

No. 10-1219

In the
Supreme Court of the United States

DAVID J. KAPPOS, UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT
AND TRADEMARK OFFICE,

Petitioner,

v.

GILBERT P. HYATT,

Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

**BRIEF OF AMICI CURIAE
INTEL CORP., YAHOO! INC., MICROSOFT CORP.,
AND NVIDIA CORP. IN SUPPORT OF PETITIONER**

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INTEREST OF THE AMICI CURIAE¹

The Amici are technology companies that fund extensive research and development, that each own many hundreds or thousands of patents, and that appear as both plaintiffs and defendants in patent suits. Such companies depend on timely action on patentability decisions (whether issuance or denial) so as to make business decisions and set their expectations. Cases such as this—where the applicant filed his application over sixteen years ago and started this Section 145 action over seven years ago, while claiming priority back several decades—are the opposite of a timely final decision. This case and others like it impede the ability of members of the public to order their affairs, and thereby harm innovation in the United States economy. For these reasons, the Amici have a central interest in this case.

¹ Counsel for the parties have consented in writing to the filing of this brief—Mr. Hyatt’s letter of consent has been filed with the Clerk, and counsel for Mr. Kappos has provided a separate written consent. Pursuant to Rule 37.6, no counsel for either party had any role in authoring this brief in whole or in part, and no party other than the named *Amici* has made any monetary contribution toward the preparation and submission of this brief.

SUMMARY OF THE ARGUMENT

Gilbert Hyatt filed his initial patent application in 1975. It should have issued in due course, run its term, and expired over a decade ago. But he waited 20 years to introduce the current set of claims, ignored multiple requests by the examiner for the relevant information, and ultimately delayed for 9 years in presenting the evidence that he now alleges is the difference-maker for patentability. The Federal Circuit's decision permits and indeed encourages such needless delay, providing opportunities for gaming the system, even though Section 145 does not otherwise support such a result, and case law and good policy reject it.

On the statute, this Court has indicated that actions under Section 145 are to be evaluated and judged according to traditional administrative law principles. In any event, courts can preclude evidence like that offered by Hyatt, whether using such principles or the Federal Circuit's approach of looking to traditional civil actions. Specifically, traditional civil actions provide common law tools for managing cases—in addition to the Rules of Civil Procedure and Rules of Evidence recognized by the Federal Circuit. Either way, district courts can exclude unreasonably late evidence.

On the case law, although this Court has not addressed the issue, the decisions before and after Section 145's enactment in 1952 held—consistent with typical district court practice on preclusion—that a party cannot introduce, in the district court, evidence that it reasonably could have provided to the PTO. Congress implicitly adopted the prevailing case law when it enacted Section 145.

And on good policy, the Government's proposed standard is plainly sensible and proper. It is fair to applicants; it prevents gaming the system; it leads to better patent quality and faster issuance of patents, and conserves scarce PTO and judicial resources. The Federal Circuit's standard, on the other hand, encourages delay and gamesmanship; offers no motivation to improve patent quality, and likewise imposes no deterrent to act in good faith and to use candor while working with the PTO. For these reasons, the Amici write in support of the Government's proposed standard.

ARGUMENT

I. District Courts Can Preclude New Evidence That Reasonably Should Have Been Introduced at the PTO, Whether Under Administrative Law Standards or Standards Governing Normal Civil Actions

A. "Congress has charged the United States Patent and Trademark Office (PTO) with the task of examining patent applications, and issuing patents if 'it appears that the applicant is entitled to a patent under the law.'" *Microsoft Corp. v. i4i*, 131 S. Ct. 2238, 2242 (2011) (citations omitted). This foundational charge led the Court in *Morgan v. Daniels* to frame the issue of review under R.S. 4915—Section 145's predecessor—by noting that the action is one to "set aside the action of one of the executive departments of the government," 153 U.S. 120, 124 (1894). As this Court explained, because "the one charged with the administration of the patent system had finished its investigations and made its determination," its decision "control[s] upon that question of fact" unless the contrary is proven

by a “thorough conviction,” *id.* at 125—consistent with an understanding that general rules for reviewing agency action apply.² The early Federal Circuit similarly acknowledged that “[i]n view of the history of the sections, it cannot seriously be contended that a § 145 action is other than one to overturn the board’s decision.” *Fregeau v. Mossinghoff*, 776 F.2d 1034, 1037 (Fed. Cir. 1985).

