

Case Nos. 2025-132, 2025-133

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

In re: SAP America, Inc.

Petitioner.

On Petition For A Writ Of Mandamus To The United States Patent and
Trademark Office in Nos. IPR2024-01495 and IPR2024-01496

**BRIEF OF AMICUS CURIAE SATYA MARAR
IN SUPPORT OF RESPONDENT**

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July 17, 2025

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

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CERTIFICATE OF INTEREST

Counsel for *Amicus Curiae* certifies the following:

1. The full name of every party or amicus represented by me is:

Satyajeet Ramdas Marar

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

N/A

3. All parent corporations and publicly held companies that own 10 percent or more of the stock of the party or amicus represented by me are:

N/A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

None appeared in the lower tribunal. Brian D. Ledahl and Neil Rubin appear in this court for *amicus curiae*.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal:

None beyond those disclosed by the parties.

6. No disclosure regarding organizational victims in criminal cases or debtors or trustees in bankruptcy cases is applicable under Fed. R. App. P. 26.1(b) or (c).

July 17, 2025

/s/ Brian D. Ledahl
Signature of counsel

Brian D. Ledahl
Printed name of counsel

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INTEREST OF AMICI CURIAE

*Amicus Curiae*¹ Satya Marar is a Visiting Postgraduate Fellow at the Mercatus Center at George Mason University. He researches intellectual property policy, antitrust and competition policy, and technology policy. He has an interest in promoting the proper application of the patent laws and administrative laws in the operations of the Patent Trial and Appeal Board, as the efficient operation of the patent system is essential to the continued success of the innovation economy. He has no stake in the parties or in the outcome of the case. The ideas presented in this document do not represent official positions of the Mercatus Center or George Mason University.

¹ Pursuant to Fed. R. App. P. 29(a), all parties have consented to the filing of this brief. No party's counsel authored this brief in whole or part; no party or party's counsel contributed money intended to fund preparing or submitting this brief; and no person other than amici, their members, or counsel contributed money intended to fund preparing or submitting this brief. Fed. R. App. P. 29(c)(4).

SUMMARY OF ARGUMENT

This amicus brief offers insight on how administrative law applies to the construction of the memo upon which the petitioner purports to rely as a guidance or a rule, whether this reliance was reasonable, and whether the court should grant the petitioner's extraordinary request for a writ of mandamus requiring the PTAB to apply the framework outlined in a rescinded memo in deciding whether to discretionarily deny their IPR application. Specifically, former USPTO director Vidal's June 2022 memo presented only interim guidance on how the PTAB would temporarily apply its precedents regarding the factors it will consider in deciding whether to discretionarily deny an IPR application pending the future announcement of a rule subject to a Notice of Proposed Rulemaking (NPRM). As this rescindable interim guidance was neither a guarantee nor a representation that it would be in effect by the time that petitioner's IPR came before the PTAB, federal court precedents indicate that the petitioner's reliance upon it was unreasonable and does not warrant a writ of mandamus that would constrain the PTAB's Congressionally-granted discretion and require it to apply rescinded interim guidance. Since agency policy guidelines lack the force of law or expected stability of a rule, and since the facts of the present matter indicate no reasonable reliance on the applicability of the guidelines to the petitioner's IPR application by the time it came before the PTAB, the USPTO is entitled to apply its 2025 guidance memo (the Boalick memo) to deciding on the discretionary denial of the petitioner's IPR application.

ARGUMENT

I. Parties had no valid reliance interest on the Vidal memo, which SAP argues established a per se rule—but it could not have, given that it did not follow proper rulemaking procedures.

A. The America Invents Act (AIA) and PTAB precedents permit the discretionary denial of an IPR request based on factors including the existence of parallel district court litigation.

Congress’s intent in adopting the Leahy-Smith America Invents Act, Pub. L. No. 112-29 (2011), (“AIA”) included the creation of the Patent Trial and Appeal Board (“PTAB”) as a streamlined and efficient forum for conducting post-grant patent validity reviews to improve patent quality and reduce unnecessary and counterproductive litigation costs. H.R. Rep. No. 112-98, pt. 1, at 40 (2011).

Parallel district court and PTAB validity challenges involving the same parties can increase litigation costs while encouraging inefficiency and gamesmanship by patent litigants and extending the duration of disputes concerning the same patents. High costs and long dispute duration deter litigants with valid patent claims from asserting or fighting to uphold their rights. Jeremy Graboyes et al., Administrative Conference of the US Office of the Chairman, Patent Small Claims: Report to the US Patent and Trademark Office (2023).

