

No. 2012-1297
(Reexamination No. 90/010,017)

In The United States Court Of Appeals
For Federal Circuit

**IN RE TELES AG INFORMATIONSTECHNOLGIEN and SIGRAM
SCHINDLER BETEILIGUNGSGESELLSCHAFT MBH,**

APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK OFFICE, BOARD OF
PATENT APPEALS AND INTERFERENCES

AMICUS CURIAE BRIEF BY POWER INTEGRATIONS
IN SUPPORT OF APPELLANTS

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CERTIFICATE OF INTEREST

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1. The full name of every *amicus* represented by me is: Power Integrations, Inc.
2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: N/A.
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the amicus curiae represented by me are: N/A.
4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

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Dated: July 23, 2012

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INTEREST OF AMICUS CURIAE

This appeal presents an interesting question of statutory interpretation that has a profound impact on the remaining parties it affects. The issue is whether 35 U.S.C. § 306 grants patent owners the right to *de novo* district court review of an adverse final decision in an *ex parte* reexamination where that decision occurred before the America Invents Act was enacted. Power Integrations submits the answer is yes.

Everyone agrees that § 306 provided for district court review when enacted in 1980. The court below, however, erroneously held that a 1999 law implicitly repealed the right to district court review under § 306 by amending other sections of Title 35. That decision conflicts with the text of § 306, the legislative history, and settled principles of statutory construction. Section 306 is a statute of “specific reference,” so Congress could eliminate the right it conferred only by amending § 306 itself. The 1999 amendments left § 306 untouched. In fact, a proposed amendment to § 306 that would have eliminated district court review was included in several draft bills leading up to the 1999 Act but eliminated from the final version. Section 306 carried on unchanged until September 2011, when it was amended by the America Invents Act to eliminate the right of district court review. The AIA, however, explicitly states that this amendment applies only to *ex parte* reexaminations that are pending at or have not yet reached the Board of Patent Appeals and Interferences as of September 16, 2011. This confirms that district court review is available for any adverse decisions in *ex parte* reexaminations that occurred before the AIA’s enactment—including the one in

this case. If the option of district court review had been extinguished by the 1999 amendments, then Congress's express instruction that the AIA's amendment to § 306 is to apply prospectively would be meaningless. This Court should thus return this case to the district court for *de novo* review of the Patent Office's decision.

Power Integrations is interested in how the statutory interpretation question is resolved in this case because it has filed its own district court action seeking review of the PTO's erroneous decision rejecting claims of U.S. Patent No. 6,249,876 after an *ex parte* reexamination. *Power Integrations, Inc. v. Kappos*, No. 11-cv-01254-RWR (D.D.C.). The '876 patent has been found valid and infringed by two different juries; the first of those judgments is being reviewed by this Court now, *see* Appeal Nos. 2011-1218, -38, while the second is still pending in the district court. The PTO nevertheless found the claims invalid based on a claim construction that conflicts with the one in the litigation and exceeds the "broadest reasonable" meaning of the claim language. Power Integrations sought district court review, and the PTO director moved to dismiss or transfer the suit, arguing, as in this case, that § 306 does not authorize district court review for patent owners. That motion is still pending. The decision here may therefore impact Power Integrations' ability to obtain district court review.

Power Integrations states that all parties to this appeal consent to the filing of this *amicus* brief. *See* FED. CIR. R. 29(c). No party's counsel authored any part of this brief, no party contributed money to fund this brief, and no person other than the *amicus curiae* contributed money to fund this brief. *See* FED. R. APP. P. 29(c)(5).

ARGUMENT

I. The Statutory Background

Congress has, for almost two centuries, allowed inventors whose patent applications are rejected by the Patent Office to challenge the rejection by seeking review in a federal district court. *See* 35 U.S.C. § 145; *Kappos v. Hyatt*, 132 S. Ct. 1690, 1697-1700 (2012). Patent applicants have also been able to appeal final agency rejections directly to this Court and its predecessors. *See* 35 U.S.C. §§ 141-44.

When Congress created the *ex parte* reexamination procedure in 1980, the new statute gave patent owners the same rights of further recourse that patent applicants enjoyed, including the right to district court review of an adverse determination:

The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, ***and may seek court review under the provisions of sections 141 to 145 of this title***, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.

35 U.S.C. § 306 (1980). The accompanying legislative history confirmed it is “Section 306” itself that “grants” the patent owner the right to *de novo* district court review:

Section 306 grants a patent owner the right to pursue the same appeal routes available to patent applicants.... *de novo review* of the [adverse] reexamination decision could be sought in the United States District Court for the District of Columbia.

