

2008-1016

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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ARISTOCRAT TECHNOLOGIES AUSTRALIA PTY LIMITED  
and ARISTOCRAT TECHNOLOGIES, INC.,

Plaintiffs-Appellants,

v.

INTERNATIONAL GAME TECHNOLOGY  
and IGT,

Defendants-Appellees.

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Appeal from the United States District Court for the Northern District of  
California in Case No. 06-CV-3717, Judge Martin J. Jenkins.

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**BRIEF OF DEFENDANTS-APPELLEES**  
**INTERNATIONAL GAME TECHNOLOGY AND IGT**

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February 15, 2008

## **CERTIFICATE OF INTEREST**

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certifies the following:

1. The full names of every party or amicus represented by us are:  
  
International Game Technology and IGT.
  
2. The names of the real parties in interest represented by us are:  
  
N/A.
  
3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by us are:  
  
International Game Technology has no parent corporation, and no publicly held company owns 10 percent or more of its stock. IGT is a wholly owned subsidiary of International Game Technology.
  
4. The names of all law firms and the partners or associates that appeared for the parties or amicus now represented by us in the trial court or that are expected to appear in this Court are:

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## **STATEMENT OF RELATED CASES**

No other appeal in or from this civil action was previously before this or any other appellate court. No case is known to appellees' counsel to be pending in this or any other court that will directly affect or be directly affected by this Court's decision in the pending appeal.

## **STATEMENT OF THE ISSUES**

The district court held that the '215 patent is invalid because the Patent and Trademark Office ("PTO") revived the abandoned '215 application based on mere "unintentional" delay and the pertinent Patent Act provisions permit revival only for "unavoidable" delay. The questions presented are:

1. Whether a patent application abandoned for failure to comply with the deadlines set forth in 35 U.S.C. §§ 371(d) and 133 may be revived based on mere "unintentional" delay where those provisions provide for revival only for "unavoidable" delay.
2. If not, whether the '215 patent is invalid for having been improperly revived.
3. Alternatively, if revival was authorized based on mere "unintentional" delay, whether the petition to revive the '215 application, filed more than two years after notice of the abandonment, satisfied that standard.

## STATEMENT OF FACTS

The statement of facts offered by plaintiffs-appellants (collectively “Aristocrat”) does not fully describe Aristocrat’s repeated failures to comply with statutory deadlines, a fact essential to understanding the context of this appeal. Therefore, defendants-appellees (collectively “IGT”) offer the following statement of relevant facts.

### **A. The File Histories of the Patents-In-Suit**

U.S. Patent Number 7,056,215 (“the ’215 patent”) issued from U.S. Application Serial Number 07/462,717 (“the ’215 application”). JA29. The ’215 application is the national stage application in the United States from international application number PCT/AU98/00525, which was filed in Australia on July 8, 1998. *Id.* The Patent Cooperation Treaty application (“PCT application”) claimed priority to two Australian provisional patent applications, with an earliest priority date of July 8, 1997. *Id.* The PCT application was published on January 21, 1999.

Since the earliest claimed priority date of the PCT application is July 8, 1997, the 30-month deadline for entering the national stage would normally have been January 8, 2000. 35 U.S.C. § 371(b); PCT art. 39(1)(a). Because January 8 fell on a Saturday, the deadline under PTO practice was the following Monday, January 10. Aristocrat failed to file the required fee for entering the national stage

by that deadline. Instead, the PTO received the fee on January 11, 2000 and accordingly gave it that filing date. JA742 ¶ 7.

On April 10, 2000, Aristocrat filed a “Declaration and Power of Attorney” signed by inventor Scott Olive, naming Shahan Islam as one of its attorneys. JA724 ¶ 8. The PTO mailed a “Notice of Abandonment” of the ’215 Application on June 13, 2000, addressed to Islam. JA742 ¶ 9. The notice informed Islam that the application “was **ABANDONED** on 11 January 2000 for failure to pay the basic national fee 30 month[s] from the priority date for international application no. PCT/AU98/00525.” JA754 (emphasis in original). The notice also explained the procedure for filing a petition to revive. JA754-755.

Instead of filing a petition to revive, on September 15, 2000 Islam filed a “Petition Under 37 CFR § 1.10(c) or § 1.10(d) To Correct ‘Date-In’” of the ’215 application. JA744 ¶ 11. The PTO denied this petition in a notice mailed June 5, 2001 for failure to adduce appropriate evidence, such as an Express Mail receipt. JA757-759. The June 2001 notice expressly stated that the application remained abandoned. *Id.* Aristocrat then waited over 13 months — until July 18, 2002 — before submitting anything additional to the PTO on the ’215 application. JA745 ¶ 16.

On July 18, 2002, Islam filed a “Petition For Revival Of An Applicatio[n] For Patent Abandoned Unintentionally Under 37 CFR 1.137(b).” JA745 ¶¶ 17-18.

This petition contained an unsigned statement that the “entire delay” in filing the required reply until the filing of a grantable petition “was unintentional.” *Id.* at ¶ 20. In addition, Islam filed a Second Preliminary Amendment, a Petition for Accelerated Examination, and an Affidavit to support the latter. JA746 ¶¶ 22-25. Islam’s Affidavit avowed that he had made a pre-examination search in computerized databases. *Id.* at ¶ 25. These papers contained the same mailing address for Islam as the Petition to Correct “Date-In” filed in 2000, which also was the same mailing address to which the PTO sent the June 2001 petition denial. JA746-747 at ¶¶ 31-33. Without requesting further information, the PTO granted Aristocrat’s petition to revive on September 3, 2002. JA746 at ¶¶ 26-27. Following further prosecution, the ’215 patent issued on June 6, 2006. JA29.

U.S. Patent Number 7,108,603 (“the ’603 patent”) issued from U.S. Application Serial Number 11/102,427 (“the ’603 application”), which was filed April 8, 2005 as a continuation of the ’215 application. JA40. The ’603 Patent issued on September 19, 2006. *Id.*

The events central to this appeal, therefore, are as follows:

- The PCT application published January 21, 1999.
- The deadline to file the national stage fee and enter the national stage was January 10, 2000.

- Aristocrat missed that deadline, one that is well known to prosecuting patent attorneys.
- On June 13, 2000, the PTO mailed Aristocrat a notice that its application was abandoned under Section 371.
- Instead of filing a petition to revive, Aristocrat waited three months and filed a petition to change the filing date of its national stage fee without adequate supporting evidence.
- The PTO denied Aristocrat's petition in a notice mailed June 5, 2001.
- Aristocrat filed no papers for over a year thereafter.
- Over two years after the notice of abandonment, Aristocrat filed a revival petition based on unintentional delay on July 18, 2002, along with an amendment and a Petition for Accelerated Examination, which included an affidavit that its attorney had performed a pre-examination search.
- The PTO revived the application under the unintentional standard, and the '215 patent issued from the revived application.
- The '603 application was filed as a continuation of the '215 application and depends on the '215 application's priority chain.

## **B. The District Court Proceedings**

Aristocrat filed suit against IGT in June 2006, claiming that IGT's Fort Knox<sup>TM</sup> gaming machines infringed the '215 patent. Aristocrat amended its



complaint in December 2006 to further allege that IGT's Fort Knox<sup>TM</sup>, Jackpot Hunter<sup>TM</sup>, Party Time!<sup>TM</sup>, and Wheelionaire<sup>TM</sup> gaming machines infringed the '603 patent. In April 2007, IGT filed a motion for summary judgment of patent invalidity, contending that the '215 application was abandoned and never properly revived, making the '215 patent invalid, and also making the '603 patent invalid as a continuation dependent on non-abandonment of the '215 application.

The district court granted IGT's motion for summary judgment of patent invalidity. The court found that the plain language of 35 U.S.C. §§ 133 and 371 is "clear and unambiguous" in establishing that the "unavoidable" standard is the only allowable standard for revival under those provisions. JA12. The court also found nothing in the legislative history suggesting any Congressional intent to weaken the "unavoidable" delay requirement in Sections 133 and 371. JA12-13. The court rejected Aristocrat's view that the enactment of Section 41(a)(7), a fee statute, evinced Congress's intent to modify the appropriate standards for revival under Sections 133 and 371. JA14-16. The court therefore held that the '215 application could be lawfully revived only for "unavoidable" delay, and not for mere "unintentional" delay. JA13.

The district court also rejected Aristocrat's contention that improper revival is not an available invalidity defense under Section 282. The court explained that such a defense is appropriate under both Section 282(4), a "catch-all" provision

which authorizes an invalidity defense based on “[a]ny other fact or act made a defense by this title,” and Section 282(2), which authorizes an invalidity defense based “on any ground specified in part II of this title as a condition for patentability.” JA17-18.

In addition, the district court rejected Aristocrat’s contention that the PTO’s revival of an abandoned application is not subject to judicial review or, if it is, that the court must defer to the PTO’s view of its revival authority. The court explained that Aristocrat had not overcome the presumption that agency action is subject to judicial review with clear and convincing evidence of Congress’s intent. JA18-19. The court further explained that the PTO is not entitled to deference because it so clearly abused its discretion in reviving an abandoned petition under the incorrect standard. *Id.*

Finally, having ruled that the ’215 application was never lawfully revived, the court concluded that the ’603 patent could not receive the benefit of the priority date of the ’215 patent as it was not filed while the ’215 application was pending. Because the PCT application had published more than one year before the filing of the ’603 application, the PCT application was an invalidating reference under 35 U.S.C. § 102(b), making the ’603 patent invalid. JA25-26.

## SUMMARY OF THE ARGUMENT

The district court properly held that the '215 application was abandoned and never properly revived. The court also held, and the parties agree, that the validity of the '603 patent rests on the validity of the '215 patent.

### I.

The '215 patent was abandoned for failure to meet the deadlines set forth in 35 U.S.C. §§ 371(d) and 133. Those provisions expressly provide that abandoned applications can be revived only for “unavoidable” delay. That plain language bars revival for mere “unintentional” delay. Nothing in the text of 35 U.S.C. § 41(a)(7) leads to a different conclusion. That provision does not establish any revival standard. It merely lists fees to be paid when petitioning for revival under particular standards established elsewhere in the Patent Act.

