

**In The
United States Court of Appeals
For The Federal Circuit**

TINNUS ENTERPRISES, LLC,

Appellant,

v.

TELEBRANDS CORPORATION,

Appellee.

**APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK
OFFICE, PATENT TRIAL AND APPEAL BOARD IN NO. PGR2015-00018.**

BRIEF OF APPELLANT

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Dated: June 22, 2017

CERTIFICATE OF INTEREST

Counsel for Tinnus Enterprises, LLC certifies that

1. The full name of the party represented is: TINNUS ENTERPRISES, LLC.

2. The names of the real parties in interest represented are: TINNUS ENTERPRISES, LLC, and the exclusive licensee, ZURU LTD.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock in the party represented are: NONE.

4. The names of all law firms and the partners and associates that have appeared for the party in the lower tribunal or are expected to appear for the party in this Court and who are not already listed on the docket for the current case are:

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STATEMENT OF RELATED CASES

No other appeal in or from the post-grant review (“PGR”) proceeding before the Patent Trial and Appeal Board (“Board”) was previously before this or any other court.

The following federal district court cases will be directly affected by the Court’s decision in this appeal:

- In *Tinnus Enterprises, LLC v. Telebrands Corp.*, 6:15-cv-00551-RC-JDL (E.D. Tex. filed Dec. 16, 2015) (“*Tinnus I*”), Appellant Tinnus Enterprises, LLC (“Tinnus”) and its exclusive licensee, ZURU Ltd. (“ZURU”), accuse Telebrands Corporation (“Telebrands”) and other defendants of infringing the same patent at issue in this appeal, U.S. Patent No. 9,051,066 (“the ’066 Patent”). The district court preliminarily enjoined Telebrands based on its infringement of the ’066 Patent. Telebrands appealed that decision and this Court affirmed. *Tinnus Enters., LLC v. Telebrands Corp.*, 846 F.3d 1190 (Fed. Cir. 2017) (“*Tinnus I Appeal*”). In the *Tinnus I Appeal*, this Court considered the same issue that is being appealed here: whether the term “substantially filled” in claim 1 of the ’066 Patent is indefinite under 35 U.S.C. § 112. *See id.* at 1205-06. *Tinnus I* is currently stayed pending the outcome of this appeal.

- In *Tinnus Enterprises, LLC v. Wal-Mart Stores, Inc.*, 6:16-cv-00034-RWS-JDL (E.D. Tex. filed Jan. 26, 2016) (“Retailer Action”), Tinnus and ZURU accuse certain retailer defendants of infringing, *inter alia*, the ’066 Patent. In the Retailer Action, all claims with respect to the ’066 Patent have been severed and stayed pending the outcome of this appeal. The Retailer Action has been consolidated with *Tinnus Enterprises, LLC, et al. v. Telebrands Corp.*, 6:16-cv-00033-RWS-JDL (E.D. Tex. filed Jan. 26, 2016) (“*Tinnus II*”) for pre-trial issues only. *Tinnus II* does not involve the ’066 Patent.

JURISDICTIONAL STATEMENT

This is an appeal pursuant to 35 U.S.C. §§ 329 and 141(c) from the Final Written Decision of the Board of December 30, 2016. The Board's Final Written Decision stated that the Board had jurisdiction under 35 U.S.C. § 6(b)(4). Appx10. Tinnus timely filed a notice of appeal on February 24, 2017. This Court has jurisdiction under 35 U.S.C. § 141(c) and 28 U.S.C. § 1295(a)(4)(A).

STATEMENT OF THE ISSUES

This appeal presents a limited issue that the Court has already considered: whether the term “substantially filled” in claim 1 of the ’066 Patent is indefinite.

In the *Tinnus I Appeal*, this Court already considered the indefiniteness of the very same term (“substantially filled”) in the very same patent (the ’066 Patent) in Telebrands’ appeal of the district court’s preliminary injunction. In its Final Written Determination below, the Board found “substantially filled” indefinite for many of the same reasons that this Court already considered and rejected.

Accordingly, the following questions are presented:

1. As a threshold issue, whether the Board erred by instituting the PGR below based on the lower “reasonable likelihood” standard for *inter partes* review (“IPR”) under 35 U.S.C. § 314(a), rather than the higher “more likely than not” standard required to institute a PGR under 35 U.S.C. § 324(a).
2. Whether the Board erred in applying the indefiniteness standard articulated in *In re Packard*, 751 F.3d 1307, 1314 (Fed. Cir. 2014) to the term “substantially filled” in an issued patent, rather than the standard set forth by the Supreme Court in *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014).
3. Whether the Board erred in finding that the term “substantially filled” recited in claim 1 is indefinite under 35 U.S.C. § 112(b).

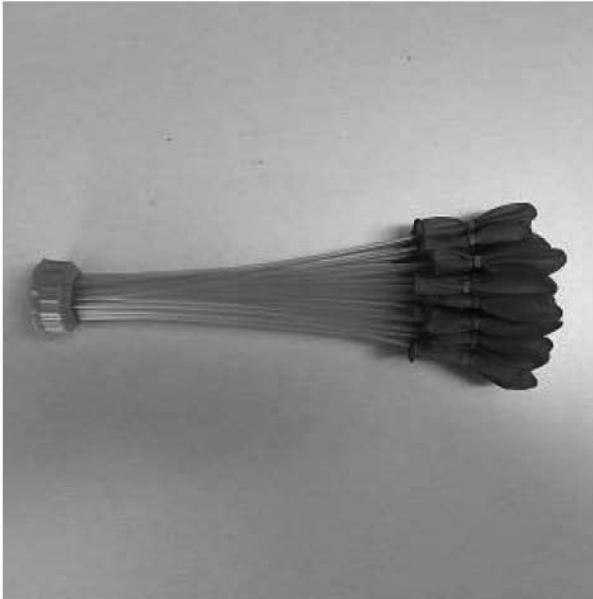
4. Whether PGR proceedings—an adversarial process used by the Board to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

STATEMENT OF THE CASE

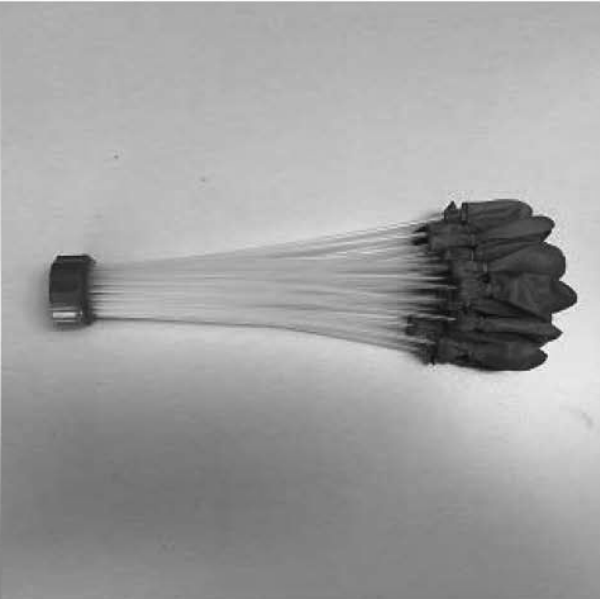
I. Nature of the Case

In early 2014, Josh Malone invented a product (now known as Bunch O Balloons) that allows children to fill and self-seal over 100 water balloons in less than sixty seconds. Mr. Malone's invention was an instant success. After learning of the Bunch O Balloons product, Telebrands soon began selling a virtually-identical replica of the Bunch O Balloons product called Balloon Bonanza. *See Tinnus I Appeal*, 846 F.3d at 1195 (describing Bunch O Balloons and Balloon Bonanza as competing products). This Court's prior opinion included photos of both products from Tinnus' opening brief. *Id.*

Bunch O Balloons



Balloon Bonanza



On June 9, 2015, the day the '066 Patent issued, Mr. Malone's company, Tinnus, along with its exclusive licensee, ZURU, filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas alleging infringement of the '066 Patent by Telebrands' Balloon Bonanza product. Appx310-21; *see also Tinnus I Appeal*, 846 F.3d at 1197.

Tinnus quickly moved for a preliminary injunction, which was granted on December 2, 2015 and issued on December 22, 2015. *Tinnus I*, 2015 WL 11089480, *2 (E.D. Tex. Dec. 2, 2015) (adopting the Magistrate Judge's Report & Recommendation in full, at Appx418-439); *see also Tinnus I Appeal*, 846 F.3d at 1201.

In recommending that the preliminary injunction be granted, the Magistrate Judge found that Telebrands failed to raise a substantial question of validity under either 35 U.S.C. § 103 (obviousness) or 35 U.S.C. § 112 (indefiniteness). Appx428-431; *see also Tinnus I Appeal*, 846 F.3d at 1197-1200.

