

No. 18-916

In the
Supreme Court of the United States

THRYV, INC., FORMERLY KNOWN AS DEX MEDIA, INC.,

Petitioner,

v.

CLICK-TO-CALL TECHNOLOGIES, LP, ET AL.,

Respondents.

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

**MOTION FOR LEAVE TO FILE BRIEF AND BRIEF
FOR POWER INTEGRATIONS, INC., AS AMICUS
CURIAE SUPPORTING RESPONDENT CLICK-TO-
CALL TECHNOLOGIES, LP**

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**MOTION OF POWER INTEGRATIONS, INC.
TO FILE A BRIEF AS AMICUS CURIAE IN
SUPPORT OF RESPONDENT CLICK-TO-CALL
TECHNOLOGIES, LP**

Pursuant to Rule 37.3(b) of the Rules of the Supreme Court of the United States, Power Integrations, Inc. (“PI”) respectfully moves this Court for leave to file the accompanying brief as amicus curiae in support of respondent Click-to-Call Technologies, LP.

Petitioner Thryv, Inc. and respondent Click-to-Call Technologies, LP have filed letters granting blanket consent to amicus curiae briefs. PI has sought the federal respondent’s consent to file an amicus curiae brief; however, as of the time of this filing, PI has not received a response. Accordingly, PI respectfully submits this motion.

PI is a semiconductor company based in San Jose, California. For the last 30 years, PI has been the leading developer and supplier of the chips that make modern power supplies used to charge cell phones, laptop computers, and other products small, light, and energy efficient. As a patent owner, PI has a strong interest in the present case. The time bar against *inter partes* review (“IPR”) in 35 U.S.C. § 315(b) is an essential defense against harassment by patent infringers, and decisions of the Patent Trial and Appeal Board applying that time bar should be subject to judicial review to ensure that it serves its purpose.

PI was the successful appellant in *Power Integrations, Inc. v. Semiconductor Components Industries, LLC*, 926 F.3d 1306 (Fed. Cir. 2019), in which the Federal Circuit applied the § 315(b) time

bar to vacate IPRs that had improperly invalidated PI's patents. Petitioner cites this decision several times, and it is discussed at length in an amicus brief submitted by the aggrieved appellee in *Power Integrations* and its affiliates: amici ON Semiconductor Corporation, Semiconductor Components Industries, LLC, and Fairchild Semiconductor International, Inc. PI disagrees with their characterization of the *Power Integrations* litigation, which in fact underscores the importance of the § 315(b) time bar and of judicial review, and wishes to further explain how this litigation supports respondent's position.

Accordingly, amicus PI respectfully requests leave to file the accompanying brief.

Respectfully submitted,

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INTEREST OF AMICUS CURIAE¹

Power Integrations, Inc. (“PI”) is a semiconductor company based in San Jose, California. For the last 30 years, PI has been the leading developer and supplier of the chips that make modern power supplies—used to charge cell phones, laptop computers, and other products—small, light, and energy efficient. This is PI’s entire business. For the last 15 years, PI has also been in litigation with ON Semiconductor (“ON”) and its predecessors, including Fairchild Semiconductor. Fairchild has been found guilty of copying and willfully infringing multiple PI patents in three of these cases, and has been found to have infringed a total of seven PI patents. The Federal Circuit noted that Fairchild had a “corporate culture of copying” in affirming the findings in one of these cases. *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 711 F.3d 1348, 1369 (Fed. Cir. 2013).

After ON entered into a contract to acquire Fairchild in 2015, it launched twelve *inter partes* reviews (“IPRs”) in an attempt to invalidate the patents that Fairchild had been found to infringe. Fairchild would have been precluded from filing these IPRs because of its long history of litigation with PI, including multiple reexaminations initiated by

¹ Pursuant to Rule 37.6, amicus affirms that no counsel for a party authored this brief in whole or in part, and that no party, counsel for a party, or any person other than amicus and its counsel made a monetary contribution intended to fund the preparation or submission of the brief. Petitioner and respondent Click-to-Call Technologies, LP have granted blanket consent to amicus briefs. PI has sought the federal respondent’s consent to file an amicus brief but has not received a response.