### II.

Aristocrat offers a variety of reasons why it was proper for the PTO to revive the abandoned '215 application based on mere “unintentional” delay. None has any merit.<sup>1</sup>

A. Aristocrat first argues that improper revival is not an invalidity defense under 35 U.S.C. § 282. In fact, as the district court ruled, both Section

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<sup>1</sup> References to “Aristocrat’s” arguments also comprise those of its amici. However, Aristocrat’s amici do not support all of Aristocrat’s arguments, including those regarding the meaning of Sections 371(d) and 133 and the availability of an invalidity defense for improper revival.

282(4) and Section 282(2) authorize such a defense. Section 282(4) is a catch-all provision that authorizes an invalidity defense for “[a]ny other fact or act made a defense by this title.” Aristocrat’s failure to show “unavoidable” delay and the PTO’s failure to require such a showing are such facts or acts. Section 282(2) authorizes an invalidity defense “on any ground specified in part II of this title as a condition for patentability.” The deadline set forth in Section 133 falls “within part II of Title 35,” and revival of an abandoned application is a condition for patentability. In addition, whether the ’215 application was properly revived must be established to determine whether the published PCT application anticipated the claims of the ’603 patent; if so, the ’603 patent would fail to satisfy one of the “[c]onditions for patentability” expressly set forth in 35 U.S.C. § 102. The district court therefore had authority under Section 282 to review the PTO’s revival determinations. Moreover, the Administrative Procedure Act independently provides such authority, as this Court and other courts have held.

B. Aristocrat next argues that Section 371(d), which expressly bars revivals of abandoned applications except for “unavoidable” delay, implicitly incorporates an “unintentional” delay standard from the Patent Cooperation Treaty (“PCT”). Aristocrat waived that argument by not raising it below. In any event, nothing in the PCT authorizes revival of applications abandoned for failure to pay the national stage fee for mere “unintentional” delay. On appeal, Aristocrat relies

on a PCT rule that does not apply to the '215 application and, even if it did, would not have the effect asserted by Aristocrat. Aristocrat's further contention that the "equal treatment" mandate of 35 U.S.C. § 372 imposes the "unintentional" delay standard set forth in Section 111 on Section 371 is equally misplaced because Congress has not treated Sections 111 and 371 as equivalents. Indeed, whereas Congress amended Section 111 in 1994 to add an "unintentional" delay standard to the existing "unavoidable" delay standard, it did not so amend Section 371, which continues to authorize revivals only for "unavoidable" delay.

C. Aristocrat then contends that Section 41(a)(7) independently authorizes revival of abandoned applications for mere "unintentional" delay. Because that contention has no support in the text of that provision, Aristocrat relies primarily on legislative history. But legislative history can neither override the plain language of a statute nor create ambiguity where there is none in the statute. Moreover, the recited history confirms that Section 41(a)(7) merely specifies fees for petitions to revive abandoned applications that vary based on the applicable revival standard. Aristocrat argues that, unless the enactment of Section 41(a)(7) in 1982 independently authorized revivals based on mere "unintentional" delay, that provision would have been inoperable until 1994, when Section 111 was amended to authorize revivals based on "unintentional" delay. We show below that Aristocrat is wrong and that it is Aristocrat's construction that would

render meaningless a Congressional enactment. For example, Congress would have had no reason to amend Section 111 in 1994 to add an “unintentional” delay standard if Section 41(a)(7) already provided for that standard, as *Aristocrat* contends.

D. *Aristocrat* further argues that the PTO is entitled to *Chevron* deference on its view that Section 41(a)(7) independently authorizes revival of abandoned applications for mere “unintentional” delay. But as this Court has held, Congress has delegated only procedural — not substantive — rulemaking authority to the PTO, precluding it from obtaining deference on substantive issues of statutory construction. The statutory revival standard for abandoned applications is substantive because it materially affects the right to obtain a patent. No deference would be warranted in any event because the PTO’s construction is at odds with the plain language of Section 41(a)(7) and thus is unreasonable. Moreover, the PTO’s inconsistent views with respect to revival standards undermine any claim for deference it might otherwise have.

Finally, affirming the district court’s ruling would not give impermissible retroactive effect to a new principle of law, as amicus Neurotechnology Industry Organization (“NIO”) argues. It is well settled that judicial statutory constructions apply retroactively because they do not create new principles of law but rather state the meaning of the statute before and after the judicial decision.

### III.

Alternatively, even if the “unintentional” delay standard applied to the revival of the ’215 patent, the judgment below should be affirmed. The undisputed facts of record show that Aristocrat’s failure to comply with the six-month deadline in Section 133 for responses to PTO actions resulted from a deliberately chosen course of action. Hence, Aristocrat’s entire delay cannot have been “unintentional,” and the PTO abused its discretion in reviving the ’215 application.

### ARGUMENT

#### **I. THE ’215 PATENT IS INVALID BECAUSE THE PLAIN LANGUAGE OF THE PATENT ACT SHOWS THAT THE PTO EMPLOYED AN INCORRECT REVIVAL STANDARD.**

The district court properly ruled that revival of the abandoned ’215 application required a showing of “unavoidable” delay. JA12. The language of 35 U.S.C. §§ 371 and 133 clearly and unambiguously precludes revival based on any lesser standard, including “unintentional” delay. The district court also properly ruled that the plain language of another statute invoked by Aristocrat, 35 U.S.C. § 41(a)(7), merely “sets forth the amount of fees applicable for revival” (JA14) and does not, as Aristocrat contends, effectively repeal Sections 371 and 133 by authorizing revival of any abandoned patent application for mere “unintentional” delay. Because the plain statutory language demonstrates that the PTO improperly

revived the '215 application, the district court's ruling that the '215 patent is invalid should be affirmed.

**A. The Plain Language Of Sections 371(d) And 133 Requires A Showing Of “Unavoidable” Delay For Revival Of An Abandoned Patent Application.**

Where the words of a statute are unambiguous, “judicial inquiry is complete.” *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 461-62 (2002). No further statutory analysis is warranted because “the court, as well as the agency, must give effect to the unambiguously expressed intent of Congress.” *Board of Governors of Fed. Reserve Sys. v. Dimension Fin. Corp.*, 474 U.S. 361, 368 (1986).

As the district court ruled, the plain language of Sections 371(d) and 133 is “clear and unambiguous.” JA12. Section 371(d) states in relevant part:

The requirements with respect to the national fee referred to in subsection (c)(1) \* \* \* shall be complied with by the date of the commencement of the national stage or by such later time as may be fixed by the Director. \* \* \* Failure to comply with these requirements shall be regarded as abandonment of the application by the parties thereof, unless it be shown to the satisfaction of the Director that such failure to comply was unavoidable.

35 U.S.C. § 371(d). Section 133 states in full:

Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Director in such action, the application shall be regarded as abandoned by the parties thereto,



unless it be shown to the satisfaction of the Director that such delay was unavoidable.

35 U.S.C. § 133.

Thus, both sections provide that a patent application “shall” be deemed abandoned if specified deadlines are not met “unless” the applicant shows that the delay was “unavoidable.” The meaning of these provisions is clear on their face. The word “shall” in a statute “normally creates an obligation impervious to judicial discretion.” *Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26, 35 (1998); accord *National Ass’n of Home Builders v. Defenders of Wildlife*, 127 S. Ct. 2518, 2531 (2007). The word “unless” introduces a condition that must be satisfied to override the obligation. See *United States v. J. Gerber & Co.*, 436 F.2d 1390, 1394 (C.C.P.A. 1971). “Unavoidable” means “not preventable by the exercise of reasonable skill and diligence.” *Walls v. Merit Sys. Protection Bd.*, 29 F.3d 1578, 1582 (Fed. Cir. 1994). Thus, abandoned patent applications can be revived only if the applicant shows that the delay causing the abandonment was “unavoidable,” *i.e.*, not reasonably preventable. Neither provision authorizes revival based on a lesser standard, such as mere “unintentional” delay; indeed, the word “unintentional” nowhere appears in Section 371(d) or Section 133.

In sum, the two statutory provisions that are specifically directed to the type of abandonment that occurred here provide, in clear and unambiguous terms, that abandoned applications can be revived only for “unavoidable” delay. Thus, the

district court properly ruled that the PTO had no statutory authority to revive the '215 application based on mere “unintentional” delay.

**B. The Plain Language Of Section 41(a)(7) Sets Revival Fees, Not Revival Standards.**

Aristocrat offers no serious challenge to the above analysis of the plain meaning of Sections 371(d) and 133. Instead, it contends that a different statutory provision, 35 U.S.C. § 41(a)(7), independently authorizes the revival of abandoned patent applications based on mere “unintentional” delay. The plain language of Section 41(a)(7) refutes that contention.

Section 41, entitled “Patent fees; patent and trademark search systems,” is a fee provision found in Chapter 4 of the Patent Act, which is similarly entitled “Patent Fees; Funding; Search Systems.” Subsection 41(a) is entitled “General Fees” and provides that “[t]he Director shall charge the following fees.” Subparagraph (a)(7), entitled “Revival fees,” stated in full as initially enacted in 1982:

On filing each petition for the revival of an unintentionally abandoned application for a patent or for the unintentionally delayed payment of the fee for issuing each patent, \$500, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$50.

35 U.S.C. § 41(a)(7) (1982).<sup>2</sup>

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<sup>2</sup> The fees are now \$1500 and \$500, respectively.

Thus, by its plain terms, Section 41(a)(7) merely specifies that an applicant must pay one of two fees when petitioning for the revival of a patent application abandoned due to “unintentional” delay. The higher fee applies unless the revival petition is filed under Section 133 or 151, the only two provisions that, prior to the enactment of Section 41(a)(7), specified an “unavoidable” delay standard for revivals of abandoned applications. “Unintentional” means not “deliberately chosen.” Manual of Patent Examining Procedures (“MPEP”) § 711.03(c)II.C.1 (8th ed. 6th rev. 2007). “Unavoidable” delays are a “subset” of “unintentional” delays, namely, those that did not result from a lack of the “due care” expected of a “reasonably prudent person.” *Id.* at II.C.2; see *Ray v. Lehman*, 55 F.3d 606, 609 (Fed. Cir. 1995).