By straining the PTAB's limited resources through potentially duplicative disputes, they could also compromise the PTAB's ability to uphold the AIA's objectives.

The PTAB, then acting pursuant to its delegation of authority from the Director, who is statutorily tasked with deciding institution of post-grant patent validity reviews, 35 U.S.C. §§ 314(a), 325(a), thus designated the *Fintiv* case as precedential in 2021, thereby adopting *Fintiv's* non-exhaustive list of factors that will be considered on a case-by-case basis when exercising its delegated discretion to grant or deny an AIA IPR (*inter partes* review) proceeding where there is a parallel district court proceeding. *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020) (designated precedential May 5, 2020).

The PTAB subsequently adopted the "*Sotera*" precedent, affirming that a "Sotera stipulation" (i.e. a commitment by the patent challenger not to raise invalidity grounds in the district court proceeding that it raises or could reasonably have raised in the parallel PTAB proceeding) will weigh strongly in favor of (but not necessarily be dispositive in and of itself for) institution of an IPR review. *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020)).

Former USPTO Director Vidal's July 2022 guidance memo (Memorandum from PTO Director to PTAB, Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation (June 21, 2022))('The Vidal

memo’) states that during the interim period between the memo’s issuance and the adoption of a final rule, the USPTO will not discretionarily deny an IPR application based on the *Fintiv* factors where the petitioner issues a *Sotera* stipulation.

Neither *Sotera* nor former USPTO Director Vidal’s July 2022 guidance memo, upon which the petitioners in this case assert reliance, purport to replace or overrule *Fintiv* as a precedent. Rather, in the memo, former Director Vidal states that she is making “*clarifications ... to the PTAB's current application of Fintiv to discretionary institution where there is parallel litigation.*” (emphasis added).

Further, although the USPTO director is permitted to institute an IPR, petitioners have never had a right to the institution of one, and the USPTO director cannot be compelled to institute one. *Apple Inc. v. Vidal*, 63 F.4th 1, 6 (Fed. Cir. 2023) (quoting *Mylan Laboratories Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021)).

B. Former Director Vidal did not ultimately promulgate a final rule adopting her interim guidance’s per se rule regarding *Sotera* stipulations following the procedure stipulated in the Administrative Procedure Act (APA).

In order to adopt a rule, the APA specifies that an executive agency must publish a notice of proposed rulemaking (NPRM) in the Federal Register, provide the public with essential information about the proceeding, the legal authority under which the agency claims to act, and a description of the issues involved or the text of the rule

they propose. 5 U.S.C. § 553. The public must also be given an opportunity to comment on the proposal through submitting written data, arguments or views. Only after considering these public comments can the agency publish the final rule. They must also include a statement explaining the rule's purpose and the basis for it.

The notice and comment period prior to a rule's adoption is not a mere formality. It ensures that rules that bind current and future iterations of an agency under different administrations can only be adopted after the opportunity for public and stakeholder appraisal and input that the agency is required by Congress to consider in its decision to adopt a rule. Agencies that adopt a rule without following the applicable procedure would thus be engaging in executive overreach in contravention of the US Constitution's separation of powers.

By contrast, the APA also permits agencies to issue general policy statements or statements on how it will interpret the statutes that it is charged with ("interpretative rules") without the need for an NPRM. 5 U.S.C. § 553(b)(A).

The Attorney General's Manual on the Administrative Procedure Act defines interpretative rules as "statements issued by an agency to advise the public of the agency's construction of the statutes and rules which it administers." Attorney General's Manual on the Administrative Procedure Act at 30, n.3 (1947). Although courts can give weight to how an agency interprets and has consistently interpreted its own governing statutes and rules so long as the interpretations are reasonable, these

interpretations do not have the force of law that an adopted rule has. Instead, the Supreme Court requires that judges “exercise independent judgment in determining the meaning of statutory provisions.” *Loper Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024).

Although it may be consistent with certainty, predictability and good governance practice, there is no guarantee, and no reliance interest, that an agency will consistently interpret or apply its own statutes and rules in the same way that it previously has where Congress granted it discretion. In the case of an ambiguity, there is also no guarantee that a particular interpretation of said rules or statutes will be upheld as the sole correct one until courts have ruled as such. Until then, issuance of a new interpretative statement by an agency can modify, supplement, replace or abolish an existing one.

Similarly, general policy statements are guidance, lacking the force of legal obligations, that “advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power.” (Att’y Gen. Manual, *supra* at 30 n.3.

