

IN THE
Supreme Court of the United States

PACTIV, LLC,

Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR, PATENT AND TRADEMARK OFFICE,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF OF THE INTELLECTUAL
PROPERTY LAW ASSOCIATION OF
CHICAGO AS *AMICUS CURIAE*
IN SUPPORT OF PETITIONER**

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INTEREST OF AMICUS CURIAE

The Intellectual Property Law Association of Chicago (“IPLAC”) submits this brief as *amicus curiae* in support of the grant of certiorari to resolve the important question, as framed by Petitioner.^{1,2,3,4}

Founded in 1884, IPLAC is the country’s oldest bar association devoted exclusively to intellectual property matters. Located in Chicago, a principal locus and forum for the nation’s authors, artists,

¹ Pursuant to Supreme Court Rule 37.6, no counsel for a party authored this brief in whole or in any part, no such counsel or a party made a monetary contribution intended to fund the preparation or submission of this brief, and no person other than *amicus curiae*, its members, or its counsel, made such a monetary contribution.

² In addition to the required statement of footnote 1, IPLAC adds that after reasonable investigation, IPLAC believes that (a) no member of its Board or Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (b) no representative of any party to this litigation participated in the authorship of this brief, and (c) no one other than IPLAC, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

³ Pursuant to Supreme Court Rule 37.2, after timely notice, Petitioner’s counsel of record and Respondent’s counsel of record individually consented to the filing of this brief.

⁴ Although over thirty federal judges are honorary members of IPLAC, none of them was consulted or participated in any way regarding this brief.

inventors, scholarly pursuits, arts, creativity, research and development, innovation, patenting, and patent litigation, IPLAC is a voluntary bar association of over 1,000 members with interests in the areas of patents, trademarks, copyrights, and trade secrets, and the legal issues they present. Its members include attorneys in private and corporate practices before federal bars throughout the United States, as well as the U.S. Patent and Trademark Office and the U.S. Copyright Office. IPLAC represents both patent holders and other innovators in roughly equal measure. In litigation, IPLAC's members are split roughly equally between plaintiffs and defendants. As part of its central objectives, IPLAC is dedicated to aiding in the development of intellectual property law, especially in the federal courts.

SUMMARY OF ARGUMENT

The *ex parte* patent reexamination statutes on their face limit the scope of the reexamination to the prior art that was used to establish the question to be resolved. As such, no other prior art can be considered.

Notwithstanding the statutes, the patent examiner and the Patent Trial and Appeal Board found Pactiv's patent claims to be unpatentable using prior art that did not form the question to be resolved. This approach is erroneous because it fails to apply the statutes as written. Even though the Federal Circuit has construed comparable statutes in

a way that would render the examiner's and the Board's actions improper, the Federal Circuit compounded the error by affirming, without opinion, the Board's decision.

The Petition for Writ of Certiorari presents this Court an opportunity to settle the meaning and application of the *ex parte* patent reexamination statutes. Because patent owners and third parties frequently use these statutes to resolve their rights, they deserve to know how the U.S. Patent and Trademark Office and the Federal Circuit should properly apply the statutes. The Patent Office, too, will benefit from applying the statutes as written.

ARGUMENT

I. Granting Pactiv's Petition for Writ of Certiorari is needed to resolve an important question that affects many patent holders and third parties.

The primary question Pactiv presents involves the interpretation and application of the *ex parte* patent reexamination statutes, 35 U.S.C. §§ 301-305. (See Petition at i). These statutes enable patent holders or third parties to petition the U.S. Patent and Trademark Office (PTO) and seek a reexamination of the claims of an issued patent to determine whether those claims continue to be patentable in light of prior art or are invalid thereover. Claims that survive the reexamination are "confirmed" and continue to exist; claims that do not survive are stricken from the patent.