There is no language in Section 41(a)(7) that *establishes* any standard for revival or otherwise *modifies* the “unavoidable” delay requirement set forth in other provisions of the Patent Act, including Sections 371(d), 133, and 151. Its plain meaning is merely that specified fees must be paid when petitioning for revival under particular standards set forth elsewhere in the Patent Act. Two canons of construction support that plain meaning.

First, “normally the specific governs the general.” *Long Island Care At Home, Ltd. v. Coke*, 127 S. Ct. 2339, 2348 (2007); *Morales v. Trans World Airlines, Inc.*, 504 U.S. 374, 384 (1992). Applying this canon, the “unavoidable”

delay standard specifically mandated in Sections 371(d) and 133 to revive applications abandoned in the circumstances at issue here — failure to comply with national stage requirements or with the six-month prosecution deadline after notice of agency action — trumps any generalized reference to the “unintentional” delay standard in a fee provision like Section 41(a)(7).

Second, “repeals by implication are not favored and will not be presumed unless the intention of the legislature to repeal [is] clear and manifest.” *National Ass’n of Home Builders*, 127 S. Ct. at 2532. Yet, according to Aristocrat, Section 41(a)(7) impliedly repeals the mandates of Sections 371(d) and 133 that applicants show “unavoidable” delay, and it does so without *any* reference (much less a “clear and manifest” reference) to those mandates.

We address in Part II.C below Aristocrat’s legislative history and other arguments for its view that Section 41(a)(7) authorizes the PTO to revive any and all abandoned applications for mere “unintentional” delay. But the immediate and dispositive point is that the plain language of Sections 371(d), 133, and 41(a)(7) offers no support for that view, which should end the inquiry. See *Electrolux Holdings, Inc. v. United States*, 491 F.3d 1327, 1330 (Fed. Cir. 2007) (“If the language of the statute is clear and its meaning unambiguous, that is the end of our inquiry. The plain meaning is conclusive, and it is erroneous to explore the legislative history in pursuit of alternative meanings”).

## **II. THE DISTRICT COURT PROPERLY REJECTED ARISTOCRAT'S ARGUMENTS FOR VALIDITY.**

Aristocrat tries to overcome the plain language of Sections 371(d) and 133 by contending that improper revival is not an available validity defense; the PCT and 35 U.S.C. § 372 impose an “unintentional” delay standard on Section 371(d); Section 41(a)(7) independently authorizes revival of any abandoned patent application for mere “unintentional” delay; the PTO’s views on the proper revival standard warrant *Chevron* deference; and the district court’s ruling gives impermissible retroactive effect to a new principle of law. None of those contentions has any merit.

### **A. Improper Revival Is An Available Invalidity Defense.**

The district court properly rejected Aristocrat’s contention that improper revival of an abandoned patent application is not an available invalidity defense. JA17-18. 35 U.S.C. § 282 authorizes several categories of invalidity defenses, two of which apply to improper revivals of abandoned patent applications. The district court also properly rejected Aristocrat’s contention that improper revivals are not judicially reviewable at all. JA18-19.

#### **1. Section 282(4) authorizes an invalidity defense based on improper revival of an abandoned patent application.**

Section 282 states that “[t]he following shall be defenses in any action involving the validity or infringement of a patent,” and then lists three categories

of such defenses followed by a defense for “[a]ny other fact or act made a defense by this title.” 35 U.S.C. § 282(4).

This catch-all provision applies here. As explained above, Sections 371(d) and 133 of Title 35 provide that an abandoned patent application remains abandoned unless the applicant shows that the delays at issue were unavoidable. Aristocrat’s failure to make (or even attempt to make) the required showing is a “fact or act” that precludes the ’215 patent from being valid and thus is “made a defense by this title.” Further, the PTO’s improper revival is a “fact or act” that renders the ’215 application abandoned and thus the ’215 patent invalid.

Aristocrat argues that improper revival cannot be an invalidity defense under Section 282(4) because it is not expressly listed as a defense in Section 282 or elsewhere in the Patent Act. Blue Br. 17-18. But there would be no need for a catch-all provision like Section 282(4) if all available defenses were already specified elsewhere. As this Court has explained, Section 282 does not provide an exhaustive list of invalidity defenses:

Section 282 does not state that the list of invalidity defenses contained therein are the only ones available; the statute merely says “[t]he following shall be defenses.” The express words of section 282 therefore allow for the existence of other invalidity defenses.

*Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1584 (Fed. Cir. 1995). On that basis, the district court properly rejected Aristocrat’s cramped construction of

Section 282(4). Aristocrat attempts to escape from this Court's rejection of its position by labeling the *Quantum* explanation "dicta." Blue Br. 20. In fact, the Court squarely held that a violation of 35 U.S.C. § 305 is an invalidity defense despite the fact that "section 282 does not specifically mention section 305 as an invalidity defense." 65 F.3d at 1583. Aristocrat's view also has been rejected by the district court in *New York Univ. v. Autodesk, Inc.*, 466 F. Supp. 2d 563, 565 (S.D.N.Y. 2006), which explained that "improper revival" is "covered by th[e] catch-all language" in Section 282(4) and thus is an available invalidity defense.

Aristocrat argues that the district court's analysis "makes § 282(4) utterly boundless" and renders the other Section 282 subsections "superfluous." Blue Br. 16. That is not true at all. The bounds of Section 282(4) are set forth by its terms; it applies only to a "fact or act made a defense by this title." And this catch-all provision does not render the other subsections superfluous any more so than the many other catch-all provisions in federal statutes and codes. See 4B Wright & Miller, *FEDERAL PRACTICE & PROCEDURE* § 1134, at 332 (3d ed. 2002) (a "residual catch-all provision is by no means unusual and appears in a number of federal statutes"). For example, Federal Rule of Civil Procedure 60(b)(6), which authorizes relief from a final judgment for "any other reason that justifies relief," does not render the first five subdivisions of Rule 60 superfluous merely because it

“does not particularize the factors that justify relief.” *Liljeberg v. Health Servs. Acquisition Corp.*, 486 U.S. 847, 863-64 (1988).

It is Aristocrat’s reading that renders Section 282(4) superfluous. If, as Aristocrat claims, Section 282(4) pertains only to invalidity defenses expressly identified elsewhere in the Patent Act, then Section 282(4) has no independent role to play in authorizing such defenses. Yet, courts must give effect to “every clause and word of a statute.” *Safeco Ins. Co. v. Burr*, 127 S. Ct. 2201, 2210 (2007); *Duncan v. Walker*, 533 U.S. 167, 174 (2001) (rejecting construction that would render a statutory term “superfluous”).

**2. Section 282(2) also authorizes an invalidity defense based on improper revival of an abandoned patent application.**

Section 282(2) authorizes a defense based on “[i]nvalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability.” As the district court ruled, this defense applies here because “Section 133’s six-month deadline for prosecuting an application is specified within part II of Title 35.” JA18.

Aristocrat contends that Section 282(2) does not apply because proper revival of an abandoned patent is not “a condition for patentability.” Blue Br. 15. But it is simply common sense that a valid patent cannot issue where the patent application was abandoned and not properly revived. In fact, Section 101 expressly states that patentability is “subject to the conditions and requirements of



this title,” and one such condition and requirement is that there be a live application pending, as an abandoned application cannot mature to a granted patent. See 35 U.S.C. §§ 101, 111. Thus, proper revival of an abandoned patent application is necessarily “a condition for patentability.”

Furthermore, IGT challenges the validity of the '603 patent pursuant to 35 U.S.C. § 102, which is entitled “Conditions for patentability” and thus is unquestionably a defense authorized by Section 282(2). IGT contends that the published PCT application anticipated the claims of the '603 patent and thus is a statutory bar under Section 102(b). The district court cannot evaluate that challenge without determining whether the '215 application was properly revived. See *In re Hall*, 781 F.2d 897, 899 (Fed. Cir. 1986); *Urologix, Inc. v. ProstaLund AB*, 227 F. Supp. 2d 1033, 1040 (E.D. Wis. 2002); *Field Hybrids, LLC v. Toyota Motor Corp.*, 2005 WL 189710, at \*6-8 (D. Minn.), pet. dismissed, 153 F. App'x 714 (Fed. Cir. 2005). If it was not properly revived, the '215 application remained abandoned when the '603 application was filed in 2005, and the '603 patent could not claim priority back to the 1999 PCT publication date of the '215 application. See 35 U.S.C. § 120; *Baxter Int'l, Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1334 (Fed. Cir. 1998). As a result, pursuant to Section 102(b), the published '215 application would invalidate all claims of the '603 patent. The need to determine the

abandonment issue under Section 102(b) provides an additional reason why Section 282(2) authorizes IGT's invalidity defense.

**3. The cases cited by Aristocrat do not support its view that improper revival is not an invalidity defense.**

Aristocrat cites several cases for its view that improper revival is not an invalidity defense under Section 282. Blue Br. 17, 19-20. None of these cases provides Aristocrat with any support.

Aristocrat first cites *Mylan Pharms., Inc. v. Thompson*, 268 F.3d 1323 (Fed. Cir. 2001), which does not speak to the question at issue here. In *Mylan*, this Court rejected an asserted defense because its proponent did not even try to tie it to any defense set forth in Section 282, including "validity." *Id.* at 1331. Here, in contrast, IGT raises its improper revival defense to challenge the *validity* of the '215 patent under two subsections of Section 282.

Aristocrat next cites *Ferguson Beauregard/Logic Controls, Inc. v. Mega Sys., LLC*, 350 F.3d 1327 (Fed. Cir. 2003). But in that case the Court simply held that the defendant had not pled its defense of inequitable conduct with the required particularity. *Id.* at 1344. The Court did not hold or even suggest that improper revival of an abandoned patent application cannot serve as an invalidity defense.