H.R. Rep. No. 96-1307(1), at 7. Patent owners soon availed themselves of the option of district court review. *E.g., Joy Techs., Inc. v. Manbeck*, 751 F. Supp. 225, 235-36 (D.D.C. 1990) (“Under the reexamination statute, 35 U.S.C. § 306, a patent owner

may seek judicial review of the PTO's reexamination decision ... by way of a civil action in this court under 35 U.S.C. § 145."), *aff'd* 959 F.2d 226 (Fed. Cir. 1992).

The mid-1990s brought rumblings of dissatisfaction in Congress about the availability of district court review of rejections in *ex parte* reexaminations. There were at least 10 proposed bills that, if enacted, would have eliminated the right to "court review" under the provisions of section "145," from the text of § 306. The language of the first one, which would have changed § 306 to read as below, is representative:

306. Appeal.

(a) The patent owner involved in a reexamination proceeding under this chapter may—

(1) appeal under the provisions of section 134 of this title, and may ***appeal*** under the provisions of ***sections 141 through 144*** of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent....

See, e.g., Patent Reexamination Reform Act of 1994, S.2341, 103rd Cong. (1994). The accompanying legislative history to a later bill with the same language left no doubt that it was meant to eliminate district court review of *ex parte* reexamination decisions:

[S]ubsection 306(a) is amended to remove the availability of review under 35 U.S.C. § 145, while maintaining the availability of review under 35 U.S.C. § 134 and 35 U.S.C. §§ 141-144. By this amendment, patent owners dissatisfied with a decision of the Board of Patent Appeals and Interferences in a reexamination proceeding would no longer be permitted to file a civil action against the Commissioner in the U.S. District Court for the District of Columbia, but could continue to appeal such decision to the U.S. Court of Appeals for the Federal Circuit.

H.R. Rep. No. 104-784, at 79 (1996), *discussing* H.R. 3460, 104th Cong. (1996).

Other bills carried forward the same proposed amendment, with the same intended effect. *See, e.g.*, H.R. 1732, 104th Cong. (1995) and S. 1070, 104th Cong. (1995); H.R. 3460, 104th Cong. (2d Sess. 1996) and S. 1960, 104th Cong. (2d Sess. 1996); H.R. 400, 105th Cong. (1st Sess. 1997); S. 507, 105th Cong. (1st Sess. 1997) and S. 1226, 105th Cong. (1st Sess. 1997); H.R. 1907, 106th Cong. (1st Sess. 1999) (initial version); H.R. 2654, 106th Cong. (1st Sess. 1999); H.R. Rep. No. 106-287, at 59 (1999); H.R. Rep. No. 105-39, at 70 (1997).

None of these bills was ever enacted. Instead, the bill that was enacted in 1999—the American Inventors Protection Act—left 35 U.S.C. § 306 untouched. *See* Pub. L. 106-113, 113 Stat. 1501 (1999). What the 1999 Act did do was create a new *inter partes* re-examination procedure. *See* 35 U.S.C. §§ 311-318. But, as the accompanying legislative history explains, “Subtitle F,” which contained all the amendments discussed below, “leaves existing *ex parte* reexamination procedures in Chapter 30 of title 35 intact, but establishes an *inter partes* reexamination procedure which third-party requesters can use at their option.” H.R. Conf. Rep. 106-464, at 135 (Nov. 9, 1999).

The new appeal provision for *inter partes* re-examination in section 315 included only the right to appeal to the Federal Circuit—not the right to seek district court review—using similar language to what prior proposals had envisioned using to amend the *ex parte* reexamination provision of § 306:

(a) PATENT OWNER.- The patent owner involved in an inter partes reexamination proceeding under this chapter-

(1) may appeal under the provisions of section 134 and may appeal under the provisions of **sections 141 through 144**, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent....

35 U.S.C. § 315 (1999). The legislative history accompanying the enactment of section 315 explained that Congress omitted the option of district court review for *inter partes* reexamination to speed up the process relative to *ex parte* reexamination:

Proposed section 315 prescribes the procedures for appeal of an adverse USPTO decision. . . . The patentee is not entitled to the alternative of an appeal of an *inter partes* reexamination to the United States District Court for the District of Columbia. Such appeals are rarely taken from *ex parte* reexamination under existing law, and its removal should speed up the process.

H.R. Conf. Rep. 106-464, at 135 (Nov. 9, 1999). To repeat, however, no corresponding change was made to the text of § 306. And there was no corresponding legislative history for the 1999 Act indicating that it was removing the patent owner's right of district court review of an adverse *ex parte* reexamination.

