

2018-1364

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

—————
SIPCO, LLC,
Appellant,

v.

Emerson Electric Co.,
Appellee
—————

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board, in No. IPR2016-00984

Brief for the United States as Amicus Curiae

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The United States submits this amicus brief in response to the Court’s order of November 23, 2020.

QUESTION PRESENTED

Under 35 U.S.C. § 255, a certificate of correction is effective only on “the trial of actions for causes” arising after the certificate issues. Here, the USPTO issued a certificate of correction for a patent five months after the Patent Trial and Appeal Board issued a final written decision in an inter partes review challenging the claims in that uncorrected patent. This appeal concerns the validity of the final written decision regarding the uncorrected patent in light of the USPTO’s subsequent correction of the patent under section 255. The Court has asked the USPTO to brief this question: “What is the effect of section 255 and the PTO’s issuance of the certificate of correction on the proper disposition of this matter before the court?”

STATEMENT

Section 255 provides a mechanism for patent owners to correct their own mistakes “of a clerical or typographical nature, or of minor character” in an issued patent if “a showing has been made that such mistake occurred in good faith” and “the correction does not involve such changes in the patent as would constitute new matter or would require re-examination.” 35 U.S.C. § 255. In such circumstances, “the Director may, upon payment of the required fee, issue a certificate of correction,” which together with the patent,

“shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.” *Id.*

Section 255’s correction process may be employed for patents with claims deemed unpatentable in an inter partes review, provided that appeal rights from such a review have not yet been exhausted. That is because 35 U.S.C. § 318(b) provides that “the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable” in an inter partes review only after “the time for appeal has expired or any appeal has terminated.”

Here, the Patent Trial and Appeal Board issued its final written decision concluding that the original patent claims were unpatentable on October 25, 2017. Five months later, on March 27, 2018, the USPTO granted the request of the patent owner, SIPCO, to correct the original, as-yet uncanceled patent claims under 35 U.S.C. § 255. By that time, SIPCO’s appeal from the Board’s final written decision was pending on appeal in this Court. SIPCO moved in this Court for a partial remand in light of the recently issued certificate of correction. This Court granted SIPCO’s motion and remanded this case to the Board to consider the effect of the certificate of correction.

See Appx3–4.

On remand, the Board concluded that the certificate of correction had no effect on the final written decision, which issued five months before the certificate of correction. Regardless of whether an inter partes review is a

“trial of actions for causes,” within the meaning of section 255, the Board concluded that retroactive application of a certificate of correction would be inappropriate. If an inter partes review is such a “trial,” then the text of section 255 expressly provides that a certificate of correction has only prospective application. Appx17–18. And even if an inter partes review is not such a “trial,” the statute still “does not contain any affirmative language indicating any intention to retroactively apply a certificate of correction” like this one, and “[i]nferring retroactivity would be inconsistent with the plain language” of the correction provisions that Congress did include. Appx18.

SUMMARY OF ARGUMENT

Section 255 and the USPTO’s issuance of the certificate of correction should have no effect on this Court’s disposition of this matter. As the Board correctly concluded, in light of the text and structure of the Patent Act, the certificate of correction had no effect on the Board’s determination regarding the original patent. Under the usual principles of judicial review, this Court should review the Board’s final written decision regarding the original, uncorrected patent on the record that was before the Board. Although the certificate of correction has no effect on the Board’s determination that the original claims were unpatentable, there is no question that the *corrected* patent will remain in force, subject to section 255’s limitation that it can be asserted only “for causes thereafter arising.” To eliminate any potential doubt on that score, the USPTO is willing to grant any request by SIPCO that the

trial certificate issued under 35 U.S.C. § 318(b) specify that it does not address the certificate of correction issued after the inter partes review of the uncorrected patent. Such a notation would ensure that the parties and the public have no doubt that the Board adjudicated the patentability of only the *uncorrected* patent claims—the claims that were the subject of the IPR petition.

