No. 17-535

In the Supreme Court of the United States

TRANSPERFECT GLOBAL, INC., PETITIONER

v.

JOSEPH MATAL, INTERIM DIRECTOR, UNITED STATES PATENT AND TRADEMARK OFFICE

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

BRIEF FOR THE RESPONDENT

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QUESTION PRESENTED

Whether post-grant review of covered business method patents comports with Article III and the Seventh Amendment.

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OPINIONS BELOW

The decision of the court of appeals (Pet. App. 1a-22a) is not published in the Federal Reporter but is available at 2017 WL 2963553. The final decision of the Patent Trial and Appeal Board (Pet. App. 23a-56a) is not published in the United States Patents Quarterly but is available at 2015 WL 4381591.

JURISDICTION

The judgment of the court of appeals was entered on July 12, 2017. The petition for a writ of certiorari was filed on October 10, 2017. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress has created several mechanisms that allow the United States Patent and Trademark Office (USPTO) "to reexamine—and perhaps cancel—a patent

claim that it had previously allowed." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). In 1980, Congress created ex parte reexamination, under which any person may request reexamination of a United States patent on the basis of qualifying prior art. 35 U.S.C. 301, 302; see Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (35 U.S.C. Ch. 30). If the Director of the USPTO finds that such a request raises a "substantial new question of patentability affecting any claim," a patent examiner reexamines the patent "according to the procedures established for initial examination." 35 U.S.C. 303(a), 305; see 35 U.S.C. 304.

Congress later created "another, similar procedure, known as 'inter partes *reexamination*.'" *Cuozzo*, 136 S. Ct. at 2137; see 35 U.S.C. 311-318 (2000). The USPTO could institute an inter partes reexamination based on a petition for such a review from a third party if the third party raised "a substantial new question of patentability" regarding an existing patent. 35 U.S.C. 312(a) (2000); see 35 U.S.C. 313 (2000). Inter partes reexamination differed from ex parte reexamination in that the third-party petitioner could participate in the inter partes proceeding and, after 2002, in any subsequent appeal. See *Cuozzo*, 136 S. Ct. at 2137; *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, which created several new mechanisms of post-issuance patent review. The AIA replaced inter partes reexamination with inter partes review, see *Cuozzo*, 136 S. Ct. 2137. Under the AIA, third parties may seek inter partes review of any patent more than nine months after the patent's issuance on the ground that

the patent is invalid based on lack of novelty or obviousness. 35 U.S.C. 311(b). The Director of the USPTO may institute an inter partes review if he determines that "there is a reasonable likelihood that the petitioner would prevail" with respect to at least one of its challenges to patent validity, 35 U.S.C. 314(a), and if no other provision of the AIA bars institution under the circumstances.

The AIA created another review mechanism, known as post-grant review, for challenges brought within nine months of patent issuance. 35 U.S.C. 321(c). Any person other than the patent owner may petition for post-grant review, which the Director may institute if he determines that the petition "demonstrate[s] that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable" or that the "petition raises a novel or unsettled legal question that is important to other patents or patent applications." 35 U.S.C. 324(a) and (b). The petitioner in a post-grant review proceeding may challenge a patent on any ground of invalidity. See 35 U.S.C. 321(b).

In addition, in an uncodified portion of the AIA, Congress created a "transitional post-grant review proceeding for review of the validity of covered business method patents," known as covered business method (CBM) review. AIA § 18, 125 Stat. 329. Only a person who has "been sued for infringement of the patent or has been charged with infringement under that patent" may petition to institute a CBM review. § 18(a)(1)(B), 125 Stat. 330. The Director may institute a CBM review at any time during the term of the patent, rather than during only the nine-month window that applies in other post-grant review proceedings. See § 18(a)(1)(B), (E), and

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