What is more, an earlier bill in the same Congressional session in which the 1999 Act was passed—which would have amended § 306 to eliminate district court review while allowing both the patent owner and requestor to seek Federal Circuit review—was revised to eliminate any amendment to § 306 before passage. *See* H.R. 1907 (106th Cong. (as introduced)); H. Rep. 106-287(I), at 59-60 (1999) (explaining the effect the original version would have had). The revision was not without

controversy. A member of the House complained that the proposed amendment to § 306 had been eliminated after H.R. 1907 was reported out of committee. 145 Cong. Rec. H6929, H6942 (Aug. 3, 1999). The bill's sponsor did not deny that the deletion of the proposed amendment to § 306 had "amended [the bill] to retain existing law for *ex parte* reexaminations"; instead, he urged passage of the revised legislation as a compromise between the interests of small inventors and third-party requestors. *Id.* Congress ultimately passed the revised legislation, without any change to § 306.

The 1999 Act also included three changes it described as "conforming amendments." *See* Pub. L. 106-113, § 4605, 113 Stat. 1501, 1501A-570 (1999). These changes were also made as part of "Subtitle F" of the Act, which was titled "Optional *Inter Partes* Reexamination Procedure." *Id.* at 113 Stat 1501, 1501A-567.

First, the 1999 Act amended 35 U.S.C. § 141 to add the last sentence in the quote below, which speaks to "appeal" rights, not the right to "court review":

An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. A patent owner who is in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit. . . .

35 U.S.C. § 141 (1999), *as amended by* Pub. L. 106-113, § 4605(c), 113 Stat. 1501, 1501A-571. The legislative history shows this sentence was meant to apply to the *inter partes* statute that was being enacted at the same time:

Proposed section 141 states that a patent owner in a reexamination proceeding may appeal an adverse decision by the Board of Patent Appeals and Interferences only to the U.S. Court of Appeals for the Federal Circuit *as earlier noted*.

H.R. Conf. Rep. 106-464, at 135 (Nov. 9, 1999). Only information about *inter partes* reexamination had been “earlier noted” in the Report—in connection with section 315—so this amendment must have been directed only to *inter partes* reexamination.

Second, the 1999 Act rewrote the provision on appeals to the BPAI, 35 U.S.C. § 134, to deal with appeal rights in *inter partes* re-examination proceedings. The provision had previously consisted of a single sentence discussing the rights of patent applicants. It was now amended and broken into three subsections—(a), (b), and (c)—with the original sentence being carried forward verbatim into § 134(a):

§ 134. Appeal to the Board of Patent Appeals and Interferences

(a) Patent applicant.--An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(b) Patent owner.--A patent owner in any reexamination proceeding may appeal from the final rejection of any claim by the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(c) Third-party.--A third-party requester in an *inter partes* proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.

See Pub. L. 106-113, § 4605(c), 113 Stat. 1501, 1501A-571.

Third, the 1999 Act amended § 145 to change the then-existing reference to “section 134” to “section 134(a)”:

An applicant dissatisfied with the decision of the Board of Patent Appeals and Interferences in an appeal under section **134(a)** of this title may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the Director in the United States District Court for the District of Columbia....

35 U.S.C. § 145 (1999), *as amended by* Pub. L. 106-113, § 4605(e), 113 Stat. 1501, 1501A-571. This amendment also made sense, as it was carried forward the cross-reference to the same statutory language about patent applicants, which now appeared in § 134(a), rather than constituting the whole of § 134.

Congress tweaked some of these provisions further in 2002, but the text of § 306 remained unchanged and still gave patent owners the right to “court review under the provisions of sections 141 to 145 of this title.”

It was not until 2011 that Congress changed the text of § 306 to eliminate a patent owner’s right to pursue district court review of an adverse *ex parte* reexamination, making the following amendment in the America Invents Act:

(2) APPEAL.—

(A) IN GENERAL.—Section 306 of title 35, United States Code, is amended by striking “145” and inserting “144”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect on the date of the enactment of this Act and shall apply to any appeal of a reexamination before the Board of Patent Appeals and Interferences or the Patent Trial and Appeal Board that is pending on, or brought on or after, the date of the enactment of this Act.