Aristocrat also cites *Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956 (Fed. Cir. 1997). But the Court there rejected invalidity defenses based on mere "prosecution irregularities," in particular a failure to comply with "*the internal*

*rules of patent examination.*” *Id.* at 960 (emphasis added). *Magnivision* says nothing about the validity of a patent that issued after the revival of an abandoned application under the wrong *statutory* standard. The same is true of *Norian Corp. v. Stryker Corp.*, 363 F.3d 1321, 1329 (Fed. Cir. 2004), in which the Court explained that “flawed prosecution arguments” do not affect validity. The problem with the ’215 patent has nothing to do with “flawed prosecution arguments” but rather with the PTO’s failure to adhere to the “unavoidable” delay standard set forth in the applicable Patent Act provisions.

Finally, Aristocrat cites a completely inapposite case, *Ulead Sys., Inc. v. Lex Computer & Mgmt. Corp.*, 351 F.3d 1139 (Fed. Cir. 2003). In that case, the Court held that the PTO’s acceptance of a late fee payment was not reviewable to determine whether the patentee acted in good faith because the relevant PTO regulation did not authorize inquiry into good faith. *Id.* at 1149. That ruling says nothing about whether improper revival is an available defense, a question that does not implicate anyone’s good faith.

#### **4. Aristocrat’s policy arguments are meritless.**

Aristocrat further argues against an improper revival defense based on supposed policy grounds. None is valid.

According to Aristocrat, the “whole point” of the Patent Act’s application revival provisions is “the remediation of unintentional or unavoidable errors by

patent applicants.” Blue Br. 21. That may be. But Congress made such remediation more difficult for some types of abandonment than others by requiring a showing of “unavoidable” delay only in some provisions (§§ 371(d), 133, 151), including those at issue here. While Aristocrat tries to characterize the events giving rise to abandonment of the ’215 patent as “trivial errors” (Blue Br. 44-45), Aristocrat’s two years’ worth of noncompliance with statutory deadlines cannot reasonably be deemed trivial. The fact that Congress inscribed an “unavoidable” standard in Sections 371(d) and 133 shows that it meant to impose significant consequences, including invalidity for improper revival, for such flouting of statutory deadlines.

Aristocrat argues that patent applicants have no incentive to engage in delay because doing so decreases the life of a patent. Blue Br. 21-22. But if that were true, there would be no need for the prosecution laches doctrine, an established defense to validity. See *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 277 F.3d 1361, 1364-65 (Fed. Cir. 2002). Reducing unwarranted delay by patent applicants requires meaningful consequences for noncompliance with statutory deadlines.

Moreover, Aristocrat ignores the burdens imposed on the public by a failure to give teeth to statutory deadlines and revival requirements. See *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 301 F. Supp. 2d 1147, 1157 (D.

Nev. 2004) (“forcing patentees to file patent claims in a timely manner” protects the public), *aff’d*, 422 F.3d 1378, amended, 429 F.3d 1051 (Fed. Cir. 2005). Delays, lack of diligence on the part of applicants, and easy-to-revive abandonments reduce the efficiency of the PTO’s operations by increasing the workload of already overworked PTO examiners. And competitors who monitor applications are inevitably prejudiced by a failure to enforce the statutory standard. Given the “unavoidable” delay standard in Section 371(d), for example, competitors may reasonably assume that a failure to timely pay the required fee has resulted in an abandoned application that is unlikely to be revived, allowing them to treat the subject matter as fair game for use in a product under development. If subsequently sued for infringement, they would be severely prejudiced if barred from invoking improper revival as a defense.

Aristocrat further argues that the availability of defenses based on prosecution laches and inequitable conduct removes any reason to recognize an improper revival defense. Blue Br. 21. Aristocrat’s reference to those other defenses actually undermines its Section 282 argument, because neither laches nor inequitable conduct is specifically referenced in Section 282. Moreover, the scope of the laches and inequitable conduct doctrines is quite limited. See *Symbol Techs., Inc. v. Lemelson Med., Educ. & Research Found.*, 422 F.3d 1378, 1385, amended, 429 F.3d 1051 (Fed. Cir. 2005) (the prosecution laches doctrine “should

be used sparingly lest statutory provisions be unjustifiably vitiated”). If those defenses were sufficient, Congress would not have mandated abandonment for failure to meet specific deadlines or to specify different revival standards based on the type of abandonment.

Finally, Aristocrat contends that invalidation is too “extreme” a remedy for improper revival of abandoned applications. Blue Br. 22. But the Supreme Court recently rejected a similar argument, holding that a notice of appeal filed just two days after the statutory deadline barred a *habeas* appeal, even though the petitioner filed the notice by the deadline established by the district court. *Bowles v. Russell*, 127 S. Ct. 2360, 2366 (2007). The invalidation of a patent is certainly less draconian than refusing to allow a prisoner to argue for his freedom. As the Supreme Court explained, courts must enforce “rigorous rules,” even if they are “thought to be inequitable,” unless Congress provides otherwise. *Id.* at 2367. As explained above, there is nothing inequitable about the district court’s enforcement of the statutory standard here, and in any event it is up to Congress, not to the PTO or the courts, to modify that standard.

**5. The PTO’s revival decisions are not exempt from judicial review.**

In its district court briefing, Aristocrat argued that improper revival of an abandoned patent application is not subject to judicial review. JA18; JA628-29. However, at oral argument on IGT’s summary judgment motion, Aristocrat waived

that argument by acknowledging that courts may review PTO decisions that “exceeded its authority.” JA867.

Despite that admission, Aristocrat argues on appeal that the district court lacked authority under the Administrative Procedure Act (“APA”) to address the PTO’s revival of the ’215 application. Yet, the APA expressly empowers district courts to “set aside agency action” that is “in excess of statutory jurisdiction, authority, or limitations, or short of statutory right” or that is “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C. § 706. Those standards apply precisely to the question confronting the district court — whether a federal agency exceeded its statutory authority and abused its discretion by improperly reviving an abandoned patent application.

Indeed, this Court held in *Morganroth v. Quigg*, 885 F.2d 843, 845-46 (Fed. Cir. 1989), that the PTO’s *denial* of a petition to revive a patent application is “subject to review in the district court” under the APA’s “contrary to law” standard; see also *Ray*, 55 F.3d at 608. And the district courts consistently have held that the PTO’s *grants* of such petitions are subject to review under the APA. *E.g.*, *Autodesk*, 466 F. Supp. 2d at 564-65; *Arrow Int’l v. Spire Biomedical, Inc.*, 443 F. Supp. 2d 182, 185 (D. Mass. 2006); *Lawman Armor Corp. v. Simon*, 2005 WL 1176973, at \*3 (E.D. Mich. 2005), appeal dismissed, 172 F. App’x 319 (Fed. Cir. 2006); *Field Hybrids*, 2005 WL 189710, at \*6-8.

Aristocrat complains that IGT should have “pleaded an APA claim” and named the government as a defendant, and that IGT raised the APA issue “too late” by first addressing it in its district court reply brief. Blue Br. 23. In fact, IGT does not have an “APA claim”; it simply maintains that, as the courts cited above have held, the APA authorizes district courts to review the PTO’s rulings on petitions to revive abandoned patent applications. None of those cases requires that the government be named as a defendant in subsequent patent infringement litigation. See also *Ragsdale v. Wolverine World Wide, Inc.*, 535 U.S. 81, 86 (2002) (holding in case between private parties that “[a] regulation cannot stand if it is ‘arbitrary, capricious, or manifestly contrary to the statute’”). It would unduly burden the PTO if it had to be named a party to every patent infringement suit raising validity issues. IGT first invoked the APA in its reply brief because it had no reason to do so until Aristocrat argued in its response brief that PTO revival decisions are exempt from judicial review. The APA simply provides additional support for the authority given courts by Section 282 to hold patents invalid for improper revival of abandoned applications.

In sum, Aristocrat’s view that improper revival is not a defense to patent validity in infringement actions is wrong and would effectively abrogate established limits on agency action. Aristocrat’s efforts to block judicial review



can only be explained by its fear of a judicial ruling that the PTO lacked statutory authority to revive the '215 application other than for “unavoidable” delay.

**B. Section 371(d) Does Not Incorporate The “Unintentional” Delay Standard Through The PCT Or Section 372.**

Aristocrat’s approach to statutory construction is remarkably inconsistent. On the one hand, it seeks to *restrict* the plain meaning of Section 282, as demonstrated above. On the other hand, it seeks to *expand* the plain meaning of Sections 371(d) and 133 by adding the word “unintentional” to provisions devoid of that term, and of Section 41(a)(7) by transforming a recitation of fees into a substantive establishment of revival standards. Both deviations from the plain statutory language are impermissible.

**1. Section 371 does not authorize revival for mere “unintentional” delay through incorporation of the PCT.**

Aristocrat argues that Section 371 “expressly” authorizes the PTO to revive applications abandoned for unintentionally late national stage filing fees because Section 371 “incorporates the PCT by reference” and the PCT “explicitly” allows for unintentional delays. Blue Br. 25. Aristocrat cannot sustain those assertions.

First, Aristocrat cannot overcome the stubborn fact that Section 371(d) requires a showing that late payment of the national stage fee was “unavoidable” before an application abandoned on that basis can be revived. 35 U.S.C. § 371(d).

Second, for its incorporation argument, Aristocrat relies on a reference in Section 371(b) to PCT article 22(1), which purportedly “gives the PTO discretion to accept late filings” and, although it “does not specify a standard for showing delay,” “may be fairly read to encompass both ‘unavoidable’ and ‘unintentional’ delays.” Blue Br. 25-26. This strained argument, resting on what “may fairly be read” from a treaty provision that does not specify a standard, cannot overcome the plain language of Section 371(d) that requires “unavoidable” delay before an abandoned application may be revived. Furthermore, while Section 371(d) gives the PTO authority to promulgate regulations that allow more than 30 months to pay the national stage fee, the PTO has not done so. Hence, based on the plain statutory language, applications are abandoned if the fee is not paid by the commencement of the national stage, and they can be revived only if the delay was unavoidable. Nothing in the statute or the PCT authorizes revival of an application merely because the applicant unintentionally failed to file it on time.

