

Nos. 20-1295, 20-1296

**United States Court of Appeals
for the Federal Circuit**

NORTH STAR INNOVATIONS, INC.,

Appellant,

v.

MICRON TECHNOLOGY, INC.,

Appellee.

*Appeals from the Patent and Trademark Office,
Patent Trial and Appeal Board in Inter Partes Review Nos. IPR2018-00998 and
IPR2018-00999, Honorable Michelle N. Wormmeester, Garth D. Baer, and Steven
M. Amundson*

**APPELLANT’S REPLY TO APPELLEE’S OPPOSITION TO
APPELLANT’S MOTION TO VACATE AND REMAND**

Edward C. Flynn
Philip E. Levy
Nathaniel C. Wilks
ECKERT SEAMANS CHERIN & MELLOTT, LLC
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Tel: (412) 566-6984
*Attorneys for Appellant North Star
Innovations, Inc.*

This Court's decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), mandates that the final written decision ("FWD") issued by the Board in this *inter-partes* review proceeding, at a time when the Board's APJs were unconstitutionally appointed, be vacated and remanded for a new hearing in accordance with *Arthrex's* directives. *Arthrex* made clear that its holding applies to any FWD rendered by an unconstitutionally appointed panel and where the Appointments Clause challenge is presented on appeal. *Arthrex*, 941 F.3d at 1340. It further made clear that the failure to raise this "issue of exceptional importance" before the Board does not result in a waiver or forfeiture of the Appointments Clause challenge or the remedy of a rehearing before a new panel.

At the time the Board issued its FWD in this proceeding on October 22, 2019, the Board's APJs were unconstitutionally appointed. North Star timely appealed on December 23, 2019. In its Notice of Appeal, North Star identified the unconstitutional appointment of the panel of APJs under the Appointments Clause as one of the issues on appeal, and identified this issue again in its Docketing Statement. Dkt. 1-2, 6, No. 20-1295. North Star then filed a timely motion to vacate and remand pursuant to *Arthrex*. The *Arthrex* decision makes clear that nothing more is required for North Star to be entitled to the requested remand.

I. NORTH STAR WAS NOT REQUIRED TO HAVE RAISED AN APPOINTMENTS CLAUSE CHALLENGE BEFORE THE BOARD

Micron first asserts that North Star forfeited its right to the requested relief by not having first raised this issue before the Board. Micron, as did the petitioner-appellees and government in *Arthrex*, relies on *In re DBC*, 545 F.3d 1373 (Fed. Cir. 2008), to support its forfeiture argument. *Arthrex* squarely rejected the argument that Micron asserts here, that the failure to raise an Appointments Clause challenge in the first instance results in a forfeiture or waiver. As noted by the *Arthrex* Court, “*DBC* recognized that the court retains discretion to reach issues raised for the first time on appeal, but declined to do so in that case.” *Arthrex*, 941 F.3d at 1327 (citation omitted). As *Arthrex* explained, however, an Appointments Clause challenge with respect to APJs who decide patentability in *inter partes* review proceedings invokes “an issue of exceptional importance, and we conclude it is an appropriate use of our discretion to decide the issue over a challenge of waiver.” *Id.*

Micron nevertheless insists that North Star was required to raise this issue with the Board, attempting to distinguish the present case from *Arthrex* (and the numerous decisions that followed *Arthrex* in granting remands), and thereby putting it more in line with *DBC*. The sole distinction offered by Micron between this case and *Arthrex* is that at the time of the *Arthrex* decision, North Star still had

time to request rehearing from the Board. As such, according to Micron, because there were now constitutionally appointed APJs, North Star could have sought the same remedy from the Board that it now seeks from this Court. Micron Opposition, 9-10. The availability of constitutionally appointed APJs, however, without more, is insufficient to distinguish this case from *Arthrex*, for a number of reasons.

For one, Micron ignores other crucial factors that existed in *DBC* that do not exist here. Notably, as emphasized by the *Arthrex* Court, the *DBC* Court predicated its decision not only on the fact that there were APJs constitutionally appointed by the Secretary, but further that Congress had taken remedial action to address the constitutionality issue, and that “the Secretary had already been implementing those remedies limiting the impact.” *Arthrex*, 941 F.3d at 1327, citing to *DBC*, 545 F.3d at 1380-81.