Third parties routinely use these reexamination procedures to attack patents, and patent owners routinely use them to strengthen their patents. From the PTO's fiscal years 2011 through 2015, 2,425 *ex parte* reexamination petitions were filed, 2,167 were filed by third parties, and 257 were filed by patent owners. During this same time frame, the PTO granted 2,551 petitions and denied 190.⁵ (See Performance and Accountability Report, Fiscal Year 2015, Table 14A, p. 196, found at <http://www.uspto.gov/sites/default/files/documents/USPTOFY15PAR.pdf>). Thus, during this time frame, 93% of the *ex parte* reexamination decisions found a substantial new question of patentability had been established and the reexaminations went forward.

Given the number of *ex parte* reexamination procedures, particularly by third parties, it is essential for all involved to understand fully the applicable procedures and how they comport with the implementing statutes. As discussed below, the statutes are straightforward and should be applied as written.

A. The reexamination statutes control what prior art the PTO can consider.

35 U.S.C. § 302 provides that any person may file an *ex parte* reexamination request based on prior art cited in the manner that 35 U.S.C. § 301(a)

⁵ Some of the petitions granted or denied during the identified time frame were filed earlier than fiscal year 2011.

describes. Section 301(a) limits the submitted prior art to patents, printed publications, or written statements of the patent owner filed in a federal court or the PTO and in which the patent owner took a position concerning the scope of any claim of a particular patent.

After receiving a petition for *ex parte* reexamination, the PTO Director or the Director's delegate determines whether the prior art that the petition cites gives rise to "a substantial new question of patentability affecting any claim of the patent concerned . . ." 35 U.S.C. § 303(a). If a substantial new question of patentability is found to exist, the Director or the delegate will issue an order for reexamination of the patent "for resolution of the question." 35 U.S.C. § 304. The "question" to be resolved is therefore the one determined from the prior art that the reexamination petition cites.

The PTO Director may also *sua sponte* initiate a reexamination on the Director's "own initiative." 35 U.S.C. § 303(a). By this procedure, the Director determines whether a substantial new question of patentability exists based on patents or publications discovered by the Director or cited under the provisions of 35 U.S.C. §§ 301 or 302. (*See* 35 U.S.C. § 303(a)). If the Director makes such a determination on the Director's own initiative, then the Director orders reexamination of the patent for resolution of the question. 35 U.S.C. § 304.

In either case, if the Director orders reexamination, the patent owner may file a statement addressing the question presented and proposing amendments to the claims “to distinguish the invention as claimed from the prior art cited under the provisions of section 301 . . .” 35 U.S.C. § 305, *see also* 35 U.S.C. § 304.

A reexamination petition filed by third parties or the patent owner presents arguments explaining why the identified patent claims should be reexamined for validity purposes, and relies on prior art cited in the manner described in 35 U.S.C. § 301(a). The PTO reviews the petition to determine if it raises a substantial new question of patentability, and orders reexamination “for the resolution of the question.” Manifestly, the prior art cited by the third party or the patent owner frames “the question.”

Similarly, if the Director initiates the reexamination based on prior art or publications the Director has located, then “the question” to be resolved is framed by that prior art.

In all three situations, the only art the Director is authorized by statute to consider is the cited prior art forming the “question” to be resolved.

B. The patent examiner and the Patent Trial and Appeal Board exceeded the limits of the reexamination statutes.

In this case, the PTO instituted *ex parte* reexaminations of Pactiv's patents after finding substantial new questions of patentability based on prior art cited by a the third party petitioner. During the reexaminations, however, the patent examiner ultimately rejected certain claims based on prior art that did not form a part of the "question" to be resolved. (Pet. at 8.) By doing so, the examiner exceeded the scope of the reexamination statutes.

On appeal, the Patent Trial and Appeal Board (PTAB) affirmed the examiner's use of prior art that fell outside the scope of the question to be resolved. (See Pet. at 9.) The PTAB thus erred by not applying the statute as written and the Federal Circuit compounded this error when it affirmed, without written opinion, the PTAB's decision.

