

Nos. 2020-1394, -1396, -1397, -1398

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

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APPLE, INC., VISA INC., VISA U.S.A., INC.,

*Appellants,*

v.

UNIVERSAL SECURE REGISTRY LLC,

*Appellee.*

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Appeals from the United States Patent and Trademark Office, Patent Trial and  
Appeal Board, in Nos. CBM2018-00024 and CBM2018-00025

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**APPELLANTS' PETITION FOR REHEARING EN BANC**

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May 29, 2020

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## CERTIFICATE OF INTEREST

Counsel for Appellant Apple Inc. certifies the following:

1. The full name of every party or *amicus* represented by me is:

Apple Inc.

2. The names of the real party in interest represented by me is:

None.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

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:

WILMER CUTLER PICKERING HALE AND DORR LLP: Kelvin Chan, Ben Fernandez

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:

*Universal Secure Registry LLC v. Apple Inc. et al.*, 1:17-cv-00585 (D. Del.)

Dated: May 29, 2020

/s/ Mark D. Selwyn

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## CERTIFICATE OF INTEREST

Counsel for Appellants Visa Inc. and Visa U.S.A. Inc. certifies the following:

1. The full name of every party or *amicus* represented by me is:

Visa Inc. and Visa U.S.A. Inc.

2. The names of the real party in interest represented by me is:

None.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

Visa U.S.A. Inc. is a wholly owned subsidiary of Visa Inc. Visa Inc. is a publicly traded entity without a parent corporation and no publicly held company owns 10% or more of its stock.

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:

None.

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:

*Universal Secure Registry LLC v. Apple Inc. et al.*, 1:17-cv-00585 (D. Del.)

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## STATEMENT OF COUNSEL

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States: *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016); *Thryv, Inc. v. Click-to-Call Technologies, LP*, 140 S. Ct. 1367 (2020).

Based on my professional judgment, I also believe this appeal requires an answer to the following precedent-setting question of exceptional importance:

Whether this Court has jurisdiction to review a decision by the Patent Trial and Appeal Board to terminate—contrary to statute—an instituted Covered Business Method or other post-grant review proceeding twelve months after institution without deciding the patent merits.

/s/ Mark D. Selwyn  
MARK D. SELWYN



## INTRODUCTION

Under 28 U.S.C. § 1295(a)(4), final decisions by the Patent and Trial Appeal Board are generally appealable to this Court. An initial decision “by the Director” of the Patent Office on institution, however, is expressly “nonappealable.” 35 U.S.C. § 324(e); *accord id.* § 314(d). That bar only prevents appeals from matters “closely tied to the application and interpretation of statutes related to the institution decision.” *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367, 1373, 1376 (2020) (quotation marks omitted).

The panel’s decision in this case erred in applying Section 324(e) to bar review of a final decision not “by the Director,” but *by the Board* made over a year after the Director’s decision instituting review and within days of the statutory deadline for the Board to issue a Final Written Decision. This ruling cannot be squared with Section 324(e)’s plain text (which, again, speaks only to initial institution decisions “by the Director”) or the Supreme Court’s ruling that the bar on appeals is inapplicable to suits that challenge how “the agency’s review ‘proceeds’ once instituted.” *Thryv*, 140 S. Ct. at 1376.

The panel’s decision grants the Board a nonstatutory power to avoid judicial review of its resolution of instituted proceedings simply by labeling its final action a “termination decision” rather than a “Final Written Decision.” That is inconsistent with the AIA’s purpose—to create an efficient means to challenge

patentability—and Supreme Court precedent warning against unrestrained agency decision making. *En banc* review is needed to ensure post-grant proceedings are subject to the judicial review Congress provided.

## **BACKGROUND**

Appellants filed three petitions seeking Covered Business Method (“CBM”) review of U.S. Patent No. 8,577,813 (“’813 patent”). *See* 35 U.S.C. § 321; America Invents Act, Pub. L. No. 112-29, § 18, 125 Stat. 284, 329-331 (2011). Six months later, exercising the power the statute gives to “the Director” and the Director delegated to the Board, *see* 35 U.S.C. § 324, 37 C.F.R. § 42.4(a), the Board instituted proceedings on two of the petitions.

