No. 18-1959

In the United States Court of Appeals for the Federal Circuit

GENENTECH, INC.,
APPELLANT

v.

HOSPIRA, INC.,
APPELLEE

UNITED STATES,
INTERVENOR

ON APPEAL FROM THE UNITED STATES PATENT AND TRADEMARK OFFICE PATENT TRIAL AND APPEAL BOARD IN NO. IPR2016-01771

REPLY BRIEF OF APPELLANT GENENTECH, INC.

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CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4, undersigned counsel for appellant certifies the following:

1. The full name of the party represented by me is Genentech, Inc.

2. The name of the real party in interest represented by me is the same.

3. Genentech, Inc. is a wholly-owned subsidiary of Roche Holdings Inc. Roche Holdings Inc.'s ultimate parent, Roche Holdings Ltd, is a publicly held Swiss corporation traded on the Swiss Stock Exchange. Upon information and belief, more than 10% of Roche Holdings Ltd's voting shares are held either directly or indirectly by Novartis AG, a publicly held Swiss corporation.

4. The following attorneys appeared for Genentech, Inc. in proceedings below or are expected to appear in this Court and are not already listed on the docket for the current case: Teagan J. Gregory and Christopher A. Suarez of Williams & Connolly LLP, 725 Twelfth Street, N.W., Washington, D.C. 20005.

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 this pending appeal are *Genentech, Inc. and City of Hope v. Amgen, Inc.*, No. 17-1407 (D. Del.); and *Genentech, Inc. and City of Hope v. Amgen, Inc.*, No. 17-1471 (D. Del.).

DECEMBER 12, 2018 /s/ Paul B. Gaffney

PAUL B. GAFFNEY

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Hospira's Brief is the predictable defense of a Final Written Decision that is vague and conclusory in exactly the ways that this Court has deemed inadequate. Although it repeatedly proclaims that the Board's Decision is "clear" and "plain," Hospira is notably silent when it comes explaining the Board's reasoning, or to identifying where the requisite analysis appears. That is because the Board simply did not do what Hospira says it did. Its Decision should be vacated.

I. THE BOARD'S CLAIM CONSTRUCTION WAS INCORRECT.

The parties agree that the proper construction of "assessing the patient for [GI] perforation during treatment with bevacizumab" is the key issue in dispute. Three interpretations have been proposed:

- Genentech: "taking diagnostic steps to determine whether a GI perforation exists," Genentech's Opening Brief ("Br.") at 21-27;
- Hospira: "evaluating the patient in any way that may provide information about whether the patient may be experiencing a GI perforation," Hospira's Brief ("Hospira Br.") at 46-50; and

- The Board: "indicating a targeted investigation, directed specifically to confirming the presence or absence of GI perforation," Appx7-8.

These different constructions crystallize two issues. First, *what* is the patient being assessed for, *i.e.*, for GI perforation, as urged by Genentech and held by the Board, or for anything that *may* provide information about whether the patient *may* be experiencing a GI perforation, as urged by Hospira. Second, *how* is the patient being assessed, *i.e.*, by taking diagnostic steps, as urged by Genentech, or by a "targeted investigation," as found by the Board. As to the first, the Board correctly agreed with Genentech. As to the second, the Board's rejection of Genentech's position was erroneous. Hospira's arguments to the contrary are meritless.

A. The Claims Require an Assessment *for* GI Perforation.

"The claims themselves provide substantial guidance as to the meaning of particular claim terms." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1314 (Fed. Cir. 2005) (en banc). The claim language here, "assessing the patient *for* [GI] perforation," establishes two key points. First, it identifies who is being assessed: the patient being

administered bevacizumab. Second, it establishes what the patient is being assessed *for*: GI perforation. Genentech's proposed construction, "taking diagnostic steps to determine whether a GI perforation exists," maintains the claim language's focus on what is being assessed: whether the patient has experienced a GI perforation. The Board agreed, rejecting Hospira's proposed construction, Appx5-6, and indeed, the Board cited approvingly Genentech's expert, Dr. Morse, concerning the ordinary meaning of what it means to assess *for* a particular condition, Appx8 (citing Appx1572-1574).

Challenging the Board's conclusion, Hospira argues that the claimed methods encompass not just assessing the patient for GI perforation, but also any assessment that "may provide information about whether patient may be experiencing a GI perforation." Hospira Br. at 46. Hospira urges that the claim language encompasses, for example, "routine medical evaluations of cancer patients, such as measuring vital signs[.]" *Id.* at 47. The Board rejected Hospira's argument as inconsistent with the claim language and with the file history. Appx6-8.

Hospira offers no explanation for how its construction aligns with the claim language itself, *see* Hospira Br. at 46-50, which should be dispositive of this issue. Hospira, however, does engage with the file history, *id.* at 47-49, and alleges that when Genentech amended the claims from "monitoring the patient for signs or symptoms of [GI] perforation" to "assessing the patient for [GI] perforation," *see* Appx995, the amendment "was not intended to change the scope of the claims," Hospira Br. at 48.