Just as R.S. 4915 gives dissatisfied patent applicants a right to review of PTO determinations by a “bill in equity,” Section 145 provides for a “civil action” that has been interpreted as being a bill in equity. Both provide that a court “may adjudge that such applicant is entitled . . . to receive a patent.” They are also similar in what they *do not* provide: a standard for introducing evidence, or the evidentiary standard for the action. Although both direct courts to act “as the facts in the case may appear,” neither says at which point those facts must enter the record nor when it is proper for a court to preclude admission of particular evidence.

Despite much attention given to it, the legislative history is unhelpful. The Federal Circuit relied on hearing testimony of individuals—not on committee reports, not on marked-up bills, not even on statements from actual members of Congress. *See Hyatt v. Kappos*, 625 F.3d 1320, 1328-30 (Fed. Cir. 2010) (*en banc*). Unsurprisingly, this Court has found such statements to be unhelpful in discerning the intent of the broader Congress. *E.g.*, *Kelly v. Robinson*, 479 U.S. 36 (1986) (declining “to accord

² While *Morgan* was an “interference” case, and such cases are now handled under Section 146, both Sections 145 and 146 trace back to R.S. 4915, so the prior case law applies to both.

any significance to ... statements” made in hearings); *Garcia v. United States*, 469 U.S. 70, 76 (1984) (similar); *McCaughn v. Hershey Chocolate Co.*, 283 U.S. 488 (1931).

When a statute provides for agency review but does not define its scope, standard principles govern and provide due respect for the expertise of the agency. *E.g.*, *Consolo v. Federal Mar. Comm’n*, 383 U.S. 607, 619 n.17 (1966). Such principles reflect the need for a party to exhaust its arguments at the agency. *See McKart v. United States*, 395 U.S. 185, 193 (1969). Had Congress meant to exclude Section 145 review from the administrative procedures it had enacted just six years earlier, one would expect it to have been clear about it. Thus, as the government explains, Section 145’s enactment left the standard principles of agency review intact. *See* Pet. Br. at 21-24.

Moreover, this Court has recognized that the civil review of PTO actions is not truly afresh, but is subject to the regulations that govern PTO practice—i.e., applicants cannot avoid PTO regulations merely by shifting venue. For example, in *American Steel Foundries v. Robertson*, the Court interpreted Section 145’s analogue in trademark cases and commented that such actions are, “in fact and necessarily, a part of the application for the patent,” 262 U.S. 209, 213 (1923) (*quoting Butterworth v. United States*, 112 U.S. 50 (1884) (“[T]he decision of the court on a bill in equity becomes equally [with the direct appeal from the Patent Office] the decision of the Patent Office, and ... is therefore clearly a branch of the application for the patent, and to be governed by the rule of laches and delay declared by section 4894 to be attendant upon the application.”));

see also Gandy v. Marble, 122 U.S. 432 (1887). Similarly, Hyatt cannot avoid PTO rules for introducing evidence to support his case simply by transferring venue to district court.

B. However, even if one accepts the Federal Circuit's approach of looking to evidentiary limits in general civil actions, it does not follow that unreasonably late evidence is admissible. In looking to only rule-based limits in civil actions—the Federal Rules of Civil Procedure (FRCP) and the Federal Rules of Evidence (FRE)—the Federal Circuit overlooked common law maxims that support excluding evidence in Section 145 actions where such evidence reasonably should have been provided to the PTO. Specifically, the common law preclusion rules of *res judicata*, issue preclusion, and law of the case are based, not on the FRCP or FRE, but on common law notions that courts may manage their dockets to reduce unnecessary judicial work and ensure fairness to the parties. *See Lidell v. Smith*, 345 F.2d 491, 493 (7th Cir. 1965) (*res judicata* principles come from maxims of common law); *see also Allen v. McCurry*, 449 U.S. 90, 94 (1980) (*res judicata* serves to conserve judicial resources, encourage reliance on adjudication, and relieve parties from fighting multiple lawsuits); *Montana v. United States*, 440 U.S. 147, 153-54 (1979) (“To preclude parties from contesting matters that they have had a full and fair opportunity to litigate protects their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.”).

