

No. \_\_\_\_\_

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**In the Supreme Court of the United States**

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EMERSON ELECTRIC Co., PETITIONER,

v.

SIPCO, LLC

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

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**PETITION FOR A WRIT OF CERTIORARI**

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## QUESTION PRESENTED

In the America Invents Act, Congress authorized the Patent Trial and Appeal Board to review whether certain patents, called Covered Business Method (CBM) patents, were improperly issued. To institute CBM review, the Director of the Patent and Trademark Office must first determine that the challenged patent qualifies as a CBM, using a threshold statutory test that approximates the ultimate merits. Congress specified that “[t]he determination by the Director whether to institute \* \* \* review under this section shall be final and non-appealable.” 35 U.S.C. 324(e). Below, the Board (on behalf of the Director) instituted review, and the Board determined, after a full trial, that the challenged claims were unpatentable under both 35 U.S.C. 101, for claiming an abstract idea, and under 35 U.S.C. 103, as obvious over the prior art. Notwithstanding the statutory bar on reviewing the institution decision, on appeal, the Federal Circuit ignored the Board’s final merits rulings and instead reviewed the threshold determination that the challenged patent qualified as a CBM. The court of appeals remanded to the Board to articulate more clearly how the threshold standard for institution differs from the ultimate merits standard.

The question presented is:

Whether 35 U.S.C. 324(e) permits review on appeal of the Director’s threshold determination, as part of the decision to institute CBM review, that the challenged patent qualifies as a CBM patent.

This question is closely related to that presented in *Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916 (argued Dec. 9, 2019), which may warrant holding the Petition pending the Court’s ruling in *Thryv*.

**PARTIES TO THE PROCEEDINGS BELOW  
AND RULE 29.6 STATEMENT**

The following list provides the names of all parties to the proceedings below:

Petitioner Emerson Electric Co. was the appellee in the court of appeals and the petitioner before the PTAB. Emerson Electric Co. has no parent corporation and no publicly held company owns 10% or more of its stock.

Respondent SIPCO, LLC was the appellant in the court of appeals and the patent owner before the PTAB.

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Petitioner Emerson Electric Co. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

**OPINIONS BELOW**

The opinion of the court of appeals (App., *infra*, 1a-37a) is reported at 939 F.3d 1301, the court's order denying panel rehearing and rehearing en banc (App., *infra*, 164a-165a) is unreported. The Patent Trial and Appeal Board's final written decision (App., *infra*, 38a-114a) and its decision instituting CBM patent review (App., *infra*, 115a-163a) are unreported.



## JURISDICTION

The judgment of the court of appeals was entered on September 25, 2019. App., *infra*, 1a. The court of appeals' order denying a timely petition for rehearing en banc was entered on December 3, 2019. App., *infra*, 164a. This Court has jurisdiction under 28 U.S.C. 1254(1).

## STATUTORY PROVISIONS INVOLVED

Section 18 of the Leahy-Smith America Invents Act (AIA), Pub. L. 112-29, 125 Stat. 284 (2011); 35 U.S.C. 101, 103, 314 and 324; and 37 C.F.R. 42.301, 42.304 are reproduced in full in an appendix hereto. App., *infra*, 117a-129a.

## INTRODUCTION

On June 24, 2019, this Court granted a writ of certiorari in *Thryv, Inc. v. Click-to-Call Technologies, LP* to consider “[w]hether 35 U.S.C. § 314(d) permits appeal of the PTAB’s decision to institute an inter partes review upon finding that § 315(b)’s time bar did not apply.” Pet. at i, *Thryv, Inc. v. Click-to-Call Technologies, LP*, No. 18-916 (Jan. 11, 2019). This Petition presents a closely related question: whether the parallel statutory prohibition on appeal of institution decisions in 35 U.S.C. 324(e) permits appeal of the PTAB’s decision to institute a CBM review upon finding that the challenged patent qualifies as a CBM patent.

At minimum, the Court should hold this Petition pending the outcome of *Thryv*. If the Court vacates any portion of the Federal Circuit’s decision in *Thryv*, the Court should grant this Petition, vacate, and remand to the Federal Circuit to reconsider in light of the Court’s analysis in *Thryv*.

