

No. 16-1526

---

---

IN THE  
**Supreme Court of the United States**

---

CELGARD, LLC,

*Petitioner,*

*v.*

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

*Respondent.*

---

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

---

---

**REPLY BRIEF FOR PETITIONER**

---

---

CYRUS A. MORTON  
WILLIAM E. MANSKE  
ROBINS KAPLAN LLP  
800 LaSalle Avenue  
2800 LaSalle Plaza  
Minneapolis, Minnesota 55402  
(612) 349-8500

BRYAN J. VOGEL  
*Counsel of Record*  
DANIELLE ROSENTHAL  
ROBINS KAPLAN LLP  
399 Park Avenue, Suite 3600  
New York, New York 10022  
(212) 980-7400  
bvogel@robinskaplan.com

*Attorneys for Petitioner*

---

---

275338



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

**TABLE OF CONTENTS**

	<i>Page</i>
TABLE OF CONTENTS.....	i
TABLE OF CITED AUTHORITIES .....	ii
REPLY BRIEF FOR THE PETITIONER .....	1
REASONS FOR GRANTING THE PETITION.....	2
I. This Court Should Grant Certiorari Because Rule 36 Judgments Are Statutorily Prohibited .....	2
II. This Court Should Grant Certiorari Because the High Rate of Rule 36 Judgments Offend Principles of Right and Justice.....	4
III. This Court Should Grant Certiorari To Require Courts to Apply the Correct Obviousness Analysis .....	8
CONCLUSION .....	12

**TABLE OF CITED AUTHORITIES**

	<i>Page</i>
<b>Cases</b>	
<i>Ardestani v. INS</i> , 502 U.S. 129 (1991) .....	3
<i>Cent. Bank, N.A. v. First Interstate Bank, N.A.</i> , 511 U.S. 164 (1994) .....	3
<i>Consumer Prod. Safety Comm'n v.</i> <i>GTE Sylvania, Inc.</i> , 447 U.S. 102 (1980) .....	8
<i>Honeywell Int'l Inc. v.</i> <i>Mexichem Amanco Holding S.A.</i> , 2017 U.S. App. LEXIS 13909 (August 15, 2017) . . . .	8
<i>KSR Int'l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007) .....	8
<i>Millenium Pharms., Inc. v. Sandoz Inc.</i> , 862 F.3d 1356 .....	8
<i>Oil States Energy Services, LLC v.</i> <i>Greene's Energy Group, LLC</i> , No. 16-712 (Oil States) .....	1, 12
<i>Peavey v. Holder</i> , No. 09-5389, 2010 U.S. App. LEXIS 16690 (D.C. Cir. Aug. 9, 2010) (per curiam) .....	7

*Cited Authorities*

	<i>Page</i>
<i>Power Integrations, Inc. v. Lee</i> , 797 F.3d 1318 (Fed. Cir. 2015).....	6
<i>Rubin v. United States</i> , 449 U.S. 424 (1981).....	2
<i>Taylor v. McKeithen</i> , 407 U.S. 191.....	5, 6
 <b>Statutes</b>	
35 U.S.C. § 103.....	8
35 U.S.C. § 144.....	1, 2
 <b>Rules</b>	
Fed. Cir. Rule 36 .....	<i>passim</i>
U.S.S.C. Rule 10.....	4, 5

**REPLY BRIEF FOR THE PETITIONER**

The Government agrees that the Court should hold this petition pending the decision in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, No. 16-712 (*Oil States*). Resp. Br. at 5 (“Accordingly, the Court should hold the petition in this case pending the decision in *Oil States* and then dispose of the petition as appropriate in light of that decision.”). Because the judgment below will be vacated if the Court determines in *Oil States* that *inter partes* review proceedings are unconstitutional, the Government and Celgard recommend that this Court hold this petition until its decision in *Oil States*.

