16-1240
No. 16-

IN THE

Supreme Court of the United States

MICHAEL WAYNE SHORE,

Petitioner,

v.

MICHELLE LEE, DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE,

Respondent.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

In 35 U.S.C. § 144, Congress mandated that for determinations on "appeal[s] taken on the record before the Patent and Trademark Office," the Court of Appeals for the Federal Circuit "shall issue to the Director its mandate and opinion." Such mandate and opinion thereafter "shall" be entered of record in the Patent and Trademark Office (PTO) and "shall" govern any further proceedings in the case. For more than half of its rulings on appeals taken from PTO rulings on patentability, the Federal Circuit has issued summary affirmances without opinion under Federal Circuit Rule 36 (Fed. Cir. R. 36). Such summary affirmances never address the issues raised by appellants, who have the statutory right to appeal. Instead, the summary affirmances return the cases to the examiners or PTO with neither an opinion nor a mandate that governs further proceedings.

The Questions Presented by this Petition are:

1. Does the Federal Circuit's affirmance without opinion of the PTO's rejection of Petitioner's patent application violate 35 U.S.C. § 144?

2. Does the statute's requirement that the Federal Circuit issue a "mandate and opinion" govern over Federal Rule of Appellate Procedure 36's general permission for appellate courts to render judgment without opinion?

3. Assuming that the Federal Circuit can issue an affirmance without opinion despite the language of § 144, does the Federal Circuit act within

its discretion by issuing an affirmance without opinion that does not meet any of the criteria listed in FED. CIR. R. 36(a)-(e)?

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PETITION FOR A WRIT OF CERTIORARI

Michael Wayne Shore respectfully petitions for a writ of *certiorari* to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The Federal Circuit did not issue an opinion in Petitioner's appeal on the record of the decision taken by the Patent Trials and Appeals Board (PTAB) of the United States Patent and Trademark Office (PTO). *See* 2016 WL 6647773 (Fed. Cir. Nov. 10, 2016); *see also* App1a-2a. The Federal Circuit denied rehearing and/or en banc rehearing on January 13, 2017. App93a-94a.

The final written decisions by PTAB are available as follows: *Ex Parte Shore,* Appeal 2012-008394, 2015 WL 6407269 (PTAB Sept. 28, 2015), *see also* App3a-16a; *Ex Parte White*, Appeal 2012-005807, 2015 WL 5999260 (PTAB Sept. 30, 2015); *see also* App17a-31a.

The Examiner's decisions rejecting U.S. Patent Application No. 11/491,269 ("269 App") and U.S. Patent Application No. 11/588,627 ("627 App"), which is a continuation-in-part of the 269 App, were issued June 23, 2011 and are attached at App32a-62a and App63a-92a respectively.

JURISDICTION

The Federal Circuit denied Petitioner's motion for rehearing en banc on January 13, 2017. App93a-94a. The Court has jurisdiction under 28 U.S.C. § 1254(1). The

Federal Circuit's decision arose in a consolidated appeal by Petitioner from adverse decisions of PTAB. The Federal Circuit had jurisdiction under 35 U.S.C. § 141(a) and 28 U.S.C. § 1295(a)(4)(A).

STATUTORY PROVISIONS INVOLVED

The statutory provision involved is 35 U.S.C. § 144. The appellate procedural rule involved is FED. CIR. R. 36. Both are sufficiently short that they are reproduced below.

35 U.S.C. § 144 reads:

> The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case.

FED. CIR. R. 36 reads:

Rule 36. Entry of Judgment –
Judgment of Affirmance Without Opinion

The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:

(a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;

(b) the evidence supporting the jury's verdict is sufficient;

(c) the record supports summary judgment, directed verdict, or judgment on the pleadings;

(d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or

(e) a judgment or decision has been entered without an error of law.