Aristocrat attempts to circumvent its lack of support from the statute or treaty by invoking PCT Rule 49.6, which references reinstatement for “unintentional” delays. But even if Rule 49.6 could override the plain language of Section 371(d), it does not apply to the ’215 application. By its terms, Rule 49.6 does “not apply to any international application whose international filing date is before January 1, 2003” unless the application’s article 22(1) time limit “expires on

or after January 1, 2003.” PCT Rule 49.6 n.29, available at <http://www.wipo.int/pct/en/texts/rules/r49.htm>. Aristocrat’s PCT application was filed in 1998, and its Article 22(1) time limit expired in 2000. Even Aristocrat’s petition for revival was filed before the January 1, 2003 effective date of Rule 49.6. Accordingly, Aristocrat cannot rely on PCT Rule 49.6.

Furthermore, Rule 49.6(a) provides each country with the option to require unavoidable delay before reviving an abandoned application. It authorizes revival if the delay “was unintentional or, at the option of the designated Office, that the [delay] occurred in spite of due care required by the circumstances having been taken.” By requiring unavoidable delay for revival of an application abandoned for late filing of the national stage fee, Section 371(d) fully complies with Rule 49.6.

Finally, Aristocrat did not raise its PCT incorporation argument and did not even mention PCT Rule 49.6 in the district court, thereby waiving these points on appeal. See JA620; *Innogenetics, N.V. v. Abbott Labs.*, 2008 WL 151080, at \*9 n.5 (Fed. Cir. Jan. 17, 2008) (“We will not decide an issue raised for the first time on appeal”).

**2. Section 371 does not incorporate an “unintentional” delay standard from Section 372(a).**

Aristocrat incorrectly contends that Section 372(a) overrides the “unavoidable” delay requirement inscribed in Section 371. Section 372(a) states:

All questions of substance and, within the scope of the requirements of the [PCT] and Regulations, procedure in an international application designating the United States shall be determined as in the case of national applications regularly filed in the Patent and Trademark Office.

35 U.S.C. § 372(a). According to Aristocrat, this “same treatment” provision requires the same “unintentional or unavoidable” delay standard in addressing delays in national stage filings as provided to domestic applications by 35 U.S.C. § 111. Blue Br. 28. That contention has no merit.

First, Section 372(a) has remained unchanged since it was enacted in 1975. See Pub. L. 94-131 § 372(a), 89 Stat. 685 (1975). If it independently imposes the same revival standard inscribed in Section 111, as Aristocrat contends, Congress would have had no need to amend Section 371(d) in 1984 to authorize revival based on “unavoidable” delay. See Pub. L. 98-622 §§ 402-03, 98 Stat. 3383 (1984). At that time, Section 111 limited revivals to those based on “unavoidable” delay (see Pub. L. 97-247 § 5, 96 Stat. 317 (1982)), as the PTO itself recognized (see 48 Fed. Reg. 2696 (Jan. 20, 1983)).

Second, Congress has not treated Sections 371 and 111 as equivalents. Congress did not do so in 1982 when it amended Section 111 to allow revival of an abandoned application only for “unavoidable” delay. At that time, and until 1984, Section 371 did not authorize revival under any standard. Moreover, when Congress later added the “unintentional” delay standard to Section 111 in 1994, it

did not similarly amend Section 371(d), confirming that it intended to maintain the “unavoidable only” delay standard for Section 371(d). “Where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposefully in the disparate inclusion or exclusion.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

Third, simply because Sections 111 and 371 address filing requirements does not make them equivalent. In fact, they exhibit numerous differences. For example, the filing fee timing provisions are different. For U.S. applicants, although the fee is due when the application is submitted, payment of a surcharge allows the fee to be paid later (currently within two months from receipt of a formalities notice). 35 U.S.C. § 111(b)(3)(b); 37 C.F.R. § 1.53(f). In addition, payment of additional fees can extend the due date up to an additional five months. 37 C.F.R. § 1.17(a). In contrast, the national stage application fee for international applicants can be paid 18 months (or more, depending on whether an applicant waits until the final day to file the PCT application) after the filing of the PCT application designating the United States. 35 U.S.C. § 371(d); PCT art. 39(1)(a). Thus, an international applicant not only has substantially more time to file the fee, but also does not incur a financial penalty for filing at any time during the allowed period. An international applicant has the additional advantage of waiting until the

PCT search report and opinion have been issued to determine whether to pay the fee at all. See MPEP § 1893 (listing benefits available to applicants under § 371(d) that are unavailable to applicants under § 111).

There are other differences as well, including translation requirements imposed on foreign applicants whose specification was filed in a foreign language. Given these existing variations in requirements under Sections 111 and 371, Congress cannot have intended to subject these provisions to any “same treatment” requirement.

Aristocrat does not cite a single case that has ever accepted either of its incorporation arguments, and to our knowledge there is none. But the best reason not to accept those tortuous arguments is simply that Congress expressly required “unavoidable” delay for revival when it enacted Section 371 and has never amended it to authorize a lesser standard, as it did in 1994 when it amended Section 111.

**C. Section 41(a)(7) Does Not Independently Authorize The Revival Of Abandoned Patent Applications For Mere “Unintentional” Delay.**

As demonstrated above in Part I.A, Sections 371(d) and 133 expressly bar the PTO from reviving patent applications abandoned for delay in paying the national stage fee or in responding to PTO actions unless the delay was “unavoidable.” As further demonstrated above in Part I.B, Section 41(a)(7), by its

plain language, merely establishes fees for petitions to revive abandoned patent applications. As the district court explained, Section 41 “does not state, or otherwise indicate, an intent to change or curtail the ‘unavoidable’ standard set forth in Sections 133 and 371.” JA14. Aristocrat nevertheless offers an array of arguments to try to transform Section 41(a)(7) into an implicit authorization to grant such petitions based on mere “unintentional” delay. Because those arguments conflict with the plain statutory language, they should be rejected on that basis alone. In any event, Aristocrat’s arguments do not withstand scrutiny.<sup>3</sup>

### **1. The statutory text**

Aristocrat first argues that, based on its plain language, Section 41(a)(7) “created an additional, separate standard by which applicants could choose to revive an abandoned application.” Blue Br. 33. Aristocrat can point to no textual support for that assertion because no language in Section 41(a)(7) even purports to *create* any revival standard. It simply lists fees that vary depending on the provision under which the applicant seeks revival.

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<sup>3</sup> Aristocrat’s lead counsel on this appeal previously has rejected Aristocrat’s construction of Section 41(a)(7). He told the court in *Autodesk* that Section 41(a)(7) is simply a fee statute that does not authorize the revival of applications abandoned for mere unintentional failure to comply with the deadline in Section 133. He also argued that “[i]mproper revival under Section 133 of a deliberately abandoned patent certainly falls within this category” of invalidity defenses under Section 282(4). See *Autodesk, Inc.’s Opposition to Plaintiff’s Motion to Dismiss and Strike Autodesk’s Affirmative Defenses and Counterclaim of Improper Revival* 8 (S.D.N.Y.), 2006 WL 3618760; *Memorandum of Law in Support of Autodesk Inc.’s Motion for Summary Judgment* 12 n.2 (S.D.N.Y.), 2007 WL 1369557.

Aristocrat posits an “irreconcilable” conflict between Sections 371(d)/133 and Section 41(a)(7) unless the latter is construed to create an “unintentional” delay standard. Blue Br. 34. But there is no conflict at all. The fees listed in Section 41(a)(7) vary depending on the type of abandonment at issue, with the revival standards for each type of abandonment set forth elsewhere in the Patent Act. See *Ray*, 55 F.3d at 609 (contrasting § 133, which “addresses situations in which an application becomes abandoned for failure of the applicant to respond in some way to an action taken by the PTO,” with § 41 subsection that “deals with the payment of fees to maintain the life of a patent”).

Some provisions of the Patent Act authorize revival only for “unavoidable” delay, some authorize revival for mere “unintentional” delay, and some authorize revival under either standard. An applicant who seeks revival of an application abandoned for failure to timely pay the national stage fee, to timely respond to a PTO action, or to timely pay the patent issuance fee must satisfy the “unavoidable” delay standard inscribed in Section 371(d), 133, or 151 and pay the corresponding fee under Section 41(a)(7). An applicant who seeks revival of an application abandoned for failure to timely file the notice of foreign filing required by Section 122(b)(2)(B)(iii) must satisfy the “unintentional” delay standard set forth in that provision and pay the higher fee under Section 41(a)(7). See also MPEP § 1124(C). An applicant who seeks revival of an application abandoned for failure



to submit the fee and oath required by Section 111 must satisfy either the “unavoidable” or the “unintentional” delay standard set forth in Section 111(a)(4) and pay the corresponding fee under Section 41(a)(7). These provisions harmonize perfectly, refuting any need to hunt for implicit meaning in Section 41(a)(7).

## 2. Legislative history

With no viable textual argument, Aristocrat tries to rely on legislative history. The Court need not follow Aristocrat down that path because legislative history has no role to play where the textual meaning is clear. See *Van Wersch v. Department of Health & Human Servs.*, 197 F.3d 1144, 1152 (Fed. Cir. 1999) (legislative history cannot “trump the irrefutably plain language that emerged when Congress actually took pen to paper”).

Aristocrat seeks to *inject* ambiguity into the text of Section 41(a)(7) through its reading of legislative history. But legislative history cannot be used to create ambiguity where there is none in the statute. *United States v. Kung Chen Fur Corp.*, 188 F.2d 577, 584 (C.C.P.A. 1951) (legislative history “properly may be invoked only after ambiguity has been found to exist,” not to “create ambiguity”); *Railroad Comm’n v. Chicago, B. & Q. R.R.*, 257 U.S. 563, 589 (1922) (legislative history may be used only “to solve doubt and not to create it”); accord *United States v. Sioux*, 362 F.3d 1241, 1247 (9th Cir. 2004); *In re Sinclair*, 870 F.2d 1340, 1344 (7th Cir. 1989). Moreover, Aristocrat misconstrues the history it recites.