If the decision in *Oil States* does not resolve this petition in favor of Celgard, this Court should consider the additional significant issues raised in Celgard’s petition: judgments without opinions pursuant to Federal Circuit Rule 36 (hereinafter “Rule 36 judgments”) are statutorily prohibited in appeals from the Patent Office; issuing Rule 36 judgments in more than 50% of appeals from the Patent Office offends principles of right and justice; and the Patent Office did not conduct the proper obviousness analysis by failing to consider the claimed invention “as a whole” and whether a skilled artisan would have an expectation of success in combining the prior art to achieve the claimed invention.

The Government’s brief fails to demonstrate why certiorari should not be granted on the additional issues. As to Rule 36 judgments, the Government urges an interpretation contrary to the plain language of 35 U.S.C. § 144 and ignores the large amount of criticism the issue has received in the patent community by arguing that it is

one of limited practical significance. As to the obviousness issue, the Government simply repeats the Patent Office's incorrect and conclusory statements without meaningfully engaging in the merits of the argument. Thus, the Government fails to remedy the errors below.

## REASONS FOR GRANTING THE PETITION

### I. This Court Should Grant Certiorari Because Rule 36 Judgments Are Statutorily Prohibited

This Court should grant certiorari because Rule 36 judgments conflict with the clear and unambiguous language of 35 U.S.C. § 144: the Federal Circuit “shall issue to the Director its mandate and opinion.” Despite the plain language, the Government interprets the statute as a notice statute and that “it does not direct the court to generate an opinion in every case.”<sup>1</sup> Resp. Br. at 6. This interpretation is contrary to the unambiguous language and thus cannot be correct. *See Rubin v. United States*, 449 U.S. 424, 430 (1981) (“When we find the terms of a statute unambiguous, judicial inquiry is complete, except in rare and exceptional circumstances.”).

The Government reads a qualifier into the statute—that the Federal Circuit will send a mandate and opinion to the agency, *only if issued*. But that is not what the statute says. The statute requires an opinion, *viz.*, “shall

---

1. The Government also asserts that Celgard did not raise the Rule 36 issue in the rehearing petition. But the rehearing petition repeatedly takes issue with the Rule 36 judgment. Rehearing Pet. at 1. Moreover, no requirement exists that a rehearing petition must raise every issue.

issue,” instead of “may issue.” The statute also requires a mandate *and* opinion, not a mandate *or* opinion.

The Government also reads an intent into the statute—that Congress did not intend the statute to require an opinion in every appeal from the Patent Office. However, the plain language of the statute articulates congressional intent. *See Ardestani v. INS*, 502 U.S. 129, 135-36 (1991) (“The strong presumption that the plain language of the statute expresses congressional intent is rebutted only in rare and exception circumstances, when a contrary legislative intent is clearly expressed.”). Unless there is a clearly expressed contrary legislative intent, the plain language of the statute must control. *See Consumer Prod. Safety Comm’n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980) (“Absent a clearly expressed legislative intent to the contrary, [the language of the statute itself] must ordinarily be regarded as conclusive.”). The Government has not pointed to any clearly expressed legislative intent to support its understanding of the statute.

The Government further asserts that not requiring the Federal Circuit to issue an opinion in every Patent Office appeal comports with “longstanding principles concerning courts’ control over their operations.” Resp. Br. at 6. However, as the Government admits, such principles must be “consistent with statutory requirements” (*id.*), of which Rule 36 judgments are not. Moreover, policy considerations cannot trump clear statutory language. *See Cent. Bank, N.A. v. First Interstate Bank, N.A.*, 511 U.S. 164, 188 (1994) (“Policy considerations cannot override our interpretation of the text and structure of the Act, except to the extent that they may help to show that adherence to the text and structure would lead to a

result so bizarre that Congress could not have intended it.”). Thus, any longstanding principle or policy is not entitled to weight where, as here, the language is clear. In sum, the Government has not rebutted the clear and unambiguous statutory language requiring the Federal Circuit to issue opinions for Patent Office appeals.