These common law maxims closely mirror the Government's proposed standard for the late introduction of evidence in this case. For example, *res judicata* applies to issues that a litigant could have raised in a prior action, while the Government's standard blocks new evidence if the applicant had a reasonable opportunity to provide the evidence in the PTO. *Compare Montana*, 440 U.S. at 153 (parties precluded on issues for which they had a "full and fair opportunity to litigate") *with* Pet. Br. at 42-46. The effect is different—preclusion of an entire issue from a final judgment based on a full opportunity to be heard, versus preclusion of evidence because of a reasonable opportunity to introduce the evidence—but the common law rationale is the same.

Such similarity is expected because the same practical concerns that limit new issues in regular civil actions also animate Section 145 preclusion of unreasonably late new evidence. For example, excluding late evidence that a party had a "full and fair opportunity" to present earlier conserves valuable judicial resources in all civil actions, including Section 145 actions. Courts are an enormously expensive, and limited, governmental resource that should not be required to first decide issues that could have been decided more economically, and often more competently, before. District courts need appropriate tools to control their dockets when parties have had reasonable opportunities to raise issues and evidence, and preclusion is a necessary and appropriate tool.

Additionally, the desire for the Government to have repose as a litigant is no different than for a private litigant. As recently recognized by the administration, PTO resources are a scarce

commodity, with a backlog over one million pending patent applications and over 20,000 pending Patent Board actions. See U.S. Patent & Trademark Office: Performance and Accountability Report, Fiscal Year 2010, at 128 (available at http://www.uspto.gov/about/stratplan/ar/2010/USPTO_FY2010PAR.pdf); U.S. Patent & Trademark Office, ex Parte Appeals Dashboard, June 2011 (http://www.uspto.gov/ip/boards/bpai/dashboards/exappls/2011_ex_parte_appeals_jun_2011.pdf (last accessed Sept. 5, 2011)). The time of PTO examiners should not be wasted, nor should the time of Government lawyers who are required to defend Section 145 actions.

The public—though not allowed to participate in *ex parte* patent prosecution—also deserves finality, so that it can determine whether it needs to avoid a certain technology or is free to practice it, and so that PTO resources are not diverted from deserving applicants to delaying applicants. Indeed, the public interest here is more acute than it is in general civil litigation because PTO proceedings decide property rights that can be used directly against members of the public. The present case is a perfect example, where the public has been waiting decades for Hyatt’s patent to issue and start running its term—but the case has been delayed time and again while diligent applicants have been pushed aside.

That Congress has provided two judicial routes for patent applicants does not bless an approach that lets applicants withhold evidence, any more than a right to file multiple civil actions “*de novo*” in normal civil litigation frees a party from arguments and evidence it presented or should have presented in prior suits. The belated introduction of new evidence

in Section 145 actions should be like that in civil litigations that have a prior history (and are thus subject to preclusion), and not to civil actions that are fresh and new, as the Federal Circuit presumed.

II. The Prevailing Judicial Practice Before and After 1952 Supports Excluding Unreasonably Late Evidence

A. Although this Court has not previously addressed a district court's ability to limit unreasonably late evidence in Section 145 actions, numerous appellate courts ruled, before and after 1952, that plaintiffs "are estopped to offer evidence which was wholly within their possession and control at the [PTO] proceeding and which they withheld from that proceeding." *Barrett Co. v. Koppers Co.*, 22 F.2d 395, 397 (3d Cir. 1927); see *Kirschke v. Lamar*, 426 F.2d 870, 872-75 (8th Cir. 1970).³ Each party "is expected to produce all the testimony he has on [an] issue" and "[i]f for some reason of his own [he] withhold[s] evidence which is available [and that] he can produce at will but does not [], then he must be regarded as having abandoned that evidence in its bearing on the issue under trial." *Barrett*, 22 F.2d at 397. As the Third Circuit cogently explained:

The law gave the plaintiffs a day in court on the issue of priority. That was the day the interference was heard and if they chose not to avail themselves of their full rights but to gamble on the decision by giving only a part, and the weaker part, of the evidence they

³ There is no dispute that Sections 145 and 146 were a codification of prior R.S. 4915, and that any prevailing pre-1952 case law interpretation would apply to those sections. See, e.g., *Hyatt*, 625 F.3d at 1330.

had in hand, they did it at their own risk. After losing on such evidence ..., they cannot come into a District Court and say, now for the first time we shall tell the true story ...

