

No. \_\_\_\_\_

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IN THE  
**Supreme Court of the United States**

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DAIKIN INDUSTRIES, LTD. and DAIKIN AMERICA, INC.,  
*Petitioners,*  
v.  
THE CHEMOURS COMPANY FC, LLC,  
*Respondent.*

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**On Petition for a Writ of Certiorari  
to the United States Court of Appeals  
for the Federal Circuit**

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**PETITION FOR A WRIT OF CERTIORARI**

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### **QUESTION PRESENTED**

May a federal appellate court, consistent with the Administrative Procedure Act and the principles of separation of powers embedded within that Act, reverse an administrative agency's decision on a factual ground not addressed by the agency, without a remand to that agency?

**PARTIES TO THE PROCEEDING AND  
RULE 29.6 STATEMENT**

Petitioners, who were Appellees below, are Daikin Industries, Ltd., and Daikin America, Inc. Petitioner Daikin Industries is the parent company of petitioner Daikin America, Inc., and owns 10% or more of Daikin America's stock.

Respondent is The Chemours Company FC, LLC, Appellant below.

**RELATED PROCEEDINGS**

*Daikin Industries v. The Chemours Co.*, IPR2018-00992, IPR2018-00993, Patent Trial and Appeal Board. Judgment entered November 12, 2019.

*The Chemours Co. v. Daikin Indus., et al.*, Nos. 2020-1289, 2020-1290, U.S. Court of Appeals for the Federal Circuit. Judgment entered July 22, 2021.

*The Chemours Co. v. Daikin Indus., et al.*, No. 17-cv-01612, U.S. District Court for the District of Delaware. Pending.

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## **OPINIONS BELOW**

The Patent Trial and Appeal Board's Decisions to institute Inter Partes Review (App. 161a-188a; 189a-221a), and that Board's Final Written Decisions (App. 22a-94a; 95a-160a) are unreported. The Federal Circuit's opinion (App. 1a-19a) is reported at 4 F.4th 1370 (Fed. Cir. 2021). Its order denying rehearing en banc (App. 20a-21a) is unreported.

## **JURISDICTION**

The Federal Circuit denied rehearing en banc on November 15, 2021. This Court has jurisdiction under 28 U.S.C. § 1254(1).

## **CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

Section 103 of Title 35, United States Code, provides:

“A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.”

Section 706 of Title 5, United States Code, provides, in relevant part:

“To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or

applicability of the terms of an agency action. The reviewing court shall—

\* \* \* \*

(2) hold unlawful and set aside agency action, findings, and conclusions found to be—

\* \* \* \*

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute . . . .”

### STATEMENT

1. “The Leahy-Smith America Invents Act, 35 U.S.C. § 100 *et seq.*, creates a process called ‘inter partes review.’ That review process allows a third party to ask the U.S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art.” *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 265 (2016). “The Act converts inter partes reexamination from an examinational to an adjudicative proceeding, and renames the proceeding ‘inter partes review.’” H. R. Rep. No. 112-98, at 46-47 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 77 (H.R. Rep.); *Cuozzo*, 579 U.S. at 267-68.

One “adjudicative proceeding” that takes place under the Act, inter partes review, is conducted before an executive agency, under the Administrative Procedure Act, 5 U.S.C. §§ 554-557, and reviewed under the judicial review provisions of that act, *id.* at §§ 701-706. “[U]nder the Administrative Procedure Act . . . reviewing courts [may] ‘set aside agency action’

that is ‘contrary to constitutional right,’ ‘in excess of statutory jurisdiction,’ or ‘arbitrary [and] capricious.’ *Cuozzo*, 579 U.S. at 275 (quoting 5 U.S.C. § 706(2)(A)-(D)).

But an Article III court reviewing an agency determination must pay special respect to principles of separation of powers. When a federal appellate court reviews an Article III court’s adjudication, it applies a “standard of review [that] has been considered somewhat stricter (i.e., allowing somewhat closer judicial review) than the APA’s court/agency standards.” *Dickinson v. Zurko*, 527 U.S. 150, 153 (1999) (quoting 2 K. Davis & R. Pierce, *Administrative Law Treatise* § 11.2, p. 174 (3d ed. 1994)). By contrast, court/agency review is “less strict,” *Dickinson*, 527 U.S. at 162, in large part because “appellate courts must respect agency expertise.” *Id.* (discussing *Universal Camera Corp. v. NLRB*, 340 U.S. 474, 477, 488 (1951)).