Pub. L. 112-29, § 6(h)(2), 125 Stat. 284, 312-13 (Sept. 16, 2011). The legislative history states that this change is to “conform” § 306 to the 1999 amendments to §134 and § 141, without elaborating further on what it means by “conform.” H.R. Rep. 112-98, pt. 1 at 77 (2011); *see also* 157 Cong. Reg. S1360, S1377 (Mar. 8, 2011). But the effective date of the amendment makes it applicable only to *ex parte* reexamination proceedings that are still ongoing in the agency—where an appeal before the BPAI or PTAB is either pending or not yet commenced. As such, by its own terms, the AIA amendment does not apply in cases like this one (nor in Power Integrations’ case) where the agency proceedings are already complete and the patent owner sought district court review before September 16, 2011.

II. District Court Review Is Available to a Patent Owner Whose *Ex Parte* Reexamination Was Final Before September 16, 2011.

A. Section 306 Granted Patent Owners the Right to District Court Review Until Its Own Text Was Amended.

The text of 35 U.S.C. § 306, as it read for all 31 years of its existence before the AIA, created a cause of action for patent owners to challenge the adverse result of an *ex parte* reexamination in district court, just as patent applicants could do under § 145. Congress could take away that cause of action only by amending § 306 itself. It was not until the AIA was enacted in September 2011 that Congress did so. Therefore, any patent owner who suffered an adverse decision in an *ex parte* reexamination before the AIA’s effective date can challenge that decision *de novo* in district court.

Section 306 is a statute of “specific reference,” so its incorporation of the procedures in § 145 could be changed only by amending § 306 itself. “There are two general types of reference statutes: Statutes of specific reference and statutes of general reference. A statute of specific reference, as its name implies, refers specifically to a particular statute by its title or section number.” 2B Sutherland Statutory Construction § 51:7. Section 306 as initially enacted identified § 145 by number—it permitted “court review under the provisions of sections 141 to 145”—so it must be a statute of specific reference. The accompanying legislative history confirms the specific reference, as it indicates that “Section 306 grants a patent owner the right” to pursue “*de novo* review of the reexamination decision” in district court. H.R. Rep. 96-1307, pt. 1, at 7-8. So it is § 306 itself that “grants” the right to district court review through its specific reference. Indeed, § 306 must be the source of the right because § 145 has always referred only to “patent applicant[s],” not patent owners.

Having used a “specific reference” to confer a right of district court review, § 306 continued to grant that right until its text was amended. The Supreme Court explained long ago that it is “well settled” that a specific reference incorporates the other provision “as it exists at the time of adoption”:

Where one statute adopts the particular provisions of another by a specific and descriptive reference to the statute or provisions adopted, the effect is the same as though the statute or provisions adopted had been incorporated bodily into the adopting statute... ***Such adoption takes the statute as it exists at the time of adoption and does not***

include subsequent additions or modifications of the statute so taken unless it does so by express intent. The weight of authority holds this rule respecting two separate acts applicable where, as here, one section of a statute refers to another section which alone is amended.

Hassett v. Welch, 303 U.S. 303, 314 (1938) (*quoting* 2 Sutherland on Statutory Construction, 787-88 (2d ed. 1904)). The Courts of Appeals continue to apply this rule of construction to statutes of specific reference like § 306. *See, e.g., United States v. Myers*, 553 F.3d 328, 331 (4th Cir. 2009) (finding that a sentencing guideline that provided for an enhancement “if the offense involved a firearm described in . . . 18 U.S.C. § 921(a)(30)” continued in force even after § 921(a)(30) was repealed); *United States v. Griner*, 358 F.3d 979, 982 (8th Cir. 2004) (holding that a statute’s specific reference to probation conditions in “sections 3563(b)(1) through (b)(10) and (b)(12) through (b)(19)” was a specific reference that incorporated those provisions at the time the statute was enacted and that a subsequent renumbering in § 3563 did not change which conditions were incorporated).

The *Hassett* principle should be both the beginning and the end of the analysis here. Section 306 is a statute of specific reference that incorporated the procedure of district court review found in § 145 at the time § 306 was adopted. No subsequent amendments to § 145 or any other part of the patent laws (*i.e.*, § 134 or § 141) could change the rights conferred by § 306 because, as discussed in more detail below, nothing suggests that Congress expressly intended for those changes to other parts of the statute to alter the rights granted by § 306.

Congress's subsequent actions confirm that only a change to § 306 itself could take away the patent owner's right to district court review of an adverse *ex parte* reexamination decision. Congress ultimately removed the right to district court review in the America Invents Act by amending § 306 directly. *See* Pub. L. 112-29, § 6(h)(2), 125 Stat. 284, 312-13 (Sept. 16, 2011). "When Congress acts to amend a statute, we presume it intends to have real and substantive effect The reasonable construction is that the amendment was enacted . . . not just to state an already existing rule." *Stone v. I.N.S.*, 514 U.S. 386, 397 (1995).