This makes no sense. The claims stood rejected as anticipated because "the Examiner contends that the nausea monitored in Gordon's method is a sign or symptom of [GI] perforation." Appx1002. Genentech traversed this anticipation rejection "in view of the claim amendments." Appx1002. Genentech then stated: "Gordon does not teach assessing patients being treated with bevacizumab for [GI] perforation." Appx1002. Hospira's suggestion that Genentech did not argue "that the amendment overcame the pending rejection over Gordon," Hospira Br. at 49, is simply false. The Board correctly rejected Hospira's construction as inconsistent with the file history. Appx6-7.

Hospira also argues that its broader construction is required by the specification's description of how bevacizumab clinical trial subjects were evaluated. Hospira Br. at 46-47. Hospira cites no case law in support of its argument, *see id.*, nor does it acknowledge how radical its position is. According to Hospira, the plain and ordinary meaning of the claim language "*for* [GI] perforation" should be disregarded and *broadened* based upon the specification's disclosure of other, more general assessments. While there are limited scenarios in which the specification's description can trump the claim language's ordinary meaning, *Thorner v. Sony Computer Entertainment America LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2010), Hospira has not come close to demonstrating that this is one of them.

B. The Claims Require Taking Diagnostic Steps.

The Board then rejected Genentech's argument that the ordinary and customary meaning of "assessing" involves "taking diagnostic steps." Appx6. Without explaining how its own construction was different, the Board construed the claim language as "indicating a targeted investigation, directed specifically to confirming the presence or absence of GI perforation." Appx7. Hospira defends the Board's

construction as "clear" and "plain," Hospira Br. at 17-18, but it is inscrutable in ways the Court's precedents do not permit.

1. The Board Erred by Ignoring Genentech's Proffered Evidence.

Genentech provided the Board with extensive testimony from Dr. Michael Morse, an oncologist at Duke University, who explained that in order to assess a patient for a GI perforation, an oncologist must undertake diagnostics steps like CT scans or radiography to determine whether a GI perforation exists. Br. at 21-22 (citing Appx163, Appx175, Appx1572-1577). The Board erred by not addressing this aspect of Dr. Morse's testimony. *See* Appx6-8.

Hospira tries to defend the Board's failure to consider Dr. Morse's testimony, citing *Paice LLC v. Ford Motor Co.*, 881 F.3d 894 (Fed. Cir. 2018). Hospira Br. at 21-22. *Paice* holds that the Board's analysis suffices where it is "commensurate" with a party's arguments. 881 F.3d at 905. But not even Hospira argues this standard is met here, alleging instead that the Board's analysis was "*largely* commensurate in scope with Genentech's arguments." Hospira Br. at 21. "[L]argely commensurate" is just another way of saying "not commensurate."

Hospira next argues that the Board is "not required to address every single piece of extrinsic evidence offered by each party in order to provide a proper analysis." Hospira Br. at 22. Hospira overreads the cases it cites. As this Court explained in *Yeda Res. & Dev. Co. v. Mylan Pharm. Inc.*, 906 F.3d 1031 (Fed. Cir. 2018), the Board is required to "address important aspects of the problem." *Id.* at 1046 (internal quotation marks omitted). "[F]ailure to explicitly discuss every fleeting reference or minor argument does not alone establish that the Board did not consider it." *Id.* But the expert testimony concerning how an oncologist assesses for the condition of GI perforation was the most important evidence on this issue, not a "fleeting reference or minor argument."[1] The Board's failure even to acknowledge this evidence was error. This Court should credit Dr. Morse's testimony about the

[1] According to Hospira, the Board can be forgiven for ignoring this expert testimony because Genentech emphasized the file history at the oral hearing. Hospira Br. at 22 (citing Appx291). Indeed, Genentech's counsel described the file history as "the single most important piece of *intrinsic* evidence in this case." Appx291 (emphasis added). That statement in no way invited the Board to ignore the pertinent extrinsic evidence, which Genentech's counsel had discussed, *e.g.*, on the immediately preceding page of the hearing transcript, Appx290.

ordinary meaning of the claim language and remand for further proceedings under Genentech's construction.