## **II. This Court Should Grant Certiorari Because the High Rate of Rule 36 Judgments Offend Principles of Right and Justice**

Even if not statutorily barred, the Federal Circuit’s use of Rule 36 judgments has far exceeded any bound of reasonableness and has offended principles of right and justice. This Court should exercise its supervisory power to curtail the unrestrained use of Rule 36 judgments. That the Federal Circuit’s use of Rule 36 judgments has exceeded any measure of reasonableness becomes apparent when other appellate courts’ practices are considered. Numerous appellate courts prohibit judgments without opinions. Those that do permit it do not invoke it as frequently as the Federal Circuit. The Federal Circuit thus stands alone in issuing Rule 36 judgments in more than 50% of Patent Office appeals and more than 40% of total appeals.

The Government does not address these staggering statistics and that no other appellate court issues judgments without opinion at such a high rate. Instead, the Government asserts that this Court should not consider the different appellate courts’ practices because this is not a matter in which national uniformity is required. Resp. Br. at 7. However, the Supreme Court Rules are not so limited. Supreme Court Rule 10 states that one



consideration governing review on certiorari is that the appellate court “has so far departed from the accepted and usual court of judicial proceedings . . . as to call for an exercise of this Court’s supervisory power.” U.S.S.C. Rule 10(a). The Federal Circuit’s issuance of Rule 36 judgments in more than 50% of Patent Office appeals falls in this category.

The Government further misunderstands the import of Celgard’s argument on the circuit split. Celgard mentions that different circuits operate differently to show how far afield the Federal Circuit’s practice is compared to other courts. Celgard is not suggesting that this Court prohibit *all* circuits from issuing judgments without opinions. Rather, Celgard asserts that this Court should curtail the *Federal Circuit’s* overuse of judgments without opinions, which is also contrary to a statute.

Additionally, the Government mistakenly believes that this Court assigns a special significance to appellate courts’ ability to issue summary affirmances, citing a footnote in *Taylor v. McKeithen*, stating that the “court of appeals should have wide latitude in their decisions of whether or how to write opinions” and that “is especially true with respect to summary affirmances.” *See* 407 U.S. 191, 194 n. 4; *see also* Resp. Br. at 6. However, in *Taylor*, this Court granted certiorari and vacated the judgment below specifically because the appellate court did *not* provide an opinion. *See* 407 U.S. at 193-94 (noting that the appellate court did not provide an opinion and concluding that “[b]ecause this record does not fully inform us of the precise nature of the litigation and because we have not had the benefit of the insight of the Court of Appeals, we grant the petition for writ of certiorari,

vacate the judgment below, and remand the case to the Court of Appeals for proceedings in conformity with this opinion.”). Thus, in *Taylor*, this Court did *not* endorse the appellate court’s judgment without an opinion. That case, in fact, highlights the problems with appellate courts *not* providing an opinion.

The Government also recommends denying the petition because it asserts the Rule 36 issue is “one of limited practical significance.” Resp. Br. at 8. To the contrary, the Rule 36 issue is of immediate importance and significance to stakeholders in the patent system, given that the Federal Circuit is the only reviewing Article III court for most Patent Office decisions. Numerous articles have detailed the abuse of Rule 36 judgments by the Federal Circuit and over twenty petitions for certiorari to this Court have raised this issue. In addition, the issue has practical significance because the lack of an opinion makes it impossible to determine whether the Federal Circuit is complying with its obligation to affirm the Patent Office’s decision on *only* the Patent Office’s stated reasons. See *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1326 (Fed. Cir. 2015) (“[O]ur review of a patentability determination is confined to the grounds upon which the Board actually relied . . .”).

According to the Government, if Rule 36 judgments are abolished, the Federal Circuit would write one-sentence opinions that would add no more than the Rule 36 judgment itself. Resp. Br. at 8. However, if the other circuit courts are any indication, this would not be the case. Moreover, even a short explanation confirming the Patent Office’s reasoning would provide some limited insight to litigants and possibly provide a basis from which this Court could review.