Id.

Indeed, by deliberately choosing to tell only half the story and then later insisting that justice demands he be heard in full, a plaintiff “comes very close to trifling with the court’s processes.” *Id.* This familiar preclusion principle is applied in civil actions to prevent “what otherwise would be a train of futile appeals” if parties were allowed to withhold evidence in one proceeding only to propound it in a later proceeding. *Id.* (hearing late submitted evidence by a plaintiff that “purposefully keep [the PTO] in the dark” is tantamount to ‘assisting the plaintiff[] to profit by [his] own technical wrongdoing”).⁴

Despite some “variegated terminology,” courts that have faced this issue have followed *Barrett’s* common sense reasoning and standard almost universally. *See, e.g., Kirschke*, 426 F.2d at 872-75 (“[A] deliberate, intentional, or willful withholding . . . of evidence from [the PTO], whether attended by reprehensible motives or not, whether it be for tactical or other reasons, justifies exclusion of such

⁴ Such case-to-case preclusion rules are also consistent with a court’s ability to exclude evidence within a particular action, such as when the evidence is produced after discovery deadlines to the prejudice of an opponent. *E.g., Atchison, Topeka and Santa Fe Ry. Co. v. Hercules Inc.*, 146 F.3d 1071, 1074 (9th Cir. 1998) (noting that district courts have inherent power to control their dockets even where a particular Rule of Civil Procedure did not apply).

evidence.”); *Schilling v. Scwitzer-Cummins Co.*, 142 F.2d 82, 85 (D.C. Cir. 1944) (affirming a district court that excluded evidence that was “wholly within [the applicant’s] possession and control” and was withheld); *Boucher Inventions, Ltd. v. Sola Elec. Co.*, 131 F.2d 225, 227 (D.C. Cir. 1942), *cert. denied*, 318 U.S. 770 (1943) (practice under R.S. 4915 “contemplates a full disclosure to that office, so far as is reasonably possible.”); *Globe-Union, Inc. v. Chicago Tel. Supply Co.*, 103 F.2d 722 (7th Cir. 1939) (“[A]ll pertinent evidence, actually available, should be submitted in the first instance.”); *Greene v. Beidler*, 58 F.2d 207, 209-10 (2d Cir. 1932) (similar).⁵

The common thread throughout these cases is the premise that “full disclosure, so far as is reasonably possibly” is necessary for the proper operation of administrative processes. *Kirschke*, 426 F.2d at 872 (*quoting Kirschke v. Lamar*, 300 F. Supp. 146 (W.D. Mo. 1969)). Although Section 145 generally permits introduction of new evidence, it “must not [] be read in a vacuum,” or it threatens the viability of the PTO procedures. *Id.* at 874. It “does not mean that a party can have free rein to look the other way at the [PTO] proceeding and then throw all its evidentiary eggs into the judicial

⁵ The Government has identified a Third Circuit case—*Minnesota Mining & Manufacturing v. Carborundum Co.*, 155 F.2d 746 (3d Cir. 1946)—that refused to exclude evidence that was available to the applicant at the Patent Office. Pet. Br. at 35 n.8. But in *Minnesota Mining*, the evidence was testimonial and the statute had specifically referred to the ability of applicants to take “further testimony” in the district court—an issue that is not present here. *See id.* at 748. In any event, *Minnesota Mining* is perhaps most conspicuous by its singularity.

basket.” *Id.* Precluding such unreasonably late evidence is fair, moreover, as it does not “exclude the presentation of evidence, which previously had not been procurable or which had become known after the interference proceeding,” *Globe-Union*, 103 F.2d at 728. In short, these many courts recognized the logic in a rule that allows district courts to manage Section 145 actions to be fair to the applicant, the PTO, and the public, and to encourage efficient prosecution of patent applications and management of the court’s own docket.