STATEMENT OF THE CASE

This Petition addresses the propriety of the Federal Circuit's overuse of FED. CIR. R. 36 to summarily affirm, without opinion, PTO rulings on patent eligibility. On its face, the Federal Circuit's rule clashes with the specific statutory requirement that, for appeals on the record from the PTO, the Federal Circuit must issue an ***opinion*** and ***mandate*** that will govern the matter. 35 U.S.C. § 144. Federal Circuit precedent states that a judgment of "affirmed," is not an opinion. And the Federal Circuit typically issues no mandate after Rule 36 affirmances.

The lack of opinion in this case left intact three clear and uncontested errors that the Examiner committed and PTAB ratified. The Federal Circuit's abdication of its role in appeals from PTO decisions promotes confusion in three areas of obviousness law: (i) the bounds of what constitutes "analogous art" that a patent examiner may consider in evaluating an application, (ii) whether patent examiners may use references in ways that defeat the purposes of such art, and (iii) the proper limits on the construction of claim terms in a patent application. This Court should require the Federal Circuit to explain its rationale in upholding each of these three PTAB errors, as mandated by Congress.

The Federal Circuit is the national court of appeals for all final decisions of the district courts in actions arising under, or containing at least one compulsory counterclaim arising under, Congressional patent laws. 28 U.S.C. § 1295(a)(1). It is also the national court of appeals for all rulings of PTAB, which include administrative decisions on patent applications, derivation proceedings, and the post-patenting proceedings created in the Leahy-Smith America Invents Act.[1] 28 U.S.C. § 1295(a)(4). When it was established in 1982, the Federal Circuit's purpose was to enhance judicial efficiency, clarity and uniformity in patent law. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1455 (Fed. Cir. 1998) (en banc).

The Congressional scheme in Chapters 10, 12, and 13 of Title 35—which sets forth the inventions that are patentable, how the PTO must examine patent applications, and the inventor's rights to judicial review of PTO decisions—provides specific protections to patent applicants. That scheme should safeguard inventors from examiners who fail to follow PTO procedures, Federal Circuit precedents, and the Patent Act, and further guard

1. Pub. L. No. 112-29, 125 Stat. 284 (2011).

against PTAB decisions that are contrary to law.[2] The Federal Circuit's decision below renders those protections illusory.

For decades the various circuit courts have sought to balance the need for efficiency in handling their dockets with their duties to pronounce the law. One solution courts used was treating only certain decisions as precedential, presumably so that the judges would spend time "to do a decent enough job" on precedential opinions such that the litigants and public would have confidence that a precedential decision had received the utmost attention. *See Anastasoff v. U.S.*, 223 F.3d 898, 904, *vacated as moot*, 235 F.3d 1054 (8th Cir. 2000). But as Judge Arnold noted in *Anastasoff*, if judges lack the time to ensure good decisions in each case, "the remedy is not to create an underground body of law good for one place and time only." *Ibid.*

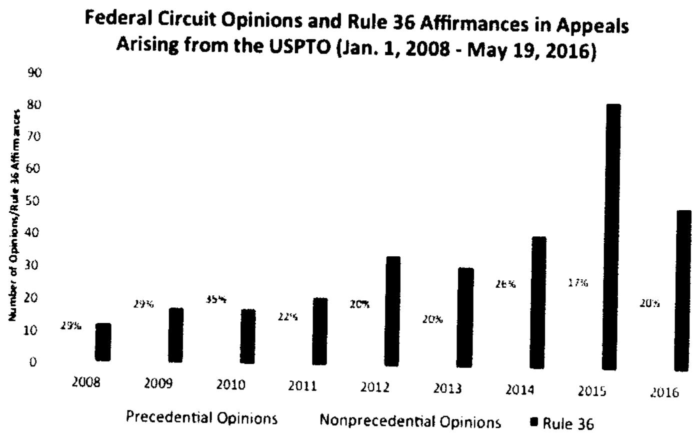
On December 1, 2006, Federal Rule of Appellate Procedure 32.1 became effective. That Rule prevented courts from prohibiting or restricting litigants from citing federal judicial opinions, orders, judgments or other written dispositions issued on or after January 1, 2007. The Rule ensured that the various circuits did not prohibit