With respect to § 103, the Magistrate Judge found that the combination of certain prior art references (including the same combination in the instituted grounds below) failed to raise substantial question as to obviousness. Appx428-432; *see also Tinnus I Appeal*, 846 F.3d at 1198-1200. With respect to § 112, and relevant to this appeal, the Magistrate Judge found that Telebrands failed to meet their burden in showing that the term "substantially filled" found in claim 1 was

indefinite. Appx427-428; *see also Tinnus I Appeal*, 846 F.3d at 1197-98. In doing so, the Magistrate Judge rejected Telebrands’ argument that the term “substantially filled” required subjectivity to determine when a “desired size” has been reached and held that claim 1 of the ’066 Patent provides specific parameters regarding when containers are “substantially filled.”¹ Appx427; *see also Tinnus I Appeal*, 846 F.3d at 1197-98. Telebrands objected to the Magistrate Judge’s opinion on certain grounds, but did not object to the Magistrate Judge’s indefiniteness ruling or its rejection of Telebrands’ obviousness arguments. *Tinnus I Appeal*, 846 F.3d at 1201. After the district court overruled Telebrands’ objections and granted the preliminary injunction, Telebrands appealed the district court’s preliminary injunction to this Court.

While the preliminary injunction motion was pending before the district court in *Tinnus I*, Telebrands filed its Petition for Post-Grant Review of the ’066 on June 22, 2015. Appx237. On January 4, 2016, the Board instituted a PGR proceeding based on the same obviousness and indefiniteness arguments rejected by the district court. Appx748-749. In its institution decision, the Board incorrectly applied the lower “reasonable likelihood” standard used for IPRs, rather than the higher “more likely than not” standard governing PGRs. *See* Appx736

¹ The district court reinforced its finding with respect to “substantially filled” in its later issued decision denying Telebrands’ Motion for Summary Judgement of Indefiniteness. (*Tinnus I*, Dkt 182, 5-11; adopted in full at Dkt. 199).

(“Petitioner has demonstrated *a reasonable likelihood of prevailing* under 35 U.S.C. § 112(b)....” (emphasis added)); *see also* Appx744 (referring to “reasonable likelihood” on ground not instituted) Appx748-749 (referring to “reasonable likelihood” three times); 35 U.S.C. § 324(a). Although Tinnus raised the Board’s error in its response, Appx788-790, the Board did not recognize its error in its Final Written Decision. Indeed, the Board continued to incorrectly refer to the proceeding as an “*inter partes* review.” Appx16 (referring to “*inter partes* review” and citing the IPR rule (37 C.F.R. § 42.100(b)) rather than the PGR rule (37 C.F.R. § 42.200(b)).

On December 30, 2016, the Board issued a Final Written Decision finding that Telebrands had demonstrated by a preponderance of the evidence that claims 1-6, 8, and 10-14 ’066 Patent are unpatentable for indefiniteness under 35 U.S.C. § 112(b). Appx42. The Board’s Final Written Decision “did not reach” the instituted obviousness grounds “[b]ased on” the Board’s indefiniteness determination. *Id.* Applying a USPTO indefiniteness standard for *pre-issuance* claims that was approved in *Packard*, 751 F.3d at 1314—*i.e.*, “a claim is indefinite when it contains words or phrases whose meaning is unclear”—the Board found that the term “substantially filled” in claim 1 was indefinite. Appx24-27, Appx42. The Board found claims 2-6, 8, and 10-14 indefinite as well based on their dependency on claim 1. Appx27.

The Board reached its conclusion on three primary grounds. First, the Board found that “[w]hether a container is ‘filled’ depends, subjectively, on whether a desired size or volume has been reached.” Appx27-33. Second, the Board found that because the containers (*i.e.*, balloons) are expandable, “neither claim 1 nor the Specification provides an objective standard for measuring the scope of that phrase as applied to an expandable container.” Appx33-38. Third, with respect to the term “substantially,” the Board found that “there is no standard by which one of ordinary skill in the art can measure ‘substantially’ so as to understand what is claimed when the claims are read in light of the Specification.” Appx38-41.

Shortly after the Board’s Final Written Decision issued on January 24, 2017, this Court issued its decision affirming the district court’s preliminary injunction in *Tinnus I. Tinnus I Appeal*, 846 F.3d at 1208. In its opinion, this Court addressed the very same arguments regarding “substantially filled.” *Id.* at 1206. “Because Telebrands did not object to the [Magistrate Judge] R&R’s indefiniteness determination, [the Court reviewed] the district court’s determination on indefiniteness for plain error.” *Id.* at 1205. Applying this plain error standard of review, the Court held that the district court did not abuse its discretion in finding that Telebrands’ indefiniteness arguments regarding “substantially filled” failed to raise a substantial question of validity. *Id.* at 1206. In addressing Telebrands’ subjectivity argument, this Court held:

Turning to the merits, Telebrands argues on appeal that the '066 patent creates a subjective standard for determining whether a container is “substantially filled” because the specification makes frequent references to detaching the containers when they reach a “desired size.” The specification, however, does not define or equate “substantially filled” with “desired size.”

Id. (citations omitted).

In response to Telebrands’ argument that there is no objective standard in claim 1 or the specification for measuring scope, this Court held:

And the claims themselves teach that shaking causes the containers to detach from the hollow tubes when they are “substantially filled” with water, '066 patent col. 6 ll. 46-51, meaning that shaking will not detach the containers if they are not “substantially filled.” To put a finer point on it, if the balloons detach after shaking, then they are “substantially filled.” The R&R cited a portion of this claim language to support its conclusion that the '066 patent provided “specific parameters” for determining when the containers are “substantially filled.”

Id. (citations omitted). And finally, regarding whether one of ordinary skill in the art can measure “substantially filled” to understand what is claimed, this Court further held:

[T]he level of ordinary skill in the art plays an important role in an indefiniteness analysis. . . . We find it difficult to believe that a person with an associate’s degree in a science or engineering discipline who had read the specification and relevant prosecution history would be unable to determine with reasonable certainty when a water balloon is “substantially filled.”

Id. (citations omitted.) The Court made these findings having full knowledge of the Board’s Final Written Decision regarding the same term. *See Id.* at 1202 n.7 (“The [Board’s] decision is not binding on this court, and based on the record

before us and the applicable standard of review, it does not persuade us that the district court abused its discretion in granting the preliminary injunction.”)

Although the district court found that Telebrands failed to raise a substantial question of validity as to the indefiniteness of “substantially filled,” in light of the Board’s Final Written Decision, the district court stayed the *Tinnus I* action pending the outcome of this appeal. (*Tinnus I*, Dkt. 308.)

II. Commercialization and Enforcement of Mr. Malone’s Invention

This Court is already acquainted with the basic facts of Mr. Malone’s invention. *See Tinnus I Appeal*, 846 F.3d 1194-1202. Mr. Malone—after having spent many hours filling and tying water balloons for his children—recognized a need to simultaneously fill multiple water balloons as well as a need to easily seal the balloons once filled. Appx1032, ¶4. By early 2014, Mr. Malone had finalized his design for a revolutionary new toy product (now known as “Bunch O Balloons”) which would allow a user to fill and seal as many as 100 water balloons in approximately 60 seconds. Appx1033, ¶7.

After developing the first successful Bunch O Balloons prototype, Mr. Malone, through his company Tinnus, began manufacturing Bunch O Balloons and took steps to protect his intellectual property. *Id.*, ¶8. Tinnus began manufacturing its Bunch O Balloons product in March 2014. *Id.*, ¶10. Tinnus filed the application that led to the issuance of the ’066 Patent on September 22, 2014, claiming the

benefit of provisional applications filed on February 7, 2014 and February 20, 2014. *See* Appx45.

In August 2014, Tinnus exclusively licensed to ZURU on a worldwide basis all of the patent rights owned by Tinnus relating to the Bunch O Balloons product. Appx1035-1036. Tinnus and ZURU filed suit against Telebrands the same day the '066 Patent issued, on June 9, 2015. Appx310-321.

The Bunch O Balloons and infringing Balloon Bonanza products have been wildly successful and led to serial infringement by Telebrands. Shortly after the district court enjoined Telebrands' Balloon Bonanza product, Telebrands released a slightly modified version of its product called Battle Balloons. Tinnus filed another patent infringement action against Telebrands in the Eastern District of Texas, alleging infringement of two related patents U.S. Patent Nos. 9,242,749 and 9,315,282. (*Tinnus II*, Dkt. 1.) Tinnus again moved for a preliminary injunction, which the district court granted. (*Tinnus II*, Dkt. 99, adopted in full at Dkt. 142.) Telebrands' appeal of that decision is pending before this Court. (Case No. 17-1175.)

Now in the third selling season, Telebrands has once again entered the market with a slightly re-designed multiple-balloon filling product called Easy Einstein Balloons. Tinnus filed another patent infringement action and motion for preliminary injunction, which the district court granted. *Tinnus Enterprises, LLC*

v. Telebrands Corp., 6:17-cv-00170-RWS-JDL (E.D. Tex. filed Mar. 30, 2017) (“*Tinnus IV*”), Dkt. 100 (noting on the docket that Tinnus filed a sealed motion for injunctive order and bond amount). Tinnus has not enjoyed a single selling season without Telebrands’ infringing products on the market.