This Court has emphasized these separation-of-powers principles by holding that a federal court cannot substitute its judgment for an agency’s on factual matters. For example, unlike in court/court review, where a federal appellate court may substitute a ground not relied upon by a district court in affirming that lower court’s judgment, *United States v. American Ry. Exp. Co.*, 265 U.S. 425, 435-36 (1924), federal appellate courts reviewing agency adjudications are forbidden from that route. *SEC v. Chenery Corp.*, 318 U.S. 80, 88 (1943) (*Chenery I*). Only “nonexpert judicial factfinding calls for the court/court standard of review,” *Dickinson*, 527 U.S. at 164.

2. On November 8, 2017, Chemours sued Petitioners (together, “Daikin”) and others for patent infringement in the District of Delaware. *See* Complaint, *Chemours Co. v. Daikin Indus., Ltd. et al.*, No. 1:17-cv-01612-MN-CJB (Doc. 1). Chemours alleged that Daikin infringed Chemours’ United States Patents No. 7,122,609 (the “609 Patent”) and United States Patent No. 8,076,431 (the “431 Patent”) by making, using, selling, offering for sale, or importing certain copolymers, and wires coated with copolymers, comprised of tetrafluoroethylene and hexafluoropropylene. *Id.* at ¶¶ 25-33.

On April 30, 2018, within the one-year window set forth in 35 U.S.C. § 315(b), Daikin petitioned for inter partes review of the ’609 and ’431 Patents, challenging the patentability of claims 1-7 of the ’609 Patent, and claims 3 and 4 of the ’431 Patent, either as anticipated (35 U.S.C. § 102), or obvious (*id.* § 103) in view of prior art. App. 24a, 96a. On November 13, 2018, the Patent Trial and Appeal Board, acting as the Director’s delegate for making institution decisions pursuant to 37 C.F.R. § 42.4(a), instituted inter partes review as to the challenged claims of each patent. App. 24a, 96a; 161a-188a, 189a-221a.

After receiving evidence and argument, the Patent Trial and Appeal Board, on November 12, 2019, issued its final written decisions under 35 U.S.C. § 318(a). App. 22a-95a, 95a-160a. The Board held that all challenged claims of the two patents were unpatentable as obvious in view of the prior-art U.S. Patent No. 6,541,588 (referred to as “Kaulbach,” after the named inventor). In particular, the Board made the express factual finding that “the skilled artisan would have been motivated to increase the melt flow

rate of Kaulbach's Sample A11 from 24 g/10 min to be within the range of 'about 30±3 g/10 min' as recited in [the claims] in order to achieve higher wire coating speeds than those observed for Sample A11." App. 78a, 138a.

3. Chemours appealed to the Court of Appeals for the Federal Circuit, urging that the agency had erred in finding the challenged claims unpatentable as obvious.

a. A "patent for a combination which only unites old elements with no change in their respective functions ... obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men." *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 152-53 (1950). Obviousness determinations are based upon a number of factual inquiries, including "the scope and content of the prior art ... ; differences between the prior art and the claims at issue ... ; and the level of ordinary skill in the pertinent art." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007) (quoting *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966)). One factual consideration on which the patent owner bears the burden of proof is commonly labeled "teaching away"—"when the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious." *Id.* at 416 (citing *United States v. Adams*, 383 U.S. 39, 51-52 (1966)).

b. In the agency, the obviousness dispute centered on the Chemours patent claims' requirement that the polymer have a "melt flow rate" of "about 30±3" grams per ten minutes ("g/10 min."). App. 66a-78a,

133a-144a. The agency, relying on Kaulbach's disclosure that polymers used in "high speed wire extrusion" have melt flow rates of 15 g/10 min. or greater, "found that Kaulbach's melt flow rate range fully encompassed the claimed range" (App. 7a), and that "a skilled artisan would have been motivated to increase the melt flow rate of Kaulbach's preferred embodiment, "Sample A11," which had a stated melt flow rate of 24 g/10 min., "to within the claimed range in order to coat wires faster." App. 7a-8a.