Indeed, this case presents, if anything, an even stronger argument than *Thryv* for applying the statutory bar on appellate review of institution decisions. Here, the threshold determination at institution is a close variant of and subsumed by the ultimate merits determinations that the Board made following trial under Sections 101 and 103, based on a full trial record. This Court has made clear in analogous contexts that the court of appeals should review the ultimate merits, based on the complete record (such as a jury's trial verdict), rather than an earlier procedural ruling applying some variation of the merits question (such as summary judgment). See *Ortiz v. Jordan*, 562 U.S. 180, 183-184 (2011). Congress adopted that same approach in the AIA, when it expressly provided in Section 324(e) that the decision to institute would not be reviewable on appeal.

The Board, after a full hearing, held that the challenged patent claims are not patentable and should not have been issued; that is the ruling the court of appeals should have reviewed. But, rather than review that ultimate conclusion, the court of appeals reviewed, and remanded for further proceedings on, a threshold question that is very like, but not identical to, the merits. Ironically, the court of appeals reviewed that institution decision on the basis of arguments that respondent had not made during the institution phase. The court of appeals gave the Board no guidance regarding the standard it is to apply on remand, or even what evidence and arguments presented only during the trial phase must be considered by the Board in revisiting its preliminary merits ruling.

Remand is not only a waste of resources, it also raises the prospect that erroneously issued patent

claims would survive and be asserted again, deterring innovation, which is precisely what Congress sought to combat through the AIA. In fact, if the institution decision is vacated, the Board's merits determinations, which the court of appeals did not address, would be deprived of any preclusive effect. Again, that runs directly contrary to this Court's precedent. The Court has instructed that questions going to the ultimate merits should not be deemed jurisdictional, precisely because doing so would turn an adverse ruling on appeal into a vacatur for lack of jurisdiction, depriving the judgment of effect. See *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 89, 92-93 (1998).

For these reasons, if the Court does not resolve the question presented in *Thryv* in a way that warrants vacatur and remand in this case, the Court should grant the Petition and set the case for hearing on the merits.

## STATEMENT OF THE CASE

### A. Statutory And Regulatory Framework

A patent qualifies as a CBM patent if it relates to "a financial product or service, except that the term does not include patents for technological inventions." See App., *infra*, 5a (citing Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 331 § 18(d)(1)). Under 37 C.F.R. 42.301(b), a patent satisfies the "technological invention" exception only if "the claimed subject matter as a whole recites a technological feature that is [1] novel and unobvious over the prior art; and [2] solves a technical problem using a technical solution."

The PTAB, to which the Director has delegated his authority, must determine at institution whether the challenged patent qualifies as a CBM patent. 37

C.F.R. 42.304(a); see also 37 C.F.R. 42.300-42.304. Congress expressly limited review of CBM institution decisions under Section 324(e), which is titled “No Appeal” and states that “[t]he determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable.” 35 U.S.C. 324(e); AIA § 18(a)(1) (applying standards and procedures of Chapter 32 of Title 35 to CBM review).

### **B. Proceedings Before The PTAB**

The Board instituted review on multiple grounds, including Sections 101 and 103. App., *infra*, 5a. As relevant here, the Board first concluded that the patent was related to a financial product or service because the patent expressly claims an apparatus associated with the management of vending machines and ATMs. *Id.* at 119a-121a.

The Board then held the technological invention exception did not apply because it failed *both* prongs required in order to meet the exception. For the first requirement, the Board found that “the claimed subject matter, as a whole \* \* \* does not recite a technological feature that is novel and non-obvious” because the claims “recite no more than generic and known hardware elements and routine computer functions.” App., *infra*, 123a-124a. Then, for the second requirement, the Board found that the subject matter did not “solve a technical problem using a technical solution” because “[a]utomating service requests of vending machines and ATMs to reduce cost is a financial problem rather than a technical problem.” *Ibid.*

In its determination, the Board construed “low-power transceiver” as “encompass[ing]” but not limited

to “a device that transmits and receives signals having a limited transmission range.” App., *infra*, 128a-133a.