The House Report on which Aristocrat relies makes clear the limited purpose of Section 41(a)(7): “This section establishes certain statutory fees \* \* \*.” H.R. Rep. No. 97-542, at 5 (1982), reprinted in 1982 U.S.C.C.A.N. 765, 769. Aristocrat’s additional quotations from the House Report simply reprise the statutory text. For example, the House Report’s statement that “Section 41(a)(7) establishes two different fees for filing petitions with different standards to revive abandoned patent applications” (*id.* at 6) confirms that Section 41(a)(7) merely tells the PTO what *fee* to charge for revival petitions filed pursuant to particular standards. To determine the appropriate *standard* for a particular type of revival petition, the PTO (and applicant) must consult the appropriate substantive provision, *e.g.*, Section 111(a)(3), 122, 133, 151 or 371(d). Even if the snippets Aristocrat cites from the House Report could suggest any ambiguity on this point, that would not constitute the “extraordinary showing” required to overcome the plain meaning of the statutory text. *Hoechst-Roussel Pharms. v. Lehman*, 109 F.3d 756, 760-61 (Fed. Cir. 1997).

Amicus NIO relies on a legislative report accompanying the Trademark Law Treaty Implementation Act of 1998. NIO Br. 18. But “it is well settled that the views of a subsequent Congress form a hazardous basis for inferring the intent of an earlier one” (*Russello v. United States*, 464 U.S. 16, 26 (1983)), and thus “the view of a later Congress cannot control the interpretation of an earlier enacted

statute.” *O’Gilvie v. United States*, 519 U.S. 79, 90 (1996); accord *Huffman v. Office of Personnel Mgmt.*, 263 F.3d 1341, 1354 (Fed. Cir. 2001). Thus, the meaning of Section 41(a)(7), enacted in 1982, cannot be construed through the lens of a legislative report involving a different (and not even a patent) statute enacted 16 years later.

The same problem derails NIO’s attempt to rely on the legislative history of a 1999 amendment to Section 41(a)(7). NIO suggests that the 1999 amendment, by adding a fee for an “unintentionally” delayed response in a reexamination proceeding, implicitly altered the pre-existing “unavoidable” delay standard that 35 U.S.C. § 305 supposedly authorized through its incorporation of Section 133. NIO Br. 16-17. But Section 305 does not incorporate the “unavoidable” *standard* of Section 133; it says only that reexaminations shall be conducted “according to the *procedures* established for initial examination under the provisions of sections 132 and 133.” (Emphasis added.) By not mandating any standard for revival of terminated reexaminations, Section 305 authorizes revivals based on “unintentional” delay, as the 1999 fee amendment recognizes. NIO’s contention that Congress enacted the 1999 amendment to overturn an eleven-year-old decision by the PTO, *In re Katrapat*, 6 U.S.P.Q.2d 1863, 1988 WL 252497 (Comm’r Pat. 1988), has no support from the House or Senate Reports, which do not mention

*Katrapat*. In short, NIO's argument is not only convoluted and impermissibly based on subsequent legislative history, but wrong.

Aristocrat further contends that Congress has ratified the PTO's view that Section 41(a)(7) independently authorizes revivals based on mere "unintentional" delay. It argues that Congress has done nothing to disturb 37 C.F.R. § 1.137(b), the PTO regulation implementing that view. Blue Br. 37; PTO Br. 30. But "congressional inaction is perhaps the weakest of all tools for ascertaining legislative intent, and courts are loath to presume congressional endorsement unless the issue plainly has been the subject of congressional attention." *Butterbaugh v. Department of Justice*, 336 F.3d 1332, 1342 (Fed. Cir. 2003). Indeed, "the Supreme Court has repeatedly cautioned against using congressional silence alone to infer approval of an administrative interpretation." *Schism v. United States*, 316 F.3d 1259, 1295 (Fed. Cir. 2002) (en banc) (citing Supreme Court cases). To infer Congressional acquiescence requires a showing "that Congress as a whole was made aware of the administrative construction or interpretation and did not act on contrary legislation despite having this knowledge." *Id.* at 1297 (rejecting argument based on Congressional acquiescence for lack of such a showing). Aristocrat has not even attempted to make any such

showing, nor could it, because there is no record of Congress being confronted with the PTO's regulation and rejecting a proposal to overturn it.<sup>4</sup>

### **3. Statutory history**

Aristocrat's primary argument rests on what it sees as a problem in the statutory history. According to Aristocrat, Section 41(a)(7) must independently authorize revival based on mere "unintentional" delay because otherwise it would have been "wholly inoperable from 1982 until 1994, when the word 'unintentional' was first placed into § 111." Blue Br. 39.

In fact, the revival fee for "unintentional" delay in Section 41(a)(7) does not lack a rational basis, notwithstanding that no provision of the Patent Act expressly authorized revival for mere unintentional delay during the 1982-1994 period. First, Section 133 mandates the "unavoidable" delay revival standard only for abandonment due to a failure to prosecute an application "within six months" after an agency action. It gives the PTO discretion to set a shorter time (so long as it is at least 30 days) and says nothing about the revival standard for applications abandoned pursuant to such shorter deadline, thereby giving the PTO discretion to revive applications abandoned for mere "unintentional" delay in those

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<sup>4</sup> Aristocrat cites CHISUM ON PATENTS in support of its legislative history argument. Blue Br. 41. But if legislative history cannot overcome the plain meaning of a statute, academic commentary on such legislative history certainly cannot do so. See, e.g., *Symbol Techs.*, 277 F.3d at 1365 (rejecting view of CHISUM ON PATENTS that prosecution laches is not an available invalidity defense).

circumstances.<sup>5</sup> Second, the 1982 Congress may have set a fee for the revival of unintentionally abandoned applications because it recognized that the PTO may provide for non-statutory abandonments and revive applications unintentionally abandoned on that basis. In 1988, for example, the PTO provided for non-statutory abandonment and revival in the context of a failure to comply with formal drawing requests. See 37 C.F.R. § 1.85. Third, Congress may have foreseen the possibility that it would authorize revival for mere “unintentional” delay in the future, as it did in Section 111 in 1994, and presciently set a fee for such revivals. Thus, it is not true, as Aristocrat contends, that no sense can be made of the 1982 amendment unless its fee language is taken to mean independent establishment of a new revival standard.

It is Aristocrat’s construction that cannot be reconciled with the history of these provisions. If Aristocrat were right that Section 41(a)(7) independently has authorized revival for mere “unintentional” delay since 1982, then Congress’s amendment to Section 111 in 1994, which added an “unintentional” delay standard to the existing “unavoidable” delay standard under that provision, would have been entirely superfluous.

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<sup>5</sup> The PTO currently sets non-extendable one-month deadlines for office actions on applications in the accelerated examination program, and commonly sets three-month extendable (to six months total) deadlines for office actions on other applications.

In 1982, at the same time Section 41(a)(7) was enacted, Congress amended the Patent Act to provide that applications abandoned for failure to timely pay the application fee prescribed by Section 111 could be revived only if the applicant showed the delay to have been “unavoidable.” Pub. L. 97-247 (Aug. 27, 1982). In 1994, Congress amended Section 111 to give an applicant seeking revival of an application abandoned under that provision the option to revive under either the “unavoidable” or “unintentional” delay standard. Uruguay Round Agreement Act, Pub. L. 103-465, Title V, Subt. C, § 532(b)(3), 108 Stat. 4809 (Dec. 8, 1994). If Section 41(a)(7) already gave the PTO authority to revive any application abandoned unintentionally, there would have been no reason for Congress to explicitly add the “unintentional” standard to Section 111 in 1994.<sup>6</sup> Significantly, Congress did not similarly amend Section 371(d) but instead continued to require “unavoidable” delay for revival of an abandoned application under that provision.

Similarly, if Section 41(a)(7) already authorized revival of any application abandoned for mere “unintentional” delay, as Aristocrat contends, then Congress would have had no reason to amend Section 122 in 1999 to authorize revival of

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<sup>6</sup> This 1994 amendment authorized the same “unintentional” delay option that the PTO already had adopted in amended rules finalized in 1993 (which formalized an existing waiver dating to December 1990). See 58 Fed. Reg. 44277-01 (Aug. 20, 1993); 1121 Off. Gaz. Pat. Office 6 (Nov. 5, 1990). The timing suggests that Congress did not believe that the PTO had the authority to offer an “unintentional” delay option under Section 111 and therefore amended Section 111 to give it that authority.

applications abandoned for an “unintentional” failure to give timely notice of foreign publication. Consolidated Appropriations Act, Pub. L. 106-113, div. B, § 1000(a)(9), tit. IV § 4502(a), 113 Stat. 1501, 1501A-561 (1999). As these amendments to Sections 111 and 122 demonstrate, when Congress has intended to authorize revival for mere “unintentional” delay, it has said so in the applicable statute, refuting Aristocrat’s view that Congress did so across-the-board in one fee statute.

In addition, there is no stopping point to Aristocrat’s construction of Section 41(a)(7). If that fee provision independently authorizes revivals of all abandoned applications under an “unintentional” standard, as Aristocrat contends, then it must authorize the PTO to revive provisional applications that were unintentionally abandoned. Yet, Section 111(b)(5), which like Section 371(d) was amended after the enactment of Section 41(a)(7), expressly states that such provisional applications “shall *not* be subject to revival.” 35 U.S.C. § 111(b)(5) (emphasis added). Aristocrat’s construction of Section 41(a)(7) would render that unambiguous bar meaningless.

Furthermore, if Section 41(a)(7) independently authorized revival of abandoned patent applications for mere “unintentional” delay, then Congress’ amendment to Section 371 in 1984, which authorized revival only of applications abandoned for “unavoidable” delay, would have overridden Section 41(a)(7) with



respect to abandonments for failure to timely pay the national stage fee. See Patent Law Amendment Act, Pub. L. 98-622 §§ 402-03, 98 Stat. 3383 (Nov. 8, 1984).

