

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

-----	X	
)	
SIGRAM SCHINDLER BETEILIGUNGSGESELL-)	
SCHAFT MBH,)	
)	
Plaintiff,)	No. 1:09-cv-935-TSE-IDD
)	
- v -)	
)	
DAVID J. KAPPOS and UNITED STATES PATENT)	
AND TRADEMARK OFFICE.)	
)	
Defendants.)	
)	
-----	X	

**REPLY MEMORANDUM IN SUPPORT OF PLAINTIFF'S
MOTION FOR SUMMARY JUDGMENT AND IN OPPOSITION
TO DEFENDANTS' CROSS-MOTION FOR SUMMARY JUDGMENT**

FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON

1001 Pennsylvania Avenue, N.W., Suite 800
Washington, D.C. 20004
Telephone: (202) 639-7000
Fax: (202) 639-7003
Email: tommy.beaudreau@friedfrank.com

One New York Plaza
New York, New York 10004
Telephone: (212) 859-8000
Fax: (212) 859-4000

Attorneys for Plaintiff

James W. Dabney
Stephen S. Rabinowitz
Tommy P. Beaudreau (VA Bar # 41272)
John F. Duffy

Of Counsel

November 9, 2009

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
I. SSBG’S CLAIMS ARE JUSTICIABLE.....	5
II. THE CHALLENGED RULES ARE NOT IN ACCORDANCE WITH LAW AND WERE PROMULATED IN EXCESS OF THE PTO’S RULEMAKING AUTHORITY.	14
CONCLUSION.....	23

TABLE OF AUTHORITIES

CASES	Page(s)
<i>Abbott Labs v. Gardner</i> 387 U.S. 136 (1967).....	11, 11 n.7
<i>Aetna Life Ins. v. Haworth</i> 300 U.S. 227 (1937).....	6, 7
<i>Babbitt v. Farm Workers</i> 442 U.S. 289 (1979).....	9
<i>Cedars-Sinai Med. Ctr. v. Watkins</i> , 11 F.3d 1573 (Fed. Cir. 1993).....	8
<i>Ciba-Geigy Corp. v. U.S. Env'tl. Protection Agency</i> , 801 F.2d 430 (D.C. Cir. 1986) (Starr, J.)	12
<i>Dome Patent, L.P. v. Doll</i> , No. 07-1695 (PLF), slip op. (D.D.C. Mar. 30, 2009)	22
<i>Joy Techs., Inc. v. Manbeck</i> , 751 F. Supp. 225 (D.D.C. 1990), <i>aff'd</i> , 959 F.2d 226 (Fed. Cir. 1992)	22
<i>Linda R.S. v. Richard D.</i> , 410 U.S. 614 (1973).....	6
<i>Maryland Cas. Co v. Pacific Coal & Oil Co.</i> , 312 U.S. 270 (1941).....	7
<i>MedImmune, Inc v. Genentech, Inc.</i> , 549 U.S. 118 (2007).....	6, 7, 12
<i>Nat'l Automatic Laundry & Cleaning Council v. Shultz</i> , 443 F.2d 689 (D.C. Cir. 1971).....	11
<i>Olajide v. BICE</i> 402 F. Supp. 2d 688 (E.D. Va 2005)	7
<i>Pennell v. City of San Jose</i> , 485 U.S. 1 (1988).....	9
<i>Prasco, LLC v. Medicis Pharm Corp.</i> , 537 F.3d 1329 (Fed. Cir. 2008).....	8

<i>Skidmore v. Swift & Co.</i> , 323 U.S. 134 (1944).....	11
<i>Tafas v. Doll</i> , 559 F.3d 1345 (Fed. Cir. 2009).....	10
<i>Toilet Goods Ass’n v. Gardner</i> , 387 U.S. 158 (1967).....	11, 11 n.7, 13
<i>United States v. Borden Co.</i> , 308 U.S. 188 (1939).....	5, 22
<i>Warth v. Selden</i> , 422 U.S. 490 (1975).....	8
<i>Wood v. United States</i> , 16 Pet. 342	5,22

STATUTES

5 U.S.C. § 702.....	5, 6, 11
5 U.S.C. § 706(2)(A).....	5
5 U.S.C. § 706(2)(C).....	5
28 U.S.C. § 1295(a)(4).....	19
28 U.S.C. § 1631.....	9 n.4, 13
35 U.S.C. § 2(b)(2)(A).....	2
35 U.S.C. § 100.....	14
35 U.S.C. § 134.....	16
35 U.S.C. § 141.....	16
35 U.S.C. § 142.....	10, 13
35 U.S.C. § 143.....	17
35 U.S.C. § 145.....	10, 17
35 U.S.C. § 271(e)(2).....	8
35 U.S.C. § 306 (2006)	1, 2, 19, 21
35 U.S.C. § 315.....	15, 16, 19

44 U.S.C. § 1510(a) (2006).....	6, 7, 14
American Inventors Protection Act of 1999, Public Law No. 106-113, 113 Stat. 1501, 1501A-521	14, 15, 16, 17

OTHER AUTHORITIES

37 C.F.R. § 1.303(a).....	2
37 C.F.R. § 1.303(d)	2
37 C.F.R. § 1.304	13
145 Cong. Rec. 29972.....	17, 18, 20
145 Cong. Rec. 29973.....	18
H.R. Conf. Rep. No. 106-464 (1999).....	4, 18, 20, 21

INTRODUCTION

In accordance with the Court's Order dated November 2, 2009, plaintiff Sigram Schindler Beteiligungsgesellschaft mbH ("SSBG") respectfully submits this memorandum (i) in further support of SSBG's pending motion for summary judgment, and (ii) in opposition to the cross-motion for summary judgment filed October 21, 2009, by defendants David J. Kappos and United States Patent and Trademark Office (collectively, the "PTO").

Defendants do not dispute any of SSBG's Statement of Undisputed Facts Nos. 1-10, set forth on pages 1-3 of the Memorandum in Support of Plaintiff's Motion for Summary Judgment filed September 25, 2009 ("SSBG Mem."). *See* Memorandum of Law in Support of Defendants' Motion for Summary Judgment & in Opposition to Plaintiff's Motion for Summary Judgment filed October 21, 2009 ("PTO Mem.") at 10 n.4.

SSBG similarly does not dispute any of the facts recited in paragraphs 1-4 of the PTO's Undisputed Material Facts appearing on pages 10-11 of the PTO Mem.

