

No. 15-1330

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IN THE  
**Supreme Court of the United States**

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**MCM PORTFOLIO LLC,**  
*Petitioner,*

v.

**HEWLETT-PACKARD COMPANY, AND  
MICHELLE K. LEE, DIRECTOR, U.S. PATENT  
& TRADEMARK OFFICE,**  
*Respondents.*

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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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**BRIEF OF *AMICUS CURIAE* IEEE-USA  
IN SUPPORT OF GRANT OF *CERTIORARI***

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## TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES.....	ii
STATEMENT OF INTEREST OF <i>AMICUS</i> <i>CURIAE</i> .....	1
SUMMARY OF ARGUMENT.....	2
ARGUMENT .....	7
I. THIS COURT SHOULD GRANT <i>CERTIORARI</i> TO RESTORE UNIFORMITY IN ADJUDICATION .....	7
I.A IPR adjudications fall squarely within the scope of Article III courts and Seventh Amendment right to jury trial.....	8
I.B IPR adjudications do not qualify for the exceptions for “public rights” .....	11
I.B.1 PTO’s agency expertise is not “essential” for adjudications undertaken in IPRs .....	12
I.B.2 IPRs adjudicate traditional legal claims and private rights .....	13
II. THE CONSTITUTIONAL INFIRMITY OF IPR’S IS EXACERBATED BY RESCISSION OF ARTICLE III <i>DE NOVO</i> REVIEW IN <i>EX PARTE</i> REEXAMINATIONS .....	18
III. IPR’S CONSTITUTIONAL INFIRMITY IS COMPOUNDED BY IMPROPERLY PRESCRIBING A RELAXED EVIDENTIARY STANDARD FOR INVALIDATING PATENT CLAIMS .....	18
CONCLUSION .....	25

## TABLE OF AUTHORITIES

Pages

### CASES

<i>Addington v. Texas</i> , 441 U.S. 418 (1979).....	19, 22
<i>Bene v. Jeantet</i> , 129 U.S. 683 (1889) .....	21
<i>Coffin v. Ogden</i> , 85 U.S. 120 (1874).....	19
<i>Curtis v. Loether</i> , 415 U.S. 189 (1974).....	4, 9, 14, 17
<i>Granfinanciera, S.A. v. Nordberg</i> , 492 U.S. 33 (1989).....	4, 13
<i>Hollister v. United States</i> , 145 F. 773 (8th Cir 1906) .....	11
<i>Joy Technologies, Inc. v. Manbeck</i> , 959 F.2d 226 (Fed. Cir. 1992) .....	7
<i>Kungys v. United States</i> , 485 U.S. 759 (1988).....	24
<i>Markman v. Westview Instrums., Inc.</i> , 517 U.S. 370 (1996).....	9
<i>MCM Portfolio LLC v. Hewlett-Packard Co.</i> , 812 F.3d 1284 (Fed. Cir. 2015) .....	7, 14
<i>Microsoft v. i4i</i> , 131 S. Ct. 2238 (2011).....	3, 19
<i>Mowry v. Whitney</i> , 81 U.S. 434 (1871).....	10
<i>Murray's Lessee v. Hoboken Land &amp; Improvement Co.</i> , 59 U.S. 272 (1856).....	8
<i>Northern Pipeline Constr. Co. v. Marathon Pipe Line Co.</i> , 458 U.S. 50 (1982).....	8, 17
<i>Patlex Corp. v. Mossinghoff</i> , 758 F.2d 594 (Fed. Cir. 1985) .....	7

<i>Radio Corp. of Am. v. Radio Eng'g Labs., Inc.</i> , 293 U.S. 1 (1934).....	19
<i>Ross v. Bernhard</i> , 396 U.S. 531 (1970).....	14
<i>Schneiderman v. United States</i> , 320 U.S. 118 (1943).....	24
<i>Stern v. Marshall</i> , 564 U.S. 462 (2011) ....	8, 12, 17, 18
<i>Tull v. United States</i> , 481 U.S. 412 (1987).....	9, 14, 15
<i>United States v. Bell Telephone Co.</i> , 128 U.S. 315 (1888).....	10
<i>In re Winship</i> , 397 U.S. 358 (1970).....	19, 20, 22
<i>Ex parte Wood &amp; Brundage</i> , 22 U.S. 603 (1824).....	10, 11
<i>In re Zletz</i> , 893 F.2d 319 (Fed. Cir. 1989).....	12

#### **STATUTES**

8 U.S.C. § 1451(a).....	23, 24
35 U.S.C. § 145.....	5, 18
35 U.S.C. § 271.....	14
35 U.S.C. § 281.....	14
35 U.S.C. § 282.....	3, 19
35 U.S.C. §§ 283-286.....	14
35 U.S.C. § 311(b).....	15
35 U.S.C. § 316(e).....	5, 18