These were factual determinations for the agency to make: This Court in *Graham* held that "the scope and content of the prior art" and "differences between the prior art and the claims at issue" are "basic factual inquiries" related to obviousness. 383 U.S. at 17. Even the Federal Circuit panel recognized, at the outset of its opinion, that "What the prior art teaches, whether a person of ordinary skill in the art would have been motivated to combine references, and whether a reference teaches away from the claimed invention are questions of fact." App. 5a.

c. In the Federal Circuit, however, Chemours relied on a factual argument it had disclaimed before the agency—it argued that the Kaulbach patent actually "taught away" from the claimed invention. Before the agency, Chemours had emphatically disclaimed the relevance of "teaching away" to the case, *see* C.A. App. 2836 ("Nor is whether Kaulbach *teaches away* from the claimed range relevant."), so it was unsurprising that neither of the agency's final written decisions even mentioned "teaching away."



“Teaching away” occurs, as this Court explained in *Graham*’s companion case, *United States v. Adams*, where prior-art references would “deter any investigation into such a combination.” 383 U.S. at 52. Because “the scope and content of the prior art” is one of those “basic factual inquiries” identified in *Graham*, whether a prior-art reference dissuades inquiry and thus “teaches away” from a claimed invention likewise presents a question of fact for the agency. *See also Meiresonne v. Google, Inc.*, 849 F.3d 1379, 1382 (Fed. Cir. 2017) (labeling “teaching away” a “questio[n] of fact”); App. 5a (quoting *Meiresonne*).

Chemours mentioned a “teaching away” argument once, in passing, in its opening brief to the Federal Circuit, *see* Opening Br. at 27, *Chemours*, 4 F.4th 1370 (Doc. 16), but then made this argument a central pillar of its reply brief, *see* Reply Br. at 8-14, *Chemours*, 4 F.4th 1370 (Doc. 40).

d. A divided panel of the Federal Circuit reversed the agency’s unpatentability determination, without remanding to the agency for further proceedings. App. 1a-16a. The majority concluded that “[t]he Board’s obviousness findings are not supported by substantial evidence,” because “the Board appears to have ignored the express disclosure in Kaulbach that teaches away from the claimed invention and relied on teachings from other references that were not concerned with the particular problems Kaulbach sought to solve.” App. 9a-10a. Focusing only on the “Sample 11” disclosure, and not the Kaulbach patent’s overall teaching that polymers used in “high speed wire extrusion” have melt flow rates of 15 g/10 min. or greater, the panel majority found the agency’s reasoning “not persuasive,”

particularly “in light of the fact that the Kaulbach reference appears to teach away from broadening molecular weight distribution and the known methods for increasing melt flow rate.” App. 10a-11a.

e. Judge Dyk dissented. App. 16a-20a. He concluded that “the majority’s conclusion that [Kaulbach] teaches away from the claimed invention is contrary to our precedent and that the Board properly rejected the teaching away theory.” App. 17a. Judge Dyk noted that the Kaulbach patent itself, even though it “determined that ‘a narrow molecular weight distribution performs better,’” also “expressly acknowledged the feasibility of using a broad molecular weight distribution to create polymers for high speed extrusion coating of wires.” App. 18a (citing and quoting the Kaulbach patent).

In light of these teachings of the Kaulbach patent, Judge Dyk concluded that the panel had no license to find a lack of substantial evidence to support the agency’s determination: “The majority’s contrary conclusion constitutes nothing less than appellate factfinding, factfinding that has no record support.” App. 19a.

e. The Federal Circuit denied rehearing en banc on November 15, 2021. App. 21a-22a.

### **REASONS FOR GRANTING THE WRIT**

“It is a ‘foundational principle of administrative law’ that judicial review of agency action is limited to ‘the grounds that the agency invoked when it took the action.’” *Dep’t Homeland Sec. v. Regents of Univ. of Cal.*, 140 S. Ct. 1891 (2020) (quoting *Michigan v. EPA*, 576 U.S. 743, 758 (2015)). The Federal Circuit, in direct contravention of this “foundational principle,”

reversed the Board on a factual ground that it did not invoke when the agency took its action. This Court should grant review in order to correct the Federal Circuit's disregard for administrative procedure and the separation of powers between the executive and judicial departments.