It is, thus, undisputed for purposes of this action that:

- (i) plaintiff SSBG is the owner of U.S. Patent No. 6,954,453 B1 issued October 11, 2005 (the "Schindler '453 Patent");
- (ii) the Schindler '453 Patent is currently the subject of an *ex parte* reexamination proceeding commenced on or about August 30, 2007, under Chapter 30 of the Patent Act, 35 U.S.C. §§ 301-307 (2006) (the "Cisco Reexamination Proceeding");
- (iii) SSBG is a "patent owner involved in a reexamination proceeding under this chapter," within the meaning of 35 U.S.C. § 306 (2006);
- (iv) 35 U.S.C. § 306 (2006) provides that a "patent owner involved in a reexamination proceeding under this chapter . . . may seek court review under the provisions of sections 141-

145 of this title, with respect to any decision adverse the patentability of any original or proposed amended or new claim of the patent”;

(v) the PTO has promulgated a “Rule 1.303(a),” codified in Title 37 of the Code of Federal Regulations under the heading “**RULES OF PRACTICE IN PATENT CASES**” (*see* Exhibit 1 hereto), which states in part: “any owner of a patent involved in an ex parte reexamination proceeding *filed before November 29, 1999*, dissatisfied with the decision of the Board of Patent Appeals and Interferences, . . . may, . . . , have remedy by civil action under 35 U.S.C. 145” (emphasis added);

(vi) the PTO has promulgated a “Rule 1.303(d),” codified in Title 37 of the Code of Federal Regulations under the heading “**RULES OF PRACTICE IN PATENT CASES**” (*see* Exhibit 1 hereto), which states in part: “For an ex parte reexamination proceeding filed on or after November 29, 1999, . . . no remedy by civil action under 35 U.S.C. 145 is available”;

(vii) on their face, PTO Rules 1.303(a) and (d), 37 C.F.R. §§ 1.303(a) and (d) (2008), are “rules” that appear, misleadingly, to have the force of law;¹ and

(viii) by their express terms, PTO Rules 1.303(a) and (d), 37 C.F.R. §§ 1.303(a) and (d) (2008), provide that a patent owner in SSBG’s position purportedly has no legal right to seek “court review under the provisions of sections 141 to 145 of this title.” 35 U.S.C. § 306 (2006).

Understandably reluctant to attempt to defend PTO Rules 1.303(a) and (d) as valid exercises of rulemaking authority under 35 U.S.C. § 2(b)(2)(A), defendants urge the Court to decline to hear the merits of this case on the basis that SSBG purportedly lacks “standing” to complain of PTO Rules 1.303(a) and (d). Defendants now say, apparently for the first time, that “§ 1.303

¹ In an apparent attempt to evade judicial review, defendants now assert that “§ 1.303 does not carry the force of law” and thus purportedly cannot cause any “injury” to SSBG. PTO Mem. at 13. In truth and in fact, the Code of Federal Regulations is statutorily restricted to “documents . . . having general applicability and legal effect.” 44 U.S.C. § 1510(a) (2006).

does not have the force of law,” PTO Mem. at 30; and from this premise, defendants argue: “given USPTO’s acknowledgement that the challenged regulation . . . does not carry the force of law, . . . plaintiff cannot assert *any* injury from the regulation.” *Id.* at 13 (emphasis in original). Defendants go so far as to say that “§1.303 does not in any way *bind or influence* federal courts in analyzing the scope of their jurisdiction.” *Id.* at 28 (emphasis in original).

The practical reality is: PTO Rules 1.303(a) and (d) purport to be an authoritative agency interpretation of the Patent Act that casts doubt on – indeed, repudiates – specific statutory rights of SSBG under 35 U.S.C. § 306. Defendants have furthermore seen fit to lodge the challenged “rules” in the Code of Federal Regulations, which is statutorily limited to documents having “legal effect.” 44 U.S.C. § 1510(a) (2006). Invasion of a specific statutory right is, without more, legal “injury” that creates “standing” to sue for its vindication. And having taken a public, final, and unequivocal position with regard to the meaning and current status of 35 U.S.C. § 306, these defendants are in no position to seek delay in judicial review of PTO Rules 1.303(a) and (d) under the “ripeness” doctrine. *See* Part I, *infra*.

Tacitly acknowledging the weakness of their “standing” and “ripeness” arguments, defendants proceed to brief and argue the merits of SSBG’s claims. *See* PTO Mem. at 18-30. Strikingly, however, defendants’ discussion of “Judicial Review” of *ex parte* and *inter partes* reexamination proceedings (PTO Mem. at 5-7) never once cites to either of the two statutes, 35 U.S.C. §§ 306 and 315, that actually define patent owners’ rights of judicial review in *ex parte* and *inter partes* reexamination proceedings. Nowhere in defendants’ entire 30-page opposition, in fact, is there to be found any citation or reference to 35 U.S.C. § 315. The reason for this is apparent: the existence of 35 U.S.C. §§ 306 and 315 is basically inconsistent with defendants’ newly-revealed theory (*see* PTO Mem. at 6-7, 20-22) that American Inventors Protection Act of

1999 (“AIPA”) purportedly made 35 U.S.C. § 141 the sole source of rights to judicial review of both *ex parte* and *inter partes* PTO reexamination decisions. On defendants’ theory, a 1999 “conforming amendment” to 35 U.S.C. § 141, found in Section 4605(c) of Senate Bill 1948 (*see* Declaration of James W. Dabney, sworn to Sept. 25, 2009 [“Dabney Decl.”] ¶¶ 21-22 & Exs. 20-21), should be interpreted as having both (i) rendered 35 U.S.C. §§ 315 (a) and (b) superfluous, and (ii) “impliedly repealed § 306 by implication.” PTO Mem. at 25.

In support of this imaginative theory, defendants’ opposition puts forward two purported quotations from House Conference Report No. 106-464 (PTO Mem. at 21, 26-27) that in fact are *misquotations* and presented in a highly misleading fashion. For the Court’s ease of reference, relevant excerpts from House Conference Report 106-464 are annexed hereto as Exhibit 2. The column at left, below, presents actual text from page 135 House Conference Report 106-464; the column at right, below, reproduces the altered version of that text that defendants put forward on pages 21 and 26-27 of their opposition and then falsely characterize as dealing with reexamination in general, as distinct from being a portion of a description of then-proposed 35 U.S.C. § 315:

Actual Report Text (emphasis added)	PTO Mem. at 21, 27
The patentee is not entitled to the alternative of an appeal <i>of an inter partes reexamination</i> to the U.S. District Court for the District of Columbia.	The patentee [<i>i.e.</i> , patent owner] is not entitled to the alternative of an appeal to the U.S. District Court for the District of Columbia.