2. The Board's Construction Is Too Vague.

To the extent this Court does not adopt Genentech's construction as to what constitutes an assessment, it should remand for further proceedings concerning the Board's construction. Given its obviousness determination, the Board's construction here—"indicating a targeted investigation, directed specifically to confirming the presence or absence of GI perforation"—must be broader in some respect than what Genentech proposed and the Board explicitly rejected. Appx6. But how they differ, and how the Board's construction leads to its conclusion of obviousness, is a mystery. That does not suffice; this Court has made clear that the Board is obligated to construe claim language in a manner that permits "meaningful review." *Gechter v. Davidson*, 116 F.3d 1454, 1458 (Fed. Cir. 1997); *see also CSR, PLC v. Skullcandy, Inc.*, 594 F. App'x 672, 677 (Fed. Cir. 2014). This requires the Board to provide a clear construction of any disputed claim terms. *See CSR*, 594 F. App'x at 677; *see also Anchor Wall Sys., Inc. v. Rockwood*

Retaining Walls, Inc., 340 F.3d 1298, 1311 (Fed. Cir. 2003). Its construction here falls short of that standard.

Hospira proclaims in conclusory fashion that the Board's construction is "plain" and "clear." According to Hospira, the Board's construction of "assessing . . . for" "plainly omits Genentech's proposed limitation requiring 'diagnostic steps.'" Hospira Br. at 18 (citing Appx175 and Appx181). Hospira further characterizes Genentech's construction as "narrow," *see id.*, and thus concedes that the Board's construction is broader than Genentech's. But how much broader? And in what way? Hospira's brief is silent on those points.

It is not at all "plain" what the Board intended by its construction. Its explicit rejection of Genentech's construction signals a difference in scope between what Genentech proposed and what the Board adopted. But that is simply a reasonable inference from the fact that the Board rejected Genentech's proposal. The Board never said what its "targeted investigation" would include other than the diagnostic steps that Dr. Morse described and which are reflected in Genentech's construction, Appx6-7, and the two record citations provided by Hospira are citations to *Genentech's Patent Owner Response*, not to any analysis by the

Board, *see* Hospira Br. at 18 (citing Appx175, Appx181). It is telling that Hospira never attempts to restate the supposedly "plain and clear" meaning of the Board's construction. *Id.*

Hospira criticizes Genentech for objecting to the Board's construction as unclear because Genentech argued below that "an assessment of a particular condition connotes a targeted investigation of that condition." Hospira Br. at 17, n.2 (citing Appx182). The language quoted by Hospira was Genentech's explanation of the ordinary meaning of assessing for a condition generally. Appx182. Genentech argued that in the context of assessing for GI perforation, this takes the form of requiring diagnostic steps to determine whether the condition exists. Appx182. Genentech's criticism of the Board's construction is not that it uses the term "targeted investigation" per se, but that it is unclear what the Board's construction of a "targeted investigation" for GI perforation entails. The Board clearly rejected Genentech's construction of "taking diagnostic steps," and it appears the Board's "targeted investigation" is broader than "taking diagnostic steps," but it remains opaque what other actions the Board includes within the scope of the claimed methods. Appx6-7.

Under these circumstances, in particular because the Board went on to invalidate the claims on the basis of its construction, the appropriate remedy is to remand with instructions that the Board provide a construction that is compliant with the Court's precedents. Br. at 25-27. Hospira complains that the cases cited by Genentech "have different fact patterns that are not instructive here." Hospira Br. at 23. Of course, every case has different facts, but the legal rule that they announce directly applies. The Board's lack of clarity frustrates this Court's ability to review its decision and necessitates remand.

3. The Board Did Not Support Its Construction.

The requirement that the Board construe disputed claim terms in a manner that permits "meaningful review," *Gechter*, 116 F.3d at 1458, also obligates the Board to state clearly the reasoning in support of its claim construction position, *see Nazomi Commc'ns, Inc. v. Arm Holdings, PLC*, 403 F.3d 1364, 1371 (Fed. Cir. 2005); *Gechter*, 116 F.3d at 1460. That did not happen. The Decision lays out the parties' positions, explains the Board's rationale for rejecting Hospira's construction, but then jumps to the adoption of the Board's own

construction without any explanation for that interpretation or why Genentech's was rejected. Appx4-8.

Hospira argues that the Board in fact provided a "clear" explanation for its claim construction:

> The Board's explanation of its construction is clear and spans over four pages of the Final Written Decision. Appx4-8. The Board credited Genentech's argument that Hospira's construction "effectively removes all meaning from the concept of 'assessing' someone 'for' GI perforation in particular.' Appx5-6. The Board also explained that it agreed with Genentech's analysis of the prosecution history, quoting extensively from Genentech's responsive brief. Appx6-7. That analysis explains not *only* why the Board rejected Hospira's evidence, as Genentech contends (Br. at 24-25), but also why the Board adopted its construction.

Hospira Br. at 20 (emphasis in original). But once again, Hospira defends the supposed clarity of the Board's analysis without actually identifying it. Nowhere in the "over four pages" of the Final Written does the Board ever explain what its construction means, and how it differs from the Genentech proposal the Board expressly rejected. Appx4-8.

