appointment of the APJs. Thus, like in *Arthrex*, the final written decision on appeal here was issued by APJs who were unconstitutionally appointed.

The *Arthrex* opinion, however, limited itself to “cases where final written decisions were issued and where litigants present an Appointments Clause challenge on appeal.” 941 F.3d at 1340. And, in a decision issued the day after *Arthrex*, a panel of the Federal Circuit went further and held that a party who did not raise an Appointments Clause challenge in its opening brief had forfeited its *Arthrex* argument. *Customedia Techs., LLC v. Dish Network Corp.*, 941 F.3d 1173 (Fed. Cir. 2019). Because the Federal Circuit had not yet issued its *Arthrex*

decision declaring APJs unconstitutionally appointed until after briefing was completed in this appeal, IYM did not raise the issue in its opening brief. Nevertheless, IYM did not waive its right to the same remedy as set forth in *Arthrex*.

Structural constitutional challenges, like those posed by the Appointments Clause, implicate important separation of powers concerns that excuse waiver. *Freytag v. C.I.R.*, 501 U.S. 868, 879 (1991) (finding that the Court may exercise discretion to “hear petitioners’ challenge to the constitutional authority” of tax judges over claims of waiver); *cf. Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833, 850–51 (1986) (“To the extent that this structural principle is implicated in a given case, the parties cannot by consent cure the constitutional difficulty.”). Thus, “the strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers” overcomes the usual rule of entertaining only preserved issues on appeal. *Freytag*, 501 U.S. at 879 (citing *Glidden Co. v. Zdanok*, 370 U.S. 530, 536 (1962)). Indeed, the concern over whether officers exercising executive power are constitutionally appointed is so important that in *Freytag*, for example, the Court disregarded waiver arguments and allowed an Appointments Clause challenge. The Supreme Court has even allowed an Appointments Clause challenge where the party first raised the issue in

“a supplemental brief upon a second request for review.” *Glidden*, 370 U.S. at 536 (citing *Lamar v. United States*, 241 U.S. 103, 117 (1916)) (An Appointments Clause challenge may be raised for the first time before the Supreme Court.)). That IYM did not raise an Appointments Clause challenge in its opening appeal brief does not change the fact that its patent rights were revoked in violation of core constitutional protections.

Moreover, *Arthrex* represents a significant change in this Court’s law regarding the Appointments Clause. Before the *Arthrex* decision, this Court had at least twice summarily rejected the same Appointments Clause challenge raised in *Arthrex*. See *Trading Techs. Int’l, Inc. v. IBG LLC*, 771 F. App’x 493 (Fed. Cir. 2019); *Bedgear, LLC v. Fredman Bros. Furniture Co., Inc.*, 779 F. App’x 748 (Fed. Cir. 2019).<sup>2</sup> As this Court has recognized, “a party does not waive an argument that arises from a significant change in law during the pendency of an appeal.” *Polaris Indus. v. Arctic Cat, Inc.*, 724 F. App’x 948, 949–50 (Fed. Cir. 2018).

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<sup>2</sup> The Supreme Court also denied certiorari in a case presenting the same Appointments Clause question prior to *Arthrex*. *Smartflash LLC v. Samsung Elecs. Am., Inc.*, 139 S. Ct. 276 (2018); Petition for Writ of Certiorari at 18, *Smartflash LLC*, No. 18-189, 2018 WL 3913634 (2018).

Because *Arthrex* represents a significant change in the law during the pendency of IYM’s appeal, waiver should not apply. See *Hormel v. Helvering*, 312 U.S. 552, 558–59 (1941) (holding an exception to the waiver rule exists where “there have been judicial interpretations of existing law after decision below and pending appeal-interpretations which if applied might have materially altered the result”); see also *In re Micron Tech., Inc.*, 875 F.3d 1091, 1097 (Fed. Cir. 2017) (“[A] sufficiently sharp change of law sometimes is a ground for permitting a party to advance a position that it did not advance earlier in the proceeding when the law at the time was strongly enough against that position.”). Consistent with *Arthrex*, the Board’s decision should be vacated and the case remanded for a constitutionally valid proceeding.