2. Congress created PTAB in 2011. 125 Stat. 313 (2011); 35 U.S.C. § 6. PTAB's duties include reviewing, upon written appeal by the applicant, any adverse decisions of examiners on patent applications under 35 U.S.C. § 134(a). In 2011, Congress established PTAB (35 U.S.C. § 6) and specified its appellate jurisdiction (35 U.S.C. § 134), but Congress did not replace "Patent and Trademark Office" with PTAB and its trademark counterpart in 35 U.S.C. § 144, which Congress last amended in 2002. Considering that appeals to PTAB under § 134(a) are on the record before the PTO, and PTAB acts for the PTO, the requirement of § 144 should apply to appeals from PTAB decisions.

or dissuade parties from citing unpublished opinions. 2006 Advisory Committee Note.

In part, Rule 32.1 answered some of the concern that courts would abandon precedent, and flawed reasoning would not come to light, in unpublished opinions because the unpublished opinions could be cited in all circuits. *See* William Bader, *et al.*, *Precedent and Justice,* 49 DUQ. L. REV. 35, 56-58 (Winter 2011).

The Federal Circuit, among others, has taken one step beyond distinguishing between published and unpublished opinions. It has repeatedly rendered decisions without opinions at all. In 2015, the Federal Circuit delivered nearly two-thirds of its rulings in appeals arising from PTO decisions by affirmance under its own Rule 36. In the first half of 2016, the trend continued as the Federal Circuit affirmed approximately 50% of appeals from PTO decisions without opinion.[3]



3. Source: Jason Rantanen, *Data on Federal Circuit Appeals and Decisions,* PatentlyO.com (June 2, 2016), http://patentlyo.com/patent/2016/06/circuit-appeals-decisions.html, last accessed Feb. 20, 2017.

Unfortunately, whether a court always adheres to its own precedents, and requires administrative agencies to do so, can be mysterious. Individual patentees not backed by large corporations or research institutions should not be denied their rights to fair adjudication by a Federal Circuit that tells inventors they should have amended their claims[4] (and forfeit equivalents) instead of ensuring PTAB and patent examiners follow the law.

Inventor Michael Shore is a music aficionado who attends, and hosts, numerous live musical performances. His co-inventor Charles Attal is a founder of the Austin City Limits Music Festival. The Applications are directed to systems and methods that allow a user to create and purchase a custom video track of a live musical performance. One aspect of the system would enable a concertgoer to appear in a compiled custom video by entering a predetermined audience location to be filmed during the performance. The 627 App also enabled editing the video in low definition to save bandwidth.

4. At oral argument, one member of the panel said Petitioner should have amended to avoid the rejections, which would have forced Petitioner to surrender patent infringement actions for infringement by equivalents on the amended claims, instead of pursuing his right to a patent that had been properly evaluated by the Examiner. Evidently, this panel is not the only one to voice concerns at oral argument that were not based on the record below but which nonetheless formed an implied basis to affirm without opinion. *See* Philip P. Mann, *When the going gets tough … Rule 36!*, IP Litigation Blog (Jan. 14, 2016), http://www.iplitigationblog.com/2016/01/articles/uncategorized/when-the-going-gets-tough-rule-36/ last accessed April 12, 2017.