The Board’s Final Written Decision found petitioner had established by a preponderance of the evidence that the challenged claims are unpatentable under Section 101 and obvious (in view of “Tymes”) under Section 103. See App., *infra*, 65a-100a. Before reaching these merits determinations, the Board reiterated its institution finding that the patent is a CBM patent, App., *infra*, 43a-45a, and that the patent is not excluded under the technological invention exception because the claims do “not recite a technological feature that is novel and non-obvious over the prior art, and the claimed subject matter does not solve a technical problem using a technical solution,” *id.* at 56a.

The Board again construed “low-power transceiver” as encompassing, but not being limited to, “a device that transmits and receives signals having a limited transmission range.” App., *infra*, 56a-59a, 62a (citation omitted). In doing so, the Board rejected SIPCO’s contentions, not raised at institution, that the claims solved the technological challenges of “interference” or “interception,” which were referenced only with respect to an unclaimed “*extremely* low power transmitter.” *Id.* at 60a-61a. Importantly, however, the Board made clear that its obviousness finding did not depend on this construction because, among several other reasons, there was “no dispute that the RF transceivers in Tymes’ remote units are ‘low-power.’” *Id.* at 84a; see also *id.* 83a-94a.

### C. Appellate Proceedings

The panel vacated and remanded to the Board. App., *infra*, 2a-3a. A majority of the panel first considered and reversed the Board’s construction of “low-

power transceiver.” The majority construed the term to mean “a device that transmits and receives signals at a power level corresponding to limited transmission range.” *Id.* at 10a-14a. Significantly, in doing so, the majority relied on arguments that SIPCO had not raised during the institution phase to the effect that a limited transmission range was necessary to alleviate the problems of interference and interception. See *id.* at 12a; C.A. App. 487.<sup>1</sup>

Proceeding then to the threshold inquiry whether the patent is CBM-qualified, the panel agreed with the Board’s conclusion that the patent relates to a financial product or service, App., *infra*, 14a-17a, but rejected the Board’s application of the technological invention exception, *id.* at 17a-24a. The majority first found the Board’s ruling on the second Section 42.301(b) prong arbitrary and capricious. The panel reasoned that, “[b]ecause the Board misread and mischaracterized the features of claim 1 \* \* \* it did not appreciate that the claims provide a technical solution to a technical problem.” *Id.* at 18a. Here too, the panel relied on asserted benefits of the invention regarding interference and interception that SIPCO had not argued during the institution phase. See *ibid.*; compare C.A. App. 336-341, with C.A. App. 504-505.

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<sup>1</sup> Judge Reyna dissented from the majority’s claim construction. In particular, Judge Reyna noted the majority placed primary reliance on the claims purportedly addressing “unlawful interception,” when that characteristic was exclusively referenced “describing a single preferred embodiment,” which was not claimed. App., *infra*, 31a-32a (Reyna, J., dissenting-in-part).

Turning to the first prong of the technological invention exception, the panel found inadequate the Board’s analysis in support of its holdings, in both the Institution Decision and Final Written Decision, that the claims did “not recite a technological feature that is novel and non-obvious.” App., *infra*, 56a; *id.* at 121a-124a.<sup>2</sup> The panel also rejected petitioner’s suggestion that the Board’s Section 103 merits analysis made remand unnecessary because it both amply explained the Board’s basis for finding the claims obvious and established *a fortiori* that the threshold standard was also satisfied. App., *infra*, 23a-24a. The panel “questioned whether it makes sense to interpret the first part of § 42.301(b)—which references the word obvious—as coextensive with § 103,” and directed the Board, on remand, to “explain what part one of the regulation means and then apply it as so explicated.” *Ibid.* (citing *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1326 (Fed. Cir. 2015)).

Petitioner petitioned for panel rehearing and rehearing en banc, asserting that the panel ruling erred by reviewing (and remanding) the threshold institution determination regarding nonobviousness, rather than reviewing the Board’s obviousness finding as part of its Section 103 merits ruling. Petitioner alleged that the court of appeals’ review of the institution decision was inconsistent with this Court’s precedent and the AIA’s

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<sup>2</sup> To the extent the court of appeals’ opinion suggests the Board did not make a determination regarding prong one *at all*, rather than that it failed to “analyze part one” by articulating and applying a distinct standard, see App., *infra*, 6a, 23a that would be directly contradicted by the Board’s express finding that the purported technological invention was not “unobvious.” See *id.* at 56a; *id.* at 121a-124a.

statutory bar on appellate review of preliminary determinations at institution.