It is only by inexcusably deleting the words, “of an inter partes reexamination,” that defendants can attempt to argue that the above-misquoted “legislative history” of the AIPA somehow supports the PTO’s theory that “Congress is considered to have impliedly repealed § 306 by

implication” (PTO Mem. at 25), with the purported result that the PTO was free to promulgate “rules” that presuppose that premise.

Contrary to defendants’ strained arguments, there is nothing remotely approaching the kind of “positive repugnancy,” *United States v. Borden Co.*, 308 U.S. 188, 198 (1939) (quoting *Wood v. United States*, 41 U.S. (16 Pet.) 342, 363 (1842)), as could support a holding that Congress “impliedly repealed” 35 U.S.C. § 306 by making a “conforming amendment” to 35 U.S.C. § 141 in 1999. The far more plausible and reasonable interpretation of the 1999 “conforming amendments” to the Patent Act (*see* Dabney Decl. ¶¶ 21-22 & Exs. 20-21) is that those amendments “conformed” 35 U.S.C. §§ 134 and 141 to implement the then-new *inter partes* reexamination procedures in Subtitle F of the AIPA.

SSBG’s proposed interpretation of the AIPA “conforming amendments,” unlike the defendants’ proposed interpretation, gives meaning to all of the provisions of Chapters 30 and 31 of the Patent Act. SSBG’s proposed interpretation of the AIPA “conforming amendments” is also fully supported by multiple contemporaneous statements of legislative intent.

It is high time that defendants’ extremely aggressive and untenable interpretation of the AIPA be subjected to judicial review. PTO Rules 1.303(a) and (d) are “not in accordance with law,” 5 U.S.C. § 706(2)(A), and were promulgated “in excess of statutory jurisdiction.” 5 U.S.C. § 706(2)(C). The Court can and should so declare. SSBG’s motion for summary judgment should be granted, and defendants’ cross-motion for summary judgment should be denied. *See* Part II, *infra*.

I. SSBG’S CLAIMS ARE JUSTICIABLE

In its Complaint filed August 19, 2009, SSBG states a claim under 5 U.S.C. § 702, which provides in part: “A person suffering legal wrong because of agency action, or adversely affected or aggrieved by agency action within the meaning of a relevant statute, is entitled to judi-

cial review thereof.” SSBG prays for an award declaratory and injunctive relief, and in particular, prays that the Court:

- (i) declare, adjudge, and decree that 37 C.F.R. § 1.303 (a) and (d) are unlawful and legally void, and insofar as those rules purport to preclude invocation of 35 U.S.C. § 145 of district court review of final BPAI decisions in *ex parte* reexamination proceedings commenced on or after November 29, 1999;
- (ii) issue preliminary and permanent injunctions against defendants’ enforcement or maintenance of 37 C.F.R. §§ 1.303(a) and (b), insofar as those rules purport to preclude invocation of 35 U.S.C. § 145 or district court review of final BPAI decisions in *ex parte* reexamination proceedings commenced on or after November 29, 1999;
- (iii) set aside 37 C.F.R. §§ 1.303(a) and (b) on the ground that those rules are not in accordance with law;
- (iv) set aside 37 C.F.R. §§ 1.303(a) and (b) on the ground that those rules were adopted in excess of the PTO’s statutory authority; and
- (v) award such other and further relief as the Court may deem justified.

For a declaratory judgment action to “satisfy the case-or-controversy requirement,” the dispute must be “‘definite and concrete, touching the legal relations of parties having adverse legal interests;’ and that it be ‘real and substantial’ and ‘admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.’” *MedImmune, Inc v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-41 (1937)).

“Congress may enact statutes creating legal rights, the invasion of which creates standing, even though no injury would exist without the statute.” *Linda R.S. v. Richard D.*, 410 U.S. 614, 617 n.3 (1973). “Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”

MedImmune, 549 U.S. at 127 (quoting *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

Here, notwithstanding defendants' citation of spectacularly inapposite cases,² the undisputed facts of record establish the existence of a "controversy" between SSBG and defendants that easily satisfies the Supreme Court-approved criteria identified above. Whether PTO Rules 1.303(a) and (d) are invalid (as SSBG contends), or valid (as the PTO contends), is a dispute that is both "definite and concrete" and one "touching the legal relations of parties having adverse legal interests"; it is also "'real and substantial' and 'admit[s] of specific relief through a decree of a conclusive character'" as prayed for in SSBG's Complaint. *MedImmune*, 549 U.S. at 127 (quoting *Aetna*, 300 U.S. at 240-41). Defendants' vigorous opposition on the merits (PTO Mem. at 18-30) is confirmation that the validity of PTO Rules 1.303(a) and (d) is a matter of practical importance and fully susceptible to judicial resolution by way of a judgment awarding declaratory and injunctive relief.

In paragraphs 20-28 of SSBG's Complaint, which SSBG's principal owner has verified (*see* Declaration of Dr.-Ing. Sigram Schindler, sworn to September 24, 2009 [hereinafter, "Schindler Decl."] ¶ 8), SSBG alleges that the existence of PTO Rules 1.303(a) and (d) "constitutes a present invasion of SSBG's rights under 35 U.S.C. §§ 145 and 306 and the Schindler '453 Patent" (Complaint ¶ 25), "impairs, undermines, and threatens SSBG's ability to preserve and defend its legal and economic rights under the Schindler '453 Patent" (*id.* ¶ 26), and "tends to diminish the value of the Schindler '453 Patent." *Id.* ¶ 27. These allegations stand unrebutted on this record. There is nothing whatever "hypothetical" or "speculative" about the practical and

² *See, e.g.*, PTO Mem. at 13 (citing *Olajide v. BICE*, 402 F. Supp. 2d 688 (E.D. Va. 2005)). In *Olajide*, this Court dismissed a petition for a writ of habeas corpus on the merits, after concluding that the petition was "ripe" on account of the illegal immigrant Nigerian petitioner having been detained for more than a 6-month "presumptively reasonable period."

economic impact that the challenged PTO Rules 1.303(a) and (d) are alleged by SSBG, without contradiction, to have *already* had on its business and property.³

Court review under 35 U.S.C. §§ 306 and 145 is a valuable and statutory incident of patent ownership. To the extent that PTO Rules 1.303(a) and (d) cast doubt on SSBG's legal rights under 35 U.S.C. §§ 306 and 145, those rules cause "injury-in-fact" to SSBG that is as "real" and "immediate" as any invasion of legal rights can be. *Cf.* 35 U.S.C. § 271(e)(2) (submitting an application under section 505(j) of the Federal Food, Drug, and Cosmetic Act "for a drug claimed in a patent" is deemed "an act of infringement"). Defendants have presented no evidence that a patent owner's statutory rights under 35 U.S.C. §§ 306 and 145 have no value, such that their loss or impairment by Government action cannot be constituted "injury." The Court can be sure that SSBG would not be engaged in these proceedings if the legal rights in question had no value, or were not put at risk by purported PTO "rules" in the Code of Federal Regulations.