In a final office action, the Examiner rejected claims 1-7, 9-42 and 44-62 of the 269 App based on finding that various combinations of prior art rendered the rejected claims obvious under 35 U.S.C. § 103(a). The Examiner similarly rejected claims 1-7, 9-42, 44-66, and 68-73 of the 627 App in a separate final office action. In his analysis of both Applications, the Examiner relied heavily upon the Watkins reference (U.S. Patent Application 2004/0071321), a method and system for preventing child abduction by automated photographing that has no connection to video customization, live music, commercial use of video as a product, or any other aspect of the claimed inventions.[5]

In *Ex Parte Shore*, PTAB affirmed the Examiner's rejections of the claims from the 269 App. In *Ex Parte White*, PTAB affirmed the Examiner's rejections of claims 1-7, 9-42, 44-66, and 68-73 of the 627 App. In both decisions, PTAB refused to require the Examiner to consider the applicability of Watkins as a whole in analyzing why Petitioner would be motivated to use Watkins, and instead allowed the Examiner to rely upon portions of the reference knowingly taken out of context. Those holdings conflict with Federal Circuit precedent. *See In re Klein*, 647 F.3d 1343, 1348 (Fed. Cir. 2011); *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341, 1348 (Fed Cir. 2008). PTAB also wrongly accused Petitioner of arguing features not in the claims.[6]

PTAB violated Federal Circuit precedent by exceeding the broadest reasonable interpretation standard by applying an unreasonably overbroad interpretation to

5. *See generally*, App31a-92a for the Examiner rejections.

6. *See generally*, App3a-30a for the PTAB decisions.

the term "predetermined audience location" that included the ***entire*** concert audience instead of discrete portions thereof where a person could stand knowing they would be included in a video perspective. *PPC Broadband, Inc. v. Corning Optical Comm'ns RF, LLC*, 815 F.3d 747, 755 (Fed. Cir. 2016) ("Above all, the broadest reasonable interpretation must be *reasonable* in light of the claims and specification"; emphasis in original). That reading of the claim term set forth an erroneous basis for the Examiner and PTAB to state that the Applications were obvious under prior art.

The Federal Circuit affirmed PTAB's rulings without opinion under Federal Circuit Rule 36(d). This petition follows.

REASONS FOR GRANTING THE PETITION

Petitioner was a patent applicant before the PTO who had appealed adverse PTO actions to PTAB and lost. He has a statutory right to appeal those determinations to the Federal Circuit. 35 U.S.C. § 141(a). By challenging PTAB's rulings in an appeal to the Federal Circuit under 35 U.S.C. § 141(a), Petitioner necessarily waived any right to sue the Director for issuance of a patent in the Eastern District of Virginia. *See* 35 U.S.C. § 145. Between Petitioner's filing of his Applications, and the Federal Circuit's denial of *en banc* review, which upheld the panel decision affirming PTAB without opinion, more than 10 years passed.

PTAB's opinion misapplied Federal Circuit law and failed to set forth proper rationale for why the Applications were obvious. The five-plus years from the Examiner's improper rejections to the equally erroneous decision by the Federal Circuit to affirm them without opinion have effectively left Petitioner without any meaningful judicial review of an agency decision that was unquestionably legally erroneous.

This petition involves the Federal Circuit's abdication of its own supervisory duty over PTAB. This Court's "Considerations Governing Review on Certiorari" do not neatly cover this petition because it arises from patent law, which cannot have an inter-circuit conflict and cannot have a conflict between a state's highest court and a federal circuit court. *See* Sup. Ct. R. 10(a)-(c). Nonetheless, the importance of patent law uniformity caused Congress to create a single court charged with overseeing that area of law; that court's failure to fulfill its legislated purpose provides compelling reason to grant *certiorari*.

Simply stated, the Federal Circuit failed to follow its own precedents in the one area of law for which its purpose is to ensure predictability and uniformity—the development of United States patent law. By doing so, the Federal Circuit has sanctioned a "depart[ure] from the accepted and usual course of judicial proceedings" by the PTO, which calls for this Court to exercise its supervisory power and correct the Federal Circuit's, and PTAB's, errors. *See* Sup. Ct. R. 10(a).