In those Institution Decisions, the Board concluded (1) at least one of the ’813 patent claims is more likely than not unpatentable and (2) the ’813 patent qualifies as a “covered business method” patent. The Board explained that the CBM requirement was met because the “challenged claims on their face explicitly recite financial terms and a financial product and/or service,” and that the ’813 patent was not an unreviewable “technological invention” because “each step[] uses a technological feature that was known in the art as of the patent’s earliest priority date.” *See* Dkt. 21 Ex. A at 11-12; Dkt. 21 Ex. B at 11-13. Although the regulations gave patentee Universal Secure Registry LLC (“USR”) 14 days to

request rehearing of the decisions instituting review, 37 C.F.R. § 42.71(d)(1), USR made no such request.

The parties then conducted discovery and fully briefed the patent merits, including whether the '813 patent is obvious over two sets of prior art references. The Board heard oral argument on August 27, 2019.

Twelve months after the Institution Decisions and just days before the Board's statutory deadline to issue Final Written Decisions under 35 U.S.C. § 326(a)(11), the Board issued two rulings entitled "TERMINATION Vacating Institution and Dismissing Proceeding." *See* Dkt. 17 Ex. 1 at 1; Dkt. 17 Ex. 2 at 1. The decisions concluded that the '813 patent was not CBM-eligible because (in the Board's view) the claims were directed to a technological invention. The Board purported to base this about-face from the Institution Decisions on a non-binding ruling in an unrelated CBM proceeding and on this Court's unpublished decision in *IBG LLC v. Trading Technologies International, Inc.*, 757 F. App'x 1004 (Fed. Cir. 2019) (nonprecedential). *See* Dkt. 17 Ex. 1 at 19; Dkt. 17 Ex. 2 at 19.

Appellants timely appealed. Before Appellants filed their opening brief, USR moved to dismiss, arguing that—because the Board had labeled its decision a "termination" rather than a Final Written Decision—35 U.S.C. § 324(e) deprived this Court of appellate jurisdiction. A panel of this Court agreed and dismissed the case in a one-page order.

## ARGUMENT

### **I. THE PANEL’S RULING CANNOT BE SQUARED WITH THE STATUTORY TEXT OR THE SUPREME COURT’S RULINGS IN *CUOZZO* AND *THRYV***

#### **A. The Plain Language Of 28 U.S.C. § 1295(a)(4) And The AIA Gives This Court Jurisdiction To Review The Board’s Final Action Ending The Instituted Proceedings**

28 U.S.C. § 1295(a)(4) gives this Court exclusive jurisdiction “of an appeal from a decision of ... the [Board] with respect to ... post-grant review ... under title 35.” The Board’s rulings in this case are clearly “decisions” of the PTAB regarding CBM review, which is a type of “post-grant review.” Specifically, they are the agency’s final word on instituted review proceedings and were issued after a full eighteen-months of discovery, briefing, and oral argument. That they were not formally labeled “final written decisions” is of no moment, as Section 1295(a)(4) covers Board decisions regardless of their label when they (1) are made “with respect to” a post-grant proceeding and (2) “terminate[] the ... proceeding.” *Arthrex, Inc. v. Smith & Nephew, Inc.*, 880 F.3d 1345, 1348-1349 (Fed. Cir. 2018). Accordingly, this Court has appellate jurisdiction under Section 1295(a)(4) to consider final agency actions like those at issue here—unless some other, more specific statute withdraws it.

USR urged, and the panel agreed, that 35 U.S.C. § 324(e) stripped this Court of jurisdiction to consider the Board’s decisions terminating instituted proceedings. *See* Dkt. 27 at 2. The panel’s decision was wrong, for three reasons.