ARGUMENT

Section 255 and the USPTO’s issuance of the certificate of correction should have no effect on this Court’s disposition of this matter.

The certificate of correction should have no effect in this Court for two reasons. First, the Board properly declined to give the certificate of correction effect in the IPR because it issued five months after the final written decision. Second, this Court reviews the Board’s final written decision on the record that was before the Board.

Although those two reasons resolve the question, clarity is important for the parties and the public. After this Court’s mandate issues in this case, the USPTO stands ready to grant any request by SIPC0 that the trial certificate issued under section 318(b) specify that it does not address the corrected patent, which is now in effect by virtue of the subsequently issued certificate of correction.

1. Before the Board, the certificate of correction had no effect when issued five months after the final written decision.

Section 255 provides patentees the opportunity to correct minor errors in their patents when the errors are not the USPTO's fault. The statute specifically limits the effect of such corrections to "the trial of actions for causes thereafter arising":

Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the Director may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require re-examination. Such patent, together with the certificate, shall have the same effect and operation in law **on the trial of actions for causes thereafter arising** as if the same had been originally issued in such corrected form.

(Emphasis added.) As the Board correctly held, regardless of whether IPRs are "trials of actions for causes," the text and context of section 255 indicate that certificates of correction should not be given retroactive effect in IPRs, at least where, as here, the certificate issued months after the final written decision issued in the IPR.

A. Regardless of whether an IPR is a "trial" within the meaning of section 255, Congress provided no indication that the Board is bound to give a certificate of correction retroactive effect.

The Board's conclusion that it should not provide retroactive effect to a certificate of correction in an IPR is supported by two familiar canons of

statutory interpretation: first, the text; and second, the statutory structure. *See Crandon v. United States*, 494 U.S. 152, 158 (1990).

First, as to the “unambiguous language” of the statute, Appx17, section 255 provides that certificates of correction are effective only “on the trial of actions for causes thereafter arising.” If an IPR is a “trial” within the meaning of the statute, the parties do not dispute that a certificate of correction applies only prospectively in IPRs. SIPCO Opening Br. 36–37, Emerson Electric Br. 29. As the Board recognized, if IPRs fall “within the statute’s ‘trial of actions’ language, the statute makes a certificate of correction applicable only to actions arising after a certificate issues.” Appx18. And there is a good argument that an IPR should be considered a “trial of an action” for a “cause.” The Board’s conduct of an inter partes review involves a “trial” based on adversary presentations. *See, e.g.*, 35 U.S.C. § 316(a)(5), (a)(8). And the petitioner in such a proceeding asserts a right, naturally characterized as a “cause,” conferred by federal statute.

Second, however, as the Board observed, even assuming for the sake of argument that IPRs are not trials of actions for causes, Congress strongly signaled in the statutory structure that it did not intend to require the Board to give a certificate of correction effect in an IPR that arose before the certificate issued. *See* Appx18.

As a general matter, “[r]etroactivity is not favored in the law,” and “congressional enactments and administrative rules will not be construed to have retroactive effect unless their language requires this result.” *Bowen*

v. Georgetown Univ. Hosp., 488 U.S. 204, 208 (1988). After the petitioner, Emerson Electric, received from the Board a patentability determination on its petition, the USPTO’s issuance of a certificate of correction to SIPCO did not cast doubt on the Board’s prior conclusion that the uncorrected patent claims would have been obvious. A subsequent correction to the patent should not undo an administrative decision that properly applied the governing legal rules to the uncorrected patent, especially where that decision is relevant to ongoing litigation. *See infra* p. 10. Section 255’s limitation to “causes thereafter arising” at least dispels any inference that Congress intended a certificate of correction to have *greater* retroactive effect than it would have if the statute were silent on this point.