#### **PUB. LAWS AND STATUTES AT LARGE**

Patent Act of 1790, Ch. 7, § 5, 1 Stat. 109 (April 10, 1790).....	10
Pub. L. 112-29, 125 Stat. 284 (2011) .....	passim

Statute of Monopolies, 21 Jac. I c. 3 (England, 1624).....	9
<b>CONSTITUTIONAL PROVISIONS</b>	
U.S. Const. Amend. VII.....	passim
U.S. Const. Art. I, § 8.....	1
U.S. Const. Art. III.....	7, 11, 17
<b>CONGRESSIONAL REPORTS</b>	
H.R. Rep. No. 112-98, pt. 1, (2011) .....	12
Sen. Rep. Accompanying Senate Bill No. 239, 24th Cong., 1st Sess. (April 28, 1836) .....	21
<b>OTHER AUTHORITIES</b>	
Sean Bottomley, <i>The British Patent System during the Industrial Revolution 1700– 1852: From Privilege to Property</i> , Cambridge University Press (2014) .....	10
Edward Coke, <i>The fourth part of the Institutes of the laws of England: concerning the jurisdiction of courts</i> . W. Clarke & Sons (1817).....	10
Ron D. Katznelson, <i>Brief of Amicus Curiae in Support of Affirmance, Microsoft Corp. v. i4i et al.</i> , U.S. Supreme Court (March 18, 2011) .....	21
Adam Mossoff, <i>Rethinking the Development of Patents: An Intellectual History, 1550-1800</i> , 52 Hastings L.J. 1255 (2001).....	9
John W. Strong, 2 <i>McCormick on Evidence</i> (4th ed.1992).....	20

**STATEMENT OF INTEREST OF *AMICUS*  
*CURIAE*<sup>1</sup>**

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As part of its mission, IEEE-USA seeks to ensure that U.S. intellectual property law continues "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. I, § 8. IEEE-USA's members have a substantial stake in the United States patent system. Our membership includes inventors who create and use cutting-edge technology, researchers who are involved in scientific discovery, authors of journal articles in the broad fields of engineering and science, entrepreneurs, and

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<sup>1</sup> Pursuant to Supreme Court Rule 37.6, counsel listed on the cover states that this brief was authored by *amicus curiae* and reviewed by counsel, and that counsel for a party did not author this brief in whole or in part. Nor did counsel for a party make a monetary contribution intended to fund the preparation or submission of the brief. Rule 37.2(a) notice was timely provided to all parties, who have consented to the filing of this *amicus* brief.

employees of firms that acquire, license, and market patented technology. IEEE-USA also fully supports robust procedures for correction of Patent Office examination errors, thus focusing quality control measures within the examination process in the first place, rather than over-focusing such efforts at the later most disruptive and costly stage—post-grant. In any event, to the extent that a post-grant proceeding is used, civil actions for *de novo* review in Article III courts should be available to the patent owner. IEEE-USA takes no sides in the dispute of the parties regarding the validity of any patents at issue in this case.

### **SUMMARY OF ARGUMENT**

This case is about the level of judicial protection to which patent holders are entitled under the U.S. Constitution when a tribunal adjudicates their patent's validity. The questions presented in this case boil down to a simple inquiry: when two similarly-situated patent holders, both having patents duly issued by the U.S. Patent and Trademark Office (PTO), are subjected to separate legal challenges of their respective patents' validity in different tribunals, can they be subjected to two different proceedings addressing the *same* question, under the same patent statute, but applying different constitutional protections and judicial standards that lead to different results? The decision of the Court of Appeals for the Federal Circuit below answers this question in the affirmative. The Federal Circuit held that Congress can deny one patentee, the one hauled into a PTO administrative tribunal, the constitutional

protections and judicial standards afforded as a matter of constitutional right to the other patentee—the litigant in the Article III tribunal.

This bizarre state of affairs merits the close scrutiny of this Court. All issued U.S. patents deserve the same constitutional protections and legal standards in invalidation proceedings as those available in Article III courts. Those protections are secured by the procedures in Article III courts including a right to a jury trial; the protective legal standards of the presumption of patent validity in 35 U.S.C. § 282 that can be overcome only by clear and convincing evidence, *Microsoft v. i4i*, 131 S. Ct. 2238 (2011); and the standard for patent claim construction.

However, the Federal Circuit decided that there are exceptions wherein these protections and standards of proof need not apply. Spanning three decades, the Federal Circuit has countenanced continually expanding administrative review power, which this Court has never reviewed. This case presents the right opportunity for this Court to provide reliable guidelines to cabin the exceptions under which adjudications can be withdrawn from Article III courts or juries, to clarify that such exceptions do not apply to any traditional patent validity adjudications, and to thereby restore uniformity in such adjudications.