B. The Federal Circuit’s standard is contrary to these prevailing regional circuit cases because it would admit evidence with no limits relating to whether the evidence should have been produced in the PTO. Numerous cases blocked new evidence that such an unbounded standard would allow. *See, e.g., Boucher Inventions*, 131 F.2d at 227 (blocking evidence suppressed or withheld by the applicant); *Knutson v. Gallsworthy*, 164 F.2d 497, 508-509 (D.C. Cir. 1947) (recognizing that new evidence can be introduced in an R.S. 4915 action, but noting that a party is nonetheless blocked from introducing evidence it withheld from the PTO). The Federal Circuit provided no cogent rationale for adopting a rule that differed from the one these other courts applied.

The cases the Federal Circuit cited (625 F.3d at 1333) as allowing introduction of new evidence do not make that introduction limitless—and indeed do not even address the point. *See Butterworth*, 112 U.S. at 56 (simply noting that the R.S. 4915 action was one in equity under ordinary equity procedures, but not addressing the limitations available to a district court to exclude unreasonably late evidence); *In re*

Squire, 22 F. Cas. 1015, 1016 (C.C.E.D. Mo. 1877) (similar); *Butler v. Shaw*, 21 F. 321, 327 (C.C.D. Mass. 1884) (similar); *Whipple v. Miner*, 15 F. 117, 118 (C.C.D. Mass. 1883) (similar). Likewise, casual references to “*de novo*” review in cases under Section 145 merely indicate that the district court is to view the evidence afresh, but those decisions, like this Court’s decisions, say nothing about what evidence is to be permitted.⁶ And the Federal Circuit’s reliance on *Chandler v. Roudebush*, for the proposition that “civil action” language in the statute brings with it FRCP/FRE review misses the mark because the Title VII action there was an action that was intended to parallel private employment suits that had wide-open introduction of evidence, 425 U.S. 840, 863 (1976).

C. Congress is presumed to understand and adopt prevailing administrative or judicial interpretation of a statute when it re-enacts a statute without substantive changes. See *Forest Grove School Dist. v. T.A.*, 129 S. Ct. 2484, 2492 (2009). And it did so in codifying R.S. 4915 into Sections 145 and 146, when the case law was in harmony around the Government’s proposed standard, other cases found preclusion on more egregious facts but did not set separate standards, and tellingly, no circuit called for the Federal Circuit’s standard permitting patent applicants to introduce evidence they could have and should have allowed the PTO to consider first. Accordingly,

⁶ Section 145 does not expressly provide for *de novo* trials. When Congress intends a truly *de novo* trial or review, it generally provides for one by using those express terms. See, e.g., 5 U.S.C. §§ 552, 552a, 554; 7 U.S.C. § 2032; 28 U.S.C. § 636.

Congress must have approved of allowing district court's the discretion to exclude unreasonably late evidence in section 145 actions, as the Government's proposed standard does.

III. Fast-Paced Innovation Requires Prompt Patentability Decisions, Not a Standard That Sanctions Gamesmanship and Delay

Prompt, sound decisions about patentability are crucial in this era of fast-paced innovation. The decisions that companies make today about the technologies and platforms on which they will base their future products drive investment, create jobs, and keep America competitive in an increasingly global market. Such decisions are complicated by the fact that the PTO lacks the resources to keep pace with today's innovation, resulting in a lag of years for patentability decisions.

A standard that encourages applicants to present evidence when it is reasonably available not only promotes and rewards innovation but also facilitates decisions by an over-burdened PTO and produces higher quality patents. A standard that sanctions delay in producing evidence is wasteful and inconsistent with technological advancement.

A. First, the early disclosure of evidence avoids wasting PTO resources. Allowing an applicant to hold back known evidence makes the decision of the PTO potentially wrong and, therefore, wasteful. Such actions would take resources away from the PTO's examination of other pending patent applications and frustrate the PTO's efforts to reduce its backlog of one million pending patent applications and over 20,000 appeals at the Patent Board. *See*

U.S. Patent & Trademark Office: Performance and Accountability Report, Fiscal Year 2010, at 128 (available at <http://www.uspto.gov/about/stratplan/ar/2010/USPTOFY2010PAR.pdf>); U.S. Patent & Trademark Office, ex Parte Appeals Dashboard, June 2011 (http://www.uspto.gov/ip/boards/bpai/dashboards/exappls/2011_ex_parte_appeals_jun_2011.pdf (last accessed Sept. 5, 2011)).