In the present case, there has been no Congressional action to address the constitutional infirmity, as found by the *Arthrex* Court, that APJs were unconstitutionally appointed to determine patentability in *inter partes* review proceedings prior to the Court’s severance of Title 5’s removal provisions as applied to APJs. Indeed, the parties in *Arthrex* and at least one other case have asserted that the severance of Title 5’s removal provisions as applied to APJs is an inadequate remedy of this constitutional infirmity, in that it goes against

Congressional intent, and that without further Congressional action, the appropriate remedy is to declare the APJ system unconstitutional. *See Arthrex, Inc. v. Smith & Nephew, Inc.*, Arthrex Pet. for Reh'g., No. 18-2140, Dkt. 78; *Polaris Innovations Ltd. v. Kingston Tech. Col., Inc.*, Polaris' Supplemental Brief in Response to Court's Order, No. 18-1831, Dkt. 94. In addition, if APJs are to be considered principal officers as *Arthrex* concluded, at least two members of this Court have also questioned whether the severance of Title 5's removal provisions as applied to APJs, which they believe to be contrary to Congress's intent, is the appropriate constitutional cure. *See Polaris Innovations Ltd. v. Kingston Tech. Co.*, No. 18-1831, 2020 WL 504974, at *22 (Fed. Cir. January 31, 2020) (Hughes, J., concurring, joined by Wallach, J.) (stating that "if APJs must be viewed as principal officers, I question curing the ensuing constitutional violation by removing their Title 5 removal protections because I believe it conflicts with Congress's intent.") Under this line of reasoning, therefore, the conclusion can be drawn that without further Congressional intervention, the only other remedy is to declare the APJ system to be unconstitutional.

It can also hardly be said that the Director has taken steps to implement the remand remedy mandated by the *Arthrex* Court. To the contrary, in addition to seeking en banc review of the *Arthrex* decision, the USPTO has intervened and actively opposed remand in virtually every case since *Arthrex*. *See VirnetX Inc., v.*

Cisco Systems, Inc., No. 2019-1671 (Fed. Cir. Jan. 24, 2020); *VirnetX Inc. v. Cisco Systems, Inc.*, No. 2019-1725 (Fed. Cir. Jan. 24, 2020); *Concert Pharmaceuticals, Inc. v. Incyte Corporation*, No. 2019-2011 (Fed. Cir. Jan 24, 2020); *Agrofresh, Inc. v. UPL Limited*, No. 2019-2243 (Fed. Cir. Jan. 24, 2020); *Vaporstream, Inc. v. Snap Inc.*, Nos. 2019-2231, 2019-2290, 2019-2337, 2020-1030 (Fed. Cir. Jan. 23, 2020); *Document Security Systems, Inc. v. Seoul Semiconductor Co., Ltd.*, No. 2019-2281 (Fed. Cir. Jan. 23, 2020); *Vilox Technologies, LLC v. Unified Patents Inc.*, No. 2019-2057 (Fed. Cir. Jan. 21, 2020); *Pfizer v. Merck Sharp & Dohme Corp.*, Nos. 2019-1871, 2019-1873, 2019-1875, 2019-1876, 2019-2224 (Fed. Cir. Jan. 21, 2020); *Stuart v. Rust-Oleum Corporation*, Nos. 2019-1994, 2019-2238 (Fed. Cir. Jan. 21, 2020); *Luoma v. GT Water Products, Inc.*, No. 2019-2315 (Fed. Cir. Jan. 17, 2020); *Mirror Imaging, LLC v. Fidelity Information Services*, Nos. 2019-2026, 2019-2027, 2019-2028, 2019-2029 (Fed. Cir. Jan. 15, 2020).

Moreover, Micron asserts that at the time of the *Arthrex* decision, North Star was still within the 30-day time period for seeking rehearing pursuant to 37 C.F.R. §42.71(d)(2). Micron Opposition, 10. Of course, submitting a request for rehearing pursuant to 37 C.F.R. §42.71(d)(2) would have done no good. Any such request for rehearing would have been submitted to the same panel that issued the original FWD. The *Arthrex* Court reiterated what had been previously explained by the Supreme Court: that a judge who has already heard a case and decided its

merits “cannot be expected to consider the matter as though he had not adjudicated it before.” *Arthrex*, 941 F.3d at 1340, quoting *Lucia v. SEC*, 138 S. Ct. 2044, 2055 (2018). As the *Arthrex* court stated, “the remedy is not to vacate and remand for the same Board judges to rubber-stamp their earlier unconstitutionally rendered decision.” *Arthrex*, 941 F.3d at 1340. Accordingly, *Arthrex* specifically held that on remand, “a new panel of APJs must be designated and a new hearing granted.”

Micron further asserts that the Board has previously allowed rehearing requests that seek an expanded panel. Micron Opposition, 10. Again, requesting an expanded panel would obviously not have solved the problem. As the Board’s Standard Operating Procedures explicitly state, on a request for rehearing of the decision previously rendered by the panel, “the judges on the initial panel *shall*, if available, be designated as part of the expanded panel.” U.S. Patent & Trademark Office, *PTAB Standard Operating Procedure 1* at 16 (Rev. 15 Sept. 20, 2018) (emphasis added).