*First*, the *Board's* termination rulings were not institution decisions *by the Director* that cannot be appealed. Indeed, the *Director's* institution decision (through the power delegated to the Board for such rulings) *avored* Apple, finding at least one of the challenged claims unpatentable and that the patent was not a technological invention. *See supra* pp. 3-4.<sup>1</sup> More broadly, Section 324(e)'s plain text bars only the appeal of the initial “determination *by the Director* whether to institute a post-grant review.” 35 U.S.C. § 324(e) (emphasis added). By its very terms, Section 324(e) does not bar review of a subsequent, final decision by *the Board* (not the Director) ending the instituted proceedings, under the authority that Congress gave directly to the Board (not the Director) in Section 18 of the AIA. In other words, Section 324(e) applies only to cases that challenge “whether the agency should have instituted review at all” under the *Director's* authority; it does not apply to cases that, like this one, “challenge ... the manner in which the agency's review ‘proceeds’ once instituted” under the *Board's* authority. *Thryv*, 140 S. Ct. at 1376. Indeed, the panel's ruling itself highlighted the different roles that the two actors play under the AIA. *See* Dkt. 27 at 2 (“The scheme that

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<sup>1</sup> In *Thryv*, by contrast, the ruling that was deemed unappealable was simply “reiterating” the initial institution decision. 140 S. Ct. at 1371; *see also ESIP Series 2, LLC v. Puzhen Life USA, LLC*, No. 2019-1659, \_\_\_ F.3d \_\_\_, 2020 WL 2529769, at \*4-5 (Fed. Cir. May 19, 2020) (real-party-in-interest determination made during initial institution decision could not be challenged on appeal).

governs judicial review of CBM proceedings clearly differentiates between *the Board's* final written decision after institution ... and *the Director's* discretionary determination not to institute review proceedings.” (citations omitted; emphases added)).

That the Director has delegated—to the Board—his authority to institute, *see* 37 C.F.R. § 42.4(a), *Ethicon Endo-Surgery, Inc. v. Covidien LP*, 812 F.3d 1023, 1033 (Fed. Cir. 2016), changes nothing. By dividing the authority to institute proceedings from the authority to reach a final decision on an instituted petition—and by assigning the two actions to different actors—Congress made clear that the power to institute and the power to reach a final decision are not interchangeable. *See Babb v. Wilkie*, 140 S. Ct. 1168, 1177 (2020) (Congress’ decision to “include[] particular language” in one statutory section and “omit[] it in another” presumed to have meaning).

Moreover, if the statutory language were not enough, the Supreme Court made it even plainer when interpreting the nearly identical statutory scheme for *inter partes* review: the bar on appeals is directed to the statutory subsection “housing the command *to the Director* to determine whether to institute.” *Thryv*, 140 S. Ct. at 1375 (emphasis added; quotation marks omitted); *accord id.* at 1380 (Gorsuch, J., dissenting) (“[T]he *only* thing [the bar on appeals] insulates from judicial review is ‘[t]he determination’ made ‘by the Director.’”).

*Second*, the Board’s decisions here are not “reconsider[ations]” of the original decisions to institute, as USR and the panel labeled them. *See, e.g.*, Dkt. 27 at 2. Although the regulations allow a party to request reconsideration of the Director’s decision to institute, such reconsideration must be sought within 14 days. *See* 37 C.F.R. § 42.71(d)(1). USR did not request reconsideration at all, much less within that timeframe. The Board’s termination decisions here do not purport to exercise *the Director’s* authority to issue a “determination . . . whether to institute” proceedings under 35 U.S.C. § 324. That was for good reason: the statute requires that institution determinations under the Director’s authority be issued—at the latest—“within three months” of the patent owner’s preliminary response. 35 U.S.C. § 324(c). The Board did not issue its termination decisions until almost *fifteen* months after USR filed its preliminary response.