B. Second, requiring the introduction of readily-available evidence at the PTO prevents forum shopping because it ensures that the district court will have the benefit of the PTO's viewpoint in evaluating complex technical facts and evidence.

In *Microsoft Corp. v. i4i Limited Partnership*, this Court recently reaffirmed the proposition that issued patents are presumed valid, and can be overturned only with clear and convincing evidence. 131 S. Ct 2238, 2245 (2011). In this context, the Court cited the expertise the PTO brings to the task of patent examination. *Id.* at 2249-51. For example, most of the determinations made during the examination process are assessed from the viewpoint of an artisan skilled in the relevant art (*e.g.*, a chemist, a physicist, or a Ph.D. in biotechnology). The issues include claim construction, whether the claimed inventions would have been obvious, and whether the original specification actually describes the invention that was later claimed—the issue in this case. *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1 (1966) (obviousness judged from perspective of person having ordinary level of skill in the particular technology); *Ariad Pharma., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (*en banc*) (written description requirement is measure from the perspective of a skilled artisan). A district court

certainly benefits, in a Section 145 action, from having an examiner's skilled views in the first instance and a careful second view by three technically-trained administrative law judges on such issues.

The Federal Circuit's standard, in contrast, leaves the decision about whether to obtain the PTO's input solely in the hands of the applicant, allowing the applicant to forum shop for the evidence's audience. The applicant thus can determine whether the better audience for this evidence is the particular examiner who has already rejected the patent claims or a district court judge. Even though some district court judges do possess technical expertise, an applicant could weigh the likelihood that the district court judge assigned to its Section 145 action would view the evidence as critically as would the application's current examiner. Putting the decision as to who should review critical technical evidence in the hands of the party most interested in getting a patent based on such evidence does not serve the public good.

C. Third, a quick resolution of patentability is important for the public, in addition to the patentee and the PTO (with its ever-present backlog of applications).

Prompt disclosure may cause the examiner to allow the claims, so that the patentee can assert the patent if it truly has value, and the public can change course before it has already committed to the technology. If the applicant is allowed to hold evidence, however, the informed decision on patentability—from which the public can measure its actions—cannot occur until years later. This sort of delay unfairly prejudices the public by letting

applicants extend their patent term⁷ while the public moves forward with technologies (and perhaps getting locked into them), not knowing whether the technologies will fall under a future patent. Such delay also makes it much more difficult for the examiner and an alleged infringer (in later litigation) to find prior art that is decades old.

Hyatt's own prosecution is a perfect example of the problems with the Federal Circuit's approach. Hyatt claims to have filed a patent application on the claims at-issue here in 1975. Yet he did not present his ultimate evidence until 2004. Intervening proceedings have delayed the patent even more years. And whatever patent he gets will not expire until seventeen years after it issues.⁸ Therefore, Hyatt could potentially pursue companies that adopted technologies in the 1970s all the way until 2030—a true impediment to innovation.⁹

⁷ Current-day patents are eligible for a Patent Term Adjustment rules that add term to an issuing patent, for the period of the appeal from the notice of appeal at the Board to a favorable decision in a Section 145 action. See 35 U.S.C. § 154 (b)(1)(C); 37 C.F.R. 1.701(a); 37 C.F.R. 1.702(e).

⁸ Because Hyatt filed his application before June 8, 1995, the term of the patent that issues from that application will be seventeen years from the issue date. See 35 U.S.C. § 154(c); *Golan v. Pingel Enters.*, 310 F.3d 1360, 1364-65 n.1 (Fed. Cir. 2002).

⁹ Hyatt has used similar dilatory tactics in filing lawsuits on other of his patents. For example, he asserted an eventually-invalidated submarine patent against a variety of microprocessors in *Hyatt v. Boone*, 146 F.3d 1348 (Fed. Cir. 1998). That patent issued in 1990 and claimed priority to an application filed in 1970. *Id.* at 1352. Between 1970 and 1990, microprocessor sales had grown from zero to billions of dollars.