Essentially conceding the point, Hospira suggests that the Board can and did meet its clarity obligation by italicizing some text when block-quoting the party arguments it went on to reject. Hospira Br.

at 21 (citing Appx5). In particular, Hospira argues that even though the Board rejected its construction, by quoting Hospira's position that the claim "should not be limited to performing any particular method of evaluation or evaluating *for any particular symptom or sign*," the italicized emphasis should be interpreted as the Board "credit[ing]" Hospira's argument. *Id.* at 21. That, Hospira argues, should be accepted as the requisite explanation of the Board's construction. This is not just wishful thinking but tea-leaf-reading. When the Board wished to signal agreement with a party's view in its Decision, it did so explicitly. *E.g.*, Appx6 ("We agree with Patent Owner that the prosecution history established a clear distinction between assessing for GI perforation itself and merely looking for symptoms[.]").

C. The Board Did Not Give Genentech an Opportunity to Argue Nonobviousness Under Its Construction.

The Board's belated introduction of a new construction for the "assessing" limitation in the Final Written Decision deprived Genentech of an opportunity to address the question of obviousness under that interpretation. To the extent this Court agrees with the Board's construction, remand is required to permit the parties to address the alleged obviousness of the claimed methods under the new construction.

Hospira contends that *Intellectual Ventures II LLC v. Ericsson Inc.*, 686 F. App'x 900 (Fed. Cir. 2017), forecloses remand in these circumstances. Hospira Br. at 25-26. But in that case the Board previewed its claim construction to the parties during oral argument and gave the parties a chance to respond at that point, *see* 686 F. App'x at 905-06. That did not happen in this case, Br. at 29 n.9 (citing Appx270-318), and Hospira does not contend otherwise. Hospira also argues that a party that does not file the optional Patent Owner Preliminary Response, and litigate claim construction before any hearing on the merits, forfeits the right to challenge a construction announced the first time in a Final Written Decision. Hospira Br. at 27. No rule or case says that, and announcing that requirement now essentially would mandate the filing of preliminary briefs in every IPR.

D. The Board's Obviousness Determination Turned On Its Erroneous Claim Construction.

Remand also is appropriate here because the Board's construction of the "assessing for" language was incorrect, and its obviousness determination turned on this construction. Br. at 26-27. On this point, Hospira has little to say, confining its response to a two-sentence footnote in which it disputes Genentech's view that the Board's

construction was erroneous and appears—without any discussion—to float a theory that any error might have been harmless. Hospira Br. at 24 n.4. Hospira's halfhearted argument on this point deserves just as little consideration from this Court. The Board's construction was erroneous for the reasons set forth above and discussed in Genentech's opening brief. And to the extent Hospira even contends the Board's error was harmless—no such argument is actually made in Hospira's brief—the Board's decision provides no indication that it would have found the claims obvious were Genentech's construction substituted for the Board's. Appx15-21. Remand is required to address the Board's erroneous construction and the resulting deficiencies in its obviousness analysis. *See, e.g.*, *In re Smith Int'l, Inc.*, 871 F.3d 1375, 1384 (Fed. Cir. 2017); *Los Angeles Biomedical Research Inst. at Harbor-UCLA Med. Ctr. v. Eli Lilly & Co.*, 849 F.3d 1049, 1067-68 (Fed. Cir. 2017); *D'Agostino v. MasterCard Int'l Inc.*, 844 F.3d 945, 950-51 (Fed. Cir. 2016).

II. THE BOARD'S CONCLUSORY OBVIOUSNESS DETERMINATION IGNORES CONTRARY EVIDENCE AND ARGUMENT.

The Board's obviousness analysis spans a little over a page. Appx19-21. Even if this Court affirms the Board's claim construction, its application of that claim construction in its obviousness analysis was too cursory to be sustained. It should be vacated.

A. The Board's Cursory Obviousness Analysis Was Improper.

"Under the APA, the [B]oard is obligated not only to come to a sound decision, but to fully and particularly set out the bases upon which it reached that decision." *Power Integrations, Inc. v. Lee*, 797 F.3d 1318, 1323 (Fed. Cir. 2015); *see*, *e.g.*, *Google Inc. v. Intellectual Ventures II LLC*, 701 F. App'x 946, 953 (Fed. Cir. 2017); *Cutsforth, Inc. v. MotivePower, Inc.*, 636 F. App'x 575, 578 (Fed. Cir. 2016). The Board's single page of analysis here does not meet this standard. Hospira spills nearly eighteen pages of ink in trying to defend the thoroughness of the Board's single page, but its arguments are not persuasive.

1. Hospira insists that the Board "properly considered the parties' evidence," and in particular that it "identified both parties' evidence that it found persuasive in the Final Written Decision."

Hospira Br. at 28 (citing Appx15-19). This is simply untrue. The cited pages are described as "Summaries" of the parties' contentions. Appx15-19. Nowhere over those five pages does the Board opine as to the evidence it "found persuasive," much less make any findings this Court could review.