On December 3, 2019, the court of appeals denied petitioner's petition for rehearing. App., *infra*, 165a-165a.

## REASONS FOR GRANTING THE PETITION

### I. THE FEDERAL CIRCUIT'S DECISION IS CONTRARY TO THE EXPRESS STATUTORY BAR, CONFIRMED BY THIS COURT, ON REVIEW OF THE PTAB'S PRELIMINARY DECISION TO INSTITUTE PROCEEDINGS

The court of appeals erred by reviewing (and remanding) the threshold institution obviousness determination under Section 42.301(b), rather than reviewing the Board's merits obviousness determination. *Thryv*, which is currently pending before the Court, presents a closely analogous question concerning whether the Federal Circuit has authority to review on appeal decisions by the PTO Director to institute proceedings under the AIA. Under this Court's precedent, this case presents even stronger facts than *Thryv* for concluding that the Federal Circuit improperly reviewed the institution determination. While the institution decision in *Thryv* involved a procedural time bar distinct from the merits, the institution decision here was merely a preliminary, substantive decision on whether the claims recite a technological feature that is "unobvious" and did not "solve a technical problem using a technical solution." Those threshold institution determinations (part of the technological invention exception to CBM jurisdiction) were superseded by the Board's later merits determination that the claims were obvious and directed to unpatentable subject matter. This Court has repeatedly held it is



inappropriate for an appellate court to review a tribunal's preliminary determination as opposed to its merits determination (which is on a full record) that subsumes the preliminary issue. Indeed, as this Court has previously held, the AIA's bar on appellate review of preliminary determinations at institution reflects this same general principle. The Federal Circuit's decision is, therefore, inconsistent with binding precedent.

Moreover, the court of appeals' disregard of the appellate review bar will have serious adverse consequences. The decision will cause enormous waste of resources, as the parties and Board revisit preliminary questions while the Board's final ruling goes unreviewed. Congress intended PTAB review under the AIA as an efficient administrative process to root out patents that should never have issued. The Federal Circuit's ruling frustrates that purpose by raising the possibility that patents that have been determined as improperly granted will survive to be asserted and unjustifiably deter competition and innovation.

**A. The Petition Presents A Similar Issue As *Thryv***

In *Thryv*, this Court will determine whether Section 314(d) permits appellate review of the PTAB's decision to institute an IPR upon finding that Section 315(b)'s time bar did not apply. While Section 324(e), rather than Section 314(d), governs the reviewability of decisions to institute CBM review, both sections recite an identical standard: "The determination by the Director whether to institute \* \* \* shall be final and non-appealable." 35 U.S.C. 314(d), 324(e).

The Federal Circuit's review of the Board's Institution Decision in the instant proceeding conflicts with the

express statutory bar as well as this Court’s established precedent in *Cuozzo Speed Technologies, LLC v. Lee*, holding that institution decisions under the AIA are not reviewable. 136 S. Ct. 2131, 2139-2140 (2016) (citing 35 U.S.C. 314(d)). Indeed, the exercise of review here was inconsistent even with the Federal Circuit’s own binding precedent in *Wi-Fi One, LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc), which recognized that “determinations that are focused on the patentability merits of particular claims” are unreviewable. *Id.* at 1372 (citing *Cuozzo*, 136 S. Ct. at 2140); see App., *infra*, 23a-24a. Section 324(e) and the reasoning of *Cuozzo* apply with particular force to the issue here, which was a threshold version of the ultimate merits determination, and one that the court of appeals overturned on the basis of arguments that the patent owner had not even made at the time of institution.

If this Court decides in *Thryv*, consistent with *Cuozzo*, that the Federal Circuit lacks the authority to review AIA institution decisions, that holding would apply with equal force here. The Federal Circuit in the instant proceeding exceeded the limits on its authority by reviewing the Board’s findings regarding the technological invention exception to CBM jurisdiction, vacating the Board’s findings regarding the exception as well as the merits, and remanding to the Board to explain the standard for satisfying CBM jurisdiction and apply it as so explicated. If the Court holds in *Thryv* that a threshold procedural ruling, wholly distinct from the merits, is unreviewable on appeal, then *a fortiori* a preliminary merits ruling is also unreviewable, after it has been subsumed by the ultimate merits decision, rendered on the basis of a full trial record.