The reexamination statutes' plain words establish that the Director's determination of a substantial new "question" of patentability is limited to the prior art that the reexamination petition cites. Because the Director's order for reexamination defines the "question" to be resolved, the "question" is thus limited to that founded on the prior art the petition cites. Moreover, in the Pactiv situation, the Director did not, on the Director's own initiative, issue any order instituting any reexamination based on prior art discovered by the Director.

Notwithstanding the clear and unambiguous statutory language, the examiner relied on prior art that did not form any “question” to be resolved in the reexamination. Before the examiner and on appeal to the PTAB and the Federal Circuit, Pactiv therefore argued that the examiner exceeded the constraints of the statute. (See Pet. at 9-10.) In support, Pactiv relied on *Belkin International, Inc. v. Kappos*, 696 F.3d 1379 (Fed. Cir. 2012), in which the Federal Circuit had considered the *inter partes* reexamination statutes.⁶ Like an *ex parte* petition, an *inter partes* reexamination petition must cite the prior art being relied on in the manner provided in 35 U.S.C. § 301. (See Pre-AIA 35 U.S.C. § 311).

As the table below shows, the *inter partes* statutes addressed in *Belkin* treat the “substantial new question” and the “resolution of the question” in language substantively identical to that found in the *ex parte* reexamination statutes at issue here:

⁶ *Belkin* considered the *inter partes* statutes that existed before enactment of the Leahy-Smith America Invents Act. See *Belkin*, 696 F. 3d at 1380, n. 1. This brief will refer to the prior statutes considered in *Belkin* as “Pre-AIA.”

| <i>Ex Parte Statute</i> | <i>Inter Partes Statute</i> |
|--|---|
| <p>35 U.S.C. § 303(a):</p> <p>“Within three months following the filing of a request for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request”</p> | <p>Pre-AIA 35 U.S.C. § 312(a):</p> <p>“Not later than 3 months after the filing of a request for inter partes reexamination under section 311, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request”</p> |
| <p>35 U.S.C. § 304:</p> <p>“If, in a determination made under the provisions of subsection 303(a), the Director finds that a substantial new question of patentability affecting any claim of patent is raised, the determination will include an order for reexamination of the patent for resolution of the question.”</p> | <p>Pre-AIA 35 U.S.C. § 313:</p> <p>“If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of patent is raised, the determination shall include an order for inter partes reexamination of the patent for resolution of the question.”</p> |

In *Belkin*, the Federal Circuit addressed the “resolution of the question” by saying that: “[t]he statute requires the Director to order reexamination ‘for resolution of the question.’ [Pre-AIA] § 313. The statute is clear that that ‘question’ is the same substantial new ‘question’ of patentability found by the Director under [Pre-AIA] § 312(a).” *Belkin*, 696 F.3d at 1382.

The third party that requested *inter partes* reexamination in *Belkin* argued that “once a substantial new question of patentability affecting a claim is found, all prior art must be considered, including prior art found previously not to raise a substantial new question of patentability.” *See Belkin*, 696 F.3d at 1382. For the reasons quoted below, the Federal Circuit flatly rejected that argument:

Thus, the scope of reexamination may encompass those issues that raise a substantial new question of patentability, whether proposed by the requester or the Director, but, unless it is raised by the Director on his own initiative, it only includes issues of patentability raised in the request under [Pre-AIA] § 311 that the Director has determined raise such an issue. It otherwise may not include other prior art than what constituted the basis of the Director's determination of a substantial question of patentability.

Belkin, 696 F.3d at 1383.

The Federal Circuit’s *Belkin* opinion is clear: under the *inter partes* reexamination statutes, neither the Director nor the PTAB nor the Federal Circuit may consider prior art not included in the substantial question of patentability. Because no difference exists between the operative language of the *inter partes* reexamination statutes and the *ex parte* reexamination statutes, there is no reason to construe the operative language differently.