Fairchild and a jury verdict in district court, all of which affirmed the validity of PI's patents. And because ON was acting as Fairchild's proxy and was in privity with Fairchild, and Fairchild was a real party in interest, PI argued that the IPRs were time-barred under 35 U.S.C. § 315(b).²

Over PI's objection, the Patent Trial and Appeal Board ("PTAB") instituted all of ON's IPRs. And despite numerous procedural irregularities (such as the denial of PI's requests for discovery concerning ON's relationship with Fairchild) and the substantive weakness of ON's case (including prior art that was cumulative of art previously rejected in reexamination and trial), the PTAB decided the IPRs in ON's favor.

PI appealed to the Federal Circuit, which vacated the PTAB's decisions. Without reaching the merits—which PI had also appealed—the Court ordered that the IPRs be dismissed as time-barred under 35 U.S.C. § 315(b). *See Power Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306, 1308, 1318-19 (Fed. Cir. 2019). Petitioner cites this case several times in its brief (Brief for Petitioner 18, 27, 39), and ON argues against the decision in its amicus brief.

After ON filed its amicus brief in this case, PI and ON settled, agreeing that ON's IPRs should be dismissed and that ON should pay \$175 million to PI. However, as a patent owner, PI retains an interest in

² "An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date on which the petitioner, real party in interest, or privity of the petitioner is served with a complaint alleging infringement of the patent." 35 U.S.C. § 315(b).

the present case, which represents a threat to hard-won property rights that are at the heart of small, innovative companies like PI. The § 315(b) time bar is an essential defense against harassment by patent infringers, and PTAB decisions applying that time bar should be subject to judicial review to ensure that it serves that crucial purpose.

SUMMARY OF ARGUMENT

Respondent Click-to-Call Technologies, LP has provided compelling reasons to believe that the limits on judicial review in 35 U.S.C. § 314(d) do not apply to PTAB decisions that an IPR is not time-barred under § 315(b). These textual arguments are dispositive, and the Federal Circuit's decision should be affirmed on those grounds.

Nevertheless, ON and other amici supporting petitioner suggest that this Court should reverse the Federal Circuit because judicial review would impede the IPR process, preventing the PTAB from invalidating bad patents. These policy arguments lack merit, both because IPRs are not an unmitigated good, and because enforcing the § 315(b) time bar (including through judicial review) helps to prevent serial challenges to valid patents.

The Federal Circuit's decision in *Power Integrations* illustrates these points. Far from allowing the enforcement of invalid patents, as ON asserts, the Federal Circuit permitted PI to assert its industry-making patent against a party that had been adjudicated a willful infringer and had failed in three previous attempts to invalidate the very same patent.

Instead of imposing “wasteful burdens on the patent system,” as ON asserts, judicial review

prevented waste and will help prevent it in the future. The IPR process was meant as an expedited alternative to litigation, not an opportunity to re-fight battles that had already been the subject of decades-long litigation and prior PTO proceedings. Enforcing the procedural limits on IPRs helps to ensure that they are used only for appropriate purposes.

Elsewhere in its brief, ON changes tack, arguing that judicial review of time-bar decisions is *futile* because the PTO can simply reinstate the result of the IPR by instituting an *ex parte* reexamination and invalidating the patent. But as this Court has previously indicated, agencies do not have *carte blanche* to engage in “shenanigans” of this sort, and the Court cannot ignore statutory commands simply because the PTO may find a way to evade them.³

ARGUMENT

I. **Judicial Review Of The PTAB’s Time-Bar Rulings Helps To Advance Congress’s Objectives And Prevent The Harassment Of Patent Owners**

A. **Enforcing Congress’s Limits On The IPR Process Will Encourage Innovation, Not Stifle It**

The purpose of granting patents is “[t]o promote the [p]rogress of [s]cience” and technological innovation. U.S. Const. art. I, § 8, cl. 8. Companies in R&D-intensive industries such as PI have little incentive to make long-term investments in the

³ *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2142 (2016).

exploration and creation of new technologies unless they can be sure that the resulting patents, which enable them to recoup and profit from these investments, are protected, stable property rights. The cancellation of issued patents, through the IPR process or otherwise, invariably lowers the economic value of these intellectual property rights and slows the pace of innovation.