Accordingly, the Court should hold Emerson’s Petition pending the decision in *Thryv*. If the Court vacates the Federal Circuit’s decision in that case, it should grant this Petition, vacate, and remand for further proceedings in light of the reasoning in *Thryv*.

**B. The Threshold “Unobvious” Inquiry For CBM Jurisdiction Is Subsumed By The Board’s Obviousness Merits Determination**

This case presents an even stronger case than *Thryv* that the Federal Circuit lacked authority to review institution. As Justice Breyer stated in the *Thryv* oral argument, “the closer relationship between the [merits] appeal and the issue on which it’s being appealed to this [institution] decision, the more clearly barred it is.” Oral Argument Tr. at 24, *Thryv, supra* (No. 18-916).

By the plain language of the USPTO’s Rules, the standard for whether the claimed subject matter recites a technological feature that is “unobvious” over the prior art under 37 C.F.R. 42.301(b) is subsumed by the merits inquiry whether the challenged claims are unpatentable as “obvious” over the prior art under 35 U.S.C. 103. Under well-established precedent, it cannot be harder for a petitioner to satisfy the preliminary, threshold version of that inquiry than it is to succeed ultimately on the merits. As a consequence, when the Board has adjudicated the merits of the obviousness issue in the petitioner’s favor, it follows *a fortiori* that the petitioner has also satisfied the jurisdictional standard, whatever its precise contours. The Federal Circuit’s remand to the Board to “explain what part one of the regulation means and then apply it as so explicated,” App., *infra*, 23a-24a, thus amounts to a pointless exercise.

As the Court has frequently observed, logic dictates that the preliminary jurisdictional inquiry cannot be more demanding than what is necessary to succeed on the ultimate merits. See *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 89, 92-93 (1998) (explaining that defining issues of scope of a cause of action as “jurisdictional” would result in actions being “dismissed for lack of jurisdiction rather than decided on the merits”); *Morrison v. Nat'l Australia Bank Ltd.*, 561 U.S. 247, 254 (2010) (jurisdiction “presents an issue quite separate from the question whether the allegations the plaintiff makes entitle him to relief”); *Bell v. Hood*, 327 U.S. 678, 682 (1946) (rejection of asserted federal claim is a merits determination, not a lack of federal question jurisdiction). “[T]he consequences [of the contrary rule] are alone enough to condemn it.” *Steel Co.*, 523 U.S. at 92. For example, if the jurisdictional standard to show unobviousness and the merits standard were precisely the same, any finding against the petitioner on obviousness of the technological feature would lead to the case being “dismissed for lack of jurisdiction rather than decided on the merits.” *Id.* at 93. Likewise, it would require an appellate court to consider, and even raise *sua sponte*, merits arguments the parties had waived in their optional preliminary submissions. *Ibid.*

Congress implicitly presumed the traditional relationship between threshold and merits standards when it made the statutory estoppel consequences of a proceeding stem only from a proceeding “that results in” a Final Written Decision (FWD). 35 U.S.C. 325(e)(1)-(2). If a merits finding of non-obviousness meant a patent was not a CBM patent, the result would be a vacatur of institution and dismissal of the petition, rather than an

FWD, thus depriving the determination of statutory estoppel effect. Cf. *Steel Co.*, 523 U.S. at 93.

Here, the Board specifically determined at institution that the claims do not recite a technological feature that is novel and unobvious and confirmed at FWD that the challenged claims are obvious. App., *infra*, 99a, 121a-124a. Even assuming that the Board’s institution decision should have more fully “explain[ed] what part one of the regulation means and \* \* \* appl[ied] it as so explicated,” App., *infra*, 23a-24a, that assessment of how the patent met the standard for institution was necessarily subsumed within and overtaken by the Board’s FWD, in which it explained in great detail, considering all of the evidence, that the challenged claims were obvious over the prior art. *Id.* at 81a-100a.