C. The Vidal Memo issued interim guidance in lieu of a final rule’s pronouncement. It was unreasonable for the petitioners to rely on its applicability to the decision on whether to grant their IPR application.

The Vidal Memo of June 2022 states that the USPTO plans “to soon explore potential rulemaking on [amending PTAB’s approaches to exercising discretion on whether to institute an AIA proceeding, including situations involving parallel district

court litigation] through an Advanced Notice of Proposed Rulemaking.” At most, the Vidal memo put the public and potential parties on notice that a formal pronouncement of a rule was forthcoming, indicating that any further “binding guidance” in the memo was not permanent. This is highlighted by the memo’s subsequent language contextualizing its guidance: “*In the meantime*, I have determined that several clarifications need to be made to the PTAB's *current* application of Fintiv to discretionary institution where there is parallel litigation.” (emphasis added).

The USPTO did, in fact, issue an Advance NPRM (“ANPRM”), which discussed the issue of coordination with district court proceedings and *Sotera* stipulations. 88 Fed. Reg. 24503, 24514-16 (Apr. 21, 2023). This ANPRM contemplated changing various aspects of this *Sotera* stipulation practice, noting in particular that “The Office is additionally considering removing this [safe harbor] exception and instead making a *Sotera* stipulation a necessary but not sufficient basis for institution.” *Id.* at 24516. Regardless, the ANPRM was not followed by an NPRM on *Sotera* stipulations, even though the USPTO did promulgate an NPRM on other parts of this ANPRM, including other aspects of discretionary denials. Patent Trial and Appeal Board Rules of Practice for Briefing Discretionary Denial Issues, and Rules for 325(d) Considerations, Instituting Parallel and Serial Petitions, and Termination Due to Settlement Agreement, 89 Fed. Reg. 28693 (Apr. 19, 2024).

The petitioners claim to have relied upon the interim guidance articulated in the Vidal memo stating that “no *Fintiv*-based institution denial would occur ‘where a petitioner presents a stipulation not to pursue in a parallel proceeding the same grounds or any grounds that could have reasonably been raised before the [PTAB].’” However, one critical question for whether the extraordinary remedy of a writ of mandamus ought to be issued is whether it was *reasonable* for the petitioners to rely on changes to the guidance not being applied retrospectively. *See Velásquez-García v. Holder*, 760 F.3d 571, 582 (7th Cir. 2014) (holding that a new immigration rule emerging from agency adjudication was improperly applied retroactively).

There can be no strong reliance interest where a guidance or rule is temporary, interim, or otherwise likely to change. *See Clark-Cowlitz Joint Operating Agency v. Federal Energy Regulatory Comm’n*, 826 F.2d 1074, 1084 (D.C. Cir. 1987) (recognizing that the degree to which it was reasonable to rely on an agency policy remaining in effect was reduced by the possibility that the Supreme Court would review it).

Here, the designation of the memorandum as “interim” provided ample notice that the memorandum was subject to change, and subsequent agency actions through an ANPRM that never turned into an NPRM or final rule—despite many other aspects of that ANPRM becoming final rules—make continued reliance on this supposed *per se* rule unreasonable at the very least.

Petitioners filed their IPR application supposedly with the expectation that the guidance that had not been rescinded at the time that they filed would apply when the PTAB eventually considered their application despite the formal procedures for enacting this guidance into formal rules being conspicuously absent. Federal appellate courts have recognized that “the mere filing of an application is not the kind of completed transaction in which a party could fairly expect stability of the relevant laws as of the transaction date.” *Craker v. United States DEA*, 44 F.4th 48, 64 (1st Cir. 2022) (quoting *Pine Tree Med. Assocs. v. Sec’y of Health and Hum. Servs.*, 127 F.3d 118, 121 (1st Cir. 1997)) (holding that applications to a DEA program filed in accordance with previous guidance could be assessed under a newly promulgated regulation; in other words, the new rule was not impermissibly retroactively applied to their applications).

The Vidal memo’s language that its guidance makes clarifications “to the PTAB’s *current* application of Fintiv to discretionary institution” (emphasis added) further indicates that it makes no representation or guarantee that a party that files its IPR application while the guidance is still in effect will have said IPR application reviewed under the guidance’s framework by the time that it comes before the PTAB.

D. Since the Vidal memo articulates interim policy guidance rather than a per se rule, and since reliance on the permanent application of this guidance is unreasonable, the USPTO may implement its new guidance retrospectively.