ON and the other amici supporting petitioner place great emphasis on the social cost of invalid patents and the expense of patent litigation, portraying IPRs as an efficient means of invalidating patents that should never have been granted. But while IPRs certainly make it easier to challenge patents, they are easily abused, and the evidence does not support ON's unwarranted assumption that PTAB invalidity rulings are necessarily fair or correct.

This Court upheld the constitutionality of IPRs in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018); however, the briefing in that case catalogued the flaws in the IPR procedure and the ways in which it stacks the deck against patent owners. *See, e.g.*, Petition for a Writ of Certiorari, *Oil States*, No. 16-712, at 3, 19-26, 32-34; Brief for InterDigital, Inc., et al. as Amici Curiae, *Oil States*, at 5-27. Moreover, it is a mistake to believe that IPRs are always neutral assessments of patent validity. As two Justices explained:

The Director of the Patent Office [(“PTO”)] is a political appointee who serves at the pleasure of the President. He supervises and pays the [PTAB] members responsible for deciding patent disputes. The Director is allowed to

select which of these members, and how many of them, will hear any particular patent challenge. If they (somehow) reach a result he does not like, the Director can add more members to the panel—including himself—and order the case reheard. Nor has the Director proven bashful about asserting these statutory powers to secure the “policy judgments” he seeks.

Oil States, 138 S. Ct. at 1380-81 (Gorsuch, J., dissenting) (citations omitted).⁴

Thus, the central argument advanced by ON and several other amici—that the PTAB’s invalidation of a patent should be upheld at all costs, even when the IPR was procedurally barred—is misguided. Enforcing Congress’s limits on IPRs will not stifle innovation or result in the parade of horrors they identify because IPRs are by no means as socially beneficial as they claim.

Indeed, Congress has emphasized the importance of procedural safeguards on IPRs, such as the § 315(b) time bar, to protect patent rights. In assessing the America Invents Act, the House Committee on the Judiciary “recognize[d] the importance of quiet title to patent owners to ensure continued investment resources” and observed that the AIA’s procedures “[we]re not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent.” H.R. Rep. No. 112-98, pt. 1, at 48 (2011).

⁴ See also *Arthrex, Inc. v. Smith & Nephew, Inc.*, No. 2018-2140, --- F.3d ---, 2019 WL 5616010, at *4-8 (Fed. Cir. Oct. 31, 2019) (discussing the Director’s broad powers but disagreeing that he can unilaterally order rehearing).

“Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation,” and “divert resources from the research and development of inventions.” *Id.*

The Committee encouraged the PTO to “address potential abuses and current inefficiencies under its expanded procedural authority.” *Id.* And, as the government recognizes, Congress included § 315(b) in the Act “to manage the burden on patent owners and minimize the wasted resources that duplicative judicial and administrative proceedings might entail.” Brief for Federal Respondent 36; *accord* Brief for PTAB Bar Association as Amicus Curiae 5. Enforcing § 315(b) in the courts is the only way to ensure the PTAB strikes the balance that Congress intended.

B. The *Power Integrations* Litigation Demonstrates The Need For Judicial Review Of Time-Bar Rulings

The litigation culminating in the Federal Circuit’s decision in *Power Integrations* serves as a powerful case study for the importance of § 315(b) and the need for judicial review of PTAB decision-making.

