

2020-1558, -1559

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

QUALCOMM INCORPORATED,

Appellant,

v.

APPLE INC.,

Appellee,

KATHERINE K. VIDAL, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL
PROPERTY AND DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK
OFFICE,

Intervenor,

Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in IPR2018-01315, -01316

INTERVENOR'S RESPONSE TO APPELLEE'S PETITION FOR REHEARING *EN BANC*

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I. INTRODUCTION

Nothing in this case warrants *en banc* rehearing. Apple's rehearing petition neither involves precedent-setting questions of exceptional importance nor threatens the uniformity of this Court's decisions.

Rather, Apple's rehearing petition disagrees with the panel's interpretation of 35 U.S.C. § 311, but mere disagreement fails to establish a question of exceptional importance. The panel correctly interpreted § 311, which allows IPRs "only on the basis of prior art consisting of patents or printed publications," as meaning that IPRs may only be based on patents that are themselves prior art. Under this interpretation, the panel excluded statements in non-prior art challenged patents (i.e. "applicant admitted prior art" or "AAPA") from forming the basis of an IPR. The panel did not entirely foreclose the use of AAPA in IPR proceedings, however, finding rather that such admissions are permissible evidence regarding the knowledge of a skilled artisan. Apple disagrees, asserting that the language of § 311 permits IPRs based on AAPA. But Apple's rehearing petition repeats the same statutory interpretation arguments rejected by the original panel, and neglects to establish any reason why the use of AAPA as a basis of IPR proceedings is a question of exceptional importance. Apple does not allege, for example, that this is a question with systemic consequences to the administration of IPR proceedings or even that the ultimate outcome of its own case would be impacted. Apple therefore fails to establish that

en banc review is warranted.

Underscoring the point that this case is not suitable for *en banc* review is that the panel's decision here was entirely consistent with prior judicial understanding of the scope of § 311 and the similar language in 35 U.S.C. § 301. Indeed, Apple's petition fails to allege any inconsistency between the panel's decision and this Court's prior precedent that would justify *en banc* review. The Court should therefore deny Apple's petition.

II. BACKGROUND

This appeal arises from two inter partes review proceedings (IPR2018-01315 and -01316) petitioned for by Apple against Qualcomm's U.S. Patent No. 8,063,674 (the '674 patent). *Qualcomm Inc. v. Apple Inc.*, 24 F.4th 1367, 1369, 1371 (Fed. Cir. 2022). The Board issued one final written decision across both proceedings, finding that Apple had established by a preponderance of the evidence that the challenged claims are unpatentable as obvious in view of Majcherczak (a patent application publication) in combination with AAPA in the '674 patent. *Id.* at 1371-1372; Appx22-50.¹ The Board stated that AAPA was within the scope of 35 U.S.C. § 311, which authorizes IPRs "only on the basis of prior art consisting of patents or printed publications," because it is "admitted to be prior art and is found in the '674 patent."

¹ Citations to the Joint Appendix are denoted as "Appx ___." Citations to Apple's Petition for Rehearing *En Banc* are denoted as "Pet. at ___."

Qualcomm, 24 F.4th at 1372; Appx18-19.

Qualcomm challenged the Board's interpretation of § 311 on appeal, arguing that the statute should be interpreted to prohibit reliance on AAPA. *Qualcomm* 24 F.4th at 1373; ECF No. 28 at 20-26. After Qualcomm filed its opening brief, the Director issued binding agency guidance on the "TREATMENT OF STATEMENTS OF THE APPLICANT IN THE CHALLENGED PATENT IN INTER PARTES REVIEWS UNDER § 311." *Qualcomm*, 24 F.4th at 1373; Appx4530-4538 (hereinafter "Guidance"). As titled, the Guidance set forth the Director's interpretation of § 311(b) in relation to the use of AAPA. The Guidance disagreed with the Board's conclusion that AAPA qualified as a "prior art consisting of [a] patent[]" under § 311, prescribing that "the challenged patent itself, or any statements therein, cannot be the 'basis' of an IPR." Appx4532-4533. Nevertheless, the Guidance concluded that AAPA can be used in an IPR as evidence of general knowledge. *See* Appx4532-4533. The Director then filed a brief requesting that the Court remand the case to allow application of the Guidance. ECF No. 41; *Qualcomm*, 24 F.4th at 1373. Apple filed a response to both Qualcomm and the Director's briefing asserting that AAPA is available for use in IPR proceedings under the plain language of § 311. *See* ECF No. 54 at 24-25; *Qualcomm*, 24 F.4th at 1373.