III. The ’066 Patent

The ’066 Patent is directed to a system and method for simultaneously filling multiple containers with fluid. *Tinnus I Appeal*, 846 F.3d at 1195 (citing Appx53, col. 1:19-21). One application of the ’066 Patent is the mas-filling of water balloons, as shown in the embodiment depicted in Figure 1:

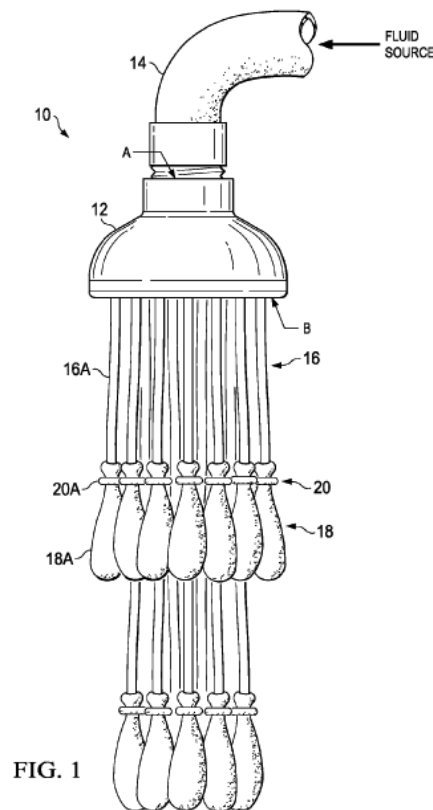


FIG. 1

’066 Patent, FIG. 1; Appx47.

Claim 1, the sole independent claim of the '066 Patent, is reproduced below:

1. An apparatus comprising:
 - a housing comprising an opening at a first end, and a plurality of holes extending through a common face of the housing at a second end;
 - a plurality of flexible hollow tubes, each hollow tube attached to the housing at a respective one of the holes at the second end of the housing;
 - a plurality of containers, each container removably attached to a respective one of the hollow tubes; and
 - a plurality of elastic fasteners, each elastic fastener clamping a respective one of the plurality of containers to a corresponding hollow tube, and each elastic fastener configured to provide a connecting force that is not less than a weight of one of the containers when substantially filled with water, and to automatically seal its respective one of the plurality of containers upon detaching the container from its corresponding hollow tube, such that shaking the hollow tubes in a state in which the containers are substantially filled with water overcomes the connecting force and causes the containers to detach from the hollow tubes thereby causing the elastic fasteners to automatically seal the containers,

wherein the apparatus is configured to fill the containers substantially simultaneously with a fluid.

Appx55, col. 6:30-54. Claims 2-6, 8, and 10-14 depend on claim 1. Appx55-56.

The “substantially filled” language was added via an Examiner’s Amendment in a Notice of Allowance issued during prosecution of the then-

pending application. Appx591-595. In the Notice of Allowance, the Examiner drafted changes to claim 1, including adding the following underlined language:

a plurality of elastic fasteners, each elastic fastener clamping a respective one of the plurality of containers to a corresponding hollow tube, and each elastic fastener configured to provide a connecting force that is not less than a weight of one of the containers when substantially filled with water, and to automatically seal its respective one of the plurality of containers upon detaching the container from its corresponding hollow tube, such that shaking the hollow tubes in a state in which the containers are substantially filled with water overcomes the connecting force and causes the containers to detach from the hollow tubes thereby causing the elastic fasteners to automatically seal the containers.

Appx592-593. Tinnus accepted these amendments and the '066 Patent issued with the Examiner's added language.

SUMMARY OF THE ARGUMENT

This is an appeal where the Board failed to apply governing standards. In instituting the proceedings below, the Board failed to apply the appropriate statutory standard required for instituting a PGR. In ruling that the “substantially filled” term was indefinite under 35 U.S.C. § 112(b), the Board ignored the proper *Nautilus* standard imposed by the Supreme Court.

I. The Board Applied the Incorrect Institution Standard

As a threshold issue, in instituting the PGR the Board failed to make the required showing to institute the PGR below. Under 35 U.S.C. § 324(a), the standard for instituting a PGR is a “more likely than not” showing. Below, the Board found only that the Telebrands had “demonstrated a *reasonable likelihood of prevailing*.” Appx736, Appx748-749. This is not the appropriate standard for deciding whether to institute a petition for a PGR. The Board applied the standard for instituting an IPR. *See* 35 U.S.C. § 314(a). Based on the language in the Board’s institution decision, Appx736, Appx748-749, the Board incorrectly used the lower “reasonable likelihood” standard to institute.

II. The Board Applied the Incorrect Indefiniteness Standard

The Board erred in applying the stricter “unclear meaning” standard articulated in *In re Packard*, 751 F.3d 1307, 1314 (Fed. Cir. 2014) rather than the “reasonable certainty” standard set forth in *Nautilus, Inc. v. Biosig Instruments*,

Inc., 134 S. Ct. 2120, 2129 (2014). Appx733-736. The Board’s justification for adopting the *Packard* standard is fundamentally flawed because (1) the Board incorrectly broadened the limited holding in *Packard* for pre-issuance claims in patent examination to post-issuance claims in PGRs; (2) the Board’s reliance on the reasoning in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016) to justify its application of *Packard*, Appx26-27, is also improper since *Cuozzo* involved a promulgated rule; and (3) the Board’s application of *Packard* is inconsistent with its other holdings applying *Nautilus*.

III. The Board Erred in Finding the Term “Substantially Filled” Indefinite

Under either the *Nautilus* or *Packard* standard, the Board nevertheless erred in finding that the term “substantially filled” is indefinite under 35 U.S.C. § 112(b). The Board erred because determining when a water balloon is “substantially filled” would be readily understood by a person of ordinary skill in the art (“POSA”). Indeed, the preliminary injunction appeal record is replete with instructions and examples of children using both the patented and accused products exactly as described in the claims—by substantially filling the balloons with water and shaking them free. *See* Oral Argument at 23:30, *Tinnus I Appeal*, <https://oralarguments.cafc.uscourts.gov>. Therefore, the meaning of “substantially filled” is clear under *Packard* and can be understood with reasonable certainty under *Nautilus*.

Moreover, the Board largely adopted Telebrands' arguments, which were essentially the same arguments considered and rejected by this Court in the *Tinnus I Appeal*. See 846 F.3d at 1206. Although the Court evaluated indefiniteness under a plain error standard, given the similarities in reasoning by the Board, there is no reason the Court should reach a different conclusion under de novo review. Accordingly, for the same reasons articulated in the *Tinnus I Appeal*, this Court should also conclude that the Board erred because:

- (1) the specification does not support the Board's finding that determining whether a container is "filled" is purely subjective and depends only on whether a desired size or volume has been reached, *compare* Appx27-33 *with Tinnus I Appeal*, 846 F.3d at 1206;
- (2) the claim language alone provides sufficient understanding for when an expandable container is "substantially filled," *compare* Appx33-38 *with Tinnus I Appeal*, 846 F.3d at 1206; and
- (3) expandable containers do not require a second level of clarity as a POSA, having experience with expandable containers and at least an associate's degree in engineering, would understand "substantially filled" in the context of when an expandable

container is “substantially filled” with water. *Compare*

Appx38-43 *with Tinnus I Appeal*, 846 F.3d at 1206.

IV. The PGR Proceedings Below Violated Tinnus’ Constitutional Rights

The PGR proceedings below violated the Seventh Amendment and Tinnus’ right to an Article III forum for invalidity proceedings. This Court has held in the context of IPR proceedings that a Board trial does not violate Article III or the Seventh Amendment. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015). On June 12, 2017, however, the Supreme Court granted *certiorari* on these two same issues. *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 639 Fed. Appx. 639 (Fed. Cir. May 4, 2016), *cert. granted*, 2017 U.S. LEXIS 3727 (U.S. June 12, 2017); *see also* Petition for Certiorari, *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, No. 16-712 (U.S. filed Nov. 23, 2016). The PGR proceedings should be given no effect because they violated the Constitution.

ARGUMENT

I. Standard of Review

The Federal Circuit reviews the Board’s legal conclusions de novo and its factual findings for substantial evidence. 5 U.S.C. § 706(2); *Synopsys, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1314 (Fed. Cir. 2016). Indefiniteness is a question of law and is reviewed without deference. *See Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1022 (Fed. Cir. 2009).

The Court must hold unlawful and set aside any Board action that is:

- (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; ...
- (C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right;
- (D) without observance of procedure required by law;

5 U.S.C. § 706(2).

II. The Board Lacked Authority to Hold the PGR Proceedings Below

As a threshold matter, the Board erred by applying the wrong statutory standard for instituting the PGR. Under the Patent Statute, the Board can only institute a PGR when a petition demonstrates that it is “more likely than not” that at least one challenged claim is unpatentable. *See* 35 U.S.C. § 324(a) (“The Director may not authorize a post-grant review to be instituted unless the Director

determines that the information presented in the petition ... would demonstrate that it is *more likely than not* that at least 1 of the claims challenged in the petition is unpatentable.” (emphasis added)).²

In instituting the PGR below, the Board failed to make any specific findings under the “more likely than not” standard and instead erroneously made findings under the lower “reasonable likelihood” standard for IPRs. Appx736, Appx748-749 (finding that Petitioner has “demonstrated a reasonable likelihood of prevailing”). This was legal error.