Micron nevertheless suggests that North Star could have used the same mechanism for requesting an expanded panel to request the Board to appoint a new panel, or alternatively, to petition the Director to appoint a new panel under his authority to designate panels pursuant to 35 U.S.C. § 6(c). Micron Opposition, 10-11. The authority of either the Director or the Chief Judge to grant a new panel, however, is entirely discretionary.

Micron acknowledges that the Board and the Director would have had the discretion to refuse to grant a rehearing in front of a new panel had North Star simply petitioned the Board or Director rather than seeking a remand from this Court. Micron Opposition, 11. Micron nevertheless asserts that at least North Star “would have preserved its right to appeal the issue.” *Id.*, citing *DBC*. But had North Star requested the Board to grant a rehearing before a new panel, the Board could have exercised its discretion to deny that request. Similarly, had North Star petitioned the Director to grant a new hearing before a new panel, the Director could have likewise exercised his discretion to deny that request. (As set forth above, the Director has consistently opposed the remand remedy mandated by *Arthrex*, and neither he nor his delegate has demonstrated any inclination to exercise discretionary authority to grant a rehearing before a new panel.) In either case, North Star would have found itself before the same panel of APJs that issued the original FWD. That panel could then simply rubber-stamp its prior FWD, and now North Star would have been left with a final written decision rendered by the same APJs who would now be considered to be constitutionally appointed under *Arthrex*. Consequently, North Star would have surrendered the remedy mandated by this Court in favor of relying on the Board’s or Director’s discretion to grant that same remedy. In short, this is simply not a situation where North Star could

have been assured of a rehearing in front of a new panel of APJs without a vacatur and remand from this Court mandating that remedy.

II. NORTH STAR’S CHOICE NOT TO SEEK REMAND IN THE ‘274 PATENT IPR PROCEEDING DOES NOT RESULT IN A FORFEITURE OF ITS RIGHT TO SEEK REMAND IN A SEPARATE PROCEEDING

Micron makes much ado about North Star’s choice only to seek vacatur and remand of the Board’s FWDs that invalidated all of the challenged patent claims in the ‘875, ‘743 and ‘526 IPR proceedings, but not from the FWD in the separate IPR proceeding that only partially invalidated the claims of the ‘274 patent.

Micron asserts that North Star’s “acquiescence” in the Board’s FWD in the ‘274 patent IPR proceeding somehow results in a forfeiture of its right to seek a remand of the Board’s FWDs in the other proceedings. Micron’s Opposition, 13-15.

Micron spends a substantial portion of its opposition arguing that North Star should have been required to submit a request to the Board, or to directly petition the Director, for rehearing before a new panel. Now, however, if Micron’s logic were to be followed, North Star’s failure to seek remand from this Court of the Board’s FWD in one proceeding should have prevented it from even petitioning the Board or Director for rehearing in all the other proceedings. For that matter, Micron’s reasoning would require North Star to *appeal* all or none of the separate FWDs in the first instance. Otherwise, according to Micron, North Star’s

acquiescence to some of those decisions but not others would result in a forfeiture of its right to appeal those other decisions. Micron's logic is simply not sound.

In fact, North Star does have the right to pick and choose its remedies, and to choose those cases in which it seeks to avail itself of those remedies. This Court has never deprived a party of making such choices, may they be based on economic and/or strategic reasons. Micron relies on *Ciena Corp. v. Oyster Optics, LLC*, Order, No. 19-2117 (Fed. Cir. Jan. 28, 2020) to support its position that North Star should be deprived of that choice here. But the Court's Order in *Ciena* does not help Micron. In *Ciena*, it was the Petitioner in an IPR proceeding who sought remand of the Board's FWD that found Petitioner had failed to demonstrate that any of the challenged claims were unpatentable. The Court in *Ciena* distinguished that case from the case where the patent owner is the party aggrieved by the Board's FWD:

The trouble with accepting Ciena's argument is that, unlike the patent owner in *Arthrex*, Ciena sought out the Board's adjudication, knew or at least should have known of this structural defect, and was content to have the assigned Board judges adjudicate its invalidity challenges until the Board ruled against it. Under those circumstances, Ciena has forfeited its Appointments Clause challenge.

Id. at 2. *Ciena* simply does not apply to this case. North Star did not seek out the Board's adjudication, nor was it content to have the assigned APJs adjudicate Micron's invalidity challenges. North Star, therefore, cannot be said to have

forfeited its right to seek a remand of the Board's FWD in one IPR proceeding based on an Appointments Clause challenge simply because it did not seek remand of the same Board's FWDs in other, separate IPR proceedings.