The America Invents Act, Pub. L. 112-29, 125 Stat. 284 (2011) (AIA), created inter partes review (IPR) proceeding that permits the Patent Trial and Appeal Board (PTAB), a PTO administrative



tribunal, to adjudicate the validity of granted patents. In these adversarial proceedings intended as an alternative to litigation, the PTAB essentially plays the role of a court. IPR adjudications involve traditional intellectual property rights of the inventor. Property rights are historically adjudicated by the judiciary in Article III courts, often with a right to a jury for factual determinations to the extent that legal rights and remedies are litigated.

Section I.A of this brief shows that IPR adjudications fall squarely within the scope of Article III courts' jurisdiction and the attendant Seventh Amendment jury trial requirement because patent validity involves traditional legal claims tried in the English common law courts prior to, and through 1791. This fact is determinative because "the thrust of the [Seventh] Amendment was to preserve the right to jury trial as it existed in 1791." *Curtis v. Loether*, 415 U.S. 189, 193 (1974). "[N]or can Congress conjure away the Seventh Amendment by mandating that *traditional legal claims* be ... taken to an administrative tribunal." *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 52 (1989) (emphasis added).

The Federal Circuit ignored the traditional legal claim nature of IPRs and held that patent rights are "public rights," i.e., rights that are created by the federal government, and therefore Congress can delegate their adjudication to administrative tribunals without Article III protections including a right to a jury trial. However, the Federal Circuit glossed over the actual *issue* to be tried and the

*remedy sought* in IPRs. This brief, in section I.B, shows that IPR adjudications do not qualify for the exceptions for “public rights,” because they involve *traditional legal* claims and because the *actual* rights adjudicated in IPR are not the patent enforcement rights. Rather, IPR adjudications for cancelling patent claims involve the voiding of the patent bargain without restoring to the inventor the common law private rights of secrecy to the invention.

IPRs thus entail the economic transfer of a *private right* to the petitioner (the right to freely exploit the inventor’s published description of an invention) at the expense of a *net loss* to the inventor’s common law *private rights* of secrecy. Because the “public right” exception does not apply to patent invalidation proceedings, they must be conducted in Article III courts, with a right to jury trial, and not in a government administrative tribunal.

Section II of this brief argues that the constitutional infirmity of the IPR statute is exacerbated by rescission of Article III *de novo* review in *ex parte* reexamination proceedings because the AIA removed the right to civil action under 35 U.S.C. § 145 for such proceedings.

In section III, this brief argues that IPR’s constitutional infirmity is compounded by the AIA’s codification of 35 U.S.C. § 316(e), which prescribes a relaxed evidentiary standard for invalidating patent claims. It is shown that the standard of proof for invalidating patents must comply with an

immutable adjudicatory standard matched to the large *asymmetry in the countervailing risks to the litigants* due to factfinder errors in patent invalidity determinations. Because the countervailing risks of error in IPR are vastly higher for the patentee than for the petitioner, as is the case in Article III factfinding, the clear-and-convincing-evidence standard must apply in adjudicating the patent claims just like it does in Article III courts.

Article III courts are bound by this Court's ruling on the application of the clear and convincing evidence standard in adjudicating patent invalidity. This protection from factfinding errors must be available in any tribunal, but are denied for patent holders under IPR. This is another reason why unfair denial of Article III court protections makes IPR's constitutional infirmity more harmful to patent holders.

Finally, this brief presents an example of a proceeding for revocation of an immigrant's naturalization status. This example is one among several proceedings adjudicating valuable private or individual rights which now enjoy Article III protections with the heightened standard of proof for revoking those rights. The brief argues that such proceedings will be at risk of losing their constitutional protections by a mere act of Congress relegating them to administrative tribunals, if the precedent of the constitutionality of IPRs were to be upheld.

For the foregoing reasons and those explained further below, this Court should grant *certiorari*.

## ARGUMENT

### I. THIS COURT SHOULD GRANT *CERTIORARI* TO RESTORE UNIFORMITY IN ADJUDICATION

Petitioner *MCM Portfolio LLC* argues in this case that IPR proceedings established by the AIA violate Article III and the Seventh Amendment of the Constitution. The Patent Trial and Appeals Board (PTAB) rejected these arguments, and the Court of Appeals for the Federal Circuit affirmed. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015).

The Federal Circuit held below that patent rights are “public rights,” i.e., rights that are created by the federal government, and therefore Congress can delegate adjudication of patent validity to administrative tribunals. The Court of Appeals also reasoned that its own precedents invoking the “public right” argument in *Joy Technologies, Inc. v. Manbeck*, 959 F.2d 226, 228 (Fed. Cir. 1992) and in *Patlex Corp. v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985) upholding the prior procedure of *ex parte* reexamination bound it to uphold IPRs. *MCM*, 812 F.3d at 1293.