“[A] statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms.” *Bowen v. Georgetown University Hosp.*, 488 U.S. 204, 208 (1988).

Since no valid NPRM was issued in the present case and no final rule was validly adopted, the rule in *Bowen* does not apply to the present matter as agency guidance or guidelines do not carry the same force of law or reasonable expectation of permanent or non-retrospective effect that an agency rule carries.

Petitioners cite *Smith v. Metro. Sch. Dist. Perry Twp.*, 128 F.3d 1014, 1039–40 (7th Cir. 1997) for the proposition that much like agency rules, courts must refrain from giving agency guidelines or changes to them retrospective policy effect. Specifically, the majority in *Smith* note that “[j]ust as this court must be extremely cautious before giving statutory language retroactive effect, we must likewise refrain from giving retroactive effect to agency policy guidelines.” *Id.*

At issue in *Smith* was the retroactive applicability of Department of Education Office of Civil Rights policy guidance to determining whether a school district had violated its agreement with the federal government to maintain Title IX standards against sex discrimination. The alleged violation had occurred years prior to the guidance’s adoption. The applicable Title IX agreement between the federal government and the school district

that imposed Title IX compliance on the school district as a condition for the disbursement of federal education funds also predated the alleged violation and lawsuit.

The *Smith* court cited *Rosa H. v. San Elizario Indep. Sch. Dist.*, 106 F.3d 648, 652-53 (5th Cir. 1997), specifically the following quote dealing with retrospective non-applicability of agency guidelines governing the interpretation of Title IX obligations: “[W]e cannot apply these guidelines retroactively. . . . [R]ecipients of Title IX funds are bound by their agreement with the federal government. *The government can add strings to the Title IX funds as it disburses them. But it cannot modify past agreements with recipients by unilaterally issuing guidelines through the Department of Education.*” (emphasis added).

Rosa H and *Smith* are readily distinguishable from the present case as there was no agreement between petitioners and the USPTO on which petitioners could have reasonably relied to apply the Vidal memo’s interim guidance to the decision on whether to discretionally deny their IPR request due to a parallel district court proceeding. Although modification of a contract reasonably requires the consent of both parties, it would be unreasonable for changes in agency guidance to require the consent of parties before the agency.

The USPTO’s unilateral conduct of adopting the Vidal memo’s interim guidance was hence validly reversed through their unilateral conduct of issuing a March 2025 memo rescinding the prior guidance, and allowing the PTAB to revert to considering all the *Fintiv*

factors per its own precedent. Memorandum from Scott Boalick, “Guidance on USPTO’s recission of Interim Procedure for Discretionary Denials in AIA Post-Grant Proceedings with Parallel District Court Litigation”.

CONCLUSION

Due to the absence of a validly adopted rule, and the unreasonable reliance on the future application of an interim agency guidance at the time of the petitioners’ IPR application’s filing, there are no reasonable grounds for the granting of extraordinary relief in the form of a writ of mandamus in favor of the petitioners. Such a writ would violate the separation of powers as it would preclude the USPTO from exercising the discretion and authority that Congress granted it under the AIA. Specifically, the discretion to determine and modify the weighting it will give various factors on a case-by-case basis in deciding whether to grant or deny an IPR review in light of its goals of promoting efficient use of limited resources, reducing litigation costs, preventing duplicative litigation, and upholding valid patent rights and patent quality.

The writ of mandamus requested by the petitioners would also give interim agency guidance similar effect to a rule. This would further violate the separation of powers and contravene due process by allowing executive agencies to bypass the obligations that Congress has imposed on them under the APA to issue an NPRM and consider public comments prior to adopting a rule.

Dated: July 17, 2025

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION

The undersigned hereby certifies that the foregoing brief complies with the relevant type-volume limitations of the Federal Rules of Appellate Procedure and Federal Circuit Rules because the brief has been prepared using a proportionally spaced typeface using Microsoft Word in 14-point or larger Times New Roman Font or another proportionally spaced typeface with serifs and includes 3,014 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 5(c), Federal Rule of Appellate Procedure 21(d), Federal Rule of Appellate Procedure 27(d)(2), Federal Rule of Appellate Procedure 32(f), and Federal Circuit Rule 32(b).

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CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of July, 2015, I caused copies of the foregoing Brief of *Amicus Curiae* Satya Marar In Support of Respondent to be served by electronic means via the Court's CM/ECF system on all counsel registered to receive electronic notices.

July 17, 2025

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