**C. The Federal Circuit May Not Review Institution Determinations That Are Subsumed By Merits Determinations**

Institution determinations that are subsumed by merits determinations should not be reviewed on appeal. Rather, with the benefit of the entire record, appellate courts should review the merits determination alone. See *Ortiz v. Jordan*, 562 U.S. 180, 183-184 (2011). Congress adopted that same approach in the AIA, even going so far as to expressly preclude appellate review of the Board’s decision to institute proceedings. 35 U.S.C. 324(e).

In *Ortiz*, the Court held the district court’s summary judgment determination was unreviewable because the case had proceeded to jury verdict and thus there was a complete record on the merits issue that subsumed the summary judgement determination. 562 U.S. at 183-184; see also *Switzerland Cheese Ass’n v. E. Horne’s Market*,

*Inc.*, 385 U.S. 23, 24-25 (1996) (finding denial of summary judgment that also denied preliminary injunction not reviewable because it merely served as “a pretrial order that decides only one thing—that the case should go to trial”). As *Ortiz* explained, “[o]nce the case proceeds to trial, the full record developed in court supersedes the record existing at the time of the summary judgment motion.” 562 U.S. at 183-184. After trial, the “decisive question” is “whether the evidence [adduced at trial] favoring the party seeking relief is legally sufficient to overcome the defense.” *Ibid.*

*Ortiz* describes just one example of a common phenomenon, where preliminary assessments of the merits, made at the outset as part of a decision to proceed further, are not subsequently reviewed following a merits adjudication. Others include a grand jury’s probable cause determination, which escapes appellate review separate from appeal of the ultimate legal merits. *Kaley v. United States*, 571 U.S. 320, 327-328 (2014).

As this Court held in *Cuozzo*, Congress specifically adopted that same general principle in the AIA, providing that the Board’s “initial decision ‘whether to institute an inter partes review’ is ‘final and nonappealable.’” 136 S. Ct. at 2137-2138 (citing 35 U.S.C. 314(d)); see also Oral Argument Tr. at 31-32, *Thryv*, *supra* (No. 18-916) (suggesting that *Cuozzo* “goes to questions that are closely related to the reasonable likelihood determination”) (Kagan, J.). The appellate court has no need to, and should not, review such preliminary merits determinations precisely because the closely related *final* merits determination, made with the benefit of the full record, *is* reviewable.

The logic of *Cuozzo* is even more applicable here, where a substantive determination at the threshold stage has been subsumed by the final substantive determination, than in *Thryv*. See Oral Argument Tr. at 24, 44-46, *Thryv, supra* (No. 18-916) (“[T]he closer relationship between the [merits] appeal and the issue on which it’s being appealed to this [institution] decision, the more clearly barred it is.”) (Breyer, J.). The first prong of Section 42.301(b)—whether “the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art”—is a “closely related” preliminary assessment of obviousness, which is subsumed by a final merits determination under Section 103 based on a fully developed record as part of the FWD. Similarly, the second Section 42.301(b) prong—whether “the claimed subject matter as a whole \* \* \* solves a technical problem using a technical solution”—is related to the Section 101 inquiry. In fact, the Federal Circuit recognized as much when it addressed and attempted to distinguish its Section 101 precedent in the course of analyzing the second prong. App., *infra*, 21a-22a & n.3 (citations omitted). Yet, the Federal Circuit refused to analyze the Board’s Section 101 merits decision based on the full record regarding that issue. The Federal Circuit’s decision not to review the merits decision thus directly contravenes the statutory bar on review, as well as the principles this Court has repeatedly stated in cases such as *Cuozzo*, *Ortiz*, and *Steel Co*.

**D. The Federal Circuit’s Decision Contravenes Congressional Intent And Will Cause Confusion And Waste Resources**

Not only does the Federal Circuit’s determination directly conflict with precedent from this Court, it also

introduces several problematic and illogical consequences Congress could not have intended. Not only would remand for further explication of a superseded determination waste judicial and administrative resources, the Federal Circuit's approach also would create considerable confusion by applying, *post hoc*, the merits-phase record to revisit determinations made at institution. Moreover, the Federal Circuit's approach will frustrate Congress's purposes as reflected in the AIA.