At bottom, this case should be decided based on the plain statutory meaning. It is undisputed that Sections 371(d) and 133 provide for revival only on the basis of “unavoidable” delay. The plain language of Section 41(a)(7) does not purport to establish any standard for revival, instead simply listing fees depending on the standard applicable for a particular revival. As demonstrated above, Aristocrat is wrong to claim that this plain meaning reading of Section 41(a)(7) would render that provision’s revival fee for “unintentional” delay meaningless from 1982-1994. It is Aristocrat’s own construction that would render meaningless Congress’s 1994 amendment of Section 111 and 1999 amendment of Section 122.

Moreover, the ’215 application was abandoned and revived in *this* century, not the last. Thus, the immediate question is what these statutes currently mean with respect to revivals of abandoned applications. Even if there were an operability issue for a short period after 1982 (there is not, as demonstrated above), there is no obstacle to giving effect to the plain meaning of Sections 371(d), 133, and 41(a)(7) *now*. Even if a “statute may be imperfect,” an agency “has no power to correct flaws that it perceives” but rather must give effect to “the final language of the legislation,” which “may reflect hard-fought compromises.” *Board of Governors*, 474 U.S. at 374-75. Courts, too, “are not at liberty to pick and choose

among congressional enactments, and when two statutes are capable of co-existence, it is the duty of the courts, absent a clearly expressed congressional intention to the contrary, to regard each as effective.” *Pittsburgh & Lake Erie R.R. v. Railway Labor Execs. Ass’n*, 491 U.S. 490, 510 (1989); accord *J.E.M. AG Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124, 143-44 (2001). With those principles in mind, this Court should hold, based on the plain language of Sections 371(d) and 133, that applicants must show “unavoidable” delay to revive petitions abandoned for failure to timely pay the national stage fee or to timely prosecute an application after an agency action. That holding will enable those provisions to co-exist harmoniously with Section 41(a)(7), which sets the fee based on the revival standard.

**D. The PTO’s Interpretation Of Section 41(a)(7) Is Not Entitled To Deference.**

Shortly after Section 41(a)(7) was enacted, the PTO adopted a regulation that, in its view, implements Section 41(a)(7) by authorizing it to revive all abandoned applications, including those subject to Sections 371(d) and 133, no matter whether they were abandoned unavoidably or unintentionally. See 37 C.F.R. § 1.137. Aristocrat and the PTO claim that this regulation and the PTO’s construction of Section 41(a)(7) are entitled to *Chevron* deference. Blue Br. 42-44; PTO Br. 24-27. They are wrong for several reasons.

First, substantive constructions of the Patent Act by the PTO are not entitled to *Chevron* deference. “A precondition to deference under *Chevron* is a congressional delegation of administrative authority.” *Adams Fruit Co. v. Barrett*, 494 U.S. 638, 649 (1990); accord *Killip v. Office of Personnel Mgt.*, 991 F.2d 1564, 1569 (Fed. Cir. 1993). Congress has not granted the PTO substantive rulemaking authority but rather only procedural rulemaking authority. As this Court has explained, “the broadest of the PTO’s rulemaking powers” is limited to “the conduct of proceedings in the [PTO].” *Merck & Co. v. Kessler*, 80 F.3d 1543, 1549-50 (Fed. Cir. 1996); see 35 U.S.C. § 2(b)(2) (authorizing the PTO to establish regulations that “govern the conduct of proceedings in the Office”). The Patent Act “does NOT grant the [PTO] the authority to issue substantive rules.” *Merck*, 80 F.3d at 1550 (emphasis in original); accord *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 931 (Fed. Cir. 1991). Congress has confirmed that the PTO’s authority is limited to issuing procedural regulations by rejecting recent proposals to grant the PTO substantive rulemaking authority. See, e.g., H.R. 109-2795 § 8 (2005) (unsuccessful resolution to grant PTO substantive authority to limit continuation applications).

In *Merck*, this Court refused to grant *Chevron* deference to the PTO’s interpretation of the applicability of 35 U.S.C. §§ 154 and 156. The Court explained that Congress had “not vested the Commissioner with any general

substantive rulemaking power,” and thus “the rule of controlling deference set forth in *Chevron* does not apply” to PTO interpretations of substantive provisions of the Patent Act. *Merck*, 80 F.3d at 1550. Similarly, in *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340-41 (Fed. Cir. 2004), the Court reviewed the PTO’s interpretation of the “first commercial marketing” requirement of 35 U.S.C. § 156(a)(5)(A) “without deference.”

Here, too, the PTO’s interpretation of the Patent Act to authorize revival of any abandoned application for mere “unintentional” delay is an attempt to exercise substantive authority that Congress has not conferred on it. Just as Congress “did not delegate authority to the [Social Security] Commissioner to develop new guidelines [that are] inconsistent with the [Social Security] statute” (*Barnhart*, 534 U.S. at 462), Congress did not delegate authority to the PTO to develop revival standards based on its own construction of the Patent Act. Accordingly, the PTO has no authority to construe Section 41(a)(7) to establish substantive revival standards.<sup>7</sup>

The revival standard is substantive, not merely procedural, because it materially affects the substantive right to obtain a patent. See *Animal Legal*

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<sup>7</sup> The PTO’s lack of substantive rulemaking authority is consistent with Congress’s grant of exclusive jurisdiction over patent matters to this Court. See S. Rep. No. 97-275, at 6 (1981) (recognizing, in establishing the Federal Circuit, the “benefit of expertise in highly specialized and technical areas”), reprinted in 1982 U.S.C.C.A.N. 11, 16. There is less reason to defer to an agency where the Court itself has substantive patent law expertise.

*Defense Fund*, 932 F.2d at 927 (a rule is substantive when its statutory interpretation “affects individual rights and obligations”). If an abandoned application can be revived only if the delays leading to abandonment were “unavoidable,” as Sections 371(d) and 133 expressly say, an application abandoned for mere “unintentional” delay could not mature into an issued patent. 35 U.S.C. § 111. That impact on “individual rights and obligations” is about as substantive a consequence for patent applicants as one could imagine. For that reason, the PTO’s citation to this Court’s *Morganroth* decision to support its deference argument (PTO Br. 19) is unavailing. In that case, the PTO did not construe the Patent Act, as it did here, to authorize a substantive standard not specified in the statute; to the contrary, it *rejected* the plaintiff’s contention that the statute did so. *Morganroth*, 885 F.2d at 847-48.

Second, the PTO’s interpretation cannot be reconciled with the plain language of the pertinent Patent Act provisions and thus is not reasonable. Courts do not defer to agency interpretations of statutes that deviate from the plain statutory meaning. See *Barnhart*, 534 U.S. at 462 (“In the context of an unambiguous statute, we need not contemplate deferring to the agency’s interpretation”); *In re Recreative Techs.*, 83 F.3d 1394, 1397 (Fed. Cir. 1996) (“courts must reject administrative constructions [that] are inconsistent with the statutory mandate”). As explained above, the plain language of Sections 371(d)

and 133 limits revival to applications abandoned for “unavoidable” delay, and there is no language in Section 41(a)(7) that establishes any different standard. Just as “no amount of agency expertise [can] make the words ‘legal right’ mean a right to do something ‘as a matter of practice’” (*Board of Governors*, 474 U.S. at 368), so the PTO cannot transform the establishment of “fees” into the establishment of “standards.”

A third reason not to accord deference to the PTO’s current view is that the agency did not initially view Section 41(a)(7) as broadly authorizing revival for mere “unintentional” delay. Inconsistent statutory constructions by an agency undermine any claim to deference. “An agency interpretation of a relevant provision which conflicts with the agency’s earlier interpretation is entitled to considerably less deference than a consistently held agency view.” *INS v. Cardoza-Fonseca*, 480 U.S. 421, 446 n.30 (1987).

Immediately after enactment of the 1982 amendments creating Section 41(a)(7) and authorizing revival of abandoned applications under Section 111 for “unavoidable” delay, the PTO adopted a regulation stating that “Section 111 requires that any delay in submission of the fee and oath be shown to be unavoidable” and that “revival where abandonment was unintentional is inapplicable.” 48 Fed. Reg. 2696 (Jan. 20, 1983). That interpretation, which expressly recognized that Section 41(a)(7) did not create a Section 111 revival

option based on mere “unintentional” delay, stood for at least seven years, when the PTO unofficially changed its view. See 1121 Off. Gaz. Pat. Office 6 (Nov. 5, 1990). Another three years elapsed before the PTO’s new position was embodied in a formal regulation. See 58 Fed. Reg. 44277-01 (Aug. 20, 1993). The PTO’s contemporaneous view that Section 41(a)(7) did not permit revivals for “unintentional” delay under Section 111 conflicts with its current position that Section 41(a)(7) broadly authorizes revival of any application abandoned for mere “unintentional” delay. It also conflicted even then with its view that Section 41(a)(7) authorized revival for mere “unintentional” delay under Sections 133 and 151 and (as of 1984) under Section 371(d), the “national stage” cognate of Section 111. Such unexplained inconsistency forfeits any deference to which the PTO might otherwise be entitled. Although “[a]n initial agency interpretation is not carved in stone,” when it changes course “it must adequately explain the reason for a reversal of policy.” *Nippon Steel Corp. v. Int’l Trade Comm’n*, 494 F.3d 1371, 1377 n.5 (Fed. Cir. 2007). The PTO has not done so and thus cannot claim deference for its current view.

Finally, the fact that 37 C.F.R. § 1.137(b) is longstanding does not entitle it to deference if it conflicts with the plain meaning of the pertinent Patent Act provisions. As the Supreme Court has repeatedly emphasized, “[a] regulation’s age is no antidote to clear inconsistency with a statute” (*Brown v. Gardner*, 513

U.S. 115, 122 (1994)), and “[e]ven contemporaneous and longstanding agency interpretations must fall to the extent they conflict with statutory language.” *Public Employees Retirement Sys. v. Betts*, 492 U.S. 158, 171 (1989). Thus, the fact that the PTO long has claimed broad revival authority based on mere “unintentional” delay does not support deference because the Patent Act mandates revival only if the delays specified in Sections 371(d) and 133 were “unavoidable.”