To be sure, SSBG will be exposed to *additional* injury and loss exposure if the PTO, in the pending Cisco Reexamination Proceeding, affirms the current final rejection of claims 34-36 and 38 of the Schindler '453 Patent. The prospect of such an affirmance, and a resultant irrepar-

³ As noted above, it is undisputed on this record that SSBG is a "patent owner involved in a reexamination proceeding under this chapter," 35 U.S.C. § 306, and that PTO Rules 1.303(a) and (d) purport to restrict (or as defendants would now have it, to "explain") the judicial review rights of patent owners under 35 U.S.C. § 306. The facts here are thus readily distinguishable from those in cases cited by the PTO, in which there was an unresolved factual dispute over whether a plaintiff's product embodied a patented invention, *see Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329 (Fed. Cir. 2008), or whether a plaintiff's assignor was the actual inventor of claimed subject matter, *see Cedars-Sinai Med. Ctr. v. Watkins*, 11 F.3d 1573 (Fed. Cir. 1993). There is also no question, in this case, but that the challenged PTO Rules 1.303(a) and (d) are the source of SSBG's claimed injuries. *Cf. Warth v. Selden*, 422 U.S. 490 (1975) (complaint failed to allege facts establishing that relief against land use regulation would result in more low income housing).

able loss of district court review rights as a practical matter,⁴ is certainly a “realistic danger” on this record and, as such, independently gives rise to a threat of harm that is sufficient to make out a justiciable “controversy.” *E.g., Pennell v. City of San Jose*, 485 U.S. 1, 8 (1988) (a plaintiff who challenges a statute must show “a realistic danger of sustaining a direct injury as a result of the statute’s operation or enforcement”) (quoting *Babbitt v. Farm Workers*, 442 U.S. 289, 298 (1979)).

But regardless of whether SSBG is hereafter exposed to *additional* injury and loss exposure as a result of an adverse BPAI decision in the Cisco Reexamination Proceeding, SSBG is entitled to seek relief from the present, extant, and completed invasion of SSBG’s legal and property rights that has come about by the PTO’s attempt to bolster an extremely dubious litigation position by cloaking it with status of a formal “rule” in the Code of Federal Regulations. That so-called “rule,” which defendants now say is a “rule” in name only (*see* PTO Mem. at 13, 30), explicitly denies that SSBG has legal rights under 35 U.S.C. § 306 and is very clearly and obviously designed and intended by defendants to influence the conduct of patent owners and courts.

Defendants’ assertion that “§1.303 does not in any way *bind or influence* federal courts in analyzing the scope of their jurisdiction” (PTO Mem. at 28; emphasis added) is simply insupportable. PTO Rules 1.303(a) and (d) have every outward appearance of being “rules” that have the force of law. The rules are codified in the Code of Federal Regulations (*see* Exhibit 1 here-

⁴ Defendants assert (PTO Mem. at 16-18) that 28 U.S.C. § 1631 would afford SSBG complete relief from any risk of a court being misled by PTO Rules 1.303(a) and (d) in a civil action brought under 35 U.S.C. §§ 306 and 145 or any harm flowing from delay in adjudication of the validity and legal status of those “rules.” Although SSBG welcomes this suggestion, the defendants cite no case in which the statute has been used to transfer a district court action to a Court of Appeals, and the statute furthermore leaves it open to defendants to argue such a transfer would not be “in the interests of justice.”

to), which “Code” as noted above is statutorily limited to “documents of each agency of the Government having general applicability and legal effect.” 44 U.S.C. § 1510(a) (2006). Defendants cannot escape judicial review of invalid “rules” in the Code of Federal Regulations by simply asserting, in a particular litigation, that the “rules” do not have any “legal effect” (PTO Mem. at 1) or “influence” (*id.* at 28) on courts or litigants whose rights the “rules,” on their face, purport to describe and limit.

PTO Rule 1.303(a) prescribes time limits within which patent owners must seek court review of BPAI decisions. Defendants concede (PTO Mem. at 30) the time deadlines prescribed in PTO Rule 1.303(a) *do* have “the force of law,” being authorized by 35 U.S.C. § 142 (“appeal” to Federal Circuit must be taken “within such time after the date of the decision from which the appeal is taken as the Director prescribes, but in no case less than 60 days after that date”) and by 35 U.S.C. § 145 (“civil action” may be commenced “within such time after such decision, not less than sixty days, as the Director appoints”). Defendants are thus in the anomalous position of arguing that the last sentence of 37 C.F.R. § 1.303(a) *does* have the force of law, but the first sentence of that same “rule” section “does not have the force of law.” PTO Mem. at 30.

Defendants’ “acknowledgement” that PTO Rules 1.303(a) and (d) do not “carry the force of law” (PTO Mem. at 13) is insufficient to defeat SSBG’s standing to sue for the further reason that defendants’ “acknowledgement” represents merely the litigation position of current management of the PTO. Absent a judgment of this Court, nothing would stop these defendants from changing their position on this issue in the future, as recently occurred with respect to the controversial PTO rules package that was at issue in *Tafas v. Doll*, 559 F.3d 1345 (Fed. Cir. 2009).

Additionally, even where an agency has no authority to speak with the force of law on a subject, courts and litigants “may properly resort” to agency interpretations of law “for guid-

ance.” *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944). Courts have, accordingly, upheld standing to challenge even informal agency interpretations of statutes they administer. *See, e.g., Nat’l Automatic Laundry & Cleaning Council v. Shultz*, 443 F.2d 689, 697 (D.C. Cir. 1971) (“The authoritative interpretation of an executive officer has the legal consequence, if it is reasonable and not inconsistent with ascertainable legislative intent, of commanding deference from a court that itself might have reached a different view if it had been free to consider the issue as on a blank slate.”).