There is no doubt the Board applied the lower IPR “reasonable likelihood” standard as it expressly recited that standard with respect to all three instituted grounds. Regarding grounds 1 and 2 (obviousness), the Board’s analysis concluded, “Petitioner has demonstrated a *reasonable likelihood* of prevailing with respect to its challenges” to the specified claims. Appx748 (emphasis added). With respect to ground 3, the Board’s analysis concluded, “Petitioner has demonstrated a *reasonable likelihood* of prevailing under 35 U.S.C. § 112(b) with respect to its challenge” to the specified claims. Appx749 (emphasis added).

The Board was given opportunity to correct the record but failed to do so. In particular, Tinnus raised the Board’s improper reliance on the “reasonable

² A separate basis to institute a PGR exists when the petition “raises a novel or unsettled legal question that is important to other patents or patent applications.” 35 U.S.C. § 324(b). This subsection does not apply as the Board failed to make any reference to novel or unsettled legal questions when instituting the PGR below.

likelihood” standard in its response following institution, *see* Appx788-790, but the Board did not address or acknowledge this error in its Final Written Decision. Tellingly, the Board continued to treat the proceedings as an IPR, rather than a PGR. Appx16 (referring to “an *inter partes* review” and citing the IPR rule (37 C.F.R. § 42.100(b)) rather than the PGR rule (37 C.F.R. § 42.200(b)).

The Board did give lip service to the phrase “more likely than not” twice in its Institution Decision, but only in the Introduction section and not with respect to specific grounds or findings. *See* Appx724. But the Board never applied the “more likely than not” PGR standard to specific grounds as noted above.

There is no doubt that the statutory PGR “more likely than not” standard is higher than and distinct from the statutory IPR “reasonable likelihood” standard. Indeed, the authority comes from the Board itself. In response to numerous comments requesting clarity between the two standards for IPR and PGR, the Board’s Chief Judge, James Donald Smith, issued a statement explaining that the “reasonable likelihood” standard is lower than the “more likely than not” standard:

Comparing the two standards, the ‘reasonable likelihood’ standard is lower than the ‘more likely than not’ standard. The reasonable likelihood standard allows for the exercise of discretion but encompasses a 50/50 chance whereas the “more likely than not” standard requires greater than a 50% chance of prevailing.

Message from Chief Judge James Donald Smith, Board of Patent Appeals and Interferences: USPTO Discusses Key Aspects of New Administrative Patent Trials,

available at www.uspto.gov/patent/laws-and-regulations/america-invents-act-aia/message-chief-judge-james-donald-smith-board (last visited 6/5/2017).

Chief Judge Smith’s statement above comports with the legislative history. Senator Kyl (R-AZ) explained that the PGR “more likely than not” standard is higher than the IPR “reasonable likelihood” standard because “some of the issues that can be raised in Post-Grant Review, such as enablement and section 101 invention issues, may require development through discovery. The Office wants to ensure that petitioners raising such issues present a complete case at the outset.” *See* 112 Cong. Rec. S1375 (daily ed. March 8, 2011) (Senator Kyl Remarks).

Senator Patrick Leahy (D-VT) explained that a substantial new question would not be enough to initiate a PGR and “the new higher standard . . . was created to make it even more difficult for these procedures to be used as tools for harassment.” *See* 112 Cong. Rec. S5428 (daily ed. September 8, 2011) (Senator Leahy Remarks).

Here, the Board had no statutory authority to institute the PGR below because the Board never made a “more likely than not” determination required by 35 U.S.C. § 324(a). No PGR proceeding should have been instituted, and the Final Written Decision would not have been rendered without such a showing. The Court should hold the entire PGR proceeding as unlawful and set it aside because the Board’s institution applying the lower IPR standard was “arbitrary, capricious,

an abuse of discretion, or otherwise not in accordance with law.” 5 U.S.C.

§ 706(2)(A). Moreover, because it failed to apply the proper “more likely than not” statutory standard, the Court should set aside the PGR proceedings because the Board acted “in excess of statutory jurisdiction, authority, or limitations.”

5 U.S.C. § 706(2)(C). Finally, the Board by failing to make the proper institution finding acted “without observance of procedure required by law.” 5 U.S.C.

§ 706(2)(D). Accordingly, the Court should hold unlawful and set aside the entire PGR proceeding below (including the Final Written Decision).

III. The Board Erred in Applying the *Packard* Indefiniteness Standard Instead of the *Nautilus* Standard

Recently, this Court succinctly summarized the law of indefiniteness and its underlying policies:

The Patent Act requires inventors to claim their invention in “full, clear, concise, and exact terms.” 35 U.S.C. § 112. This indefiniteness requirement is “part of the delicate balance the law attempts to maintain between inventors, who rely on the promise of the law to bring the invention forth, and the public, which should be encouraged to pursue innovations, creations, and new ideas beyond the inventor’s exclusive rights.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 731 (2002). This balance recognizes that all claims suffer from “the inherent limitations of language,” but also that claims must “be precise enough to afford clear notice of what is claimed.” [*Nautilus*, 134 S. Ct. at 2128–29]. This balance permits “[s]ome modicum of uncertainty” to “ensur[e] the appropriate incentives for innovation,” but it also provides a “meaningful definiteness check” to prevent patent applicants from “inject[ing] ambiguity into their claims.” *Id.* (internal quotations omitted).

One-E-Way, Inc. v. ITC, 2017 U.S. App. LEXIS 10341, at *7-8 (Fed. Cir. Jun. 12, 2017).

These policies were reflected in the Supreme Court’s *Nautilus* indefiniteness test—“that a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” 134 S. Ct. at 2129. This test “mandates clarity, while recognizing that absolute precision is unattainable.” *Id.* As this Court noted, “[a]s long as claim terms satisfy this test, relative terms and words of degree do not render patent claims invalid.” *One-E-Way*, 2017 U.S. App. LEXIS 10341, at *8. And this Court and the Supreme Court have cautioned that when determining if a particular term is indefinite “one must bear in mind...that patents are not addressed to lawyers, or even to the public generally but rather those skilled in the art.” *Id.* (citing *Nautilus*, 134 S. Ct. at 2129).

Notwithstanding this precedent and its underlying policies, the Board rejected the Supreme Court’s test saying that *Nautilus* does not “mandate the Board’s approach to indefiniteness ... in AIA proceedings.” Appx25. The Board opted instead to apply the more stringent standard acknowledged by this Court in *Packard*, which affirmed the USPTO indefiniteness threshold used during examination that “a claim is indefinite when it contains words or phrases whose meaning is unclear.” 751 F.3d at 1322.

The Board acknowledged that its decision to apply *Packard* over *Nautilus* was not form over substance, and would make a real difference. Specifically, the Board conceded that the *Packard* and *Nautilus* tests were “different” and that *Packard* “demands ... potentially more clarity.” Appx25-26. The Board also acknowledged that *Packard* results in a “lower threshold for ambiguity.” Appx25-26, n. 9, 11 (citing *Packard*, 751 F.3d at 1323-24 (Plager, J., concurring)).

As set forth below, the Board erred in relying on *Packard* as the governing indefiniteness standard for PGRs for three reasons. Section III.A. below describes how the Board erred by applying *Packard* instead of *Nautilus*. Section III.B. below describes how *Cuozzo* does not support the application of *Packard*. Section III.C. below describes how the Board’s application of *Packard* creates a split between other Board panels in AIA proceedings.

A. The Board Erred by Applying *Packard* Instead of *Nautilus*

The Board’s reliance on *Packard* is flawed for several reasons.

First, this Court issued *Packard* before the Supreme Court issued *Nautilus*, and *Nautilus* would have supplanted *Packard*. In *Nautilus*, the Supreme Court issued a sweeping mandate regarding the proper formulation for the assessment of indefiniteness, finding that “we read § 112, ¶2 to require that a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” 134 S. Ct. at

2129. The Supreme Court did not limit this newly articulated standard to any particular proceeding, forum, or other set of conditions. As a result, whether indefiniteness is being evaluated in the context of a district court patent litigation or PGR is irrelevant. There is nothing in the holding in *Nautilus* to suggest the “reasonable certainty” standard should not be applied to post-issuance proceedings like a PGR. Despite the Supreme Court’s unrestricted holding, the Board nevertheless found that *Nautilus* was restricted, and that it did not “mandate the Board’s approach to indefiniteness” in PGRs. Appx24-25. But that is exactly what *Nautilus* mandates, and the Board erred in not applying the *Nautilus* standard here.

Second, even if the holding in *Nautilus* were restricted to only patent litigations, the Board’s application of *Packard* was still in error because the PGR proceeding below was a patent litigation not a patent examination. The Board ignored the important distinction that *Packard* dealt only with the limited issue of indefiniteness for ***pre-issuance claims during patent examination***. *Packard*, 751 F.3d at 1309. In declining to broadly define a standard for pre- and post-issuance claims, this Court in *Packard* was able to “decide the present case without regard to the proper formulation of the judicially-applied indefiniteness standard that may be appropriate for post-issuance assessment of indefiniteness, a matter currently under review by the Supreme Court [in *Nautilus*].” *Id.* at 1312-13. Thus, the

Court's holding in *Packard* was limited only to pre-issuance claims in a patent examination proceeding and did not represent tacit approval to apply the USPTO's examination standard to all USPTO proceedings. Simply put, *Packard* does not in any way condone using the "unclear meaning" standard in PGR proceedings.