Finally, the Government asserts that the Federal Circuit has not breached its duty to provide guidance to litigants and promote uniformity in patent law with Rule 36 judgments. Resp. Br. at 9. That is because, according to the Government, a Rule 36 judgment reflects a case with no precedential value. *Id.* However, because the number of Rule 36 judgments has dramatically increased as the number of Patent Office appeals have increased, this indicates that the Federal Circuit is using Rule 36 judgments as a docket-management mechanism, rather than for the few instances where a case truly has no precedential value. Indeed, this particular case involves an improper obviousness application and is not a case with no precedential value. Therefore, it was improper to issue a Rule 36 judgment in this case.

If the Federal Circuit believes summary dispositions are necessary to streamline its docket, a more equitable means would be issuing a summary affirmance upon motion before full merits briefing and oral argument, instead of after, as was the case here, and is always the case at the Federal Circuit.<sup>2</sup> Numerous appellate courts utilize this approach. *See e.g.*, Christopher S. Perry, *Summary Disposition on Appeal*, Appellate Practice Journal, Vol. 29, No. 2 (Winter 2010) (discussing the appellate courts' streamlining of appeals by granting motions for summary affirmance).

---

2. The Government uses summary affirmance and Rule 36 summary dispositions interchangeably. However, the Federal Circuit *sua sponte* issues a Rule 36 judgment after full merits briefing and oral argument. In contrast, summary affirmances typically are a result of a motion before such briefing and argument. *See e.g.*, *Peavey v. Holder*, No. 09-5389, 2010 U.S. App. LEXIS 16690 (D.C. Cir. Aug. 9, 2010) (per curiam) (granting agencies' motion for summary affirmance).

In sum, the high rate of Rule 36 judgments issued *sua sponte* by the Federal Circuit after full merits briefing and oral argument is fundamentally unfair. Celgard did not have an Article III court provide any reasoning before taking away its important and valuable property right.

### **III. This Court Should Grant Certiorari To Require Courts to Apply the Correct Obviousness Analysis**

This Court should also grant Celgard's petition to require the Patent Office and Federal Circuit to conduct the proper obviousness analysis. The Patent Office did not consider the claimed invention "as a whole," as required under 35 U.S.C. § 103, and did not consider whether the combination of elements would lead to "anticipated success," as instructed in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007).

Since this petition was filed, the Federal Circuit has confirmed the requirement of "anticipated success" or "expectation of success" in an obviousness analysis. In *Honeywell International Inc. v. Mexichem Amanco Holding S.A. De C.V.*, the Federal Circuit stated that for an obviousness determination, "the burden is on the Examiner to show that one of ordinary skill would have had a motivation to combine the references with a *reasonable expectation of success*." 2017 U.S. App. LEXIS 13909, \*15 (August 15, 2017); *see also Millennium Pharms., Inc. v. Sandoz Inc.*, 862 F.3d 1356, 1365-66 (July 17, 2017) (noting that the obviousness inquiry includes both motivation to combine and expectation of success). Yet, the Patent Office and the Federal Circuit failed to apply this standard.

The Government's brief fails to engage on the merits of Celgard's obviousness argument and thus fails to demonstrate why certiorari should not be granted on this issue. The Government wholly ignores the argument that the Patent Office failed to consider the claimed invention "as a whole." And as to "anticipated success," the Government repeats the same erroneous and conclusory statements made by the Patent Office. For example, the Government states without any citation that the "Board concluded that Tojo provided the element missing from the Tobishima reference, and that petitioner's invention was merely the predictable result of that combination." Resp. Br. at 11. But the Patent Office never considered or concluded that the invention was the predictable result of the combination of references. The Patent Office also never considered or concluded that a skilled artisan would have had a reasonable expectation of success in combining the prior art references to achieve the claimed invention.