Hospira next argues that the Board considered Genentech's arguments, based on the Board's summary of Genentech's contentions. Hospira Br. at 29 (citing Appx18-19). Hospira conflates the Board's bare recitation of (some of) Genentech's positions with "consideration" of those arguments. As this Court emphasized in *Cutsforth*, what matters is the quality of the Board's analysis, not the extent to which it summarizes the parties' papers. *See* 636 F. App'x at 578. The Board's summary of Genentech's contentions could have continued for a dozen pages; it still would not have satisfied the APA. *Id.* It is telling that in this defense of the Board's decision, Hospira does not, in fact, pin cite any of the Board's analysis. *See* Hospira Br. at 28-29 (not citing Appx19-21).

2. Hospira's insistence that the Board "properly explained its obviousness analysis," Hospira Br. at 30, cannot withstand even a cursory comparison to the actual record.

a. Genentech criticized the Board for agreeing with Hospira that the "standard of care" would have led the POSA to assess bevacizumab patients for GI perforation even though Hospira's expert, Dr. Neugut, contradicted that point in his testimony. Br. at 31-32. Hospira responds that "Dr. Neugut did not opine that it was the standard of care to assess all cancer patients for *all* adverse events, as Genentech contends." Hospira Br. at 35-36. Yes, he did. In his first declaration he testified: "[I]t would have been obvious to the POSA to assess patients for GI perforation during treatment with bevacizumab as recited in claim 1 at least *because it was the standard of practice at the time to assess patients receiving cancer therapy for any adverse events*, including GI perforation." Appx356 (emphasis added). On cross-examination Dr. Neugut then abandoned the point, conceding that the POSA in fact would not (and could not) assess cancer patients for all adverse events. *See* Appx1777; *see also* Appx189-190. The Board's failure to explain how it would purport to reconcile this inconsistent

testimony, let alone weigh it against the testimony of Dr. Morse is the very sort of the behind-the-curtain evidentiary weighing that the APA prohibits. *See Cutsforth*, 636 F. App'x at 578.

b. A substantial portion of the Board's single page of analysis is tied up in the following passage:

> We are persuaded that such an assessment necessarily begins with evaluating patients for symptoms of GI perforation, such as nausea and abdominal pain, and in the event of a showing of such signs, a physician would have assessed the patient for GI perforation.

Appx20. Genentech noted that this analysis is susceptible to two interpretations: (1) that the POSA would have assessed for GI perforation every bevacizumab patients presenting with nausea or abdominal pain or another symptom of GI perforation; *or* (2) that the POSA would have assessed for GI perforation only those patients who presented with multiple symptoms ("such sign*s*"). Br. at 33-34. The ambiguity in the Board's analysis is critical because all of the experts agreed that the POSA would *not* have proceeded to assess each patient for GI perforation who presented with, *e.g.*, nausea. *See* Appx1593, Appx1750-1752.

Hospira responds, predictably, that the Board's discussion is "very clear and straightforward," and that Genentech's alternative interpretations are "inaccurate." Hospira Br. at 37. Notably, it does not explain what the purportedly correct, third interpretation of this passage is. *See id.* Rather, it says Genentech's first interpretation is misplaced because a finding of nausea is "simply . . . how the assessment 'begins.'" *Id.* It is not clear how this statement is responsive. At most, it highlights how unclear the Board's "targeted investigation" claim construction is. The many questions flowing from this one statement in the Final Written Decision exemplify why "the [B]oard is obligated not only to come to a sound decision, but to fully and particularly set out the bases upon which it reached that decision." *Power Integrations*, 797 F.3d at 1323.

3. The Board ignored Genentech's evidence that GI perforations caused by GI cancer or chemotherapy are very rare and that such infrequent medical occurrences would not have motivated the POSA to assess bevacizumab patients for GI perforations. Hospira offers two defenses, neither of which withstands scrutiny.

a. Hospira argues that "the exact rate of GI perforation in cancer patients receiving chemotherapy carries little weight." Hospira Br. at 32. This makes no sense. Were the rate extremely high, all cancer patients would be screened for GI perforation routinely. Were there only a single instance, it defies common sense to suggest that the POSA would have been motivated to assess a chemotherapy patient for GI perforation. The "exact rate" of chemotherapy patients who experience GI perforation (which is very low) is directly relevant to whether the POSA would have been motivated to assess a chemotherapy patient for GI perforation. The Board's failure to consider this evidence or explain its reasoning on this point was error.

b. Hospira next attacks Dr. Morse's testimony observing that the POSA would have been deterred from assessing for GI perforations all patients receiving bevacizumab for GI cancer because continuous diagnostic evaluations are prohibitively expensive. Hospira Br. at 32. Hospira suggests that this testimony is not pertinent "because neither parties' respective proposed construction, nor the Board's construction requires '*continuous* diagnostic evaluations.'" *Id.* Hospira misses the point. Genentech's argument is not about the scope

of the claim; there is no dispute that the claimed methods do not require multiple assessments. Genentech's argument is about the purported motivation propounded by Hospira, which was that the POSA (contrary to real life clinical practice) would have ordered continuous assessment of GI cancer patients for GI perforation *because of the allegation that GI cancers cause perforations*. In other words, Hospira argued, and the Board credited, Appx20, that GI cancer itself would have motivated the POSA to assess for a perforation. By this chain of logic, the POSA would have been motivated to assess all GI cancer patients for GI perforation continuously—a result that Dr. Morse explained would have been prohibitive and absurd. The Board's failure to explain why it rejected Dr. Morse's testimony on this point was error.