A panel of this Court heard oral argument in the case and subsequently issued

an opinion finding that the language of § 311 does not encompass AAPA under its “prior art consisting of patents” language. *Qualcomm* 24 F.4th at 1374-1376. The opinion detailed the arguments of each party, but agreed with Qualcomm and the Director that the patents and publications that form a basis for an IPR under § 311 “must themselves be prior art to the challenged patent,” which excludes AAPA *in* the challenged patent. *Id.* at 1373-1374. The panel found, however, that AAPA can be used in IPRs, including to furnish a motivation to combine or to supply missing claim elements and therefore remanded for the Board to determine whether the AAPA in this IPR improperly formed the “basis” of the challenge.² *Id.* at 1377.

III. REHEARING EN BANC IS NOT WARRANTED BECAUSE THE DECISION DOES NOT PRESENT A QUESTION OF EXCEPTIONAL IMPORTANCE OR CONFLICT WITH BINDING PRECEDENT

Under the Federal Rules of Appellate Procedure and this Court’s Rules, *en banc* review is appropriate only if “the proceeding involves a question of exceptional importance” or if review is “necessary to secure or maintain uniformity of the court’s decisions.” Fed. R. App. P. 35(a); Fed. Cir. R. 35(b)(2). Because the panel correctly interpreted 35 U.S.C. § 311, and because Apple fails to establish that the panel decision involves a question of exceptional importance or does not adhere to precedent, this case does not warrant *en banc* review.

² The Director intends to provide updated agency guidance regarding the appropriate role of AAPA in an IPR consistent with the panel's decision in this case.

A. The Panel Properly Interpreted 35 U.S.C. § 311

Apple's assertions that the panel's opinion conflicts with the plain meaning of § 311 and that the panel overlooked the statutory language are without merit. *See* Pet. at 6. To the contrary, the panel's analysis explicitly begins with the language of § 311. *Qualcomm*, 24 F.4th at 1373-1374. Under § 311(b), IPRs are authorized "only on the basis of prior art consisting of patents or printed publications." Based on the statutory language, the panel concluded that a patent forming the basis of an IPR must be prior art. *Id.* In coming to this determination, the panel considered Apple's arguments to the contrary that any prior art *contained in* a patent (i.e., AAPA) falls within the language of § 311, even if the patent itself is not prior art. *See id.* at 1373 (citing ECF No. 54 at 24-25, 27). The panel, however, agreed with the interpretation set forth in the USPTO's Guidance that the language of § 311 requires the prior art to *be* a patent or printed publication. *See* Appx4532. The panel therefore did not overlook the plain meaning of the statute and already considered the same arguments Apple now repackages in its *en banc* petition. *Compare* ECF No. 54 at 24-25 (Apple's response cited by *Qualcomm*, 24 F.4th at 1373) *with* Pet. at 7-8.

The panel then correctly applied that interpretation to the question of whether AAPA may form the basis of an IPR under § 311. *Qualcomm*, 24 F.4th at 1374. Because the challenged patent itself is undisputedly not prior art, the panel concluded that admissions within that patent (i.e., AAPA) are not included under

§ 311. *Id.*; *see also* Appx4532-4533 (Guidance explaining that a “patent cannot be prior art to itself, and thus the patent challenged in the IPR cannot be said to be among the ‘patents’ of which the ‘prior art’ ‘consist[s].’”) As discussed below, the panel noted that its statutory interpretation and application of the statute’s language to AAPA was consistent with prior judicial interpretations of § 311. *Qualcomm*, 24 F.4th at 1374. The panel’s decision thus properly interprets § 311 based on the natural reading of the statute’s language and correctly applies that interpretation to the use of AAPA.