*Third*, the Board lacks the authority to revisit the decision on institution once the short window of time allotted for reconsideration has passed. This is confirmed by Section 324(e) itself, which states that the Director’s institution decisions are *both* “final” *and* “nonappealable.” Giving each word its independent meaning—as the Supreme Court mandates “if possible,” *see Bennett v. Spear*, 520 U.S. 154, 173 (1997)—the institution decision became final (i.e., irreversible) once the 14-day reconsideration period passed. The government conceded as much in *Cuozzo*, where it told the Supreme Court that “[b]ecause the decision whether to

institute the proceeding is ‘final,’ it will not be revisited by the agency in its subsequent decision on the merits.” U.S. Br., *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016) (No. 15-446), 2016 WL 1165967, at \*46 (Mar. 23, 2016).

At a minimum, the presumption of reviewability mandates resolving the interpretation question in Appellants’ favor. An “agency bears a ‘heavy burden’ in attempting to show that Congress ‘prohibit[ed] all judicial review’ of the agency’s compliance with a legislative mandate.” *Mach Mining, LLC v. EEOC*, 575 U.S. 480, 486 (2015) (alteration in original). For that reason, the Supreme Court has held that 35 U.S.C. § 314 (the *inter partes* review analog of Section 324) bars review only where the text of Section 314 provides “clear and convincing evidence” that this was Congress’s intent—*i.e.*, decisions involving (1) challenges to the Director’s initial decision regarding institution under Section 314 or (2) “a statute *closely related* to that decision.” *Cuozzo*, 136 S. Ct. at 2142 (emphasis added). Nothing in *Cuozzo* or the statutory text expands the bar on appeal of the Director’s institution decisions to a bar on final Board decisions ending the instituted proceedings a year after the initial institutions.

The panel relied on just two cases to justify its order dismissing this appeal: *GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1039 (Fed. Cir. 2015), and *BioDelivery Scis. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1366 (Fed. Cir. 2019). Those two cases—like the others on which USR relied—are readily



distinguishable. Alternatively, the *en banc* Court should exercise its authority to overrule or confine them in light of the statute’s plain language, as interpreted by the Supreme Court’s intervening *Thryv* decision.

*GTNX* involved a petitioner’s failure to disclose a defect in the petition—the existence of a prior declaratory judgment action. *See* 789 F.3d at 1311-1313. The Board in this case did not base its termination decisions on facts unknown to it as of institution. Rather, it simply took a different view on a substantive matter related to the patent—*i.e.*, whether it is a covered business method patent—from the view expressed in the initial institution decisions. While the Board is entitled to reach such a conclusion in instituted proceedings, it cannot insulate such a decision from review simply by captioning it a “termination” or a decision “vacating institution” rather than a final written decision. *See supra* pp. 5-9.<sup>2</sup>

*BioDelivery* involved the rare situation where a Supreme Court decision required reconsideration of the Director’s Institution Decision in light of a change in law. There, review was initially instituted on just one of many grounds challenged in the petition; the Board ultimately found the instituted claim to be

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<sup>2</sup> *Medtronic, Inc. v. Robert Bosch Healthcare Systems, Inc.* and *GEA Process Engineering, Inc. v. Steuben Foods, Inc.* are distinguishable for the same reason. Both involved termination decisions based on facts not known at the time of institution (petitioners’ supposed failure to identify a real party in interest). *See Medtronic*, 839 F.3d 1382, 1384-1385 (Fed. Cir. 2016); *GEA*, 618 F. App’x 667, 668-669 (Fed. Cir. 2015) (nonprecedential).

*patentable* over that ground. Following the Supreme Court’s decision in *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), the Board’s Final Written Decision was remanded for the Board to consider whether the petition should be instituted on *all grounds* or none. In light of its prior Final Written Decision finding the one instituted claim not unpatentable, the Board concluded that the petition failed to show a reasonable likelihood of success with respect to *any* ground. *BioDelivery*, 935 F.3d at 1363-1364. Here, by contrast, the Board’s last-minute reversal on institution did not follow a remand in light of a sweeping change in law; rather, it was a *sua sponte* decision to reevaluate information that the Board had before it for months. *See supra* p. 4. Again, no one disputes that the Board may change its mind on whether a post-grant proceeding should move forward. The point is that—once the proceedings are instituted under the Director’s statutory authority—the Board’s subsequent action terminating the proceeding is appealable under 28 U.S.C. § 1295(a)(4). Certainly nothing in Section 324(e) withdraws this Court’s appellate jurisdiction over a subsequent final decision by *the Board* ending an instituted proceeding—and nothing in *BioDelivery*’s narrow decision justifies a contrary ruling.