III. THE COURT'S CONSIDERATION OF WHETHER TO GRANT EN BANC REVIEW IN *ARTHREX* SHOULD NOT DEPRIVE NORTH STAR OF ITS RIGHT TO REMAND

Micron argues that the fact that this Court is considering whether to grant en banc review of the *Arthrex* panel decision is itself reason to deny North Star's request for remand. Of course, Micron makes no secret of its position that the *Arthrex* panel decision was erroneous. Micron urges that, at the very least, North Star be denied remand in the hopes that "the en banc Court will change the current state of play." Micron Opposition, 7.

But whether Micron likes it or not, *Arthrex* remains standing, and as recognized by numerous panels of this Court, it is binding. Of the 14 decisions cited in North Star's Motion to Vacate and Remand that granted remands based on *Arthrex*, 12 of them were issued *after* all parties in *Arthrex* petitioned the Court for rehearing en banc on December 16, 2019. *See* North Star's Motion to Vacate and Remand, 2-3. Since the last of those cited decisions, five more decisions issued granting remands. *Polaris Innovations Ltd. v. Kingston Tech. Col., Inc.*, No. 18-1202 (Jan. 27, 2020); *Polaris Innovations Ltd. v. Kingston Tech. Col., Inc.*, No. 18-1831 (Jan. 31, 2020); *Sound View Innovations, LLC v. Hulu, LLC*, No. 20-1155

(Feb. 3, 2020); *Sound View Innovations, LLC v. Unified Patents, LLC*, No. 20-1154 (Feb. 3, 2020); *Document Security Systems, Inc. v. Seoul Semiconductor Co., Ltd.*, No. 19-2430 (Feb. 3, 2020).

All of these decisions granting remands were issued notwithstanding the pending requests for en banc review of *Arthrex*. Any “lingering uncertainty” as asserted by Micron regarding the future of *Arthrex* was obviously not enough to stop at least 17 panels of this Court from granting remands. Micron’s hopes that *Arthrex* will be upheld should not be allowed to stave off the remand to which North Star is entitled under *Arthrex*’s binding authority.

Date: February 18, 2020

ECKERT SEAMANS CHERIN & MELLOTT, LLC

/s/ Edward C. Flynn

Edward C. Flynn

eflynn@eckertseamans.com

600 Grant Street, 44th Floor

Pittsburgh, PA 15219

Phone: (412) 566-6984

Attorney for Appellant

North Star Innovations, Inc.

CERTIFICATE OF INTEREST

Counsel for Appellant North Star Innovations, Inc. certifies the following:

1. The full name of every party represented by me is:

North Star Innovations, Inc.

2. The name of the real party in interest represented by me is:

North Star Innovations, Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by me are:

Wi-Lan Technologies, Inc.

4. The names of all law firms and the partners or associates that appeared for the party now represented by me in the trial court or agency or are expected to appear in this court and who are not already listed on the docket for the current case are:

Eckert Seamans Cherin & Mellott, LLC (Edward C. Flynn, Philip E. Levy, Nathaniel C. Wilks)

5. The titles and numbers of all cases known to counsel to be pending in this or any other court or agency that will directly affect or be affected by the Court's decision in the pending appeal are:

North Star Innovations, Inc. v. Micron Technology, Inc., Civil Action No. 17-cv-00506-LPS (D. Del)

Dated: February 18, 2020

/s/ Edward C. Flynn

Edward C. Flynn
eflynn@eckertseamans.com
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Phone: (412) 566-6984
Attorney for Appellant
North Star Innovations, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on February 18, 2020, I electronically filed the foregoing APPELLANT’S REPLY TO APPELLEE’S OPPOSITION TO APPELLANT’S MOTION TO VACATE AND REMAND with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

Dated: February 18, 2020

/s/ Edward C. Flynn
Edward C. Flynn
eflynn@eckertseamans.com
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Phone: (412) 566-6984
Attorney for Appellant
North Star Innovations, Inc.

CERTIFICATE OF COMPLIANCE

This reply complies with the requirements of Fed. R. App. P. 27(d)(2)(C). According to the word processing system used to prepare it, the reply contains 2,571 words, excluding the parts of the reply exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 27(d). The reply complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type-style requirement of Fed. R. App. P. 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2016 in Times New Roman 14-point font.

Dated: February 18, 2020

/s/ Edward C. Flynn _____
Edward C. Flynn
eflynn@eckertseamans.com
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
Phone: (412) 566-6984
Attorney for Appellant
North Star Innovations, Inc.