B. No Question of Exceptional Importance Is Implicated by the Panel’s Decision

Apple’s petition disagrees with the panel’s statutory interpretation of § 311 as it relates to the use of AAPA in IPR proceedings, but does not establish any basis for construing this as a question of exceptional importance—a pre-requisite for a decision to be appropriate for *en banc* review. Fed. R. App. P. 35(a); Fed. Cir. R. 35(b)(2). “A question is of exceptional importance if it creates ‘important systemic consequences for the development of the law and the administration of justice.’” *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 927 F.3d 1333, 1370 (Fed. Cir. 2019) (quoting *Watson v. Geren*, 587 F.3d 156, 160 (2d Cir. 2009)). Apple identifies no systemic consequences stemming from the panel’s decision to exclude AAPA from forming the basis of an IPR. Indeed, as the panel found, AAPA is still available in an IPR proceeding to “provide a factual foundation as to what a skilled

artisan would have known at the time of the invention.” *Qualcomm*, 24 F.4th at 1376. A patentee’s admissions therefore may be used to furnish a motivation to combine or to supply a missing claim limitation. *Id.* Given the panel’s decision finding AAPA still available in an obviousness analysis, Apple cannot even assert that the ultimate outcome of its IPR proceeding will change in light of the panel’s decision. *See id.* at 1377 (remanding for the Board to determine whether AAPA was improperly used as a basis of the proceeding).

Moreover, although Apple contends that including AAPA within the scope of § 311 would not implicate Congress’s concerns about overburdening the Board with evidentiary matters (Pet. at 16-17), it does not insist that the availability of AAPA *as a basis* is in any way necessary to effectuate Congress’s goal of allowing the USPTO to revisit and revise earlier patent grants. Pet. at 16-17. Nor does Apple explain how or why the panel’s reading “hinder[s] Congress’s goal” when the decision makes clear that AAPA is still considered “permissible evidence in an *inter partes* review for establishing the background knowledge possessed by a person of ordinary skill in the art.” *Qualcomm*, 24 F.4th at 1376.

C. The Panel’s Interpretation of § 311 is Consistent with Prior Judicial Interpretations

Because the panel’s holding is consistent with all relevant decisions of this Court, *en banc* review is plainly not “necessary to secure or maintain uniformity of the court’s decisions.” Fed. R. App. P. 35(a)(1). As the panel’s decision noted,

interpreting § 311 to be limited to patents that are themselves prior art is consistent with prior judicial understanding regarding the scope of § 311 and the scope of § 301 that contains identical language. *Qualcomm*, 24 F.4th at 1374-75. The Supreme Court and this Court have uniformly understood the basis of IPRs to be limited to prior art patents and printed publications. *Id.* (citing *Return Mail, Inc. v. United States Postal Serv.*, 139 S. Ct. 1853, 1860 (2019) and *Regents of the Univ. of Minn. v. LSI Corp.*, 926 F.3d 1327, 1335 (Fed. Cir. 2019)). Likewise, this Court has long understood the same language in 35 U.S.C. § 301 as limiting requests for *ex parte* reexaminations to “prior art patents.” *Id.* (citing *In re Lonardo*, 119 F.3d 960, 966 (Fed. Cir. 1997), *Mikkelsen Graphic Eng'g, Inc. v. Zund Am., Inc.*, 541 F. App'x 964, 973–74 (Fed. Cir. 2013), *In re NTP, Inc.*, 654 F.3d 1268, 1276 (Fed. Cir. 2011), *In re Swanson*, 540 F.3d 1368, 1375 (Fed. Cir. 2008), and *In re Freeman*, 30 F.3d 1459, 1468 (Fed. Cir. 1994)). The USPTO’s Guidance further explains that the court’s understanding aligns with *ex parte* reexamination practice at the USPTO. *See* Appx4537.

Apple asserts that none of the cases cited by the panel concerned any interpretation of § 311, but does not dispute that the panel’s holding is entirely consistent with all prior judicial understandings of § 311 and the identical language in § 301. Nor does Apple identify any conflicting precedent. And Apple’s attempt to shoehorn AAPA into the description given in *Return Mail* of “patents or printed

publications’ existing at the time of the patent application” (*see* Pet. at 12), is inapt. Even though the AAPA mentioned in a patent application necessarily exists at the time of the patent application, neither the AAPA nor the patent application is a patent or a printed publication. *En banc* consideration is therefore not necessary to secure any uniformity in this Court’s already-consistent decisions.

IV. CONCLUSION

For all of the foregoing reasons, Apple’s petition for *en banc* rehearing should be denied.

Dated: June 2, 2022

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I certify pursuant to FRAP 35(b)(2) and Fed. Cir. R. 35(e)(2) that the foregoing INTERVENOR'S RESPONSE TO APPELLEE'S PETITION FOR REHEARING EN BANC complies with the type volume limitation. The total number of words in the foregoing brief, excluding the table of contents and table of authorities, is 2,102 as measured by the word-processing software used to prepare this brief.

Dated: June 2, 2022

Respectfully submitted,

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