Likewise, when Congress considered eliminating district court review in the 1990s, it tried to do so by amending § 306. *See, e.g.*, S.2341, 103rd Cong. (1994); H.R. Rep. No. 104-784, at 79 (1996). Not one of the 10 bills containing such an amendment was enacted into law. The bill that was enacted in 1999, however, left § 306 untouched. *See* Pub. L. 106-113, §§ 4000-4808, 113 Stat. 1501, 1501A-552-591 (1999). By contrast, the new corresponding section for *inter partes* reexamination, § 315, contained the same language that had been initially proposed as an amendment to § 306. The difference in language between these sections demonstrates that Congress meant to preserve the right of district court review for *ex parte* reexamination but not add it for *inter partes* reexamination. *Muscogee (Creek) Nation v. Hodel*, 851 F.2d 1439, 1444 (D.C. Cir. 1988) ("Where the words of a later statute differ from those of a previous one on the same or related subject, the Congress must have intended them to have a different meaning."). Indeed, unlike the prior bills that

would have amended § 306, the final law did not include legislative history suggesting that it had abolished district court review of *ex parte* reexaminations. *See* H.R. Conf. Rep. 106-464, at 133-37 (Nov. 9, 1999).

Congress's repeated failure to amend § 306 in the 1990s is significant for another reason. It strongly suggests that the final 1999 law—which left out the amendment to § 306—was not meant to eliminate district court review of *ex parte* reexamination proceedings by implication. *Bob Jones Univ. v. United States*, 461 U.S. 574, 600-01 (1983) (“Congress’ failure to act on the bills proposed on this subject provides added support for concluding that Congress acquiesced in the [existing interpretation].”). Although courts must be cautious not to overread Congressional inaction, repeated unsuccessful efforts to amend a statute are telling, especially where, as here, other amendments to the same statute are approved. *Id.* (finding the IRS’s interpretation of § 501 of the tax code persuasive where Congress did not act on 13 proposed bills to overturn the interpretation yet made other amendments to § 501 in the same period).

Indeed, when a patent reform bill was reported out of committee in the House in the same Congressional session that passed the 1999 Act, the bill included changes to § 306 that would have eliminated the ability of the patent owner to seek district court review and given the third-party requestor the right to appeal the results of an *ex parte* reexamination to the Federal Circuit. *See* American Inventors Protection Act of 1999, H.R. 1907, 106th Cong. (as introduced); H. Rep. 106-287(I), at 59-60

(explaining the proposed amendment to § 306 would prohibit both the patent owner and the requestor from seeking district court review). Those changes were scrapped before the bill reached the House floor, however, leaving the original language of § 306 intact. (A24.) The bill's sponsor, responding to a question about the change, did not deny that the result of leaving § 306 unchanged was "to retain existing law for *ex parte* reexaminations," but explained that this was done to balance the interests of patent owners and third-party requestors:

Ms. LOFGREN. On title V [which had initially included the proposed change to § 306], and this is something of actual considerable concern to me, ***the bill was amended to retain existing law for ex parte reexaminations.*** For inter partes reexamination the basic framework in the bill was retained under title V but with the limitation that a third party requestor cannot appeal an adverse decision to the court of appeals for the Federal circuit court. I am wondering if the gentleman can convince us why this change made after the bill was reported from the committee was necessary and why it should compel our support.

* * *

Mr. COBLE. Primarily this was done for the benefit of the independent inventors to balance the interest of a third party with those of a patent need, patentee, by allowing a third party to pursue reexamination under the existing system or opting for a strictly limited *ex parte* reexamination while assuring that a patentee would not be subject to harassment in such proceedings.

145 Cong. Rec. H6929, H6942 (Aug. 3, 1999).

In other words, the balance that was ultimately struck was to leave *ex parte* reexamination alone while adding *inter partes* as another option. The express removal of language that would have eliminated the right to district court review before enactment is powerful proof the 1999 Act did not eliminate the right to district court

review by implication. The Supreme Court and this Court have repeatedly rejected proposed interpretations, like the district court's here, which would read into the final legislation a meaning that was amended out before passage. *See, e.g., Phillips/May Corp. v. United States*, 524 F.3d 1264, 1269-70 (Fed. Cir. 2008) ("The elimination of original subsection (d) strongly suggests that Congress did not intend to allow contractors to avoid the effects of claim preclusion by splitting factually related claims."); *Hamdan v. Rumsfeld*, 548 U.S. 557, 579-80 (2006) ("Congress' rejection of the very language that would have achieved the result the Government urges here weighs heavily against the Government's interpretation."); *Doe v. Chao*, 540 U.S. 614, 622-23 (2004) (refusing to interpret the Privacy Act to allow presumed damages when "Congress cut out the very language in the bill that would have authorized any presumed damages"). The same logic should apply here, with the same result.