4. When the Board's obviousness decision is viewed for what it is—a bare recitation of a handful of the parties' arguments followed by a conclusory analysis, crediting one side's positions without discussion of the contradictory or inconsistent evidence—the case law makes clear that vacatur is necessary. *See Power Integrations*, 797 F.3d at 1323; *Google Inc.*, 701 F. App'x at 953; *Cutsforth*, 636 F. App'x at 578. Hospira again argues that the cases cited by Genentech can be ignored

because they "have different fact patterns." Hospira Br. at 38. The cited cases all exemplify this Court's role in ensuring that the Board complies with the APA and provides reasoned opinions addressing the parties' arguments. They all support vacating the Board's decision here.

B. The Board Entirely Failed to Consider Objective Indicia of Nonobviousness.

When presented with it, the Board must consider objective evidence of nonobviousness, *Merck & Cie v. Gnosis S.P.A.*, 808 F.3d 829, 837 (Fed. Cir. 2015), and failure to do so is grounds to vacate an obviousness determination. Hospira does not dispute this. The Board's Decision includes no discussion of Genentech's argument that "[t]he effect of the inventors' discovery on the bevacizumab trials . . . serves as objective indicia of the nonobviousness of the claimed methods."

Hospira does not really dispute that the Board ignored Genentech's evidence. *See* Hospira Br. at 41-45. Hospira elsewhere urged that the "Board clearly considered the NCI letter, as demonstrated by its questioning during oral argument," *id.* at 29 (citing

Appx316), which makes only more baffling the Board's statement in its decision that no such evidence had been asserted, Appx21.

Rather, Hospira argues that Genentech failed to establish a nexus between the objective indicia and the claimed methods. Hospira can only make this argument by mischaracterizing the invention. Hospira acts as if the claimed invention were *how* to assess for GI perforation, while in fact the invention was a safer method of treating bevacizumab patients flowing from the discovery that bevacizumab patients *should be* assessed for a rare adverse event due to its (previously unknown) association with the drug. The National Cancer Institute's urgent changes to clinical trial protocols following Genentech's invention is precisely the sort of objective evidence demonstrating the invention's significance. Appx198-199, Appx1590-1591. The NCI's description of GI perforation as "unexpected" completely undermines the Board's finding that POSA would have had a reason to assess GI cancer patients for GI perforation (Appx20). Appx198-199, Appx2039.

The Supreme Court has emphasized the importance of considering facts that "give light to the circumstances surrounding the origin of the subject matter sought to be patented." *Graham v. John Deere Co. of*

Kansas City, 383 U.S. 1, 17-18 (1966). As Judge Learned Hand explained, because courts "are likely either to underrate, or to overrate, the difficulties in making new and profitable discoveries in fields with which they cannot be familiar," they should "appraise the originality involved by the circumstances which preceded, attended and succeeded the appearance of the invention." *Safety Car Heating & Lighting Co. v. Gen. Elec. Co.*, 155 F.2d 937, 939 (2d Cir. 1946). The NCI's Action Letter reflects "the circumstances which preceded, attended and succeeded the appearance of the invention" here and is the only contemporaneous evidence shedding light on whether oncologists expected to encounter GI perforations. The Board erred by ignoring it.

III. THE RETROACTIVE APPLICATION OF INTER PARTES REVIEW IS UNCONSTITUTIONAL.

A. The Challenge Was Not Waived and, as the Government Concedes, Should Be Reached Regardless.

Genentech's failure to raise its constitutional challenge before the Board did not waive the argument in this Court. As this Court has recognized, "waiver is generally inapplicable to significant questions of general impact or of great public concern." *Amgen Inc. v. Sandoz Inc.*, 877 F.3d 1315, 1325 (Fed. Cir. 2017) (internal quotation marks omitted). The PTAB has declined to address issues of exactly this type,

acknowledging that it does not "have jurisdiction to decide the constitutionality of congressional enactments." *Hulu, LLC v. Sound View Innovations, LLC*, IPR2018-00366, 2018 WL 3326806, at *16 (July 6, 2018); *Apple, Inc. v. Realtime Data LLC*, IPR2016-01737, 2018 WL 1326656, at *19 (Mar. 13, 2018) (same).[2] And a party is not required to raise "arguments that . . . would have been futile to raise before the agency," including because the agency's views "are already known" or were "recently addressed." *Wash. Ass'n for Television & Children v. F.C.C.*, 712 F.2d 677, 682 & n.9 (D.C. Cir. 1983) (collecting cases in the footnote); *see also* Harry T. Edwards & Linda A. Elliott, *Federal Standards of Review* § XI.E.4 (3d ed. 2018). As the Government's brief makes clear, the PTAB's views on this matter are well known.[3]