Third, the Board's rationale for relying on *Packard* for the PGR below is misplaced. The Board reasoned that the same indefiniteness standard used in patent examination proceedings is appropriate in PGR proceedings because in both, "the claims are interpreted under the broadest reasonable interpretation standard, and an opportunity to amend the claims is afforded." Appx25. But the broadest reasonable interpretation standard and ability to amend were not the bases for this Court's finding in *Packard*. The decision in *Packard* does not even mention the broadest reasonable interpretation standard.

Fourth, the Board further claimed that "[a]n applicant's ability to clarify claim language through amendment was a significant reason why the Federal Circuit in *Packard* approved of the indefiniteness test recited in the MPEP." Appx27. But *Packard* made clear that the significant reason for approving the USPTO's standard was not solely the ability to amend, but rather the "**substantive interaction**" between the applicant and the USPTO during examination:

Congress also provided for examination to be an interactive process, which it commonly is. One or more rejections or objections by an examiner based on identified problems are followed by one or more responses from the applicant that address the identified problems,

whether by revising claims or by furnishing information and explanation that shows why the initially perceived problems are not problems after all. The examination system regularly involves ***substantive interaction*** with applicants, relying on their distinctive incentives and abilities to enhance understanding and to help the USPTO ensure compliance with statutory standards.

Packard, 751 F.3d at 1311-12 (emphasis supplied).

We have elsewhere noted that indefiniteness rejections by the USPTO arise in a different posture from that of indefiniteness challenges to an issued patent. It makes good sense, for definiteness and clarity as for other validity requirements, for the USPTO initially to reject claims based on a well-founded *prima facie* case of lack of clarity (in its several forms) based on the perspective of one of ordinary skill in the art in view of the entire written description and developing prosecution history. Then, if the applicant does not adequately respond to that *prima facie* case, to confirm that rejection on the substantive basis of having failed to meet the requirements of § 112(b).

Id. at 1313. As the decision itself makes clear, *Packard* was rooted in the back-and-forth interaction that takes place during a patent examination, which is quite different than the interaction in PGRs.³ That same “substantive interaction” does not exist in a PGR. And the Board’s reliance on the possibility of a patent owner amending its claims once during a PGR is insufficient justification to broaden the holding in *Packard* to all USPTO proceedings.

³ As support for applying *Packard*, the Board cited to Judge Plager’s concurrence, where he stated that “unlike courts which have a full prosecution record to consider, the prosecution record before the USPTO is in development and not fixed during examination.” 751 F.3d at 1325. It is not clear how this statement supports the Board’s application of *Packard* as it only highlights the distinction between the substantive interaction during a patent examination with the very limited interaction in post-issuance proceedings.

Indeed, at least one Federal Circuit judge has noted that post-grant proceedings do not offer “unfettered opportunity to amend” like examination and reexamination. *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271, 1287 (Newman, J., dissenting). Under the Board’s rules, a patent owner in a PGR proceeding must decide whether to amend *before* responsive briefing, cross examination, oral argument, and final written decision. 37 C.F.R. § 42.221(a)(1). And the patent owner only has the right to file one motion to amend. 37 C.F.R. § 42.221(a) (limiting patent owner to “one motion” to amend); *see also* 37 C.F.R. § 42.221(c) (prohibiting additional motions to amend without Board authorization). Without substantive interaction with the Board, the patent owner cannot be certain whether the Board will find the proposed phrase “unclear.” These differences between PGR proceedings and patent prosecution demonstrate that *Packard* should not apply.

B. The Board Improperly Relied on *Cuozzo*

As the Board conceded, the *Packard* decision did not address indefiniteness for post-issuance claims in a PGR proceeding. Appx24 (“We recognize that *Packard* involved a USPTO patent-examination matter.”). To try and bridge this gap in precedent, the Board relied heavily on the Supreme Court’s holding in *Cuozzo*, which found that the USPTO’s broadest reasonable interpretation regulation was appropriate for post-grant proceedings. 136 S. Ct. at 2144–46. In

Cuozzo, the Supreme Court rejected the claim that a patent owner does not have the same right to amend during *inter partes* proceedings than it does during a patent examination. *Id.* at 2145. Relying on these findings in *Cuozzo*, the Board held that the *Packard* indefiniteness standard used during patent prosecution is appropriate for PGRs primarily because a patent owner can make a single motion to amend during a post-grant proceeding. Appx26-27.

But the Board again failed to recognize an important distinction—*Cuozzo* assessed the appropriateness of an already promulgated rule. 136 S. Ct. at 2142-45. The question in *Cuozzo* was whether 35 U.S.C. § 316(a)(4) authorized the USPTO to issue a rule (37 C.F.R. § 42.100) applying the “broadest reasonable interpretation” standard in IPRs. *Id.* at 2136. No such promulgated rule is at issue here in the context of indefiniteness. The mere fact that *Cuozzo* correlated the ability to amend in patent examinations with the ability to amend in IPRs—the primary basis for the Board’s application of *Packard*—is irrelevant. Although the Supreme Court ultimately found that 37 C.F.R. § 42.100(b) “represents a reasonable exercise of the rulemaking authority that Congress delegated to the Patent Office,” it did not extend its holding to all USPTO gap-filling interpretations absent a promulgated rule. Indeed, the lack of formal rulemaking procedures, including notice and comment, suggest no deference should be given to the Board’s interpretation. *See U.S. v. Mead Corp.*, 533 U.S. 218, 229-30 (2001)

(discussing the importance of formal administrative procedures during rulemaking).

Moreover, as with an IPR, Congress also authorized the USPTO to “prescribe regulations . . . establishing and governing a post-grant review.” *See* 37 C.F.R. § 326(a)(4). And, as with IPRs, the USPTO also prescribed a rule regarding the appropriate standard for claim construction in PGRs (37 C.F.R. § 42.200(b)). But despite the USPTO’s authority to do so, no rule has been promulgated with respect to the appropriate indefiniteness standard. Thus, the Board’s reliance on the promulgated rule in *Cuozzo* to justify its case-by-case application of USPTO standard approved in *Packard* is unsupported by law and its ruling should be reversed.

C. The Board’s Rejection of *Nautilus* Conflicts with Other AIA Board Decisions

The Board’s application of *Packard* squarely conflicts with numerous other Board decisions applying *Nautilus* in post-grant proceedings.

For example, in covered business method (“CBM”) review *Google Inc. v. Unwired Planet, LLC*, the Board cited *Nautilus* and found that “we are persuaded that the language of claims 21 and 22, viewed in light of the intrinsic evidence, is sufficiently definite to have informed those skilled in the art about the scope of the invention with ***reasonable certainty*** such that they would have understood what

was being claimed.” CBM20014-00004 (Paper 32 at 14) (April 16, 2015)) (emphasis added).

In CBM review *SAP America, Inc. v. Lakshmi Arunachalam*, the Board also cited *Nautilus* in its final written decision: “based on Patent Owner’s contentions and the language of the specification, we conclude that the term ‘routed transactional data structure’ fails to inform a person of ordinary skill in the art of the scope of the claim with ***reasonable certainty*** and is therefore indefinite under 35 U.S.C. § 112, second paragraph.” CBM2013-00013 (Paper No. 61 at 11) (Sept. 18, 2014) (emphasis added); *see also Dealersocket, Inc. v. Autoalert, LLC*, CBM2014-00132 (Paper No. 11 at 31) (October 29, 2014) (citing the *Nautilus* standard in institution decision).

These decisions make clear that *Nautilus* should apply to post-grant proceedings. The decisions also highlight that the Board’s application of the *Packard* standard conflicts with its other decisions. Moreover, although these decisions involve CBM reviews, the procedures for a CBM review, including the ability to amend, largely mirror the procedures for a PGR. *See* 37 C.F.R. § 42.300(a). In that regard, the application of *Nautilus* to a CBM review is no different than if it was applied to a PGR.

The Board erred in refusing to apply the Supreme Court’s “reasonable certainty” standard as set forth in *Nautilus* and adopted by other panels of the

Board. In the event the Court finds that the *Nautilus* standard is appropriate, the Board's findings under *Packard* cannot be reconciled with the "reasonable certainty" standard in *Nautilus*. The thresholds are not interchangeable and a decision under *Packard* cannot be readily affirmed under *Nautilus*. Accordingly, the Court should reverse the Board's ruling that "substantially filled" term of claims 1 is indefinite under § 112(b). The Board's finding of indefiniteness with respect to claims 2-6, 8, and 10-14 should be reversed as well because they each depend on claim 1.