We show below that the Court of Appeals ignored the actual *nature* of the action and the *remedies sought* in IPR proceedings. The “patent rights” that the Federal Circuit characterizes as “public rights” are merely ancillary as they are not

*adjudicated* in IPRs. Rather, IPRs adjudicate traditional legal claims and “private rights.” Spanning three decades, the Federal Circuit has countenanced continually expanding administrative review power, which this Court has never reviewed. This case presents the right opportunity for this Court to provide reliable contours to cabin the exceptions under which adjudications can be withdrawn from Article III courts or juries and to clarify that such exceptions do not apply to any patent validity adjudications.

**I.A IPR adjudications fall squarely within the scope of Article III courts’ jurisdiction and the attendant Seventh Amendment right to jury trial**

IPR adjudications involve intellectual property rights of the inventor. Property rights are historically adjudicated by the judiciary in Article III courts, often with a right to a jury for factual determinations. “Congress cannot ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.’” *Stern v. Marshall*, 564 U.S. 462, 488 (2011) (citing *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. 272, 284 (1856)). “When a suit is made of ‘the stuff of the traditional actions at common law tried by the courts at Westminster in 1789,’ and is brought within the bounds of federal jurisdiction, the responsibility for deciding that suit rests with Article III judges in Article III courts.” *Stern*, 564 U.S. at 484 (citing *Northern Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 90 (1982) (Rehnquist, J., concurring

in judgment)). This court explained that “the thrust of the [Seventh] Amendment was to preserve the right to jury trial as it existed in 1791.” *Curtis v. Loether*, 415 U.S. 189, 193 (1974). Thus, the Seventh Amendment requires a jury trial when historical practice in the English courts before 1791 gave such matters to the jury. *Markman v. Westview Instrums., Inc.*, 517 U.S. 370, 377 (1996). Since *Tull v. United States*, courts look to whether the claim involves legal, or equitable remedies. 481 U.S. 412, 417 (1987) (stating that Seventh Amendment requires a jury trial on the merits in actions that are analogous to “Suits at common law.”) That is the analysis that applies to patent validity adjudications.

Patent *validity* adjudications trace their genesis to English common law, codified in the Statute of Monopolies.<sup>2</sup> The Statute’s jurisdictional implication, however, would not materialize until 1753, when the Privy Council (a body of the King’s advisors) relinquished to the law courts jurisdiction over determining the validity of patents for inventions. Adam Mossoff, *Rethinking the Development of Patents: An Intellectual History, 1550-1800*, 52 *Hastings L.J.* 1255, 1286 (2001). From 1753 until the merger of the English common law and equity courts in 1873, matters of patent validity were tried in common law courts, as opposed

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<sup>2</sup> “[A]ll such commissions, grants, licences, charters, *letters patents*, ... and the force *and validity of them*, and every of them, ought to be, and shall be for ever hereafter examined, heard, tried, and determined, by and according to the *common laws* of this realm, and not otherwise.” Statute of Monopolies, 21 Jac. I c. 3 (England 1624) (emphasis added).

the Chancery courts of equity, which tried matters of patent *enforcement*. Sean Bottomley, *The British Patent System during the Industrial Revolution 1700–1852: From Privilege to Property*, pp. 122-124, 132-137, Cambridge University Press (2014).

Actions for revoking patents were brought under writs of *scire facias* (the equivalent of modern day orders to show cause) in the Chancery equity courts. However, the factual matters raised therein were relegated to a separate proceeding (an analog of IPRs) at a court of common law with a jury empaneled and judgment was entered by the common law court and reported back to Chancery. Edward Coke, *The fourth part of the Institutes of the laws of England: concerning the jurisdiction of courts*, 79, W. Clarke & Sons (1817). *See also* Bottomley, at 103-104, 135-136. Thus, at the time of enactment of the Seventh Amendment to the U.S. Constitution in 1791, adjudications of patent validity in England had long been remitted to the courts of law, wherein juries made the necessary findings of fact.

Under the American patent statute in effect in 1791 (Act of April 10, 1790, Ch. 7, § 5, 1 Stat. 109, 111), Congress provided private parties with a right to sue for direct revocation of a patent by proceedings similar to a writ of *scire facias*. *See Ex parte Wood & Brundage*, 22 U.S. 603, 611-615 (1824) (discussing comparable provision in Patent Act of 1793); *see also United States v. Bell Telephone Co.*, 128 U.S. 315, 360-363 (1888) (extended discussion of *scire facias* and similar proceedings); *Mowry v. Whitney*, 81 U.S. 434, 440 (1871). In early America,

courts recognized that such writs of *scire facias* required a jury trial in a law court because they involve legal rather than equitable matters. *Cf. Hollister v. United States*, 145 F. 773, 780–83 (8th Cir. 1906) (judgment in a *scire facias* writ “stands for the declaration at common law,” reversed a non-patent case and remanded for a jury trial as required by the Seventh Amendment). Indeed, juries decided factual issues in direct patent revocation actions because patents constitute “a property which is often of very great value,” and in cases involving such property, “the constitution has secured to the citizens a trial by jury.” *Wood*, 22 U.S. at 608.