When Congress did amend § 306 in September 2011, the way in which it amended the statute further demonstrated that § 306 had continued to authorize district court review before it was amended. First, Congress deleted the specific reference to § 145—striking out "145" and replacing it with "144"—and, by doing so, eliminated the incorporation of § 145 as it had read when § 306 was enacted in 1980. That's how one would expect Congress to amend a statute of specific reference. Then, Congress indicated that change applies only to appeals within the agency that were "pending on, or brought on or after, the date of the enactment of this Act." *See* Pub. L. 112-29, § 6(h)(2), 125 Stat. 284, 312-13 (Sept. 16, 2011). This necessarily

means the change does *not* apply to cases like this one, where the agency has already rendered an adverse decision in an *ex parte* reexamination.

Congress's decision to draw the line to cover only pending and future appeals shows that the AIA's amendment to § 306 was not a simple matter of "housekeeping," as the lower court erroneously believed. (A20.) If the 2011 amendment were truly to tidy up a loose end, Congress could have simply said it was effective on the date of enactment and stopped—or, better yet, made it retroactive to 1999. The lower court never tried to reconcile its conclusion with the effective date of the AIA amendment.

Instead, the lower court relied on the fact the 2011 change was labeled a "conforming" amendment. (A27.) But this just begs the question of what "conforming" means. It doesn't necessarily mean the amendment was made to restate existing law, as the lower court assumed. It may mean the amendment was meant to create parity (conformance) between the avenues of review available after *ex parte* and *inter partes* reexamination by changing the law for *ex parte* reexamination.

The district court also relied on the 2011 remarks of Senator Kyl, who, responding to a publication from two patent lawyers that criticized the pending bill for trying to eliminate district court review of *ex parte* reexamination proceedings, insisted that "this authority was intended to be eliminated" by the 1999 amendments. (A27-28.) Senator Kyl contended that there was "an ambiguity" as to whether the 1999 Act eliminated the right of district court review and that the 2011 amendment to

§ 306 was meant to “eliminate[] this ambiguity.” 157 Cong. Reg. S1360, S1377 (Mar. 8, 2011). But the retrospective view of one Senator in 2011 is irrelevant to analyzing what the 1999 Congress intended to do. “Post-enactment legislative history (a contradiction in terms) is not a legitimate tool of statutory interpretation.” *Bruesewitz v. Wyeth LLC*, 131 S. Ct. 1068, 1081 (2011) (rejecting reliance on a Committee Report from a later Congress to interpret a statute passed by an earlier one).

This case shows that there is good reason why reliance on retrospective remarks is prohibited. All the legislative history from the 1999 Congress where the 1999 Act was actually passed indicated that it would “retain existing law for ex parte reexaminations,” 145 Cong. Rec. H6929, H6942 (Aug. 3, 1999) and leave “existing ex parte reexamination procedures . . . intact.” H.R. Conf. Rep. 106-464, at 135 (Nov. 9, 1999). Contrary remarks made 12 years later cannot trump this contemporaneous evidence that the 1999 Act left the right of district court review undisturbed.

B. The Amendments to Sections 134, 141, and 145 Did Not Eliminate the Section 306 Right by Implication.

The district court erred by finding that the 1999 amendments to §§ 134, 141, and 145 implicitly removed the right to district court review where Congress had refused to do explicitly by changing the 1999 bill to leave § 306 untouched.

As an initial matter, the context in which these amendments were made shows they were intended to relate to *inter partes* reexamination only. The amendments to §§ 134, 141, and 145 were made in a provision titled “Optional *Inter Partes*

Reexamination Procedure.” Pub. L. 106-113, § 4605, 113 Stat. 1501, 1501A-567 (1999). The legislative history explained that “Subtitle F,” which contained the very amendments to §§ 134, 141, and 145 upon which the district court relied, “leaves existing *ex parte* reexamination procedures in Chapter 30 of title 35 intact.” H.R. Conf. Rep. 106-464, at 135 (Nov. 9, 1999). And this was the understanding during the colloquy in the House quoted above, in which it was agreed that “Title V,” which included what became the amendments to §§ 134, 141, and 145 but no longer included changes to § 306, “was amended to retain existing law for *ex parte* reexaminations.” 145 Cong. Rec. H6929, H6942 (Aug. 3, 1999). The district court dismissed the first quote as referring to the PTO procedures for conducting an *ex parte* reexamination, not the avenues of relief the patent owner could seek after an adverse decision. (A26.) But the quote is not so limited: it refers to all of the procedures in “Chapter 30,” which includes § 306. And the district court didn’t address the second quote at all, which broadly refers to “retain[ing] existing law” for *ex parte* reexaminations, not just the procedures within the PTO. Therefore, none of the changes to §§ 134, 141, and 145 have any impact on *ex parte* reexaminations.