Requiring *ex parte* reexamination to be limited to the prior art that formed “the question” to be resolved is also consistent with 35 U.S.C. § 305. That section describes procedures used in reexaminations the Director orders under 35 U.S.C. § 303(a), and cross-references the procedures found in 35 U.S.C. §§ 132 and 133. Section 132 simply requires the PTO to notify the patent applicant whenever a patent claim is rejected; section 133 permits the Director to deem an application abandoned if the patent applicant fails to prosecute it. Further, the only reference to prior art in section 305 is to the prior art cited under the provisions of section 301. As noted above (pp. 4-6), a reexamination order is based on section 301 prior art that is cited in the reexamination petition. Neither section 132, nor section 133, nor section 305 authorizes a patent examiner to rely on prior art during the reexamination that did not form “the question” to be resolved.

In the face of the unambiguous *ex parte* reexamination statutes, and the Federal Circuit's interpretation of identical language in the analogous *inter partes* reexamination statutes, the patent examiner had no authority here to rely on prior art that did not form "the question" to be resolved. The examiner thus erred in rejecting claims based on prior art that did not form the question. Likewise, the PTAB erred when it affirmed the examiner, and the Federal Circuit compounded these errors by not following the statutes and its prior decision in *Belkin*.

C. Patent holders, third parties, and the Patent Office deserve to have the statutes interpreted and applied as Congress intended.

This Court should grant Pactiv's petition to declare that the *ex parte* reexamination statutes mean what the words expressly convey and apply in the way intended by the words Congress used. As stakeholders in the patent prosecution process, patent holders, third parties, and the Patent Office deserve nothing less.

In designing *ex parte* reexamination, Congress provided three ways to commence the process: either the patent owner or a third party may file a petition, or the Director may commence reexamination on his or her own initiative. In the first two cases, the Director decides whether the prior art the petition cites raises a substantial new question of

patentability and, if so, orders the resolution of the question that such prior art raises. In the third case, the Director's order for reexamination identifies the prior art that forms the question to be resolved.

How to apply the statutes is important to patent holders because, as the first step in the reexamination process, a patent holder has the right to submit a patent owner's statement and claim amendments. In *ex parte* reexaminations commenced by third parties, this enables the patent owner to present its position on how the cited prior art was applied and why it should not render the patent's claims invalid. The patent owner's statement may also help reduce the time needed for the entire proceeding and provide the PTO with the patent owner's view on the cited prior art. When a patent examiner relies on prior art not used to form the question to be resolved in the reexamination, however, the examiner deprives the patent owner of the right and ability to submit a patent owner's statement and effectively blindsides the patent owner with uncited prior art.

How to apply the statutes is equally important to third parties who file *ex parte* reexamination petitions. In those petitions, third parties describe why, in their view, the cited prior art renders the patent's claims unpatentable. If the PTO relies on other prior art instead, the third party has no opportunity to participate and cannot inform the PTO that the petitioner's cited art is perhaps "better"

than the art the examiner considered, or that the PTO incorrectly understood that art.

Finally, proper application of the statutes is important to the PTO itself. Under the statutes, the Director may *sua sponte* commence a reexamination based on prior art the Director has discovered. Yet the patent owner may still exercise its statutory right to submit a patent owner's statement. The procedure will therefore be guided by the cited prior art and the question to be resolved that arose in light of that prior art.

In all three Congressionally mandated approaches to *ex parte* reexamination, the PTO will use its resources most effectively if the examiner's work is constrained by the art that formed that question to be resolved. If the examiner believes that other non-cited art could affect patentability, the examiner may bring that to the attention of the Director so the Director can independently decide whether to reexamine the claims *sua sponte* on the basis of that art. If so, then the patent owner may not only respond but may also amend the claims.

In short, only by applying the procedure established by Congress do the PTO, the public (third parties), and patent owner's retain their rights and obligations.

CONCLUSION

For the foregoing reasons, amicus curiae, the Intellectual Property Law Association of Chicago, urges this Court to grant the petition for a writ of certiorari to address the proper construction and application of the *ex parte* reexamination statutes.

Respectfully submitted,

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