In conclusion, IPR’s decide issues of patent validity, issues that were historically tried in law courts with a right to a jury, and thus lie squarely within the scope of Article III and the Seventh Amendment. Because the Federal Circuit’s rationale for holding otherwise relies on the distinction between “public rights” and “private rights,” we discuss these issues next.

### **I.B IPR adjudications do not qualify for the exceptions for “public rights”**

Under certain exceptions, Congress may validly assign resolution of certain claims and novel causes of action to a non-Article III tribunal when the claims involve a so-called “public right.” However, this Court limited “the exception to cases in which the claim at issue derives from a federal regulatory scheme, or in which resolution of the claim by *an expert government agency* is deemed *essential* to a limited regulatory objective within the



agency's authority.” *Stern*, 564 U.S. at 490 (emphasis added). As discussed below, none of these “public right” exceptions apply to IPRs because adjudicating IPRs does not require expertise unique to the PTO, because they involve traditional legal claims, and because the adjudicated rights in IPRs are private rights known at common law.

**I.B.1 PTO’s agency expertise is not  
“essential” for adjudications  
undertaken in IPRs**

An IPR proceeding is adjudicative rather than examinational, as it involves no examination or prosecution of the claims. An examinational process involves a give-and-take exchange on the language of the claims with a patent examiner having expertise in the particular field of the invention. *In re Zletz*, 893 F.2d 319, 321-322 (Fed. Cir. 1989) (“During patent examination the pending claims ...are examined ... in order to achieve a complete exploration of the applicant's invention and its relation to the prior art.” Internal citation and quotations omitted). Thus, the amended claims at the end of the examination process are the work product of both the applicant and the examiner. Not so in adjudications, which simply decide “up or down” on the validity of the patent claims presented for review. Congress intended IPR proceeding to be *adjudicative*, to substitute for court proceedings. H.R. Rep. No. 112-98, pt. 1, at 46-47 (2011). The adjudication in IPRs is by a panel of three Administrative Law Judges that have no role in examining claims but rather *adjudicate* adversarial proceeding on merits presented by experts of both

parties. There is a long history, of course, of judges and laypersons on juries adjudicating patent validity without subject-matter expertise, as such adjudication process is much less complex than examination. The PTO agency expertise (claim *examination*) is not used in IPRs and is therefore not “*essential* to a limited regulatory objective” of reviewing the patentability of the patent claims.

### **I.B.2 IPRs adjudicate traditional legal claims and private rights**

The Federal Circuit ignored the “private right” nature of IPRs. “Congress may devise *novel* causes of action involving public rights free from the strictures of the Seventh Amendment if it assigns their adjudication to tribunals without statutory authority to employ juries as factfinders.” *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 51 (1989) (emphasis added). “But it lacks the power to strip parties *contesting matters of private right* of their constitutional right to a trial by jury.” *Id.* at 51-52 (emphasis added). “[N]or can Congress conjure away the Seventh Amendment by mandating that *traditional legal claims* be ... taken to an administrative tribunal.” *Id.* at 52 (emphasis added). “The Constitution nowhere grants Congress such *puissant* authority.” *Id.*

IPR adjudications involve “traditional legal claims” for invalidating a patent with “parties *contesting matters of private right*.” *Granfinanciera*, 492 U.S. at 52. One must closely examine the *actual issues* adjudicated in IPRs. In deciding whether the adjudicated right is “private” or “public,” “the Court

must examine both the *nature* of the action and of the *remedy sought*.” *Tull*, 481 U.S. at 417 (emphasis added); *Curtis v. Loether*, 415 U.S. 189, 195 (1974) (“a jury trial must be available if the action involves *rights and remedies* of the sort typically enforced in an action at law”). Characterizing the *relief sought* is “[m]ore important” than finding a precisely analogous common-law cause of action in determining whether the Seventh Amendment guarantees a jury trial. *Id.* at 196; *Ross v. Bernhard*, 396 U.S. 531, 538 (1970) (“The Seventh Amendment question depends on the nature of the *issue* to be tried rather than the character of the overall action.”) (emphasis added).

Unfortunately, the Federal Circuit glosses over “the *issue* to be tried” and the “*remedy sought*” in IPRs. The Court of Appeals proclaims that “[t]he patent right derives from an extensive federal regulatory scheme, and is created by federal law.” *MCM*, 812 F.3d at 1290 (internal quotation and citation omitted). But this “patent right” created by federal law involves several statutory rights to exclude other parties from practicing the patented invention, enforcement rights and remedies that are clearly *not* adjudicated in IPRs. These rights may be adjudicated in the federal courts which are empowered to award damages and grant equitable relief against infringers.<sup>3</sup> Stated differently, none of

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<sup>3</sup> These statutory rights, for example, are prescribed in Title 35 of the U.S. Code, § 271 (infringement of patent); § 281 (remedy for infringement of patent); § 283 (injunction); §§ 284, and 286 (damage awards); and § 285 (award of attorney fees). None are involved in IPRs.