Instead, the Patent Office considered *only* whether a skilled artisan would have a reason to combine the references without considering whether there would be a reasonable expectation of success for the combination. The Patent Office found a motivation to combine by word-matching because both references mention increasing "mechanical strength." This word-matching not only failed to consider the claimed invention "as a whole" directed at preventing dendrite growth, but also failed to consider whether a skilled artisan would have had a reasonable expectation of success in combining the prior art references. The crux of the claimed invention is the ceramic composite layer's ability to *block dendrite growth*—an entirely different consideration from mechanical strength. In fact, Tojo never even mentions

dendrite growth. Tojo has large holes that accompany its particles and that would allow dendrites to go through. Moreover, the two references are directed to two entirely different solutions to two entirely different problems—Tojo was directed to battery manufacture and Tobishima was directed to battery use. By failing to consider the separate inquiry of expectation of success in combining the references to achieve the claimed invention, the Patent Office clearly arrived at the incorrect obviousness determination.

Moreover, Celgard presented *unrebutted* evidence that a skilled artisan would not expect the combination to be successful because combining the references would result in battery failure. As Celgard’s expert testified, if Tojo’s inorganic particles were added to Tobishima’s polymer film, the result would be a “battery that simply did not work.” A419, ¶ 36. This is because it would not be sufficiently conductive. *Id.* at ¶ 35. In fact, it would be like adding sand to wet glue. A375, ¶ 141. If combining the references would result in battery failure, a skilled artisan would never expect the combination of references to be successful. Therefore, the combination *cannot* be obvious.

The Government misunderstands the import of the evidence Celgard submitted to show that combining Tojo with Tobishima would result in battery failure. Celgard submitted this evidence to demonstrate how combining the references would *not lead to anticipated success* and, in fact, would result in battery failure. The Government, however, asserts that demonstrating an inoperable battery “misconceives the pertinent inquiry” as the “question is not whether mechanically combining the various elements of Tobishima and Tojo would result

in an operable battery.” Resp. Br. at 11. The Government and Patent Office use reverse and flawed reasoning to state what the relevant question *is not* rather than state what the pertinent inquiry *should be*. The pertinent inquiry should be whether a person skilled in the art would have had a motivation to combine Tobishima and Tojo with a reasonable expectation of success in making an operable battery with a ceramic composite layer that blocks dendrites. The answer to the inquiry, based on the un rebutted evidence, is irrefutably no. Because a person skilled in the art would expect the combination of Tojo’s particles with Tobishima’s gelatinous layer to result in an inoperable battery, the combination of references could not lead to *anticipated success* of the claimed invention, and therefore, it would not be obvious to combine the references to achieve the claimed invention.

In sum, the Patent Office failed to conduct the proper obviousness analysis by failing to consider the claimed invention “as a whole” and whether one of ordinary skill in the art would have had a motivation to combine the prior art with a reasonable expectation of success in making an operable battery with a ceramic composite layer that *blocks dendrite growth*. The failure to follow proper precedent in this case deprived Celgard of its revolutionary and patented battery separator technology. This Court’s review is necessary to protect the investment in and the innovation of patents, such as Celgard’s patent, and to ensure that the proper standard for assessing obviousness is applied by the Patent Office and the Federal Circuit.

**CONCLUSION**

For the reasons herein and in Celgard's petition, Celgard respectfully requests that the Court hold its petition pending the *Oil States* decision. If *Oil States* does not resolve this petition for Celgard, Celgard requests this Court further consider this petition for the additional reasons stated herein.

Respectfully submitted,

CYRUS A. MORTON  
WILLIAM E. MANSKE  
ROBINS KAPLAN LLP  
800 LaSalle Avenue  
2800 LaSalle Plaza  
Minneapolis, Minnesota 55402  
(612) 349-8500

BRYAN J. VOGEL  
*Counsel of Record*  
DANIELLE ROSENTHAL  
ROBINS KAPLAN LLP  
399 Park Avenue, Suite 3600  
New York, New York 10022  
(212) 980-7400  
bvogel@robinskaplan.com

*Attorneys for Petitioner*