Defendants’ invocation of the “ripeness” doctrine (PTO Mem. at 14-18) is wholly misplaced. The “basic rationale” of the “ripeness” doctrine is “to prevent courts, through avoidance of premature adjudication, from entangling themselves in abstract disagreements over administrative policies, and also to protect the agencies from judicial interference until an administrative decision has been formalized and its effects felt in a concrete way by the challenging parties.” *Abbott Labs. v. Gardner*, 387 U.S. 136, 148-49 (1967). The “ripeness” doctrine is occasionally applied to limit “pre-enforcement” review of agency regulations where, unlike here, assessing the lawfulness of an agency regulation depends on factual developments, postponing judicial review would not impose undue hardship on the plaintiff, and subsequent judicial review would provide an adequate forum for testing the regulation in a concrete situation. *E.g., Toilet Goods Ass’n v. Gardner*, 387 U.S. 158, 163-66 (1967).⁵

⁵ Citing *Abbott* and *Toilet Goods*, defendants make the sweeping assertion, “A regulatory challenge is . . . ripe *only* where the ‘regulation requires an immediate and significant change in the plaintiff’s conduct of their affairs with serious penalties attached to noncompliance.’” PTO Mem. at 15 (emphasis added) (quoting *Abbott*, 387 U.S. at 152). The assertion is erroneous at multiple levels. In the first place, the quoted language from *Abbott* described a circumstances in which the Court found that a regulatory challenge *was* “ripe,” but that holding does not support the converse proposition that “impact” on a person’s “day-to-day business affairs” (PTO Mem. at 15) is the *only* type of impact that renders a plaintiff “adversely affected or aggrieved” within the meaning of 5 U.S.C. § 702. Equally importantly, the “ripe-

The “ripeness” doctrine is wholly irrelevant to this case. PTO Rules 1.303(a) and (d) are “final,” fully-developed “rules” that articulate the PTO’s unequivocal – if highly dubious – litigation position with respect to the rights of patent owners under 35 U.S.C. § 306. Defendants have made it abundantly clear that their views of 35 U.S.C. § 306 are definite, certain, and unyielding. Indeed, defendants in this case have argued in the alternative that the Court should award summary judgment on the merits.

In “ripeness” parlance, “[o]nce the agency publicly articulates an unequivocal position, . . . and expects regulated entities to alter their primary conduct to conform to that position, the agency has voluntarily relinquished the benefit of postponed judicial review.” *Ciba-Geigy Corp. v. U.S. Envtl. Protection Agency*, 801 F.2d 430, 436 (D.C. Cir. 1986) (Starr, J.). *Cf. MedImmune*, 549 U.S. at 549 U.S. at 128 n.8 (“standing and ripeness boil down to the same question in this case”). Nothing that may hereafter happen in the Cisco Reexamination Proceeding, or any other *ex parte* reexamination proceeding, will contribute one whit to the Court’s ability to address and reach a fully-informed judgment concerning the validity of PTO Rules 1.303(a) and (d) and the issue of statutory interpretation that those “rules” raise. On that basis alone, defendants’ “ripeness” argument is without merit and should be rejected.

Even assuming, for purposes of argument, that delay in reviewing the challenged rules would serve some useful purpose (and defendants have identified none), acceptance of defendants’ “ripeness” theory would impose significant hardship on SSBG and would render PTO Rules 1.303(a) and (d) effectively unreviewable as a practical matter. A patent owner who receives a favorable decision in an *ex parte* reexamination proceeding will of course have no occa-

ness” doctrine is a flexible doctrine designed to accommodate circumstances in which delay in judicial review serves a useful purpose that is not outweighed by hardship to the complaining party. As set forth *infra*, the “ripeness” doctrine has no proper application to the type of final, definitive, public agency action at issue in this case.

sion to seek court review of the decision under 35 U.S.C. §§ 306 and 145. But there is never any assurance that an administrative appeal from an adverse decision will be successful; and as a practical matter, a patent owner that does not prevail in an *ex parte* reexamination proceeding at the administrative level will have no opportunity to seek judicial review of PTO Rules 1.303(a) and (d) except at the risk of total forfeiture of judicial review rights as outlined in paragraphs 23-24 of SSBG's Complaint.

The risk of forfeiture is created by the interaction of the "waiver" provision in 35 U.S.C. § 141 and the time limits for noticing "appeals" under 35 U.S.C. § 142 and 37 C.F.R. § 1.304.⁶ This unusual circumstance, which is virtually unique to judicial review of PTO agency actions, serves to distinguish SSBG's claims for relief here from the claims that were involved in the "ripeness" cases cited by defendants, wherein which the claimants had subsequent and equivalent opportunities to seek judicial review of challenged agency action without risking forfeiture of important substantive rights. *See, e.g., Toilet Goods*, 387 U.S. at 165. Defendants' suggestion that 28 U.S.C. § 1631 authorizes a district court to transfer a civil action commenced under 35 U.S.C. §§ 306 and 145 to the Federal Circuit (PTO Mem. at 16-18), while interesting, is a novel theory that is not known to have ever been successfully applied to transfer an original district court civil action to an appellate court.

At all events, having seen fit to use the Code of Federal Regulations as a means of bolstering what is now revealed, in this case, as nothing more than a highly aggressive, untested litigation position of the PTO; and having taken an unequivocal and very public position on the

⁶ Defendants assert that SSBG can "requests [sic] that the Solicitor of Patents provide it with additional time within which to file an appeal with the Federal Circuit." PTO Mem. at 18 n.7. Following receipt of defendants' opposition, counsel for SSBG inquired whether the PTO would stipulate to extending SSBG's time to appeal until the conclusion of any action commenced under 35 U.S.C. § 306 and 145 to challenge an adverse ruling in the Cisco Reexamination Proceeding. Defendants refused.

proper interpretation of 35 U.S.C. § 306 (which interpretation is now, in this litigation, for the first time revealed to be that Congress purportedly “impliedly repealed” that statute in 1999), the defendants in this case are in no position to be seeking delay of judicial review of the validity of the so-called “rules” at issue in this case. Delay in judicial review of those “rules” would serve no purpose except to perpetuate the false color that those “rules” have imparted to a PTO litigation position for way too long.