**E. Affirming The District Court Would Not Give Retroactive Effect To A New Principle Of Law.**

Aristocrat suggests in a footnote (Blue Br. 30 n.9) and amicus NIO argues at length (NIO Br. 19-27) that the district court’s ruling would have an impermissible retroactive effect. NIO contends that the district court established a “new principle of law” that would reverse longstanding PTO practice to allow revival of all patent applications abandoned unintentionally and thereby affect thousands of existing patents. That argument is without merit.

“[J]udicial interpretations of existing statutes and regulations are routinely given retroactive application.” *SKF USA, Inc. v. United States*, 2008 WL 62236, at \*4 (Fed. Cir. Jan. 7, 2008). Applying such decisions retrospectively “is overwhelmingly the norm” (*James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529, 535 (1991)) because they state the meaning of the statute “before as well as after the decision of the case giving rise to that construction.” *Rivers v. Roadway Exp., Inc.*, 511 U.S. 298, 312-13 (1994); accord *Harper v. Va. Dep’t of Taxation*,



509 U.S. 86, 94 (1993); *Halpern v. Principi*, 384 F.3d 1297, 1302-03 (Fed. Cir. 2004).

A narrow exception to that general rule is where the decision sets forth “a new principle of law.” *Chevron Oil Co. v. Huson*, 404 U.S. 97, 106-07 (1971). A decision establishes a new principle of law if it “overrul[es] clear past precedent on which litigants may have relied or by deciding an issue of first impression whose resolution was not clearly foreshadowed.” *Id.* at 106. The district court’s decision does not overrule clear precedent, and its resolution was clearly foreshadowed by the plain statutory language itself. Aristocrat and its amici do not cite a single case where this Court or the Supreme Court held that the PTO has the authority to revive applications abandoned due to a mere unintentional failure to satisfy the requirements of Sections 371(d) or 133.<sup>8</sup>

The only purported “principle of law” that the district court’s decision would overthrow is in the PTO’s own regulations. See NIO Br. 21-22. Where the issue is whether such regulations comport with statutory requirements, the regulations themselves cannot serve as an established “principle of law” that would defeat retrospective application of a judicial decision construing the statutory requirements. See *AFL-CIO v. OSHA*, 905 F.2d 1568, 1571 (D.C. Cir. 1990)

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<sup>8</sup> In *Morganroth*, 885 F.2d at 847, cited by NIO (at 23), the Court held that the PTO is not authorized to revive applications abandoned for failure to appeal a final judgment. In doing so, the Court quoted language from Section 41(a)(7) in passing but did not comment on it.

(enforcing statutory filing deadline was not a “new principle of law” notwithstanding conflict with OSHA regulation reflecting a “misapprehension” of that deadline).

Finally, Aristocrat and its amici bewail the number of existing patents that could be affected by enforcing the statutory mandate. But that is the price that sometimes must be paid when statutory misconstructions are set aright. Thus, for example, the Supreme Court’s recent construction of 35 U.S.C. § 103 in *KSR Int’l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727 (2007), will inevitably increase challenges to the validity of existing patents for obviousness. The impact of *KSR* will be far broader than the district court’s decision here because far more patents had at least one rejection for obviousness than issued from abandoned applications revived under the “unintentional” standard. Here, where all the potentially affected patents were abandoned and then revived under a standard not permitted by plain statutory language, there is no reason to retreat from the judicial duty to enforce statutory mandates.

At bottom, Aristocrat argues for a “manifest injustice” exception to the rule of retroactivity for judicial decisions, but as this Court recently explained, “there is no such exception.” *SKF USA*, 2008 WL 62236, at \*5; see *Harper*, 509 U.S. at 97 (requiring “retroactive application” of statutory construction notwithstanding “the particular equities” of individuals’ reliance on a prior construction). The PTO’s

task is to apply the Patent Act as enacted by Congress, and the Court's task is to ensure that the PTO does so even if the PTO has not done so previously.

Moreover, the impact is not as substantial as Aristocrat's amici suggest. According to the PTO, some 40,000 patents have issued after revival of abandoned applications for "unintentional" delay. PTO Br. 2 (56% of 73,000). But not all those revivals were improper. Many (for example, those revived pursuant to § 111 or § 122) were properly subject to the "unintentional" delay standard, and others would have satisfied the higher "unavoidable" delay standard in any event.

Furthermore, the Court can resolve this case simply by holding that the '215 application was never properly revived after being abandoned for failure to pay the national stage fee pursuant to Section 371(d). Only a small percentage of the applications referenced by the PTO would have been abandoned on that basis. The Court need not reach the additional Section 133 ground for abandonment and can thereby avoid any direct impact on the far greater number of applications abandoned and revived under Section 133.

The propriety of such an approach is underscored by the fact that, unlike Section 133, Section 371(d) did not authorize revivals at all when Section 41(a)(7) was enacted in 1982. When Section 371(d) was amended to authorize revivals in 1984, Congress expressly limited such revivals to applications abandoned for "unavoidable" delay, which would have been senseless if Section 41(a)(7)

simultaneously authorized the revival of any application based on the lower “unintentional” delay standard. Moreover, Congress never amended Section 371(d) to authorize revival for mere “unintentional” delay, including when it amended Section 111 in 1994 to add “unintentional” to the existing “unavoidable” ground for reviving abandoned applications. See *supra* p. 44. In short, the lack of any statutory basis for reviving an application abandoned for mere “unintentional” failure to meet the national stage fee deadline is clear and unambiguous. Limiting the Court’s holding to that issue would avoid any substantial impact on existing patents.

### **III. ALTERNATIVELY, THE PATENTS ARE INVALID EVEN UNDER AN “UNINTENTIONAL” DELAY STANDARD.**

Even if the court finds that the PTO had authority to revive the ’215 application for mere “unintentional” delay, the judgment below should be affirmed without remand because the undisputed facts show that Aristocrat did not satisfy even that lower standard.

The PTO’s regulations require a showing that the “*entire delay* in filing the required reply from the due date for the reply until the filing of a grantable petition \* \* \* was unintentional.” 37 C.F.R. § 1.137(b)(3) (emphasis added). The MPEP adds that “[a] delay resulting from a *deliberately chosen course of action* on the part of the applicant is not an ‘unintentional’ delay within the meaning of 37 CFR 1.137(b).” MPEP § 711.03(c)II.C.1 (emphasis added). Aristocrat has not shown

that its entire delay in prosecuting the '215 application after receiving the PTO's June 2000 notice of abandonment was unintentional. And the undisputed facts of record show without question that Aristocrat's delays were not unintentional.

When it received the PTO's notice in June 2000, Aristocrat already had filed the national stage fee (albeit late), so all it had to do in response to the PTO's notice was file a petition to revive. Instead, it chose to file a petition to change the filing date of its national stage fee without providing adequate supporting evidence. JA553-561. When the PTO denied that petition in June 2001, Aristocrat waited over another year to file its petition to revive, with which it filed a petition for accelerated examination and an amendment to the application. JA559-586. As part of its petition for accelerated examination, Aristocrat's attorney avowed that he had made a pre-examination search of the prior art. JA578. Thus, at least some of the delay in filing Aristocrat's petition to revive was due to its choice to perform a pre-examination search and put together the paperwork necessary for its accelerated examination petition. Such a "deliberately chosen course of action" (MPEP § 711.03(c)II.C.1) means that the "entire delay" (37 C.F.R. § 1.137(b)(3)) in filing the petition to revive cannot have been unintentional because Aristocrat "did nothing to prevent the delay resulting in the abandonment." *Field Hybrids*, 2005 WL 189710, at \*7. This record is not one of "procedural lapses," as

Aristocrat self-protectively asserts (Blue Br. 44), but rather one manifesting at least some intentional delays.

Aristocrat characterizes the conduct that led to abandonment of its application as a mere “one-day delay.” Blue Br. 3. But that characterization cannot obscure the fact that it failed to file the national stage fee at any time during the 18-month period provided by Section 371 or that it waited over two years after being notified of the abandonment before finally filing a petition to revive, far beyond the 6-month deadline set forth in Section 133.

Unable to overcome this factual record, Aristocrat does not even attempt to argue that its entire delay was unintentional. Instead, it alleges that it “did not learn of its attorneys’ actions, and the abandonment of the ’215 patent application, until after the application was revived.” Blue Br. 5. But it is well settled that “the knowledge and actions of applicant’s attorney are chargeable to applicant.” *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 n.8 (Fed. Cir. 1987); see also *In re Wiley*, 2006 WL 4719462, at \*3 (P.T.O. Mar. 2, 2006) (the PTO “must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions”). As in *Lawman*, 2005 WL 1176973, at \*5, Aristocrat “made a choice to assign a representative to represent [it] before the USPTO,” and “[e]xcessive periods of time elapsed on two different occasions” due to the deliberate choices of

that representative. “These facts alone leave no question of material fact that [Aristocrat] made a decision not to pursue the prosecution of [its] patent application” (*id.*), a decision that cannot be reconciled even with the “unintentional” delay standard it advocates.

In sum, even if the “unintentional” standard applied to the revival of the ’215 application, Aristocrat plainly failed to satisfy that lesser standard, and the PTO abused its discretion in reviving the application. See *Field Hybrids*, 2005 WL 189710, at \*8. That abuse of discretion is an alternative ground for affirming the district court’s grant of summary judgment.

### CONCLUSION

For the foregoing reasons, the district court’s judgment that the ’215 patent is invalid should be affirmed. Because it is undisputed that the validity of the ’603 patent rests on the validity of the ’215 patent, the district court’s judgment that the ’603 patent is invalid should be affirmed as well.

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**CERTIFICATE OF COMPLIANCE WITH  
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1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B).

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