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[2] *See also Nebraska v. E.P.A.*, 331 F.3d 995, 997 (D.C. Cir. 2003) ("Agencies do not ordinarily have jurisdiction to pass on the constitutionality of federal statutes. Petitioners would have accomplished nothing if they had presented these objections to EPA." (citations and quotation marks omitted)).

[3] The Government relies heavily on *In re DBC*, 545 F.3d 1373, 1378-79 (Fed. Cir. 2008), but that case involved a constitutional objection to the appointment of two particular administrative law judges to hear the matter before the agency, an issue the Board "could have evaluated and corrected" by the agency including by changing the judges on the panel.

In any event, the Government itself invites this Court "to exercise its discretion to address the challenge here in order to avert unwarranted uncertainty regarding the constitutionality of inter partes review." Gov't Br. at 10; *id.* at 15 (recognizing "the growing number of retroactivity challenges" may indicate "that the interests of justice warrant addressing the retroactivity question quickly to avert further uncertainty regarding the constitutionality of inter partes review," and that "Genentech's retroactivity challenge presents a question of law" that "would not require this Court to make factual findings" (internal quotation marks omitted)). Because this issue is fully briefed, there is no prejudice to any party to hear it, and it is a purely legal question, the Court should resolve it. *See Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1040 (Fed. Cir. 2017).[4]

Id. at 1379. The PTO does not have the authority to consider the retroactivity problem or to hold its congressionally mandated responsibilities unconstitutional.

[4] Hospira and the Government argue that Genentech elsewhere has "availed itself of the IPR process," Hospira Br. at 53 n.23, and "accepted and relied on the constitutionality" of this statute in other litigation, Gov't Br. at 16 n.2. For the reasons stated below and in its opening brief, Genentech believes that the process is unconstitutional when it is applied retroactively, but unless and until courts have so held, Genentech will exercise its rights in IPRs.

B. The AIA Unquestionably Applies Retroactively.

There is no question that the AIA applies inter partes review retroactively to pre-AIA patents. The AIA says explicitly that the inter partes review "'shall apply to any patent issued *before*, on or after' the effective date of the AIA." Gov't Br. at 16 (quoting Pub. L. No. 112-29, § 6(c)(2), 125 Stat. at 304) (emphasis added). That is the end of the analysis of whether the AIA applies retroactively; the remaining question is whether that retroactive application is constitutional.

Hospira and the Government contort Supreme Court precedent to suggest otherwise, relying either (1) on the factors set forth by the Supreme Court in *Landgraf v. USI Film Products*, 511 U.S. 244, 269-70 (1994) to determine whether Congress intended a statute to apply retroactively or (2) on a test for retroactivity set out in a separate *Landgraf* opinion and rejected by the Court. Neither test applies to this case. The *Landgraf* factors do not apply where, as here, Congress has expressly answered the retroactivity question. *Id.* at 280 (statute determinative if clear). "When a statute, on its face, applies retroactively, it is unnecessary for us to rely on the factors identified by

Landgraf[.]" *Schaeffler Grp. USA, Inc. v. United States*, 786 F.3d 1354, 1360 (Fed. Cir. 2015).

Nor does Justice Scalia's *Landgraf* concurrence advance the analysis. The Government relies on Justice Scalia's view that retroactivity should be determined by answering "what is the relevant activity that the rule regulates": activity that occurred before or after the enactment. *Id.* at 291 (Scalia, J., concurring in the judgment). Because IPR review, itself, has only been available since the AIA was enacted, the Government argues the law does not apply retroactively at all. *See* Gov't Br. at 17-24. But the *Landgraf* majority rejected Justice Scalia's narrow definition of retroactivity, 511 U.S. at 291, in favor of a broader inquiry of whether a law "impairs vested rights acquired under existing law . . . or attaches a new disability," *id.* at 269 (majority opinion), recognizing that even changes to future procedures could have retroactive effect, *id.* at 275 n.29. That is the case here.

C. Retroactive Inter Partes Review Violates Due Process and Is an Unconstitutional Taking.

The Government and Hospira acknowledge that *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1379 (2018) recognized and reserved the constitutional question. Their

arguments on the merits rest on two fundamentally flawed premises: first, that Genentech did not have a valid property interest in its patent; and second, that inter partes review is not meaningfully different from reexamination.