II. THE CHALLENGED RULES ARE NOT IN ACCORDANCE WITH LAW AND WERE PROMULATED IN EXCESS OF THE PTO’S RULEMAKING AUTHORITY

Defendants’ response to SSBG’s motion for summary judgment is believed to be the first public document in which the PTO has revealed the legal rationale that purportedly supports PTO Rules 1.303(a) and (d). The position now appears to be this:

On November 29, 1999, Public Law No. 106-113, 113 Stat. 1501, 1501A-521, came into force. *See* Dabney Decl. ¶ 8 & Ex. 7. Title IV of that Act was named the “American Inventors Protection Act of 1999” (*id.*; 113 Stat. 1501, 1501A-552) or “AIPA” for short. Subtitle F of the AIPA was headed “Optional Inter Partes Reexamination Procedure.” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-567.

Section 4602 of the AIPA amended the chapter heading of Chapter 30 of the Patent Act by inserting “**EX PARTE**” before “**REEXAMINATION OF PATENTS**”. *Id.* The AIPA made no other changes to Chapter 30 of the Patent Act, 35 U.S.C. §§ 301-307. *See* Dabney Decl. ¶ 8 & Ex. 7.

Section 4603 of the AIPA amended 35 U.S.C. § 100 to include a definition of the term “third-party requester” as meaning “a person requesting ex parte reexamination under section 302 or inter partes reexamination under section 311 who is not the patent owner.” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-567.

Section 4604 of the AIPA amended Part 3 of Title 35, United States Code, by “adding after chapter 30 the following new chapter: “**CHAPTER 31 – OPTIONAL INTER PARTES REEXAMINATION PROCEDURES**”. Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-567. This new chapter consisted of eight new sections, numbered 311-318. *Id.*

Section 315(a)(1) of Chapter 31, as enacted in 1999, prescribed that a “patent owner” had two distinct rights of “appeal” in “an inter partes reexamination proceeding under this chapter.” The statute stated: “The patent owner . . . 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.” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-567, § 4604(a).

That is to say, in its form as enacted in 1999, 35 U.S.C. § 315(a)(1) provided a “patent owner” with *both* a right to an *administrative* appeal to the Board of Patent Appeals and Interferences under 35 U.S.C. § 134 *and* a right to an “appeal” to the Federal Circuit under 35 U.S.C. §§ 141-144.⁷

In contrast, Section 315(b) of Chapter 31, as enacted in 1999, prescribed that a “third-party requester” *did not* have any right to “appeal” to a court, but had only a right of “appeal under the provisions of 134 with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent.” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-567, § 4604(a).

Section 4605 of the AIPA, entitled “**CONFORMING AMENDMENTS**”, amended 35 U.S.C. §§ 134 and 141 in a manner that implemented the new and distinct “appeal” rights that 35

⁷ Unlike the corresponding judicial review provision in Chapter 30 of the Patent Act, 35 U.S.C. § 306, the *inter partes* reexamination judicial review provision, 35 U.S.C. § 315, very clearly did not and does not provide any right to district court review under 35 U.S.C. § 145, as described *infra*.

U.S.C. § 315 conferred on “patent owner[s]” and “third-party requester[s]” in *inter partes* reexamination proceedings. Section 4605(b) of the AIPA amended 35 U.S.C. § 134 to provide that a “patent owner” had a right to appeal to the BPAI from a final *rejection* of a claim, and that a “third-party requester” had a right to appeal to the BPAI from a final decision *favorable* to the patentability of any claim. *See* Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-570-71. These amendments “conformed” 35 U.S.C. § 134 so that its provisions tracked the rights to administrative review that 35 U.S.C. §§ 315(a) and (b) conferred on patent owners and third-party requesters, respectively. The original text of 35 U.S.C. § 134, as it stood just prior to the AIPA (*see* Dabney Decl. ¶ 7 & Ex. 6, reproducing 35 U.S.C. § 134 (1988)), was retained and relabeled as 35 U.S.C. § 134(a). *Id.* ¶ 8 & Ex. 7.

Section 4605(c) of the AIPA made a similar “conforming amendment” to 35 U.S.C. § 141. As noted above, 35 U.S.C. § 315 as enacted in 1999 provided patent owners, but not third-party requesters, with a right to “appeal” a decision of the BPAI to the Federal Circuit. Section 4605(c) of the AIPA amended 35 U.S.C. § 141 to add after the second sentence thereof: “A patent owner 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.” *See* Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-571. This amendment, like the amendments made by Section 4605(b), “conformed” 35 U.S.C. § 141 so that its provisions tracked the judicial “appeal” right that 35 U.S.C. § 315 conferred on patent owners, but not third-party requesters, in the form that Congress enacted it in 1999.⁸

⁸ As previously noted (*see* SSBG Mem. at 10 n.2), 35 U.S.C. § 315 was further amended in 2002 to grant third-party requesters the right to appeal to the Federal Circuit.

Section 4505(d) of the AIPA amended the third sentence of 35 U.S.C. § 143 so that it began, “In any reexamination case, the Director shall submit” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-571. Previously, the statute had read, “In an ex parte case, the Commissioner shall submit” 35 U.S.C. § 143 (1988).

Section 4505(e) of the AIPA amended 35 U.S.C. § 145 “in the first sentence by inserting ‘(a)’ after ‘section 134.’” Dabney Decl. ¶ 8 & Ex. 7; 113 Stat. 1501, 1501A-571. As noted above, Section 4605(b) of the AIPA had amended 35 U.S.C. § 134 so that its original text, which stated that “[a]n applicant for a patent . . . may appeal” (Dabney Decl. ¶ 7 & Ex. 6), was relabeled as 35 U.S.C. § 134(a).

At the time of its introduction, the senate bill that became the AIPA, Senate Bill 1948, was accompanied by a section-by-section analysis. *See* Dabney Decl. ¶ 8 & Ex. 7. The section-by-section analysis of Senate Bill 1948 included the following discussion of 35 U.S.C. § 315, the judicial review provision for the new *inter partes* reexamination procedure:

Proposed section 315 prescribes the procedures for appeal of an adverse USPTO decision by the patent owner and the third-party requester in an inter partes reexamination. Both the patent owner and the third-party requester are entitled to appeal to the Board of Patent Appeals and Interferences (section 134 of the Patent Act), but only the patentee can appeal to the U.S. Court of Appeals for the Federal Circuit (§§ 141-144); either may also be a party to any appeal by the other to the Board of Patent Appeals and Interferences. The patentee is not entitled to the alternative of an appeal of an inter partes reexamination to the U.S. District Court for the District of Columbia. Such appeals are rarely taken from ex parte reexamination proceedings under existing law and its removal should speed up the process.