Comparing section 255 to the Patent Act’s other correction provisions further supports the conclusion that certificates of correction under section 255 should not be given retroactive effect. Section 255’s sister provision, section 254, is a nearly identical provision for certificates of correction based on USPTO error. Section 254 provides that a certificate of correction for a mistake incurred through the fault of the USPTO “shall have the same effect and operation in law on the trial of actions for causes thereafter arising” As this Court has observed, “[s]ection 254 ... is part of the statutory context we must consider in interpreting § 255.” *Superior Fireplace Co. v. Majestic Prods. Co.*, 270 F.3d 1358, 1372 (Fed. Cir. 2001). This Court has held that section 254 has only prospective effect. “[F]or causes arising before its issuance, the certificate of correction [under section 254] is

not effective.” *Southwest Software, Inc. v. Harlequin, Inc.*, 226 F.3d 1280, 1295 (Fed. Cir. 2000). As the Board noted, if certificates of correction are not effective in causes arising before their issuance in cases of USPTO error, the certificates surely would not have retroactive effect in cases of patentee error. Appx20.

Comparing sections 254 and 255 to the language used in section 256—another sister provision to section 255—further confirms that certificates of correction under section 255 should not be given retroactive effect. Section 256 allows for the correction of inventorship. As the Board observed, while section 256 contains some of the same language as section 255, section 256 does not contain the “thereafter arising” language. Appx20–21. Rather, section 256(b) provides that an error in the identification of inventors “shall not invalidate the patent in which such error occurred if it can be corrected,” and that section authorizes courts to correct inventorship errors in patents. By “stating that a patent shall not be invalidated if inventorship is corrected, [section] 256 provides for retroactive effect of a certificate correcting named inventorship.” Appx20; see *Viskase Corp. v. American Nat’l Can Co.*, 261 F.3d 1316, 1329 (Fed. Cir. 2001). Section 256, by using different language than that appearing in sections 254 and 255, provides retroactive effect to corrections of inventorship. *See id.*

The statutory structure, in sum, provides two buckets: Section 254’s bucket is for provisions that have only prospective effect; section 256’s bucket is for those that have retroactive effect. Section 255, which has the

same “thereafter arising” language as section 254, belongs in the same bucket with section 254.

Refusing to give certificates of correction under section 255 retroactive effect is also consistent with the structure of IPRs. The statutory structure establishes that the IPR petition is the document that shapes the issues to be adjudicated in an IPR. Under the statute, the petition is the document that initiates an IPR. 35 U.S.C. § 311(a). The petition establishes the grounds of unpatentability and the prior art that the Board considers when deciding whether to institute a trial. *See id.* § 312(a)(3). If the Board institutes a trial, it does so based on the information in the petition. *Id.* § 314(a). The petition “is supposed to guide the life of the litigation.” *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018).

But the petition cannot guide the life of an IPR if a certificate of correction has retroactive effect in an IPR. A certificate of correction that alters a priority claim in a previously uncorrected patent can render irrelevant the prior art that the petitioner relies on in the petition and in any corresponding litigation. That shifting scope disrupts the issues that the Board must decide, impeding the Board’s ability to meet its statutory deadlines: six months to decide whether to institute an IPR followed by a year to enter a final written decision. 35 U.S.C. §§ 314(b), 316(a)(11).

Displacing the role of the IPR petition in setting the issues to be decided also deprives the petitioner and the public of the opportunity to have the Board adjudicate the patentability of the uncorrected patent, which was the

patent that was in force at the time that the petitioner sought review and the patent on which the public relied until it was corrected. In this case, SIPCO asserted the *uncorrected* version of the patent against Emerson Electric in district court. If any of the patent claims survive this IPR, Emerson Electric could incur liability for six years of damages for infringement of those claims. 35 U.S.C. § 286. Emerson Electric is entitled to a patentability determination on the patent as it existed at the time that Emerson Electric sought review and as it still exists in SIPCO's suit against Emerson Electric.