*these* statutory “patent rights” are adjudicated in IPRs, or otherwise underlie the “*nature* of the action and of the *remedy sought*” in IPRs. *Tull*, 481 U.S. at 417 (emphasis added). Rather, the “*nature*” of the action in IPRs is not patent enforcement; the “*remedy sought*” by a petitioner in an IPR proceeding is “to cancel as unpatentable 1 or more claims of a patent” 35 U.S.C. § 311(b). In fashioning this remedy, “the [PTO] Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable.” 35 U.S.C. § 318(b).

Upon receiving a patent, the inventor *exchanges* common-law private rights (for example, various rights of secrecy, including common law trade secret rights) for the patent right. The right that the inventor receives is the enforcement right to exclude all others (including the petitioner) from the free use of the private rights of secrecy, bargained for by public disclosure of the invention as claimed. An IPR adjudication that cancels patent claims *voids* this exchange of rights, but without restoring to the inventor the private secrecy rights, which became publicly available. Instead, the inventor’s private right is necessarily dedicated to the public (including to the petitioner challenging the patent) *years earlier than would otherwise occur*. Indeed, the “*remedy sought*” by the petitioner in an IPR is to cancel patent claims, in order to obtain the private right to practice the invention. Thus, in an IPR proceeding in which claims are cancelled, the petitioner receives *private* benefit, the right to exploit the inventor’s published description of an invention that would otherwise enjoy private rights of secrecy, and the inventor incurs a *net loss of that private right*

because the loss of secrecy (by publication of the patent) is irreversible. It is this economic transfer of a *private right* to the petitioner at the expense of a net loss to the inventor's *private right* that is at the heart of IPR adjudications.

If IPR adjudications were to result in a *full reversal* of the patent bargain in which all parties find themselves fully restored to the *status quo ante*, matters would be simpler because no *net change* in private rights would take place. However, such is not the case because the “genie is out of the bottle”—the public disclosure of the invention cannot be erased, the *immediate* attended benefits to the petitioner cannot be denied, and the inventor's trade secret rights cannot be restored. Moreover, the substantial investments that the patentee may have made in reliance on the exclusive patent right cannot be returned to the patentee. Thus, the fact that IPR proceedings extinguish and transfer *private* rights cannot be denied or brushed aside. That said, the inventor does take a calculated risk in entering the exchange of rights described above—later loss of the inventor's private right may well turn out to be justified in some circumstances. However, only a judgement of an Article III court can justly extinguish such private rights and transfer them to the patent challenger.

The “patent rights” that the Federal Circuit characterizes as “public rights” are merely ancillary as they are not *adjudicated* in IPRs. To be sure, an IPR adjudication can result in the loss of the “patent right” to assert equitable claims in another tribunal. However, the presence of some “equitable”

component is irrelevant: where a “legal claim is joined with an equitable claim, the right to jury trial on the legal claim, including all issues common to both claims, remains intact. The right cannot be abridged by characterizing the legal claim as ‘incidental’ to the equitable [claim].” *Curtis*, 415 U.S., at 196, n. 11. Thus, the patentee has a constitutional right to an Article III court and jury trial to determine the factual issues of validity.

Furthermore, any uncertainty as to which rights in IPR dominate must be resolved in favor of Article III review. “[E]ven with respect to matters that arguably fall within the scope of the ‘public rights’ doctrine, the presumption is in favor of Art. III courts.” *Stern*, 564 U.S. at 499 (citing *Northern Pipeline*, 458 U.S., at 69, n. 23 (plurality opinion)). “Congress may not bypass Article III simply because a proceeding may have *some* bearing on a [different proceeding].” *Id.*

In conclusion, the “public right” exception does not apply and adjudication of patent validity cannot be withdrawn from Article III courts or juries. “If such an exercise of judicial power may nonetheless be taken from the Article III Judiciary simply by deeming it part of some amorphous ‘public right,’ then Article III would be transformed from the guardian of individual liberty and separation of powers the Court has long recognized into mere wishful thinking.” *Stern*, 564 U.S. at 462.