Dabney Decl. ¶ 22 & Ex. 21 (145 Cong. Rec. 29972 cols. 1-2). An identical statement appears on page 135 of House Conference Report 106-464 (*see* Exhibit 2 hereto).

The section-by-section analysis of Senate Bill 1948 included the following discussion of the “conforming amendment” to 35 U.S.C. § 141 that was made by Section 4605(c) of the AIPA:

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. A third-party requester in an inter partes reexamination proceeding may not appeal beyond the Board of Patent Appeals and Interferences

Dabney Decl. ¶ 22 & Ex. 21 (145 Cong. Rec. 29973 at col. 3). The same statement appears on page 136 of House Conference Report 106-464 (*see* Exhibit 4 hereto).

The section-by-section analysis of Senate Bill 1948 also included the following statement: “Subtitle F *leaves existing ex parte reexamination procedures in Chapter 30 of this title intact*, but establishes an inter partes reexamination procedure which third-party requesters can use at their option.” Dabney Decl. ¶ 23 & Ex. 22 (145 Cong. Rec. 29972 at col. 3) (emphasis added).

A nearly identical explanatory statement appears in the House Conference Report on which defendants heavily rely in their opposition. *See* H.R. Conf. Rpt. 106-464, at 133 (1999) (“Subtitle F *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”) (emphasis added), reproduced in Exhibit 2 hereto.

This, then, is the legislative backdrop against which the validity of PTO Rules 1.303(a) and (d) must be judged. Defendants would have the Court hold that AIPA Section 4605(c), which amended 35 U.S.C. § 141 as described on page 19, above, “impliedly repealed” 35 U.S.C. § 306. PTO Mem. at 25. Adoption of SSBG’s position, defendants say, purportedly would “require this Court to render the 1999 amendments to the Patent Act’s judicial review provisions entirely meaningless.” *Id.* at 20.

In fact, it is the *defendants* that would have the Court render Patent Act judicial review provisions “meaningless.” Defendants’ opposition never once cites to 35 U.S.C. § 315, the *inter partes* judicial review provision; for and defendants affirmatively contend that 35 U.S.C. § 306,

the *ex parte* judicial review provision, should be *declared* “meaningless” by this Court on the basis that Congress should be deemed to have “impliedly repealed” (PTO Mem. at 25) that statute by enacting Section 4506(c) of the AIPA.

The meaning and purpose of the “conforming amendments” in AIPA Section 4605 is not at all difficult to discern. As described above, AIPA Section 4605(c) was but one of a series of amendments that were enacted to “conform” 35 U.S.C. §§ 134 and 141 to the provisions of then-new 35 U.S.C. § 315 – the *inter partes* reexamination judicial review statute that defendants’ 30-pages opposition somehow fails to mention even once. 35 U.S.C. § 141 provides that the Federal Circuit has exclusive jurisdiction to hear *appeals* from BPAI reexamination decisions, just as 28 U.S.C. § 1295(a)(4) provides that the Federal Circuit has exclusive jurisdiction to hear *appeals* from BPAI decisions “with respect to patent applications and interferences.” But to determine what all rights of *judicial review* are available in reexamination proceedings, the Court must look to the relevant statutes on *that* subject, namely, 35 U.S.C. §§ 306 and 315.

In its opening memorandum, SSBG argued that: “The conflict [between PTO Rules 1.303(a) and (d) and 35 U.S.C. § 306] can be readily seen by comparing (i) the judicial review provisions of Chapter 30 of the Patent Act, 35 U.S.C. § 306, which govern *ex parte* reexamination proceedings; and (ii) the judicial review provisions of Chapter 31 of the Patent Act, 35 U.S.C. 315, which govern *inter partes* reexamination proceedings.” SSBG Mem. at 12.

35 U.S.C. § 306 (2006) entitles a patent owner to seek “*court review* under the provisions of sections 141 to 145 of this title” (emphasis added), whereas 35 U.S.C. § 315 (2006) only authorizes a patent owner to “*appeal* under the provisions of sections 141 through 144 of this title.” *Id.* (emphasis added). “The text of 35 U.S.C. § 315 shows that Congress well knows how to

write a judicial review statute that provides for judicial review only by way of ‘appeal’ to the Court of Appeals, and 35 U.S.C. § 306 is not such a statute.” SSBG Mem. at 13.

Defendants’ opposition provides no response to the above points whatsoever, presumably because no credible response is possible. As SSBG has previously shown (SSBG Mem. at 13-14), Congress repeatedly considered amending 35 U.S.C. § 306 between 1994 and 1999 (*see* Dabney Decl. ¶¶ 11-19 & Exs. 10-18), but in the end decided to leave the existing *ex parte* reexamination provisions in Chapter 30 of the Patent Act intact. Instead, a wholly new, free-standing Chapter 31 of the Patent Act, entitled “Optional Inter Partes Reexamination Procedure,” was enacted as “Subtitle F” of the AIPA. The legislative history of the AIPA states in part: “Subtitle F leaves existing *ex parte* reexamination procedures in Chapter 30 of title 35 intact.” 145 Cong. Rec. 29972. *See* Dabney Decl. ¶ 22 & Ex. 21. Yet “Subtitle F” of the AIPA is the sole purported statutory basis for the challenged PTO Rules 1.303(a) and (d). The legislative history of the AIPA, in fine, is flatly contrary to defendants’ theory that Congress intended to “repeal” 35 U.S.C. § 306 by enacting the AIPA.

As noted above, defendants have sought to advance their “implied repeal” argument by presenting spurious purported quotations from page 135 of House Conference Report No. 106-464 (*see* Exhibit 2 hereto). The complete paragraph containing the false block quotations on pages 21 and 26-27 of defendants’ opposition reads:

Proposed section 315 prescribes the procedures for appeal of an adverse USPTO decision by the patent owner and the third-party requester *in an inter partes reexamination*. Both the patent owner and the third-party requester are entitled to appeal to the Board of Patent Appeals and Interferences (section 134 of the Patent Act), but only the patentee can appeal to the U.S. Court of Appeals for the Federal Circuit (§§ 141-144); either may also be a party to any appeal by the other to the Board of Patent Appeals and Interferences. The patentee is not entitled to the alternative of an appeal *of an inter partes reexamination* to the U.S. District Court for the District of Columbia. Such appeals are rarely taken from *ex parte* reex-

amination proceedings under existing law and its removal should speed up the process.

H.R. Conf. Rpt. 106-464, at 135 (excerpts annexed hereto as Exhibit 2) (emphasis added).