IV. The Board Erred in Finding the Term "Substantially Filled" Indefinite

Applying the standard in *Nautilus*,⁴ all that is required to satisfy § 112(b) is "that a patent's claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with *reasonable certainty*." 134 S. Ct. at 2129 (2014) (emphasis added). This requirement "mandates clarity, while recognizing that absolute precision is unattainable." *Id.* at 2129-30. Moreover, the Supreme Court noted the "inherent limitations of language" and accordingly that "[s]ome modicum of uncertainty . . . is the price of ensuring the appropriate incentives for innovation." *Id.* at 2128-29 (internal

⁴ Although *Nautilus* is the appropriate standard to use for evaluating indefiniteness, in the event the Court finds that the Board did not err in applying the *Packard* standard, for the same reasons discussed here under *Nautilus*, the Board erred in finding indefiniteness under *Packard* as well.

citations omitted). Importantly, this “reasonable certainty” standard takes into account the subject matter to which the claims are directed. *Id.* (citations omitted).

The Board made several critical errors in finding “substantially filled” indefinite:

- Contrary to the Board’s conclusion, the specification does not teach “filled” as depending subjectively on whether a desired size or volume has been reached;
- The Board improperly isolated the terms from the context in which they are used in the claim itself, which provides reasonable certainty for a POSA to understand “substantially filled”;
- The Board erred by ignoring the prosecution history, which informs a POSA about the scope of the invention with reasonable certainty; and
- Expandable containers do not require an added level of certainty, particularly in light of the actual knowledge of the POSA.

For the reasons explained more fully below, a POSA would understand the term “substantially filled” with reasonable certainty.

A. “Filled” Is Not Subjectively Defined in the Specification

The Board’s primary basis for finding indefiniteness was to adopt a piecemeal approach by breaking up the claim term “substantially filled” into subparts. The Board first focused on “filled” and argued that the “[s]pecification

consistently teaches that whether a container is ‘filled’ depends, subjectively, on whether a desired size of volume has been reached.” Appx28-29. As support for its finding, the Board cited to various parts of the specification where the term “filled” was coincidentally used with a “desired size” or “desired volume.” Appx28.

This Court rejected the exact same reasoning when used by Telebrands in the *Tinnus I Appeal*:

Telebrands argues on appeal that the ’066 patent creates a subjective standard for determining whether a container is “substantially filled” because the specification makes frequent references to detaching the containers when they reach a “desired size.” The specification, however, does not define or equate “substantially filled” with “desired size.”

Tinnus I Appeal, 846 F.3d at 1206 (internal citations omitted). As the Board’s basis is identical to Telebrands’ arguments in the *Tinnus I* appeal, this Court has no reason to reach a different conclusion under de novo review.

As this Court correctly recognized, the specification’s discussion of desired size was not a definition of “substantially filled.” As this Court previously held, the specification “does not define or equate ‘substantially filled’ with ‘desired size.’” *Id.* The language of the claims themselves provides an objective recitation of the claims’ scope. In contrast, the relevant section of the specification merely describes how someone might use a particular embodiment of the invention. The two portions of the patent serve different functions and are not mutually exclusive.

The Board’s improper piecemeal approach of focusing on the partial term “filled” should have no impact on this Court’s determination regarding the full claim term that was actually at issue—“substantially filled.”

Because the Board incorrectly found that the term “filled” is completely subjective, the remainder of the Board’s reasoning collapses. For example, in distinguishing *Ancora Techs., Inc. v. Apple, Inc.*, 744 F.3d 732 (Fed. Cir. 2014), which was relied on by Tinnus simply to show that the specification is not always necessary to evaluate indefiniteness, the Board stated that the Federal Circuit in *Ancora* “did not ignore the specification, but instead explained that ‘[n]othing in the specification clearly narrows the term.’” Appx29 (citing *Ancora*, 744 F.3d at 735). But that is exactly what this Court found in the *Tinnus I Appeal*: nothing in the specification subjectively defines the term “substantially filled.”

In addition, based on its subjectivity finding, the Board dismissed the testimony and opinions of Tinnus’ technical expert, Dr. Barry Kudrowitz, a POSA. Appx1047-1048, ¶4. The Board faulted Dr. Kudrowitz’s testimony because he did not address the subjective meanings attributed to the term. Appx30-32. But because there was no subjective definition in the specification, Dr. Kudrowitz correctly focused on the claim language itself.

Because this Court already found that “substantially filled” is not subjectively defined in the specification, the Board erred in its reasoning below.

And, as the Board's subjectivity determination was the basis for the rest of its findings, this Court should reverse the Board's indefiniteness finding on this ground alone.

B. Sufficient Meaning For "Substantially Filled" Is Found in Claim 1

The Board wrongly concluded that claim 1 does not provide an objective standard for measuring the scope of "substantially filled." *See* Appx33, Appx36. But again, in the related *Tinnus I* appeal, this Court found otherwise. In addressing the subjectivity argument, this Court found that:

[T]he claims themselves teach that shaking causes the containers to detach from the hollow tubes when they are "substantially filled" with water, '066 patent col. 6 ll. 46-51, meaning that shaking will not detach the containers if they are not "substantially filled." To put a finer point on it, if the balloons detach after shaking, then they are "substantially filled."

Tinnus I Appeal, 846 F.3d at 1206. Contrary to the Board's finding that no meaning could found in claim 1, this Court identified exactly how a POSA would understand "substantially filled" in the context of the claim itself.

Whether a container is "substantially filled" can be understood with reasonable certainty by a POSA just by reading the claim in context. Claim 1 provides that:

. . . each elastic fastener configured to provide a connecting force that is not less than a weight of one of the containers when substantially filled with water, and to automatically seal its respective one of a

plurality of containers upon detaching the container from its corresponding hollow tube, such that shaking the hollow tubes in a state in which the containers are substantially filled with water overcomes the connecting force and causes the containers to detach from the hollow tubes thereby causing the elastic fasteners to automatically seal the containers

Appx55, col. 6:39-52.)

Dr. Kudrowitz testified that a POSA would readily understand that whether a container is substantially filled with water is directly related to the ability to shake and detach that container. Appx1059, ¶¶ 37-38. Therefore, the amount of water used to fill the containers is not objectively boundless. Based on the plain reading of the claim, Dr. Kudrowitz testified that a POSA would understand that there was a definitive point at which there would be too much water such that the containers would detach without shaking, thereby not practicing the claim. *Id.*

This Court recognized the relationship between “substantially filled” and the functional aspects of the claims—*i.e.*, the ability to shake and detach the container. *Tinnus I Appeal*, 846 F.3d at 1206. Accordingly, the Board erred in not finding that a POSA would understand the meaning of “substantially filled” in the context of the claim itself.

The Board likewise erred in finding that a POSA would be unable to measure “substantially.” Appx38-40. Again, by adopting a piecemeal approach and improperly dissecting the claim phrase into subparts, the Board’s finding with

respect to “substantially” was largely based on its finding that there was no objective standard in the specification to determine any meaning. *Id.* As explained above, however, there is sufficient meaning in the claim itself.

And as this Court has recently confirmed the use of the term “substantially” is not *per se* indefinite. Indeed, “[a]s long as claim terms satisfy [the *Nautilus*] test, relative terms and words of degree do not render patent claims invalid.” *One-E-Way*, 2017 U.S. App. LEXIS 10341, at *8. The *One-E-Way* panel noted cases spanning a ninety year period where the use of “substantial” or “substantially” did not render the claims indefinite. *Id.* at *8-9. The *Nautilus* opinion itself referenced *Eibel Process Co. v. Minn. & Ont. Paper Co.*, which held that “substantial” was definite because a person skilled in the art would have “no difficulty ... in determining ... the substantial [elevation] needed.” 261 U.S. 45, 58, 65-66 (1923). Post-*Nautilus*, this Court upheld as definite a claim that employed the relative term “substantially centered.” *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983, 1002 (Fed. Cir. 2015), *rev’d and remanded on other grounds*, 137 S. Ct. 429 (2016). As a panel member of this Court noted in the hearing of the *Tinnus I Appeal*, “You have to be able to say substantially, [be]cause there’s a million claims that use the word substantially.” See Oral Argument at 11:39, *Tinnus I Appeal*,

<https://oralarguments.cafc.uscourts.gov>.⁵ Indeed, the term is used to provide fair scope of the invention—such as to cover embodiments with minor air bubbles or insubstantial contaminants.

The Board erred by myopically focusing on the specification. In doing so, the Board again neglected the plain meaning of the claim. Isolating the term “substantially” from the rest of the claim was improper, and the recitation of “substantially” as a term of approximation does not render the term “substantially filled” any more or less indefinite, particularly where the term, when evaluated in the context of the claim itself, can be understood with reasonable certainty.

C. The Prosecution History Confirms that “Substantially Filled” is Not Indefinite

The prosecution history further confirms that “substantially filled” should be upheld as definite. During prosecution of the application that issued as the ’066 Patent, the claim phrase that included “substantially filled” was added by the Examiner. The Examiner clearly understood the meaning of terms that he himself added, including the addition of “substantially filled.” The Examiner’s understanding of “substantially filled” thus demonstrates that it is not indefinite. It is hard to believe that the Examiner would have added indefinite terms. *See*

⁵ Tinnus understands that statements made by panel members of this Court during oral argument are not binding precedent, but believes that the prior panel’s comments shed light on the issues. Indeed, the focus of oral argument was on this issue.

Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 939 (Fed. Cir. 1990) (“It is presumed that public officials do their assigned jobs.”).