**II. THE CONSTITUTIONAL INFIRMITY  
OF IPR'S IS EXACERBATED BY  
RESCISSION OF ARTICLE III *DE  
NOVO* REVIEW IN *EX PARTE*  
REEXAMINATIONS**

This court has approved Congress' delegation of Article III proceedings to executive branch agencies *only if* full Article III review remains available as a backstop for *de novo* fact finding. *Stern*, 564 U.S. at 489 n. 6. Thus, if Congress nevertheless does prescribe administrative post-grant patent cancellation proceedings, the Constitution requires that it also provide for *de novo* judicial review of that agency decision by an Article III federal court. *See id.*

Prior to the AIA, patent owners had that right to *de novo* judicial review in *ex parte* reexaminations under 35 U.S.C. § 145. The AIA removed that right (AIA, P.L.112-29, § 6(h)(2), effective Sept. 16, 2011) and thus further exacerbated denial of patentees' rights by closing essentially all avenues for Article III *de novo* judicial review of patent claim cancellations.

**III. IPR'S CONSTITUTIONAL INFIRMITY  
IS COMPOUNDED BY IMPROPERLY  
PRESCRIBING A RELAXED  
EVIDENTIARY STANDARD FOR  
INVALIDATING PATENT CLAIMS**

The AIA codified 35 U.S.C. § 316(e) which directs the PTO to apply the "preponderance of the evidence" standard in adjudicating the validity of the

claims in post grant proceedings even though patents are presumed valid, 35 U.S.C. § 282, and invalidity must be proven by clear and convincing evidence, *Microsoft v. i4i*, 131 S. Ct. 2238 (2011); *Radio Corp. of Am. v. Radio Eng'g Labs., Inc.*, 293 U.S. 1, 7-8 (1934) (“one otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion, and fails unless his evidence has more than a dubious preponderance”); *Coffin v. Ogden*, 85 U.S. 120, 124 (1874) (“The burden of proof rests upon [the patent challenger], and every reasonable doubt should be resolved against him.”)

To be sure, it is within the domain of Congress to establish presumptions and rules respecting burden of proof. Nonetheless, the Due Process Clause of the Constitution does not permit the deprivation of liberty or property upon application of a standard of proof too lax to make reasonable assurance of accurate factfinding. Thus, “[t]he function of a standard of proof, as that concept is embodied in the Due Process Clause and in the realm of factfinding, is to ‘instruct the factfinder concerning the degree of confidence our society thinks he should have in the correctness of factual conclusions for a particular type of adjudication.’” *Addington v. Texas* 441 U.S. 418, 423 (1979) (quoting *In re Winship*, 397 U.S. 358, 370 (1970) (Harlan J. concurring)).

The standard of proof thus “serves to allocate the risk of error between the *litigants*.” *Addington* 441 U.S. at 423 (emphasis added). “[T]he choice of the standard to be applied in a particular kind of



litigation should, in a rational world, reflect an assessment of the comparative social disutility [risk] of each.” *Winship*, 397 U.S. at 371 (Harlan, J., concurring). When the litigants’ risks are equal, that is, in a symmetric case where the consequences of an error in favor of one litigant are just as serious as the consequences of an error in favor of the other, the certainty level must not favor one litigant over the other and it need only be greater than  $\frac{1}{2}$  to allow a verdict for the plaintiff. This is reflected in legal determinations made under the preponderance-of-the-evidence standard in many civil cases.

In certain civil cases, however, a party is required to demonstrate certain facts to a higher degree of probability *because the litigants’ risks in the event of an adjudication error against them are substantially asymmetric*. For example, where the defendant is accused of civil fraud, a finding against him may do more than merely cost him restitution money. Since he loses reputation as well, the risk of an erroneous judgment against him is greater than that of an erroneous judgment against the plaintiff; as a result, the plaintiff must prove his case to a higher probability—clear-and-convincing-evidence. See John W. Strong, 2 *McCormick on Evidence* § 340, 443-444 (4th ed.1992) (collecting civil cases where the clear-and-convincing evidence standard applies including civil fraud, undue influence, special danger of deception, revocation of citizenship, or policy grounds). In criminal law, the loss of liberty or life to the defendant due to a judgement error makes the countervailing risks extremely asymmetric, and thus prosecutors must prove their case “beyond reasonable doubt” to convict.

The presumption of validity under the clear-and-convincing-evidence standard in patent law is *not* based on any deference to the PTO examination prior to the patent grant. The heightened standard was used even before the Office started examining applications in 1836. See Ron D. Katznelson, *Brief of Amicus Curiae in Support of Affirmance, Microsoft Corp. v. i4i et al.*, at 30-32, U.S. Supreme Court (March 18, 2011) (quoting passages from Sen. Rep. Accompanying Senate Bill No. 239, 24th Cong., 1st Sess. (April 28, 1836), as endorsing the heightened standard of proof and the presumption of patent validity), available at <http://j.mp/MS-v-i4i-Brief>. Rather, the presumption of validity under the clear-and-convincing-evidence standard is an immutable adjudicatory standard matched to the large *asymmetry in the countervailing risks to the litigants* due to factfinder errors in validity determinations.