This Court has the jurisdiction and authority to vacate the Federal Circuit's decision and require further proceedings "as may be just under the circumstances." 28 U.S.C. § 2106. At minimum, this Court should require the Federal Circuit to comply with its duties under 35 U.S.C. § 144. Therefore it should grant this Petition, vacate the Federal Circuit's judgment, and remand for further proceedings.

I. In 35 U.S.C. § 144, Congress Required the Federal Circuit to Issue an Opinion in Appeals From PTO Determinations

A. The Statute Requires the Federal Circuit to Issue Both a Mandate and an Opinion

The current version of 35 U.S.C. § 144 has been in place since 1984. Pub. L. 98-620, 98 Stat. 3363 (1984). By opting to appeal PTAB's affirmances of the Examiner's rejections of the 269 App and 627 App to the Federal Circuit, Petitioner exercised a right Congress provided—to have the Federal Circuit evaluate the PTO's decision based on the record developed before the agency. 35 U.S.C. §§ 141(a), 144. Petitioner's appeal invoked the three obligations in 35 U.S.C. § 144 that Congress imposed upon the Federal Circuit for appeals from PTAB decisions: (1) to "review the decision from which an appeal is taken" on the record that the PTO had before it, (2) determine the appeal, and (3) "issue to the Director" the court's "mandate and opinion." Section 144 does not contain any language allowing the Federal Circuit to avoid the obligations it imposes.

The Federal Circuit failed to follow the law.

When reviewing the meaning of a statute, this Court "begins with the language of the statute." *Williams v. Taylor*, 529 U.S. 420, 431 (2000). To that end, this Court presumes "that the plain language of the statute expresses congressional intent." *Ardestani v. INS*, 502 U.S. 129, 135 (1991). If "the statutory language is unambiguous and the statutory scheme is coherent and consistent," the Court need not look past the statutory language to determine the meaning of the statute. *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 450, 122 S. Ct. 941, 950 (2002) (internal quotations omitted).

Congress's requirement that the Federal Circuit issue an opinion and mandate to the PTO Director after deciding appeals from PTAB decisions is unambiguous. It is part of a consistent and coherent statutory scheme that provides an inventor with two avenues to challenge a patent denial—appeal the PTAB decision to the Federal Circuit or bring a new action against the PTO director in the United States District Court for the Eastern District of Virginia to compel the Director to issue a patent. 35 U.S.C. §§ 141, 145. Petitioner appealed the final PTAB decision. The Federal Circuit failed to comply with the Congressional requirements it must meet in such cases.[7] 35 U.S.C. § 144.

Instead of following Congress's specific requirements, the Federal Circuit issued no opinion and no mandate. It affirmed PTAB's rulings with no comment or reasoning other than one word: "affirmed." The Federal Circuit's alleged authority to issue the one-word affirmance comes solely from its own Rule 36, which enables it to "enter a judgment of affirmance without opinion" if it determines that at least one of five conditions exist and an opinion will have "no precedential value."

The Federal Circuit derives its authority to issue opinion-free judgments from Fed. R. App. P. 36(a)(2),

7. Ultimately, the Federal Circuit could not write a coherent opinion consistent with current law that would uphold PTAB's two decisions.

which delineates when and how the clerk of an appellate court must prepare, sign and enter the court's judgment in the absence of an opinion. FED. R. APP. P. 36 has obvious application where an appeal becomes moot or is terminated before submission to the appellate court or before the court prepares its opinion. But the Rule does ***not*** specifically allow the Federal Circuit to issue judgments without opinions in appeals in which the proceedings appealed from have been litigated to conclusion in a district court or federal agency. This is especially true where issues remain unresolved and an affirmance will materially alter a party's statutory right to a patent in violation of a specific Congressional directive.