The remaining cases USR cited are also easily distinguishable. Most involved an attempt to appeal the initial decision “by the Director” denying institution. Here, by contrast, the institution decisions favored Appellants. *See*,

*e.g.*, *Kingston Tech. Co. v. SPEX Techs., Inc.*, Nos. 19-1342, 19-1599, 2019 WL 3337893, at \*1-2 (Fed. Cir. July 19, 2019) (nonprecedential); *ARRIS Int’l PLC v. ChanBond, LLC*, 773 F. App’x 605, 606 (Fed. Cir. 2018) (nonprecedential); *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375-1376 (Fed. Cir. 2014). The remaining case is even further afield—it decided whether tribal immunity applies in IPRs and did not address any of the jurisdictional issues relevant here. *See Saint Regis Mohawk Tribe v. Mylan Pharms. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018).

**B. Alternatively, The Board’s Rulings Terminating Instituted Proceedings Should Be Treated As “Final Written Decisions” Appealable Under 35 U.S.C. § 141**

The panel’s decision was flawed for a second, independent reason: regardless of their caption, the Board’s decisions below are best understood as “Final Written Decisions” specifically made appealable by 35 U.S.C. § 141(c). That section provides that “a party to a ... post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section ... 328(a) ... may appeal the Board’s decision” to this Court. Once the Board instituted review, it was required to proceed to a Final Written Decision unless the proceedings were “dismissed under this chapter.” 35 U.S.C. § 328(a) (“If a post-grant review is instituted and not dismissed under this chapter, the [PTAB] *shall issue a final written decision*[.]” (emphasis added)); *accord id.* § 318(a); *see also*

SAS, 138 S. Ct. at 1354 (noting that “[t]his directive is both mandatory and comprehensive” and that “[t]he word ‘shall’ generally imposes a nondiscretionary duty”). The only method of “dismiss[al] under this chapter” discussed in the AIA is a termination due to settlement, *id.* § 327, which has not occurred here. At least three panels of this Court have declined to adopt this argument in the past, but none acknowledged the important textual clue that Sections 318(a) and 328(a) only refer to dismissal “*under this chapter*” and that settlement is the only type of dismissal the statute contemplates. *See BioDelivery*, 935 F.3d at 1366; *Medtronic*, 839 F.3d at 1385; *GTNX*, 789 F.3d at 1311.

The Board in this case accordingly had no statutory authority to end the proceeding other than with an appealable Final Written Decision. Particularly in light of the presumption of reviewability, *see supra* p. 9, Section 141 should be read to encompass any decision terminating an instituted proceeding, including those at issue in this case.

**C. *Cuozzo* Makes Clear That This Court Has The Power To Review Board Decisions That—Like Those Here—Are Arbitrary, Capricious, And Contrary To Law**

There is a third, independent reason why the panel’s decision cannot stand: its interpretation of Section 324(e) cannot be squared with *Cuozzo*’s holding that the AIA does not preclude review of a decision that is arbitrary, capricious, and contrary to law. *See* 136 S. Ct. at 2141-2142 (where Board engages in

“shenanigans” like “act[ing] outside its statutory limits,” its actions “may be properly reviewable ... under the Administrative Procedure Act”); *accord Arthrex*, 880 F.3d at 1348 n.1 (noting that the APA “play[s] a role in defining the reviewability of Board decisions”).

Here, the Board held—contrary to the institution decisions—that the ’813 patent does not claim a covered business method. It relied on *IBG LLC v. Trading Technologies International, Inc.*, 757 F. App’x 1004 (Fed. Cir. 2019), but *IBG* provided no basis for terminating these proceedings. In *IBG*, *this Court* had previously found the claims at issue patent-eligible under 35 U.S.C. § 101 because they were directed to an improvement in the way computers operate, and the Board had issued Final Written Decisions adopting those findings. *See id.* at 1007.