In *Markman v. Westview Instruments, Inc.*, this Court noted the special role that Examiner’s play:

Patent applications ... are reviewed by patent examiners, quasi-judicial officials trained in the law and presumed to have some expertise in interpreting the [prior art] references and to be familiar from their work with the level of skill in the art and whose duty it is to issue only valid patents. If the patent’s claims are sufficiently unambiguous for the PTO, there should exist no factual ambiguity when those same claims are later construed by a court of law in an infringement action.

52 F.3d 967, 986 (Fed. Cir. 1995). The fact that the Examiner proposed

“substantially filled” further confirms that this phrase is not indefinite.

D. Expandable Containers Do Not Involve a Second Level of Ambiguity

The Board also held that because the claims involve expandable containers, it is even more difficult to measure the scope of “substantially filled.” Appx33-38. But the Board’s reliance on this “second level of ambiguity” for expandable containers suffers from the same error as explained above. That is, there is sufficient meaning in the claim itself for when an expandable container is “substantially filled.” This is true regardless of whether the container is fixed or expandable. This Court found that the claims teach that if an expandable

container—*i.e.*, a balloon—detaches after shaking, then it is substantially filled.

Tinnus I Appeal, 846 F.3d at 1206.

Because the Board could not find sufficient meaning in the claims, the rest of its analysis regarding expandable containers falls. The Board incorrectly analyzed the concept of expandable containers outside the actual context of the claim. And, as the Board’s error continued to cascade through the rest of its analysis, the Board then misapplied Dr. Kudrowitz’s analysis. For example, to support its finding that expandable containers involve ambiguity, the Board pointed to Dr. Kudrowitz’s explanation that a balloon could be “substantially filled” with water at different states of expansion. Appx34 (citing Appx1313, 39:18-25; Appx1329-1330, 55:15-56:12). By doing so, the Board completely overlooked the rest of Dr. Kudrowitz’s testimony that regardless of the expandable nature of the balloon, the claims still provide sufficient meaning because of the shake-to-detach functionality. *See* Appx1329-1338, 55:13-64:25; Appx1060-1061, ¶¶45-47.

The Board also mistakenly focused on the mechanics of expansion and at what point a balloon would start expanding. *See* Appx35. But the narrowed focus of when a balloon starts to expand is irrelevant, because there would be a point where the balloon either detaches or does not detach when shaken. Understanding

the many states in which the balloon could exist does not matter for purposes of understanding when a balloon is substantially filled.

The Board’s focus on expandable containers highlights another critical error: its analysis does not give proper credit to the POSA. As this Court held:

We find it difficult to believe that a person with an associate’s degree in a science or engineering discipline who had read the specification and relevant prosecution history would be unable to determine with reasonable certainty when a water balloon is “substantially filled.”

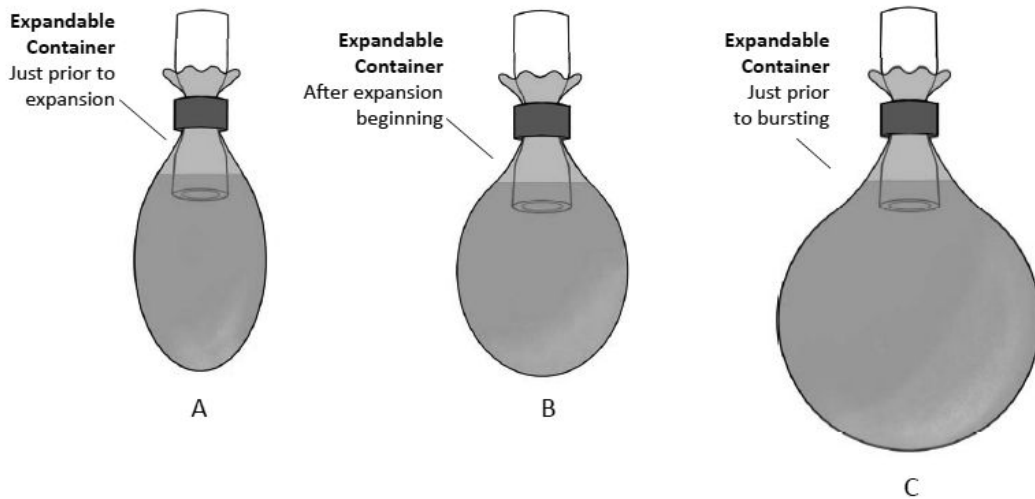
Tinnus I Appeal, 846 F.3d at 1206. Here, the Board found that a POSA “would have been a person having general knowledge about and experience with expandable containers, including without limitation balloons, and at least an associate’s degree in mechanical engineering, or the equivalent.” Appx15. It is likewise difficult to believe that this same POSA—*having experience with expandable containers*—would be unable to determine with reasonable certainty when a water balloon is “substantially filled.” In this regard, a POSA uses expandable containers all of the time, and to suggest that a POSA would not understand when an expandable container is “filled” is at odds with common sense. The POSA that intended to use the container would know the characteristics of the container’s material and when they are “filled” as understood in the claim.

Although this Court held that, “the level of ordinary skill in the art plays an important role in an indefiniteness analysis,” *Tinnus I Appeal*, 846 F.3d at 1206, the Board appeared to try to downplay that importance. In one example, the Board

completely discredits Dr. Kudrowitz's testimony that a POSA would understand "substantially filled" as "conclusory and unpersuasive." Appx31. Given the level of skill in the art for this particular invention, Dr. Kudrowitz's opinion is hardly conclusory, but rather reflects the straight-forward and simple understanding of a POSA.

The Board further minimized the importance of the POSA by placing too much significance on the expandable nature of a balloon. The Board held that even if a POSA could determine when a balloon is "substantially filled" over a range of expansion, the phrase "not less than a weight of one of the containers when substantially filled with water" is nevertheless indefinite. Appx34-36. In making this finding, the Board relied on Tinnus' demonstrative slide (reproduced below):

States of Being “substantially filled with water”



Paper 53, 6; Ex. 1019, 55:15-56:12

53

Appx1848.

The Board used this graphic as support for its indefiniteness finding. Appx34-36. But the Board’s reliance on this illustration does not support its finding. Rather, the Board merely speculated what “might” happen with hypotheticals it generated and without the benefit of a POSA.

Specifically, the Board speculated that in state (C), “the balloon *might* not be strong enough to perform the *required attachment* and sealing functions due to the weight of the water in the container” and that in state (B), “the same elastic

fastener ***might*** be strong enough to provide the claimed “connecting force.” (*Id.* (emphasis supplied).)

The Board’s speculative analysis sheds no light on whether or not the claim terms are definite.

First, the Board references “required attachment.” There is no “attachment” required or otherwise in claim 1. The separate terms “detach” or “detaching” appear in the claims. It is unclear what the Board meant by “required attachment” and because its analysis is supposedly based on a “required attachment” that is not recited in the claims, the Board’s analysis should be given no weight.

Second, the Board provided no explanation of how the balloon in state (C) would not be strong enough to perform the required attachment and sealing functions “due to the weight of the water in the container” or why the container would be performing that function instead of the claimed “elastic fastener.”

Third, the Board states only that the scenarios it generated “might” happen but provides no guidance regarding when these “might’s” would occur.

Fourth, the Board’s hypotheticals do not shed any light on the Board’s assertion that a POSA would be unable to discern whether a balloon could meet the claimed functions in different states of expansion. *See Nautilus*, 134 S. Ct. at 2128-29 (noting that to determine whether a particular term is indefinite “[o]ne

must bear in mind . . . that patents are ‘not addressed to lawyers, or even to the public generally,’ but rather to those skilled in the relevant art.”)

As this Court observed in the *Tinnus I Appeal*, reading the entire claim term in context renders it easily understandable. The demonstrative diagram the Board took issue with illustrates how even expandable containers can be evaluated in spite of having multiple states of being substantially filled. One merely needs to evaluate whether there is “a state” in which the claimed function is met. If a device provides the recited function in any one of states (A) or (B) or (C), then the claim language is met. Put another way, the “substantially filled” state at the beginning of the limitation is the same “substantially filled” state at the end of the limitation. Accordingly, if the latter state can be understood by one of ordinary skill, then so too can the former— contrary to the Board’s finding.

There is extensive testimony that claim 1 is readily understandable on its face by a POSA. *See* Appx1329-1338, 55:13-64:25; Appx1055-1061, ¶¶24-47. But the Board ignored this testimony. To avoid the recited connecting force limitation, the POSA must either:

- 1) select an elastic fastener that is weak enough that the substantially filled container in state (A) falls off *without* shaking or

- 2) select an elastic fastener that is strong enough that the substantially filled container of state (C) does not fall off *in spite of* shaking.

Claim 1 clearly provides limits to a POSA. In some respects, the claim may be considered broad in that it covers a range of elastic fastener strengths. The Board confused broadness with indefiniteness.

E. Telebrands and Its Expert Confirm that a POSA Would Understand “Substantially Filled”

The Board further suggested that because in some instances an elastic fastener may or may not infringe, a POSA would not understand what is claimed. Appx36. Indeed, the language used by Telebrands and its expert shows that a POSA would readily understand when an expandable container is filled. Arguing that the accused products did not infringe, Telebrands’ technical expert—and a POSA—testified about the function of the device described in the claims:

I have examined the [accused] BALLOON BONANZA product and I have observed videos of the BALLOON BONANZA product in use. Shaking is not required to detach the balloons from the tubes. Rather, the balloons naturally fall off of the tubes when the balloons are *substantially filled* with water. When the balloons fall off of the tubes, the connecting force is less than the weight of the balloons when *substantially filled* with water.