The district court relied on the fact the 1999 Act split § 134 into three subsections—(a), (b), and (c)—and that § 145 was amended to reference only § 134(a), which relates to patent applicants. (A14-16.) But this reorganization worked no change to the meaning of § 145. Section 145 has *always* referred only to the rights of a patent “applicant.” And the prior version of § 145—which pointed to

“section 134”—was referencing the exact language about the rights of an “applicant” that was moved verbatim to § 134(a). Nothing about this rearrangement could extinguish the rights of a patent owner granted by § 306 to district court review of an *ex parte* reexamination.

The district court nevertheless attributed significance to these changes because specific references to the “patent owner” and “third-party requestor” were added to § 134 but not to § 145. (A14-15.) It bolstered its conclusion by citing a House Report from an earlier version of the bill which explained that the amendment to § 145 was “to provide that appeals under § 145 may only be initiated by patent applicants, and not by a patent owner or a third-party requester who is a participant in a reexamination proceeding.” H.R. Rep. No. 104-784, at 81 (1996). But this Report was for a version of the bill that *also* included a proposed amendment to § 306 that would have eliminated the right of patent owners to seek district court review. That version of the bill was not enacted. The legislative history for the law that *was* enacted made no such comment regarding the amendment to § 145. Instead, as discussed above, the legislative history to the final bill said that the amendments would leave the *ex parte* reexamination procedures unchanged.

This is not to say that the amendment to § 145 served no purpose in the final law. Both §§ 134(b) and 134(c) include the patent owner and requestor in an *inter partes* reexamination. By leaving a generic reference to § 134 in § 145, Congress would have risked creating the impression that it was permitting district court review of *inter*

partes proceedings—something that it had avoiding doing in § 315 by limiting the reference there to §§ 141-144. So the change to § 145—to keep the reference the same as it has always been—just suggests that Congress did not want to extend district court review to the loser of an *inter partes* reexamination, not that it wanted to eliminate district court review for the patent owner after an *ex parte* reexamination.

The district court also relied on the sentence added to § 141, which states that a patent owner in “any reexamination proceeding” may “appeal” an adverse BPAI decision “only” to the Federal Circuit. (A16.) But this sentence does not abrogate the patent owner’s right to district court review of an adverse *ex parte* reexamination. First, the sentence speaks only to the right of “appeal.” This Court has held that district court review is not an “appeal,” explaining that the § 145 action is “not an appeal; the language of § 145 expressly distinguishes its civil action from a direct appeal.” *Hyatt v. Kappos*, 625 F.3d 1320, 1322 (Fed. Cir. 2010), *aff’d* 132 S. Ct. 1690 (2012). The Supreme Court’s opinion made the same point, citing with approval precedent that described district court review as “a suit according to the ordinary course of equity practice and procedure” rather than a “technical appeal from the Patent Office.” *Kappos v. Hyatt*, 132 S.Ct. 1690, 1699 n.4 (2012) (*quoting Gandy v. Marble*, 122 U.S. 432, 439 (1887)). The cause of action in the district court for patent owners under § 306 is likewise not an “appeal,” so it cannot be covered by § 141.

The surrounding language in § 141 confirms that the “appeal” language does not extinguish the right to seek review of an *ex parte* reexamination through a civil

action. The two preceding sentences distinguish between an “appeal” to the Federal Circuit and the “right to proceed under section 145 of this title,” which is not identified as an “appeal.” *See* 35 U.S.C. § 141. The lower court thought these sentences confirmed its interpretation because they supposedly create a “dual track” for “appeals” by patent applicants—either directly to the Federal Circuit or to the district court under § 145—while there is no corresponding dual track for patent owners. (A17.) But § 141 itself does not describe the civil action as an “appeal.” Moreover, there would be no need for § 141 to create a “dual track” for patent owners in an *ex parte* reexamination. Section 306 already did just that.