**I. THE FEDERAL CIRCUIT'S DECISION CANNOT BE RECONCILED WITH THE LIMITATIONS OF APA REVIEW AND SEPARATION-OF-POWERS PRINCIPLES**

The Federal Circuit's decision in this case is, as Judge Dyk concluded, "nothing less than appellate factfinding." App. 19a. The majority's opinion improperly arrogated to the appellate court the power to make the kind of expert evaluation of technical facts that the America Invents Act, the Administrative Procedure Act, and this Court's precedents all assign to the executive agency, not the judicial branch. This is an important and recurring issue within the Federal Circuit, and it has been so since that Court's earliest days—and even before, with its predecessor court, the CCPA. This Court should grant review so that factual adjudications made by the Executive Branch agency, and reviewed by the Federal Circuit, are restored to the deference commanded by this Court's decisions and by the Administrative Procedure Act.

The Federal Circuit's brand of aggressive judicial review, which casts aside basic principles of deference to administrative adjudication, was on full display in this case. Regrettably, it has long been embedded in the Federal Circuit's practices, and its roots go even farther back than that. The first patent case from the Federal Circuit ever reviewed by this Court on its

merits, *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1986) (per curiam), was a prime example of that court's hyperaggressive review. *Dennison*, which like this case involved a question of patent invalidity for obviousness under 35 U.S.C. § 103, involved appellate review of a district court ruling. After a bench trial, the district court issued findings and conclusions under Fed. R. Civ. P. 52 that "examined the prior art, identified the differences between the prior art and each of the three patents at issue, and concluded that all of the improvements made by the three patents over the prior art would have been obvious to one skilled in that art." *Id.* at 810. The Federal Circuit, not once mentioning Rule 52(a) or the "clearly erroneous" standard of review, *id.* at 811, reversed. It "disagreed with the District Court's assessment of the prior art, ruled that the references cited by the District Court did not teach the innovations introduced by respondent, and referred to other errors made by the District Court." *Id.* at 810. This Court summarily reversed and returned the case to the Federal Circuit, "for further consideration in light of Rule 52(a)." *Id.* at 811.

More recently, in *Dickinson v. Zurko*, 527 U.S. 150, the en banc Federal Circuit had determined that its review of decisions of the U.S. Patent and Trademark Office should be governed by a stricter, less deferential standard of review than the "substantial evidence" standard of review prescribed by the Administrative Procedure Act. The en banc court allowed itself more leeway to review the PTO's factual findings "on [its] own reasoning" rather than the agency's reasoning. *In re Zurko*, 142 F.3d 1447, 1458 (Fed. Cir. 1998) (en banc). This Court reversed. "Recognizing the

importance of maintaining a uniform approach to judicial review of agency action,” and noting that “[t]he APA was meant to bring uniformity to a field full of variation and diversity,” 527 U.S. at 154, 155, this Court held that there was nothing so special about the Federal Circuit or its review of patent issues that would justify a departure from the Administrative Procedure Act’s more deferential standard of review, as set forth in 5 U.S.C. § 706(2)(E). *Id.* at 165.

This absence of deference to factfinders, even expert agencies, has been a hallmark of Federal Circuit review since that court’s creation. That court’s very first opinion, *South Corp. v. United States*, 690 F.2d 1368 (Fed. Cir. 1982) (en banc), swept away hundreds of years of the regional appellate courts’ patent-law and administrative-law decisions as precedent, and instead adopted as the governing law of the Federal Circuit the precedent of its predecessor courts, the Court of Customs and Patent Appeals, or CCPA, and the Court of Claims. *Id.* at 1370-71. This set the Federal Circuit on its path of overly muscular court review of agencies (and district courts)—even though the CCPA had reviewed the administrative decisions of the Patent Office, its precedents paid no particular heed to the allocation of factfinding authority between an executive agency with expertise and its reviewing court. This fact was borne out in the Appendix to this Court’s opinion in *Dickinson*, which showed that the CCPA used a variety of phrases—but never “substantial evidence”—to describe its review of Patent Office decisions.