### **III. Under *Arthrex*, the Director’s Delegation of Institution Authority to APJs Acting as “Principal Officers” Violates 35 U.S.C. § 314 and Due Process of Law.**

Section 314 of title 35, United States Code, expressly assigns institution authority to the Director. 35 U.S.C. § 314(a), (b) (“The Director shall determine whether to institute an inter partes review . . . .”). The Director, however, has delegated institution authority to the Board. 37 C.F.R. § 42.4(a). In *Ethicon Endo-Surgery, Inc. v. Covidien LP*, this Court found that the Director permissibly delegated institution authority to the Board and its APJs, on the basis that the



Director can delegate tasks to “subordinate officers.” 812 F.3d 1023, 1031–33 (Fed. Cir. 2016). But *Arthrex* expressly held that APJs were, in fact, “principal officers,” and thus, not subordinate. 941 F.3d at 1327–1335. As found in *Arthrex*, the Director’s “control and supervision of the APJs is not sufficient to render them inferior officers.” *Id.* at 1335.

In view of *Arthrex*, which expressly found that APJs were principal officers whose decisions the Director could not “review, vacate, or correct,” 941 F.3d at 1355, the very same APJs could not be “subordinate officers” when instituting trials, which was the basis for the holding in *Ethicon*, 812 F.3d at 1031–33. Thus, *Arthrex* undermines the rationale for permitting the Director’s delegation of institution authority to APJs despite the requirement in 35 U.S.C. § 314 that it is the Director, not APJs, who has authority to grant institution.

This Court should grant en banc review to resolve the conflict between *Arthrex* and *Ethicon*, and make clear that the Director’s delegation of institution authority to APJs acting as principal officers violated 35 U.S.C. § 314 and due process of law. Because this Court’s decision in *Arthrex* is a fundamental change in the law that conflicts with the rationale set forth in *Ethicon*, waiver does not apply. *See Polaris*, 724 F. App’x at 949–50.

## CONCLUSION

For the foregoing reasons, IYM respectfully requests (1) panel rehearing to address the fact that there is no dispute that the Board's finding with respect to limitation [D] is not supported by substantial evidence, and to vacate the Board's decision and remand for further proceedings; (2) rehearing en banc to reconsider the panel's affirmance of the PTAB's final written decision in view of the Federal Circuit's determination in *Arthrex*, and to vacate the Board's decision and remand to a different PTAB panel for further proceedings; and (3) rehearing en banc to determine whether, after *Arthrex*, the Director's delegation of institution authority to APJs acting as principal officers violated 35 U.S.C. § 314 and due process of law.

Respectfully submitted,

Date: April 8, 2020      by: /s/ Michael S. DeVincenzo  
Michael S. DeVincenzo  
*Counsel for Appellant IYM Technologies LLC*

# **ADDENDUM**

NOTE: This disposition is nonprecedential.

**United States Court of Appeals  
for the Federal Circuit**

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**IYM TECHNOLOGIES LLC,**  
*Appellant*

v.

**RPX CORPORATION, ADVANCED MICRO  
DEVICES, INC.,**  
*Appellees*

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2019-1761

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Appeal from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in No. IPR2017-  
01886.

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**JUDGMENT**

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THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (LOURIE, MOORE, and HUGHES, *Circuit Judges*).

**AFFIRMED. See Fed. Cir. R. 36.**

ENTERED BY ORDER OF THE COURT

March 9, 2020  
Date

/s/ Peter R. Marksteiner  
Peter R. Marksteiner  
Clerk of Court

**PROOF OF SERVICE**

I, Michael S. DeVincenzo, hereby certify that on April 8, 2020, I caused one copy of the documents listed below:

**APPELLANT IYM TECHNOLOGIES LLC'S COMBINED PETITION FOR  
PANEL REHEARING AND REHEARING EN BANC**

to be electronically filed using the CM/ECF system, which sent a notice of electronic filing to all ECF registered participants.

Date: April 8, 2020      by: /s/ Michael S. DeVincenzo  
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## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. 35(b) and Fed. R. App. 40(b). The brief contains 2,686 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b).

This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type-style requirements of Fed. R. App. P. 32(a)(6). The document has been prepared in a proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman font.

Date: April 8, 2020      by: /s/ Michael S. DeVincenzo  
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