Here, however, this Court has never considered whether the ’813 patent claims are patent-ineligible under Section 101. To the contrary, the only Section 101 decision cited by the Board was its own prior (and non-binding) decision not to institute a *different* CBM proceeding. *See supra* p. 4. Moreover, in that cited decision, the Board found the ’813 patent *eligible* for CBM review. *Apple, Inc. v. Universal Secure Registry LLC*, CBM2018-00026, Paper 11 at 12 (P.T.A.B. Dec. 10, 2018). It was arbitrary and capricious for the Board to terminate these instituted proceedings based on a non-binding Board decision; at the very least, this Court has the authority to review that question. *See Veritas Techs. LLC v.*

*Veeam Software Corp.*, 835 F.3d 1406, 1414 (Fed. Cir. 2016) (reversing Board action where its conclusion was “unreasonable and hence must be set aside as arbitrary and capricious”).

**II. THE PANEL’S RULE IMPROPERLY GIVES THE BOARD AUTHORITY TO DISMISS MERITORIOUS INSTITUTED PETITIONS ON GROUNDS SHELTERED FROM THIS COURT’S OVERSIGHT**

Even setting aside its clash with the AIA’s text and the Supreme Court’s reasoning in *Cuozzo* and *Thryv*, the panel’s ruling—which it purported to ground in binding Circuit precedent—is highly troubling from a practical standpoint. The panel decision vests the Board with unfettered discretion to foreclose judicial review of its determinations, at any time. Applying the panel’s logic, the Board is free to “vacate” IPR, post-grant review, and CBM proceedings at *any* point and for *any* reason without fear of judicial review, so long as it frames its decision as a “reconsideration” of the Director’s initial institution decision. Granting individual Board panels this level of power would give “the Executive ... a free hand to shelter its own decisions from ... appellate court review” with regard to patents that, by definition, the Board has already found to have at least one claim that is likely unpatentable—an “extraordinary delegation of authority [that] cannot be

extracted from the statute Congress enacted.” *Kucana v. Holder*, 558 U.S. 233, 252 (2010).<sup>3</sup>

The panel’s decision is troubling for several additional reasons. *First*, the panel’s rule will result in more unsound patents being allowed to stand. Because every petition that has been instituted involves at least one patent claim the Board (exercising the Director’s delegated authority) has concluded is likely unpatentable, barring appellate review of a Board decision terminating the instituted proceeding will inevitably allow questionable patents to slip through the cracks. That is precisely the opposite of what Congress intended. *See* H.R. Rep. No. 112-98 at 40 (identifying “improv[ing] patent quality” through post-grant review mechanisms as a goal of AIA); *id.* at 48 (purpose of post-grant review framework is “improv[ing] patent quality and restor[ing] confidence in the presumption of validity that comes with issued patents”).

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<sup>3</sup> As discussed above, the handful of instances where this Court has applied the AIA’s appeal bars to post-institution decisions involved exceptional circumstances not present here. *See GTNX*, 789 F.3d at 1309 (petitioner held to have failed to disclose factual defect in petition); *Medtronic*, 839 F.3d at 1382 (same); *GEA*, 618 F. App’x at 668-669 (same); *BioDelivery*, 935 F.3d at 1366 (intervening Supreme Court ruling). In any event, these rulings are undermined by the language of the governing statutes and the Supreme Court’s further guidance in *Thryv*, and thus should either be confined to their facts or overruled. *See supra* pp. 9-12.