This Court's general authority to establish rules of procedure for the appellate courts under the Rules Enabling Act of 1934, 48 Stat. 1064, *now codified as amended at* 28 U.S.C. §§ 2071, 2072, does not and cannot justify the Federal Circuit's improper practice of issuing affirmances without opinions in appeals from PTO decisions. Such affirmances are improper because 50 years ***after*** the Rules Enabling Act, Congress enacted the current version of 35 U.S.C. § 144, which requires the Federal Circuit to issue a mandate and opinion for appeals from PTO decisions. Pub. L. 98-620, 98 Stat. 3363 (1984). Congress's authority to create and regulate the authority of the Federal Circuit is indisputable. *See* U.S. CONST. Art. III, §§ 1, 2.

To the extent they may conflict, Congress' specific requirements in Section 144 must control over the general provisions of FED. R. APP. P. 36. Although Congress granted the federal courts the authority to "prescribe rules for the conduct of their business," those rules must be "consistent with Acts of Congress." 28 U.S.C. § 2071(a); *see Nitro-Lift Techs., L.L.C. v. Howard*, 133 S.Ct 500, 504 (2012) (noting that where laws of equal dignity conflict, the principle *generalia specialibus non derogant* applies to force the general provision to yield and enable the specific provision to control). The Federal Circuit has no authority to prescribe rules that are not consistent with 35 U.S.C. § 144 or follow its own rules when doing so conflicts with an Act of Congress.

This Court's acknowledgement "that the courts of appeals should have wide latitude in their decisions of whether or how to write opinions" which "is especially true with respect to summary affirmances"[8] cannot render the Federal Circuit's use of its Rule 36 permissible in this situation. Once again, that reading would flout Congress's statutory requirement that the Federal Circuit issue an opinion and mandate that will then be entered of record in the PTO and used to guide further proceedings.

Fed. Cir. R. 36 affirmances are not opinions. The Federal Circuit itself has stated that "[s]ince there ***is no opinion***, a Rule 36 judgment simply confirms that a trial court entered the correct judgment." *Rates Tech., Inc. v. Mediatrix Telecom, Inc.*, 688 F.3d 742, 750 (Fed. Cir. 2012) (emphasis added). Black's Law Dictionary defines an opinion as the "court's written statement explaining its decision in a given case." OPINION, Black's Law Dictionary (10th ed. 2014). A Rule 36 affirmance contains no written statement "explaining" why the Federal Circuit affirmed the agency decision; instead it fits Black's definition of a judgment—the "court's final determination

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8. *Taylor v. McKeithen*, 407 U.S. 191, 194 n. 4 (1972).

of the rights and obligations of the parties in a case"—which contains no requirement that the court explain its reasoning. JUDGMENT, Black's Law Dictionary (10th ed. 2014). And the Rule itself prevents viewing an affirmance under its provisions as an opinion because it establishes the conditions for "enter[ing] a judgment of affirmance ***without opinion***." FED. CIR. R. 36 (emphasis added).

For the same reasons, a Rule 36 affirmance alone cannot meet Section 144's mandate requirement. A mandate is an order from the appellate court "directing a lower court to take a specified action." MANDATE, Black's Law Dictionary (10th ed. 2014). Rule 36 affirmances include no directives from the Federal Circuit to a district court or federal agency. Simply stated, a Rule 36 affirmance of a PTO decision provides the agency with neither an opinion nor a mandate, despite the requirements of Section 144.

B. Public Policy Demonstrates the Need for Explanatory Opinions in Reviews of PTO Decisions

This Court has long recognized "the strong federal policy favoring the full and free use of ideas in the public domain." *Lear, Inc. v. Adkins*, 395 U.S. 653, 674 (1969). Prosecution history documents are important because "prosecution history constitutes a public record of the patentee's representations concerning the scope and meaning of the claims, and competitors are entitled to rely on those representations when ascertaining the degree of lawful conduct." *Hockerson–Halberstadt, Inc. v. Avia Group Int'l, Inc.*, 222 F.3d 951, 957 (Fed. Cir. 2000). The record on appeal is a significant part of prosecution history. Just as the public should be able to view the