The statute's requirement that the patent applicant pay the expenses of the action does not meaningfully reduce the incentive for strategic delay and gamesmanship. First, the taxable expenses in a Section 145 action are trivial, relating to court transcripts, and reasonable printing, travel, and expert costs. *See Watson v. Allen*, 274 F.2d 87, 88-89 (D.C. Cir. 1959) (awarding reasonable printing expenses); *Robertson v. Cooper*, 46 F.2d 766, 769 (4th Cir. 1931) (awarding the government's expenses for travelling to a deposition); *Sandvik Aktiebolag v. Samuels*, 1991 WL 25774, *1-2 (D.D.C. Feb. 7, 1991) (awarding court transcript and reasonable expert fees). Given Hyatt's frequent resort to section 145 actions, he apparently does not find the cost or the delay a deterrent from what he perceives are the rewards gained by those "strategic delays."¹⁰

D. Requiring the presentation of reasonably available evidence imposes no hardship on a patent applicant. The PTO provides ample opportunity to present evidence. For example, in each round with the PTO, an applicant gets at least two chances to make arguments, adjust claims, and introduce evidence. *See* 37 C.F.R. § 1.113; Manual of Patent Examining Procedure ("MPEP") 706.07. If the applicant overcomes a rejection and the examiner issues a new rejection on a different ground, the

¹⁰ As the original panel noted, Hyatt is "familiar with this court," *Hyatt v. Kappos*, 576 F.3d 1248 n.2 (Fed. Cir. 2009) (listing sixteen appeals to the Federal Circuit, many of which concern section 145, including *Hyatt v. Dudas* 492 F.3d 1365, 1367 (Fed. Cir. 2007) (section 145 action involving "continuation applications with lineages that can be traced back decades," and 1100 claims that Hyatt filed "rather than respond to the merits of the [examiner's] rejection")).

examiner must give the applicant a chance to respond to the new rejection, and cannot issue a “final” rejection—and applicants can even make “after-final” arguments to point out errors in a “final” rejection. Similarly, if an examiner takes any new positions on appeal, the examiner must allow the applicant to re-open prosecution so that the applicant has a fair chance to respond and introduce evidence. *See* 37 C.F.R. § 41.39(a)(2); MPEP 1207.03. Finally, applicants can continue the back-and-forth essentially indefinitely—even when the examiner is right and they are wrong—through the simple and common filing of a Request for Continued Examination or a continuation application. *See* 37 C.F.R. § 1.114; MPEP 706.07(h). In short, there are no “gotchas” for applicants in the PTO’s system, and applicants have many ways to have their arguments and evidence heard and evaluated by the PTO before a district court does so in a section 145 action.

Furthermore, the Government’s proposed standard does not preclude evidence that was not reasonably available earlier. The applicant can easily identify reasons for not previously presenting evidence (*e.g.*, it was newly discovered or it is testimony that could not be presented in the PTO) and the applicant and Government can brief the issue for a decision by the district court. Indeed, district courts make these same types of determinations every day in non-patent cases.

E. Finally, there is no compelling policy argument to support the need for late introduction of evidence for which the applicant had a full and fair opportunity to present evidence earlier. Other amici have argued that withholding evidence from the PTO and submitting it for the first time to a district

allows applicants and the PTO to avoid addressing evidence that may turn out to be irrelevant. *See* Brief of Amicus Curiae Intellectual Property Owners Association on En Banc Rehearing in Support of Neither Party, at 16-18. The argument rests on the flawed presumption that applicants will be frightened into over-disclosure. But the patent examiner’s rejections define and significantly narrow the issues an applicant is required to address—*e.g.*, if the examiner provides only a “written description” rejection, then the applicants need introduce only evidence to counter that particular rejection, and need not provide declarations or evidence about other issues. If such an approach would truly lighten the prosecution load, one would expect the overburdened PTO to be the first to advocate for it.¹¹ There is simply no support for the proposition that sandbagging is superior in terms of efficiency.

¹¹ Again, Hyatt’s own course of conduct illustrates the problems with the Federal Circuit’s standard. Hyatt was invited by the examiner to submit very specific evidence—there was no danger of him not knowing what to provide, and having to provide a wasteful amount of evidence. But when asked to show where the concepts in his claims appeared in his specification, he submitted an index of claim terms, and not of actual concepts. This wasteful back-and-forth not only delayed a useful decision on Hyatt’s application, but it pulled PTO resources away from other applicants.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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