*Second*, the panel’s rule—if allowed to stand—will waste Board and party resources by allowing cases to continue for months only to end with an erroneous dismissal. This case provides an excellent example: the Board allowed the case to proceed through discovery, full briefing, and an oral hearing (as well as the hundreds of hours and hundreds of thousands of dollars expended to conduct those proceedings). The panel’s rule also has the indirect effect of undermining public confidence in post-grant proceedings, by allowing claims that the Board has openly stated are questionable to stand without an evaluation of their merits. Congress sought to provide “a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner.” H.R. Rep. No. 112-98 at 45 n.31. Once the Board, exercising the Director’s delegated power, has declared a patent more likely than not unpatentable, it should determine its patentability—and if for some reason it believes it cannot, that reason is reviewable by this Court, like any other final agency action. *See* 28 U.S.C. § 1295(a)(4); 5 U.S.C. § 704.

### **CONCLUSION**

Rehearing *en banc* should be granted.



Respectfully submitted,

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May 29, 2020

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# **ADDENDUM**

NOTE: This order is nonprecedential.

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

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**APPLE INC., VISA INC., VISA U.S.A., INC.,**  
*Appellants*

v.

**UNIVERSAL SECURE REGISTRY LLC,**  
*Appellee*

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2020-1394, -1396, -1397, -1398

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Appeals from the United States Patent and Trademark  
Office, Patent Trial and Appeal Board in Nos. CBM2018-  
00024 and CBM2018-00025.

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**ON MOTION**

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Before LOURIE, DYK, and REYNA, *Circuit Judges*.  
DYK, *Circuit Judge*.

**ORDER**

Universal Secure Registry LLC (USR) moves to dismiss these appeals for lack of jurisdiction. Apple Inc., Visa Inc., and Visa U.S.A., Inc. (collectively, “Apple”) oppose the motion. USR replies.

In May 2018, Apple filed three petitions with the Patent Trial and Appeal Board seeking institution of a Covered Business Method (CBM) review of U.S. Patent No. 8,577,813 (“the ’813 patent”) owned by USR. The Board initially instituted two CBM reviews but subsequently reconsidered and vacated its institution decisions and terminated both reviews based on Apple’s failure to show that the ’813 patent qualifies for CBM review. Apple seeks review of the Board’s termination decisions.

The scheme that governs judicial review of CBM proceedings clearly differentiates between the Board’s final written decision after institution, which is appealable, *see* 35 U.S.C. §§ 328(a), 329; 28 U.S.C. § 1295(a)(4)(A), and the Director’s discretionary determination not to institute review proceedings, which is “final and nonappealable.” 35 U.S.C. § 324(e) (“The determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.”).

The Board’s decisions reconsidering whether to institute the proceedings and determining not to do so clearly fall within the latter category. *See GTNX, Inc. v. INTTRA, Inc.*, 789 F.3d 1309, 1312 (Fed. Cir. 2015) (holding a “determination . . . whether to institute” proceedings “is not limited to an *initial* determination to the exclusion of a determination on reconsideration”); *see also BioDelivery Scis. Int’l, Inc. v. Aquestive Therapeutics, Inc.*, 935 F.3d 1362, 1366 (Fed. Cir. 2019).

We therefore agree with USR that Apple is barred from seeking review of the Board’s termination decisions and that dismissal of the appeals is appropriate.

Accordingly,

IT IS ORDERED THAT:

- (1) The motion to dismiss is granted.
- (2) Each side shall bear its own costs.

APPLE INC. v. UNIVERSAL SECURE REGISTRY LLC

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FOR THE COURT

April 30, 2020  
Date

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

s29

ISSUED AS A MANDATE: April 30, 2020

## CERTIFICATE OF SERVICE

I hereby certify that, on this 29th day of May, 2020, I filed the foregoing with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

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## CERTIFICATE OF COMPLIANCE

Pursuant to Fed. R. App. P. 32(g), the undersigned hereby certifies that this petition complies with the type-volume limitation of Fed. R. App. P. 35(b)(2).

1. Exclusive of the exempted portions of the petition, as provided in Fed. Cir. Rule 35(c)(2), the petition contains 3,900 words.

2. The petition has been prepared in proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman font. As permitted by Fed. R. App. P. 32(g), the undersigned has relied upon the word count feature of this word processing system in preparing this certificate.

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May 29, 2020