In response, SIPCO cites the claim-amendment provisions of 35 U.S.C. § 316(d) as relevant statutory structure in the analysis of section 255 supporting its view. Opening Br. 38. Although section 316(d)'s claim-amendment provisions are relevant statutory structure, those provisions, contrary to SIPCO's argument, signal that Congress did not intend to give certificates of correction retroactive effect in IPRs.

Section 316(d) permits a patent owner in an IPR to file a motion to amend the claims of the patent under review. SIPCO argues that the amendment process demonstrates that a patent owner has broad latitude to amend claims during the pendency of an IPR, including by obtaining a certificate of correction and by having that certificate given effect during an IPR. Opening Br. 38. Congress could have referenced certificates of correction in the text of section 316(d). But Congress did not do that, instead limiting the Board's obligation to consider mid-IPR changes to a patent to a particular type: claim amendments. Rather than require the Board to consider

certificates of correction, Congress provided the USPTO discretion to determine how proceedings co-pending with an IPR, such as petitions for a certificate of correction, should proceed before the agency, “including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.” 35 U.S.C. § 315(d). Meanwhile, in section 255, Congress left the effect of the errors curable with certificates of correction unchanged: as they were before the America Invents Act, certificates of correction are effective only on “trials of actions for causes thereafter arising.” Paired with section 255, section 316(d) provides another strong signal that certificates of correction have only prospective effect in IPRs.

In sum, the text and structure of the Patent Act leave no doubt that the Board need not give a certificate of correction retroactive effect in an IPR.

B. Here, the certificate of correction’s issuance, five months after the final written decision, was not entitled to retroactive effect.

Regardless of whether an IPR is a “trial” within the meaning of section 255, the Board was correct to conclude that a certificate of correction is not effective in an IPR when it issues five months after the final written decision. If an IPR is a trial of actions for causes, there could be a question in future cases about precisely when a cause underlying an IPR arises. But here, whenever “the cause” arose, it existed well before the time that the certificate of correction issued. And even if section 255’s explicit bar on giving certificates of correction retroactive effect does not apply in this

circumstance, Congress provided no other indication it intended such retroactive effect in completed IPRs.

Although SIPCO, citing *Fitbit, Inc. v. Valencell, Inc.*, 964 F.3d 1112 (Fed. Cir. 2020), and *Honeywell International, Inc. v. Arkema, Inc.*, 939 F.3d 1345 (Fed. Cir. 2019), suggests that this Court directed the Board to recognize certificates of correction retroactively even if an IPR is already completed, *see* SIPCO Reply Br. 3, this Court made no such holding in either case. In *FitBit*, this Court held that the Board had the inherent ability to correct a claim-dependency error that both parties agreed was an error. 964 F.3d at 1119–20. In so holding, this Court relied on the claim-amendment provisions of section 316(d) to conclude that the Board could have corrected the claim-dependency error. *FitBit* did not involve a certificate of correction. In *Honeywell*, this Court held that the Board abused its discretion by requiring the patent owner to show that the requirements of section 255 were met before authorizing the patent owner to file a motion for leave to seek a certificate of correction from the Director. 939 F.3d at 1349. The Board in *Honeywell* erred by disregarding the boundary between the Board and the Petitions Branch, improperly assuming the Petition’s Branch’s authority, which was delegated by the Director, to decide the merits of a petition for a certificate of correction. *Id.*

Neither *FitBit* nor *Honeywell* suggests that the Board is bound to give retroactive effect to a certificate of correction, and to alter the course of a

concluded IPR, when the certificate issued five months after the final written decision.

2. Under bedrock principles of judicial review, this Court should review the Board’s final written decision on the record that was before the Board, without giving the certificate of correction effect.

This Court is well familiar with the general rule that an Article III court reviews an agency action on the record that was before the agency.

A reviewing court is limited to “hold unlawful and set aside agency action, findings, and conclusions found to be ... unsupported by substantial evidence ... or otherwise reviewed *on the record* of an agency hearing provided by statute” 5 U.S.C. § 706 (emphasis added). The Patent Act applies that general rule to this Court’s review of IPRs, directing this Court to review the Board’s “final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).” 35 U.S.C. § 318(a).