In a patent infringement action, the litigants' risks of factfinding errors in determining infringement are symmetric, because each party has the same dollars at risk, the damages judgment amount in the event of a finding for their adversary. Therefore, this essential symmetry of risks has long been recognized as requiring that infringement be proven by preponderance-of-the-evidence. *Bene v. Jeantet*, 129 U.S. 683, 688 (1889). That is not the case for invalidity determinations. When the factfinder erroneously upholds an invalid patent, the defendant risks the unjust loss of damage award only for his own infringement, whereas when the factfinder erroneously finds a valid patent invalid, the patentee risks the unjust loss of damage awards

from hundreds or thousands of infringers or licensees, and the unjust enrichment of the public with a disclosure of the invention that was published upon consummation of the patent bargain. The asymmetry arises immediately upon the grant of the exclusive patent right and *is irreversible* thereafter because the patentee's loss and the dedication of his invention to the public is irreversible.

Thus, contrary to some widely-held notions with respect to standard of proof at the PTO, the evidentiary standards do not, and cannot, depend on *the venue or tribunal* adjudicating a case; they depend solely on the relative disparity of the parties' countervailing risks of adverse adjudication errors.

Because the countervailing risks of error in IPR are vastly different for the patentee and the petitioner, the clear-and-convincing-evidence standard must apply in adjudicating the patent claims, as it does in Article III courts. Arguing that the standard of proof for IPR at the PTO should be as it is in other PTO proceedings—the preponderance of evidence—is tantamount to arguing that a district court should keep the preponderance of evidence standard it used in a civil case when it proceeds to adjudicate a criminal case.

Accepting, as this Court must, the patent bargain and the highly asymmetric risks that it imparts on the parties in IPRs, this factor must guide this Court's analysis of the removal of patent validity adjudications from such immutable legal regime. Article III courts are bound by *Addington* and *Winship* in civil proceedings and therefore must

apply the clear-and-convincing-evidence standard in patent validity cases, as *i4i* holds. This protection from fact finding errors must be available in any tribunal and are denied of patent holders under IPR. The presumption of validity with the clear-and-convincing-evidence standard is an *inseparable* “bundle” of rights that come with an issued patent. Those rights have been bargained for prior to the AIA (at least with respect to patents applied for before the effective date of the AIA) and thus cannot be undermined *ex post*.

Acquiescing to Congress’ overreach in enacting the IPR statute and permitting a federal administrative tribunal to repeal a valuable private right through revocation of a government grant under the mere preponderance of the evidence standard would be a dangerous precedent. For example, it could sanction Congress’ remittance of denaturalization proceedings revoking a grant of U.S. citizenship under the Immigration and Nationality Act (INA) 8 U.S.C. § 1451(a) to a government agency adjudication upon a showing by mere preponderance of the evidence with no Article III court findings of fact.

Under the INA, the government must “institute proceedings in any *district court of the United States* ... for the purpose of revoking and ... canceling the certificate of naturalization.” 8 U.S.C. § 1451(a) (emphasis added). Proof must be by clear and convincing evidence:

“[A] certificate of citizenship is an instrument granting [rights] and open like other public grants

to be revoked if and when it shall be found to have been [improperly] procured. ... To set aside such a grant the evidence must be clear, unequivocal, and convincing—it cannot be done upon a bare preponderance of evidence which leaves the issue in doubt.”

*Kungys v. United States*, 485 U.S. 759, 795 n.7 (1988) (citation omitted, emphasis added). “This is so because rights once conferred should not be lightly revoked. And more especially is this true when the rights are precious and when they are conferred by solemn adjudication, as is the situation when citizenship is granted.” *Id.* This Court has also held that a certificate of naturalization is a *public grant* “closely analogous to a public grant of land,” and those “rights once conferred should not be lightly revoked.” *Schneiderman v. United States*, 320 U.S. 118, 125 (1943).

To be sure, such INA naturalization revocation is an equitable remedy because the certificate involved may have been “procured by concealment of a material fact or by willful misrepresentation.” 8 U.S.C. § 1451(a). However, the proceedings *are* entrusted to an Article III court with the heightened standard of proof in keeping with the high asymmetry of the countervailing risks of adjudication errors. These and other similar proceedings entailing valuable private or individual rights which enjoy Article III protections, will be at risk of losing such constitutional protections by a mere act of Congress relegating them to administrative tribunals, if the precedent of the constitutionality of IPRs were to be upheld.

**CONCLUSION**

For the foregoing reasons, the IEEE-USA therefore respectfully asks this Court to grant *certiorari*.

Respectfully submitted,

IEEE-USA  
*Amicus Curiae*

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As required by Supreme Court Rule 33.1(h), I certify that the document contains **5,902** words, excluding the parts of the document that are exempted by Supreme Court Rule 33.1(d).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_, 2016.

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