This was no accident. The CCPA then—like the Federal Circuit in this case—reviewed Patent Office decisions de novo, no matter how factbound or

technologically challenging the work of the agency was. As Judge Giles Rich wrote in 1986, “In the CCPA we were not reviewing trials, and Rule 52(a) was not applicable. Or if it was, we ignored it. Reviewing the PTO Boards, our attitude was we reversed them if they were wrong. In that regard, we did not act like the Circuit Courts of Appeal.” Giles S. Rich, *Thirty Years of This Judging Business*, 14 AIPLA Q.J. 139, 149 (1986).

Nor did the Federal Circuit review the decisions of the Patent Office as those of an administrative agency. Ronald Zibelli & Steven D. Glazer, *An Interview with Circuit Judge S. Jay Plager*, 5 J. Proprietary Rts., 2, 5 (1993) (“I thought the PTO was an administrative agency. But we don’t review it as if it is.”) (statement of Federal Circuit Judge S. Jay Plager). “Thus, far from the deferential review we might expect from a reviewing court today, the CCPA’s isolation from the mainstream of administrative law permitted it to exert exceptional control over Patent Office practice and individual patentability decisions.” Jeffrey A. Lefstin, *The Constitution of Patent Law*, 43 Loy. L.A. L. Rev. 843, 852 (2010).

To this day, the Federal Circuit remains isolated from the mainstream of administrative law. Scholars have noted that court’s “exceptional control” over the patent agency, and have labeled this phenomenon with terms such as “patent exceptionalism” and “Federal Circuit exceptionalism.” See, e.g., Peter Lee, *The Supreme Assimilation of Patent Law*, 114 Mich. L. Rev. 1413, 1415, 1452 (2016); Robin Feldman, *Ending Patent Exceptionalism and Structuring the Rule of Reason: The Supreme Court Opens the Door for Both*, 15 Minn. J.L. Sci. & Tech. 61 (2014); Paul R. Gugliuzza,

*The Federal Circuit as a Federal Court*, 54 Wm. & Mary L. Rev. 1791, 1818 (2013) (“[T]he Federal Circuit [has] solidified its position as *the* expert patent institution [and] similarly limited the authority of a potentially expert agency, the PTO ... .”); *id.* at 1820 (“The Federal Circuit gives minimal deference to PTO fact-finding.”).

But this Court has repeatedly rejected the notion that patent law is somehow so exceptional that the usual rules do not apply: In cases like *Dennison, Dickinson, eBay Inc. v. MercExchange L.L.C.*, 547 U.S. 388 (2006), *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 & n.11 (2007), *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002), and *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015), this Court has had to repeatedly reverse the Federal Circuit and remind it that general, transsubstantive principles such as deferential appellate review of both district courts and agency adjudications, declaratory-judgment standing, the well-pleaded complaint rule, and the longstanding principles of equity as applied to injunctions, all apply when patent law provides the context of the case, just as they apply when other administrative adjudicatory regimes are at issue. *See, e.g., eBay*, 547 U.S. at 393-94 (rejecting the Federal Circuit’s adoption of “a ‘general rule,’ unique to patent disputes”).

This case represents yet another instance of the Federal Circuit “exert[ing] exceptional control over Patent Office practice and individual patentability decisions,” Lefstin, *supra*, at 852, in disregard of basic principles of court review of agency adjudication. Two out of three judges on an appellate panel determined that they could make a record-intensive factual

determination—whether a prior-art reference in a technical field “taught away” from the invention in the challenged patents—better than the agency of expert judges to which Congress assigned this task, and who received expert testimony on this factually intensive issue. (In this regard, it bears noting that Congress, in Section 7 of the America Invents Act, amended 35 U.S.C. § 6 to provide that “administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director.”) Yet the panel majority made a *de novo* finding on the quintessentially factual issue of how a prior-art reference would have been understood by a polymer scientist. And it did so in a case where that factual issue had not even been developed in the agency by Chemours, the party bearing the burden of establishing that fact.

This kind of freewheeling review exercised by the Federal Circuit is anathema to every other area of administrative adjudication governed by the Administrative Procedure Act, which reviews an agency’s factual findings deferentially—that is, whether there is “more than a mere scintilla” of evidence to support the agency finding. *Consolidated Edison Co. v. NLRB*, 305 U.S. 197, 229 (1938); *Biestek v. Berryhill*, 139 S. Ct. 1148, 1154 (2019) (describing this evidentiary threshold as “not high”).