By disregarding the Board's merits findings of unpatentability under both Sections 103 and 101, and reviewing instead those issues in the context of the threshold CBM institution inquiry, the Federal Circuit illogically invites the Board to revisit its threshold question whether the claimed subject matter recites a technological invention based on a record and arguments developed only during the merits phase of the proceeding. For example, respondent did not raise its technological problem/solution arguments involving "interference," "interception," or "circumvention," App., *infra*, 11a-12a, until after institution. Compare C.A. App. 325-327, 336-344 with C.A. App. 485-488, 504-505. Yet, the Federal Circuit based its claim construction and technological problem/solution rulings primarily on those arguments, which it used to reverse the Board's preliminary institution determination regarding Section 42.301(b) prong two. App., *infra*, 11a-12a, 17a-24a. The Federal Circuit decision gives no guidance to the Board as to what parts of the merits-phase record to consider on remand in reevaluating Section 42.301(b) prong one. The Federal Circuit thus illogically requires the Board's initial determination to be reviewed and revised on the basis of a record that was created after the initial determination was issued.



The Federal Circuit’s approach also would undermine congressional intent for the AIA. Any time the Federal Circuit (or Board on remand) revisits an earlier institution decision and rules that the preliminary standard was not satisfied, the result would be to vacate institution and dismiss the petition on jurisdictional grounds, thereby defeating Congress’s purposes. Congress intended that the Board’s final merits determinations be given effect. As the Court observed in *Cuozzo*, Congress wanted to “restore confidence” in patents by enabling the Board to reassess questionable ones, and did not intend that “the [Board’s] final decision could be unwound under some minor statutory technicality related to its preliminary decision to institute \* \* \* review.” 136 S. Ct. at 2140 (citation omitted); see also Oral Argument Tr. at 38, *Thryv*, *supra* (No. 18-916) (stating that Congress made institution decisions unreviewable because “once that decision is made and you go through the entire process and you get a merits determination” “throwing it all out” to repeat the process would not make sense) (Kagan, J.). Similarly, Congress provided for statutory estoppel based upon only a “final written decision,” 35 U.S.C. 325(e), which would be frustrated if finally adjudicated merits determinations were vacated and petitions dismissed based on review instead of only preliminary determinations. Cf. *Steel Co.*, 523 U.S. at 92-93 (noting absurdity of rule in which a case resolved against the petitioner following full adjudication “would be dismissed for lack of jurisdiction rather than decided on the merits”).

Even assuming the Federal Circuit can review on appeal certain jurisdictional determinations made by the Board at institution that are not subsumed by the ultimate merits, the confusion, frustration of congressional

purposes, and waste of judicial and administrative resources that the panel's decision would engender strongly suggest Congress did not intend appellate review of the threshold merits-related assessment at issue here.

**II. IF THE COURT VACATES THE DECISION IN *THRYV*, IT SHOULD DO THE SAME HERE, OR OTHERWISE GRANT THIS PETITION AND HEAR IT ON THE MERITS**

As the issues presented are nearly identical, if the Court vacates the Federal Circuit's decision in *Thryv*, the Court should grant this Petition, vacate, and remand to the Federal Circuit. Indeed, this proceeding presents an even stronger case for the Federal Circuit's lack of authority to review the Board's decision than *Thryv* because the institution determination was subsumed by a final merits determination. Thus, any reasoning that may result in vacatur in *Thryv* necessarily requires vacatur here.

Even if the Court's decision in *Thryv* does not resolve the issue here, the Court should grant the Petition and set it for hearing on the merits. As explained above, pp. 12-18, *supra*, the Federal Circuit lacked authority to review the Board's institution decision regarding the technological exception. The institution decision was a preliminary decision that was later subsumed by a final merits decision. Reviewing such a decision violates the Court's precedent, contravenes the intent of Congress, and wastes judicial and administrative resources.

**CONCLUSION**

The Petition for a writ of certiorari should be held pending this Court's decision in *Thryv* and either granted, vacated, and remanded in light of *Thryv* or granted and set for hearing on the merits, if the issues are not disposed of in *Thryv*.

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