As is readily apparent, the above quotation provides no support whatsoever for defendants' assertion that Congress, in enacting the AIPA, intended to repeal or amend 35 U.S.C. § 306 or to change Chapter 30 of the Patent Act in any way. To the contrary, just as the statement of Senator Lott that accompanied the Senate Bill 1948 that actually became the AIPA (*see* Dabney Decl. ¶ 22 & Ex. 21) did, House Conference Report 106-464 similarly stated on page 133: "Subtitle F 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." *See* Exhibit 4 hereto. Here again, "Subtitle F" refers to Sections 4601-4608 of the AIPA (Dabney Decl. ¶ 21 & Ex. 20), which were subsequently codified in Chapter 31 of the Patent Act as 35 U.S.C. §§ 311-318.

Section 4605 of the AIPA simply does not and cannot bear the weight that the defendants seek to place on it. The "conforming amendments" in that section were enacted simultaneously with then-new Chapter 31 of the Patent Act, which introduced a new free-standing optional *inter partes* reexamination procedure. The then-new *inter partes* reexamination judicial review provision, 35 U.S.C. § 315, specified particular administrative and judicial review rights for patent owners and third-party requesters under 35 U.S.C. §§ 134 and 141. In enacting Subtitle F of the AIPA, Congress was at pains to make clear that it was *not* altering Chapter 30 of the Patent Act in any way.

For nearly 30 years, 35 U.S.C. § 306 has expressly entitled patent owners in *ex parte* reexamination proceedings to seek "court review under the provisions of sections 141 to 145 of this title" (emphasis added). That 35 U.S.C. § 145 does not *itself* provide patent owners with a

district court remedy, as defendants note (PTO Mem. at 22-23) is quite irrelevant; the source of the legal right to district court review in *ex parte* reexamination proceedings is § 306, not § 145. *See, e.g., Dome Patent, L.P. v. Doll*, No. 07-1695 (PLF), slip op. at 6 (D.D.C. Mar. 30, 2009) (upholding patent owner’s right to seek court review under 35 U.S.C. §§ 306 and 145);⁹ *Joy Techs., Inc. v. Manbeck*, 751 F. Supp. 225, 236 (D.D.C. 1990) (“Section 306 makes the court review provisions of section 145 applicable in reexamination proceedings”), *aff’d*, 959 F.2d 226 (Fed. Cir. 1992).

Congress can amend or repeal 35 U.S.C. § 306 any time it wishes to. The AIPA not only did not amend § 306, but its legislative history makes clear that Chapter 30 of the Patent Act was very deliberately left unamended by the AIPA. Giving effect to § 306 as written is entirely consistent with the “conforming amendments” that accompanied the enactment of the *inter partes* reexamination provisions that today are found in Chapter 31 of the Patent Act, 35 U.S.C. §§ 311-318. Patent owners in *ex parte* reexamination proceedings continue to have the judicial review rights that 35 U.S.C. § 306 has always provided. Patent owners in *inter partes* reexamination proceedings have the judicial review rights that 35 U.S.C. § 315 provides. It is as simple and straightforward as that.

“It is a cardinal principle of construction that repeals by implication are not favored.” *United States v. Borden*, 308 U.S. 188, 198 (1938). “When there are two acts upon the same subject, the rule is to give effect to both if possible.” *Id.* “It is not sufficient, as was said by Mr. Justice Story in *Wood v. United States*, 16 Pet. 342, 362, 363, ‘to establish that subsequent laws cover some or even all of the cases provided for by [the prior art]; for they may be merely affirmative, or cumulative, or auxiliary.’” *Id.* “There must be ‘a positive repugnancy between the

⁹ A copy of the *Dome* opinion is submitted as Exhibit 9 to the Dabney Decl.

provisions of the new law, and those of the old; and even then the old law is repealed by implication only *pro tanto* to the extent to the repugnancy.” *Id.* at 198-99.

Judged by these very stringent standards, the defendants’ “implied repeal” argument is plainly meritless. As set forth above, there is no “repugnancy” whatsoever between 35 U.S.C. § 306, 35 U.S.C. § 315, and the “conforming amendments” that accompanied the enactment of 35 U.S.C. § 315 in 1999. Defendants’ assertion that Congress purportedly “neglected to amend” § 306 in 1999 (PTO Mem. at 19) flies in the face of all contemporaneous evidence of record; and even if such “neglect” could be shown, that would not justify these defendants taking the law into their own hands and attempting to implement, by agency action, a legislative amendment that the PTO may regard as desirable.

PTO Rules 1.303(a) and (d) stand in clear conflict with 35 U.S.C. § 306, and are now revealed to be grounded in a theory that § 306 was “impliedly repealed” by the AIPA. The defendants’ position is unsupported, erroneous, and should be set aside.

CONCLUSION

SSBG’s motion for summary judgment should be granted, and defendants’ cross-motion for summary judgment should be denied.

Dated: November 9, 2009

FRIED, FRANK, HARRIS, SHRIVER
& JACOBSON LLP

By /s/ Tommy P. Beaudreau
James W. Dabney
Stephen S. Rabinowitz
Tommy P. Beaudreau (VA Bar # 41272)
John F. Duffy

1001 Pennsylvania Avenue, N.W., Suite 800
Washington, D.C. 20004
Telephone: (202) 639-7000
Fax: (202) 639-7003
Email: tommy.beaudreau@friedfrank.com

One New York Plaza,
New York, New York 10004
Telephone: (212) 859-8000
Fax: (212) 859-4000

Attorneys for Plaintiff

7495553

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of November, 2009, I will electronically file the foregoing Reply Memorandum in Support of Plaintiff's Motion for Summary Judgment and in Opposition to Defendants' Cross-Motion for Summary Judgment with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

DENNIS C. BARGHAAN, JR.
Assistant U.S. Attorney
2100 Jamieson Avenue
Alexandria, Virginia 22314
Telephone: (703) 299-3891
Fax: (703) 299-3983
Email: dennis.barghaan@usdoj.gov

Attorneys for Defendants

/s/ Tommy P. Beaudreau

Tommy P. Beaudreau (VA Bar # 41272)

Attorneys for Plaintiff
Sigram Schindler Beteiligungsgesellschaft
mbH

FRIED, FRANK, HARRIS, SHRIVER &
JACOBSON LLP
1001 Pennsylvania Avenue N.W.
Suite 800
Washington, D.C. 20004-2505
Phone: (202) 639-7000
Fax: (202) 639-7003
E-mail: tommy.beaudreau@friedfrank.com