This Court’s decision in *Citizens to Preserve Overton Park v. Volpe*, 401 U.S. 402 (1971), established that there are but two, limited cases where an appellate court can review an agency’s factual determinations *de novo*: (1) “when the action is adjudicatory in nature and the agency factfinding procedures are inadequate”;



and (2) “when issues that were not before the agency are raised in a proceeding to enforce nonadjudicatory agency action.” *Id.* at 415. Neither of these narrow exceptions was present here, so there was no license for the Federal Circuit to make this determination in the first instance.

Even worse, the Federal Circuit reversed the agency on this prototypically factual issue of “teaching away”—an issue that had been so thinly litigated before the agency that Chemours denied it was even making that argument to the agency—by holding that the Board “*appears to have* ignored the express disclosure in Kaulbach that teaches away from the claimed invention” (App. 10a (emphasis added)), and that “the Kaulbach reference *appears to teach away* from broadening molecular weight distribution.” App. 11a (emphasis added). “Appears to have” and “appears to teach” are shaky conclusions at best; they are scarcely hallmarks of the appropriate deference owed by reviewing courts to agency factfinding. And they are certainly not grounds for reversing that agency factfinding under the “deferential substantial-evidence” standard. *Biestek*, 139 S. Ct. at 1156.

*Biestek* stands in diametric opposition to this case. There, this Court considered the question of what “substantial evidence” means under the APA in a case involving a claim for Social Security benefits. The petitioner, *Biestek*, argued that a vocational expert’s testimony that there were “sedentary unskilled occupations” that he (*Biestek*) could have taken on before he turned 50 years old did not qualify as “substantial evidence,” “because [the expert] had declined an applicant’s request to provide supporting data.” *Id.* at 1153-54. This Court rejected *Biestek*’s

claim, holding that “[e]ven though the applicant might wish for the data, the expert’s testimony still will clear (even handily so) the more-than-a-mere-scintilla threshold.” *Id.* at 1157.

Here, the agency held that Daikin’s proof of obviousness—including the Kaulbach patent’s undisputed disclosure of an overlapping melt flow rate range and Daikin’s expert evidence explaining what that disclosure taught an ordinary worker in polymer science—demonstrated that the Chemours patents were obvious. App. 66a-78a, 133a-144a. That is precisely the kind of evidence that easily clears the more-than-a-scintilla threshold of substantial evidence in any other area of the law. And it should have been enough for the Federal Circuit. Yet it was not. Instead, the Federal Circuit majority reached out to decide a previously unrepresented (and expressly disclaimed) factual issue that, in that court’s view, negated Daikin’s substantial evidence in the same way that Biestek tried—and failed—to negative the vocational expert’s substantial evidence with her failure to produce her supporting data. What applies to Social Security claimants should apply equally to patent owners—it is, after all, the same Administrative Procedure Act that applies to both.

The Federal Circuit took its remarkable course of action here, as a matter of law, without even remanding to the agency to give it a chance to make that expert determination in the first instance. In this respect, the Federal Circuit’s decision cannot be reconciled with this Court’s decision in *Department of Homeland Security v. Regents of the University of California*. There, this Court recognized that “[i]t is a ‘foundational principle of administrative law’ that

judicial review of agency action is limited to ‘the grounds that the agency invoked when it took the action.’” 140 S. Ct. at 1907 (quoting *Michigan v. EPA*, 576 U.S. at 758). If a reviewing court finds those grounds inadequate, then it has two options—remand for the agency to offer a fuller explanation of its actions, *id.* at 1907-08 (quoting *Pension Benefit Guaranty Corporation v. LTV Corp.*, 496 U.S. 633, 654 (1990)), or remand for the agency to take new agency action. *Id.* at 1908 (quoting *SEC v. Chenery Corp.*, 332 U.S. 194, 201 (1947) (*Chenery II*)).