Second, the context surrounding the amendments to § 141 and § 134(b) shows that they are really just directed to *inter partes* reexaminations, as discussed above. True, both provisions refer to “any reexamination proceeding.” But use of the term “any” is not as absolute as it might appear at first glance where other considerations point to a narrower meaning. *See, e.g., Small v. United States*, 544 U.S. 385, 388 (2005) (construing a statute that referred to a person “convicted in any court” to cover only people convicted in domestic courts); *Nixon v. Mo. Mun. League*, 541 U.S. 125, 132 (2004) (construing the term “any entity” in a telecommunications law to cover only private entities, not public entities); *Raygor v. Regents of Univ. of Minn.*, 534 U.S. 533, 542-546 (2002) (holding that a tolling statute that referred to “any claim asserted” did not apply to claims that were eventually dismissed on Eleventh Amendment grounds). Here, Congress’s rejection of an amendment to § 306 itself, its inclusion of the

changes to § 141 and § 134(b) as “conforming” amendments the Title on “Inter Partes” reexamination, and its statement that the amendments left the procedures for *ex parte* reexamination unchanged all show that § 141 and § 134(b) are indeed limited to *inter partes* reexamination. Indeed, the legislative history also explains that “proposed section 141” limits the right of appeal to the Federal Circuit “as earlier noted,” which could only be a reference to an earlier discussion of the appeal routes for *inter partes* reexamination under new § 315. And a subsequent amendment to § 141 in 2002—which added the phrase “or a third-party requestor in an *inter partes* reexamination proceeding”—further confirms it is limited to *inter partes* reexamination.

C. There Are Sound Reasons Why Congress Permitted Court Review of *Ex Parte* Reexamination Decisions But Not *Inter Partes* Reexamination Decisions.

Congress’s decision to preserve district court review for *ex parte* reexamination until 2011 while not extending it to *inter partes* reexamination was a sensible one. *Ex parte* reexamination was initially created as a mechanism to strengthen patent rights and “reduce, if not end, the threat of legal costs being used to ‘blackmail’ [patent] holders into allowing patent infringements or being forced to license their patents for nominal fees.” H.R. Rep. No. 96-1307(I), at 3-4 (1980). *Inter partes* reexamination was added after third-party requestors complained that the *ex parte* process was too favorable to patent owners because the requestor could not participate in future proceedings. H.R. Conf. Rep. 106-464, at 133 (Nov. 9, 1999). Congress struck a balance between these competing interests by adding *inter partes* reexamination but, in

a compromise that differed from earlier versions of the bill, leaving *ex parte* reexamination unchanged. This Court should not upset the compromise that Congress struck after the fact by relying on a faint implication in the amendments to §§ 134, 141, and 145.

Recognizing that § 306 continued to permit patent owners to challenge an *ex parte* reexamination decision in district court until it was amended in 2011 will not result in a flood of litigation. There are only three such cases currently pending—this one, Power Integrations’ action, and *Bally Gaming v. Kappos*, No. 10-cv-1906 (JEB). And everyone agrees that no more can be filed in the future after the AIA.

Although there are only a few cases pending, the right to district court review is important in each of them. For example, in Power Integrations’ case, the issues turn on claim construction and how the prior art compares to the claims as properly construed. The PTO’s inability to fully consider expert evidence showing its claim construction is far broader than the “broadest reasonable” construction of the terms, and its inability to consider evidence of the meaning of the prior art to a person of skill in the art, is apparent. The PTO’s conclusions are directly contrary to the decisions on the same issues in two different district court litigations, where expert evidence was available. Parties in litigation devote considerable time to claim construction and *Markman* hearings and to fully exploring and explaining the nuances of the prior art. A patent owner who faces the loss of his patent in an *ex parte* reexamination should be entitled to similar attention to these issues before the

proceeding reaches this court. True, Congress has at this point eliminated district court review for future cases by amending § 306. But the importance of district court review in the few remaining matters where it still applies counsels against extending Congress's action further and retroactively abolishing the right of district court review for *ex parte* proceedings that concluded before the AIA was enacted.

CONCLUSION

For the reasons explained above, Power Integrations respectfully requests that this Court conclude that patent owners retained the right to challenge an adverse decision in an *ex parte* reexamination that was rendered before the AIA. This Court should therefore transfer this case back to the District Court for the District of Columbia so that a *de novo* challenge to the PTO's adverse decision can resume there in the first instance.

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Respectfully submitted,

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CERTIFICATE OF SERVICE AND FILING

I certify that the foregoing document was filed/served on this 23rd day of

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CERTIFICATE OF COMPLIANCE

The undersigned attorney certifies that the brief for *Amicus Curiae* Power Integrations Inc. complies with the type-volume limitation set forth in Fed. R. App. P. 29(d). The relevant portions of the brief, including all footnotes, contain 6,991 words, as determined by Microsoft Word.

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