The IPR reviewed by the Federal Circuit in *Power Integrations* was the *fourth* attempt by ON/Fairchild to invalidate PI’s U.S. Patent 6,212,079, which a jury had found that Fairchild had willfully infringed. The first two challenges to the ’079 patent were *ex parte* reexaminations filed by Fairchild and its predecessor. *See Power Integrations*, No. 2018-1607 (Fed. Cir.), ECF No. 54 at Appx1490/321-22. The PTO considered *over 175* different prior art references during those reexaminations, and it reaffirmed the patent’s

validity—including the validity of all claims that ON later challenged in its IPRs. *Id.* at Appx1042/2285-86.

Fairchild asserted its next challenge to the validity of the '079 patent in litigation in the Northern District of California. At trial, Fairchild raised only one piece of prior art, and the jury rejected its argument, finding that the patent was not invalid and that Fairchild had infringed. *Id.* at Appx1035, Appx1042-1043/2286-88. ON—which had acquired Fairchild by that time—did not even bother to appeal the validity verdict.

Undeterred, ON launched multiple IPRs against PI's patent, believing that it might fare better in its fourth bite at the apple. Even though (1) ON had entered into a contract to acquire Fairchild before filing its IPRs, (2) ON's acquisition of Fairchild formally closed before the PTAB decided whether to institute the IPRs, and (3) ON relied on the same types of prior art that had previously been rejected, the PTAB permitted ON's IPR challenge to the '079 patent to go forward. *Id.* at Appx103, Appx111-15, Appx143-44, Appx281-82.

After the PTAB ruled in ON's favor, PI appealed to the Federal Circuit, defending the validity of its patent on the merits and, separately, arguing that the IPR was time-barred under § 315(b) because of the relationship between Fairchild and ON. The Court vacated the IPRs as time-barred, holding that the PTAB had given § 315(b) an erroneously narrow construction. *See Power Integrations*, 926 F.3d at

1308, 1313-19.⁵ While ON characterizes this decision as immunizing from review the “invalid claims of a patent that never should have issued,” Brief for ON et al. as Amici Curiae 20, the Federal Circuit did not agree that the patent was invalid. The Court simply did not reach the merits, and ON provides no reason to believe it would have affirmed the PTAB’s decision.

The stakes of this litigation were immense. The reason that ON/Fairchild was so persistent in challenging the validity of the ’079 patent—and the reason that PI strenuously defended it—is that the ’079 patent describes and claims an extremely valuable technology that had radically transformed the power supply industry. The ’079 invention grew out of recognition that millions of power supplies connected to wall outlets 24 hours a day were wasting a significant amount of power; indeed, at that time it was estimated that 5% of energy usage in the U.S. was wasted by power supplies connected to devices not in use. *See Power Integrations*, ECF No. 54 at Appx1308-1309.

In 1997, the ’079 patent’s lead inventor, Mr. Balu Balakrishnan, met with noted researcher Dr. Alan Meier at the Lawrence Berkeley National Laboratory to discuss ways in which standby power consumption in electronic devices could be reduced. *Id.* at Appx1309-10, Appx1479-1480/278-80. Dr. Meier subsequently published his seminal paper “One Watt Initiative: a Global Effort to Reduce Leaking Electricity” in 1999. *Id.* at Appx1329. Dr. Meier’s

⁵ Specifically, while the PTAB considered only whether Fairchild was a “real party in interest” at the time ON filed its IPRs, the Federal Circuit held that the determinative question was Fairchild’s status at the time the IPRs were instituted.

one-watt initiative took off after Mr. Balakrishnan met with President Bush in 2001 to discuss the energy crisis in California. *Id.* at Appx1483/293-95, Appx1342-45. A month later, President Bush issued an executive order requiring that all government purchases of electronic products meet the one-watt standby requirement. *Id.* at Appx1310, Appx1337, Appx1483-1484/295-96. As it turned out, this had a dramatic effect on demand for all electronics, not just those purchased by the federal government. *Id.* at Appx1484/296-98. The one-watt requirement also became part of the Energy Star program, further cementing its hold on the industry. *Id.* at Appx1484/298-99.