What a reviewing court cannot do, however, is what the Federal Circuit here did—make the agency’s factual determination for itself. Yet the Federal Circuit violated this “foundational principle” here, just as it has done on numerous occasions in the past. *See* Gugliuzza, *supra*, 54 Wm. & Mary L. Rev. at 1822-23 (“Another way in which the Federal Circuit enhances its power at the expense of the PTO is through the court’s willingness to decide legal questions not considered by the Agency.”) (discussing *In re Comiskey*, 554 F.3d 967 (Fed. Cir. 2009)). *See also In re Comiskey*, No. 2006-1286, 2009 U.S. App. LEXIS 400, at \*26 (Fed. Cir. Jan. 13, 2009) (Moore, J., dissenting from denial of rehearing en banc) (“Our court is now apparently doing more than reviewing on the record; it is directing the examination, failing to review the decision the PTO has rendered and telling it what alternative possible ground of rejection should be evaluated. With all due respect, I do not believe we have a roving commission to manage the examination process.”).

The Federal Circuit’s decision in this case has, in the words of this Court’s Rule 10(a), “so far departed from the accepted and usual course of judicial

proceedings,” and so clearly conflicts with the decisions of this Court, that review is warranted. The Court may even wish to consider summary reversal, as it did on extremely similar facts in *Dennison*.

## II. THE QUESTION IS SQUARELY PRESENTED IN THIS CASE, AND CRITICALLY IMPORTANT TO THE ADMINISTRATION OF THE NATION’S PATENT SYSTEM

This petition presents a basic question regarding the proper allocation of decisional responsibilities between administrative agencies and federal courts, and it does so in the context of the innovation economy, for which the patent system holds a central place. Proper administration of that system plays a critical role in the continuing economic health of the Nation: When properly issued in accordance with the stringent statutory requirements established by Congress, including the requirement of non-obviousness at issue in this case, patents “promote the Progress of Science and useful Arts.” U.S. Const., art. I, § 8, cl. 8. Yet when improperly issued, as here, patents can retard progress and stifle competition.

In this case, the agency, acting through expert administrative judges who developed a full record and made detailed factual findings, determined that Chemours’ patents did not claim a patentable invention. No less a mind than Thomas Jefferson “saw clearly the difficulty in ‘drawing a line between the things which are worth to the public the embarrassment of an exclusive patent, and those which are not.’” *Graham*, 383 U.S. at 9. The expert agency charged by Congress with drawing that line,

the Patent Trial and Appeals Board, determined that Chemours' patent claims fell outside the line. This was a sensitive, factual agency determination, *see Biestek*, 139 S. Ct. at 1157, that deserved more respect than the Federal Circuit's essentially de novo review gave it.

Former Chief Judge Michel of the Federal Circuit, in speaking to members of the bar, said that "standards of review influence dispositions in the Federal Circuit far more than many advocates realize." *See* Craig Allen Nard, *Deference, Defiance, and the Useful Arts*, 56 Ohio St. L.J. 1415, 1415 & n.3 (1995) (quoting Paul R. Michel, *Advocacy in the Federal Circuit*, C961 ALI-ABA 5, 8 (1994)). Thus, like the burden of proof, which is similarly determinative at the margin of close cases, the standard of judicial review will "rarely [be] without consequence and frequently may be dispositive." *Lavine v. Milne*, 424 U.S. 577, 585 (1976). And, also like the burden of proof, the standard of review is an inherent aspect of every litigated case, whether originating in an agency or a court.

It is essential that the Federal Circuit review cases, particularly those coming from the agency that is now providing it with the largest single share of its docket (35%), in a coherent fashion that respects the proper, statutory, and constitutional allocation of fact-finding and law-giving. *See* United States Court of Appeals: Appeals Filed, By Category FY 2021, *available at* [https://cafc.uscourts.gov/wp-content/uploads/reports-stats/caseload-by-category/Caseload\\_by\\_Category\\_FY2021.pdf](https://cafc.uscourts.gov/wp-content/uploads/reports-stats/caseload-by-category/Caseload_by_Category_FY2021.pdf) (last visited February 14, 2022).

This case presents the issue starkly, and is therefore an ideal vehicle for restoring the proper relationship between the Federal Circuit and the agency charged to “prevent the issuance of patents whose effects are to remove existent knowledge from the public domain.” *Oil States Energy Servs. LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1374 (2018) (quoting *Graham*, 383 U.S. at 6).

**CONCLUSION**

The petition should be granted.

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February 14, 2022