Tinnus I, Dkt. 182 at 6, 9-10 (quoting Appx1234-1235, ¶34) (emphasis added). As the district court noted, “[Telebrands’] expert, [Dr. Kenneth Kamrin], agrees that in view of the claims, specification, and file history, the term “substantially filled”

“conveys an accurate scope of the invention to one of ordinary skill in the art.”

Tinnus I, Dkt. 182 at 9-10. Should there be any doubt, Dr. Kamrin used the term “substantially filled” with respect to infringement not once, but in four separate paragraphs. Appx1234, ¶¶32-35.

In the PGR proceeding below, Telebrands itself also repeatedly used the term “filled” to explain the function of alleged prior art references using expandable containers. *E.g.*, Appx189 (“After the compartment is ***filled*** with a desired amount of fluid, the balloon is detached and fluid pressure on the closure member causes it to automatically seal within the compartment in the balloon.”); Appx191 (“The check valve ball cooperates with the elastic band such that when the balloon is ***filled*** with water and removed from the hollow tube”); Appx193 (“When the water balloons are ***filled*** to a desired size, the apparatus user can shake the housing to remove the water balloons”); Appx201 (“It is ***well-known to those skilled in the art*** prior to the effective filing date of the ’066 Patent that balloons are ***filled*** upon attachment to water dispensing devices, including without limitation hoses and devices that are attached to the ends of hoses.”) (emphasis supplied).

Telebrands offered these prior art references as allegedly enabled and invalidating references at the same time it argues that they could not be understood because one of ordinary skill could not understand when the containers were filled.

Telebrands cannot have it both ways. By offering non-infringement and obviousness opinions without any reservation as to his understanding of the term “substantially filled with water,” Telebrands has conceded that “substantially filled” is definite.

V. The PGR Proceedings Below Violated Tinnus’ Constitutional Rights

The PGR proceedings below violated the Seventh Amendment and Tinnus’ right to an Article III forum for invalidity proceedings. This Court has held in the context of IPR proceedings that a Board trial does not violate Article III or the Seventh Amendment. *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015).

On June 12, 2017, the Supreme Court granted *certiorari* on these two same issues, namely:

Whether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC, 639 Fed. Appx. 639 (Fed. Cir. May 4, 2016), *cert. granted*, 2017 U.S. LEXIS 3727 (U.S. June 12, 2017); *see also* Petition for Certiorari, *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, No. 16-712 (U.S. filed Nov. 23, 2016).

While both *MCM* and *Oil States* involved IPR proceedings, the same constitutional challenges would apply with equal force to PGR proceedings

including the proceedings below. Both IPRs and PGRs are “adversarial process[es] used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents” and both are creatures of the Leahy–Smith America Invents Act. *See* Petition for Certiorari, *Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, No. 16-712 (U.S. filed Nov. 23, 2016). Thus, if the Supreme Court rules that the IPR proceedings in *Oil States* are unconstitutional, the same holding should be extended to hold that the PGR proceedings below are unconstitutional as well.

A. Nothing Precludes Tinnus for Raising its Constitutional Challenge Before This Court

As an initial matter, while Tinnus did not challenge constitutionality of the PGR proceedings below, it is not precluded from raising them for the first time before the Court for two reasons. *Beard v. General Services Admin.*, 801 F.2d 1318, 1321 (Fed. Cir. 1986).

First, since the Board viewed its authority as fully settled, “raising this claim to the [Board] would have been an exercise in futility, and presents an exception to the exhaustion doctrine.” *Id.* (citing *Hatcher v. Dept. of the Air Force*, 705 F.2d 1309, 1312 n.2 (11th Cir. 1983)).

Second, “the principle of exhaustion of administrative remedies does not always apply to constitutional challenges to [an] agency’s action.” *Beard*, 801 F.2d at 1321 (citing *Hayes v. Dept. of the Navy*, 727 F.2d 1535, 1539 (Fed. Cir.

1984)). Accordingly, Tinnus should be allowed to challenge the constitutionality of the PGR proceedings below.

B. The Seventh Amendment Provides Patent Owners with a Right to a Jury in Invalidity Proceedings

The Seventh Amendment ensures a jury trial “[i]n Suits at common law.” U.S. CONST., amend VII. Patent infringement suits have a long history in the common law, and thus of a jury trial right. *See, e.g., Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996); *In re Lockwood*, 50 F.3d 966, 976 (Fed. Cir. 1995), *vacated*, 515 U.S. 1182 (1995) (holding jury trial right applies to adjudication of patent validity); *In re Tech. Licensing Corp.*, 423 F.3d 1286, 1289 (Fed. Cir. 2005) (citing *Lockwood* for the proposition that under both English and American practice it was the patentee who decided whether a jury trial on the factual questions relating to validity would be compelled.). The absence of a jury below violates Tinnus’ Seventh Amendment rights.

Notwithstanding this precedent, this Court held that patent rights are mere “public rights” of the sort outside Seventh Amendment protection. *MCM*, 812 F.3d at 1293. Tinnus respectfully submits that *MCM* panel erred in this holding. A patent’s right to exclude is a private right as it exists separate and distinct from the government once granted. *See United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 370 (1888) (“[The subject of the patent] has been taken from the people, from the public, and made the private property of the patentee”).

C. Patent Owners Have a Right to an Article III Forum for Invalidity Proceedings

Even if the Board’s indefiniteness determination below did not violate the Seventh Amendment, it nevertheless violated Article III. The Supreme Court has “long recognized that, in general, Congress may not ‘withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.’” *Stern v. Marshall*, 564 U.S. 462, 484 (2011) (quoting *Murray’s Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. 272, 284 (1855)).

As noted above, patent infringement actions were raised in common law. Accordingly, “[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.” *McCormick*, 169 U.S. at 609. Patent infringement cases—complete with invalidity defenses—were “traditional actions at common law.” *Stern*, 564 U.S. 484 (internal quotations omitted). Therefore, “the responsibility for deciding that [type of] suit rests,” if not with juries then at a minimum, “with Article III judges in Article III courts.” *Id.*; see also *Am. Bell*, 128 U.S. at 365 (“Patents are sometimes issued unadvisedly or by mistake In such cases courts of law will pronounce them void.... That is a judicial act, and requires the judgment of a court.”).

The need for Article III courts to resolve validity is further highlighted by the conflicting results created between the Article III district court rulings and the Board in relation the '066 Patent.

Specifically, the Board's Final Written Decision conflicts with the following rulings made by the district court in the context of granting the preliminary injunction:

- The Magistrate Judge found that the term “substantially filled” was not indefinite. Appx427 (finding that the “claims of the '066 Patent provide specific parameters when the containers are ‘substantially filled’”); Appx427-428 (concluding that Telebrands has not “raised a substantial question” regarding indefiniteness of “substantially filled”).
- The Magistrate Judge made his invalidity determination on the exact same record as the PGR Petition. Appx426 (noting that Telebrands, in lieu of briefing, “wholesale cite[ed]” to its PGR petition and supporting expert declaration).
- The District Judge adopted the findings of the Magistrate Judge, overruling Telebrands’ objections. *Tinnus I*, 2015 WL 11089480, at *2.

- As noted above, this Court affirmed the preliminary injunction and expressly considered the purported indefiniteness of “substantially filled.” *Tinnus I Appeal*, 846 F.3d at 1205-06.

In the context of denying Telebrands’ motion for summary judgment of invalidity based on the purported indefiniteness of “substantially filled” the district court made the following rulings:

- The Magistrate Judge recommended that Telebrands’ motion for summary judgment of invalidity based on indefiniteness be denied. *Tinnus I*, Dkt. 182. The Magistrate Judge expressly found the “term ‘substantially filled’ not indefinite.” *Id.* at 11.
- The District Judge adopted the Magistrate Judges R&R overruling Telebrands objections. *Tinnus I*, Dkt. 199.

The Board’s Final Written Decision effectively overruled the determinations of two federal judges—a magistrate judge and a district judge—both with considerable expertise in presiding over patent matters.

The patent adjudication system as it stands now creates a bizarre parallel track where two different forums can render rulings on the same patent applying different standards and with inconsistent results. This violates Article III principles. PGR proceedings can cast a lingering cloud over the patents with detrimental effects. For example, the very existence of a Board proceeding might

influence a district court or jury, despite prior favorable Article III court rulings, to conclude that the patents are weak or likely invalid—when, in fact, that is not the case at all.

CONCLUSION

With respect to the Board's improper institution and Tinnus' constitutionality challenge, the PGR proceeding should never have been instituted and the entire PGR action below should be held unlawful, set aside, and reversed. To the extent the Court finds that institution was proper under statutory and constitutional principles, the Court should nevertheless reverse the Board's Final Written Decision finding claims 1-6, 8, and 10-14 indefinite under 35 U.S.C. § 112(b).

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