The '079 patent defined a new market for commercially acceptable one-watt products and drove demand for both PI's embodying products and Fairchild's infringing products. Indeed, in the district court case, the jury specifically found that "the '079 patented feature create[d] the basis for customer demand for the infringing Fairchild products." *Id.* at Appx1039.⁶ As a result, two different juries awarded damages greater than \$100 million. *Id.* at Appx1035; Appx1039. While the Federal Circuit required a retrial due to changes in damages law, the district court had just scheduled a final damages trial when the parties settled, for \$175 million.

⁶ ON complains of "supracompetitive pricing," Brief for ON 8, but unlawful competition is exactly what the patent system is intended to prevent. Fairchild copied PI's patented products, charged rock-bottom prices—because it did not have to finance research and development—and took PI's customers. ON's brief ignores all of this.

As explained above, in enacting § 315(b), Congress expressly sought to prevent the type of serial validity challenges that the PTAB permitted in *Power Integrations*. See H.R. Rep. No. 112-98, pt. 1, at 48 (2011) (criticizing “repeated litigation and administrative attacks on the validity of a patent”). These serial challenges required PI to expend considerable resources defending itself and created uncertainty about the future value of PI’s patent. And by rolling the dice *four times*, ON/Fairchild were able to obtain the (erroneous) result they were seeking after repeated failures.

This was not a case in which an accused infringer sought refuge in the IPR process because of the daunting costs of litigation—Fairchild had already litigated the issue, and it was found to have willfully infringed a valid patent. This was gamesmanship and an abuse of the IPR process, which the PTAB enabled by misconstruing the § 315(b) time bar. Judicial review was necessary to cease the harassment of PI’s property rights, prevent the further waste of resources, and bring long-overdue closure to the parties’ dispute. Furthermore, by clarifying the scope of § 315(b), judicial review has reduced the need for future litigation and has erected a much-needed barrier to vexatious IPRs against other patent owners.

In short, the *Power Integrations* case provides additional context for why the Federal Circuit’s decision in the present case was correct, comports with Congress’s intent, and should be affirmed.

C. The Availability Of *Ex Parte* Reexamination Does Not Render The Time Bar Irrelevant

In its amicus brief, ON makes the remarkable argument that judicial review of the PTAB's time-bar rulings is futile because the PTO "remain[s] free, on [its] own initiative, to institute an *ex parte* reexamination and reinstate the invalidity determination [from the vacated IPR] on the same ground." Brief for ON 16. But this Court rejected a similar argument in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), which held that if the PTO exercises its discretion to review an IPR petition, it must review all of the petition's claims, and not merely a subset:

[The dissent] suggests the [PTO] Director might yet avoid this command by refusing to review a petition he thinks too broad while signaling his willingness to entertain one more tailored to his sympathies. *Post*, at 1360 (dissenting opinion). We have no occasion today to consider whether this stratagem is consistent with the statute's demands. See *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. —, —, 136 S. Ct. 2131, 2141, 195 L.Ed.2d 423 (2016) (noting that courts may invalidate "shenanigans" by the Director that are "outside [his] statutory limits"); *CAB v. Delta Air Lines, Inc.*, 367 U.S. 316, 328, 81 S. Ct. 1611, 6 L.Ed.2d 869 (1961) (questioning an agency's "power to do indirectly what it cannot do directly"). But even assuming (without granting) the law would tolerate this tactic, it would show only that a lawful means exists for

the Director to achieve his policy aims—not that he “should be allowed to improvise on the powers granted by Congress” by devising an extralegal path to the same goal. *Id.*, at 330, 81 S. Ct. 1611.

Id. at n.*.

Similarly, here, the PTO’s purported ability to achieve by *ex parte* reexamination what it cannot achieve by IPR is questionable, and it provides no reason to relax the safeguards on the IPR process. Indeed, ON’s argument proves far too much: it would allow the PTO to ignore every IPR procedure mandated by statute simply because it could ignore those procedures in a hypothetical future *ex parte* reexamination. That cannot be the law.

CONCLUSION

The judgment should be affirmed.

Respectfully submitted,

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