If this Court were to give effect to the certificate of correction now, for the first time, this Court would be neither reviewing the agency action on the agency record nor reviewing the Board’s final written decision with respect to patentability. This Court, instead, would be considering new evidence that did not exist at the time of the final written decision, requiring a new adjudication of the facts. But “the focal point for judicial review should be the administrative record already in existence, not some new record made initially in the reviewing court.” *Camp v. Pitts*, 411 U.S. 138 (1973); *see also SEC*

v. Chenery Corp., 318 U.S. 80, 87 (1943) (“The grounds upon which an administrative order must be judged are those upon which the record discloses that its action was based.”).

The record on which the Board issued the final written decision did not include the certificate of correction, which had not even issued at the time of the decision. This Court should review the final written decision on that record.

3. In this case, the Director is willing to grant any request by the patent owner to issue a trial certificate specifying that it does not address the corrected patent.

Although the analysis above resolves what this Court should do with the certificate of correction as a matter of law, the USPTO recognizes the importance of clarity for the parties and the public and, thus, stands ready to grant any request from SIPCO to ensure that the trial certificate in this matter does not cast doubt on the corrected patent claims, which are now in force.

As an initial matter, affirming the Board’s decision will not deprive the certificate of correction of its intended legal effect. At the time that the certificate of correction issued, the uncorrected patent had not been canceled, and it still has not been canceled today, since judicial review of the Board’s decision remains ongoing. *See* 35 U.S.C. § 318(b) (Patent claims that are found by the Board to be unpatentable shall be canceled when “the time for appeal has expired or any appeal has terminated.”). Thus, when the certificate issued, there was still an extant patent to correct.

But clarity in the record is important, and the Director is prepared to take an additional step to ensure it. After the final written decision issues in an IPR and any appeal has terminated, “the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.” *Id.* If this Court affirms the Board’s patentability decision, after this Court’s mandate issues, the Director will grant any patent-owner request to include in the trial certificate under section 318(b) a notation that the certificate of correction was not addressed in this IPR. That notation would provide clarity in the record that the Board’s final written decision and this Court’s review of that decision were rendered on the uncorrected patent. That clarity will eliminate any doubt that SIPCO remains free to make any appropriate arguments for the patentability of its claims in future litigation, when the certificate of correction would be effective.

In addition, declining to give the certificate of correction effect here would not foreclose the Board’s ability to exercise its discretion in the future, as appropriate, to consider the effect of certificates of correction on IPRs under different circumstances. The facts of this case appear to be unusual. We are unaware of another Board proceeding in which a certificate of correction issued after a final written decision but before a trial certificate under section 318(b).

Future cases could arise in which the issuance of a certificate of correction occurs earlier in an IPR than it occurred here. In such cases, the Board could exercise its discretion to terminate a pending IPR or to deny institution if it would be a waste of the Board's or the parties' resources to adjudicate the patentability of an uncorrected patent's claims. *See* 35 U.S.C. §§ 314, 315(d); *see also St. Jude Medical, Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375–76 (Fed. Cir. 2014). Alternatively, if both parties agree, the USPTO believes that the Board could continue the IPR as to the corrected patent, rather than require the petitioner to file a new petition. Although the government takes no position on what steps the USPTO might take in such situations, the availability of these options highlight the propriety of declining to impose the rigid, atextual rule of retroactivity that SIPCO proposes.

CONCLUSION

The certificate of correction should have no effect on this Court's disposition of this matter.

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

I certify pursuant to Fed. R. App. Proc. 32(a)(7) that the foregoing BRIEF FOR THE UNITED STATES AS AMICUS CURIAE complies with the type-volume limitation required by the Court's rule. The total number of words in the foregoing amicus brief, excluding the table of contents and the table of authorities, is 4,034 words as calculated using the Word[®] software program.

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