1. The Government and Hospira argue that because the Board cancelled the patent, Genentech never had a valid property interest in it and therefore no taking occurred. This misapprehends the law.

There is no question that patents are valid property interests for purposes of a taking and due process analysis. *See Oil States*, 138 S. Ct. at 1379; *see also Horne v. Dep't of Agric.*, 135 S. Ct. 2419, 2427 (2015). And in the years since this patent issued, Genentech has justifiably treated it as property, possessing a substantial reliance-backed interest in it. Genentech could have enforced, licensed, or assigned this patent, as it was and still is a property right. As the Government acknowledges, only after inter partes review and the resolution of any appeal will the Board issue a certificate "canceling" the patent claims. Gov't Br. at 33 (citing 35 U.S.C. § 318(b)). Even today, Genentech may still enforce the patent to exclude others.

This distinguishes this case from those cited in the Government's brief, where in each instance it was found that no property right existed at the time of government action. In *Wyatt v. United States*, 271 F.3d 1090, 1096-97 (Fed. Cir. 2001) a plaintiff's "voluntary relinquishment" of a property interest meant it did not possess a valid property interest for purposes of taking. In *CRV Enterprises, Inc. v. United States*, 626 F.3d 1241, 1250 (Fed. Cir. 2010), the takings claim accrued and ripened "before" plaintiffs' acquired the property, *i.e.*, they did not have a valid property interest at the time in question. In *Karuk Tribe of California v. Ammon*, 209 F.3d 1366, 1380 (Fed. Cir. 2000), the plaintiff tribes never possessed a property interest in the reservation at issue. In *Rogers v. United States*, 814 F.3d 1299, 1303 (Fed. Cir. 2015), the plaintiffs had no property interest because their predecessors had transferred title and possession of their land to a railroad company. The Government's remaining cases either show that the property interest was valid or that its validity was "undisputed." *See Love Terminal Partners, L.P. v. United States*, 889 F.3d 1331, 1339 (Fed. Cir. 2018) (noting that property interest for issue before Court is "undisputed"); *Huntleigh USA Corp. v. United States*, 525 F.3d 1370,

1378 (Fed. Cir. 2008) (property interest "undisputed); *Cienega Gardens v. United States*, 331 F.3d 1319, 1329 (Fed. Cir. 2003) (plaintiffs retained valid property interest for purposes of taking claim).

Genentech is and has been the owner of this patent, with a right to enforce it. The Board's determination that the patent was improvidently issued, and its decision to *cancel* that right through inter partes review, does not change the fact that Genentech has possessed and to this day still possesses an enforceable property right.

2. As for their takings and due process arguments, Hospira and the Government contend that inter partes review is not meaningfully different than reexamination procedures whose constitutionality has previously been upheld. But inter partes review differs in crucial ways from reexamination and other procedures that came before it. Reexamination, an "inquisitorial process for reconsidering patents," is inherently different from inter partes review, a "party-directed, adversarial process," which has "many of the usual trappings of litigation," *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1354-55 (2018), notwithstanding fewer protections than civil litigation, including a less stringent standard for proving invalidity. Nor does inter partes review

allow "the kind of iterative amendment process" that existed in reexamination—IPR severely curtails possibilities for amendment. *See In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1288 (Fed. Cir. 2015) (Newman, J., dissenting). During reexamination, a patent holder engages in a dialogue with the examiner; in inter partes review, a patent owner has a single shot to respond to an adversarial challenge in very contained proceedings. *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 603 (Fed. Cir. 1985), which concerned a Fifth Amendment challenge to the ex parte reexamination process, therefore does not foreclose this challenge to inter partes review.[5]

For the reasons stated in Genentech's opening brief, applying the AIA's inter partes review process to pre-AIA patents violates the Taking and Due Process Clauses of the Constitution.

CONCLUSION

For the foregoing reasons, the Board's decision be vacated and remanded. Alternatively, the Court should reverse the Final Written

[5] *Joy Technologies, Inc. v. Manbeck*, 959 F.2d 226, 228 (Fed. Cir. 1992), cited by the Government and Hospira, merely incorporates *Patlex* without any analysis on these Fifth Amendment issues.

Decision of the Board because inter partes review applied retroactively to Fyfe is unconstitutional.

DECEMBER 12, 2018

Respectfully submitted,

/s/ Paul B. Gaffney

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PROOF OF SERVICE

I, Paul B. Gaffney, counsel for appellant and a member of the Bar of this Court, certify that, on December 12, 2018, a copy of the attached Reply Brief of Appellant was filed with the Clerk and served on the parties through the Court's electronic filing system. I further certify that all parties required to be served have been served.

December 12, 2018 /s/ Paul B. Gaffney
PAUL B. GAFFNEY

CERTIFICATE OF COMPLIANCE WITH TYPEFACE AND WORD-COUNT LIMITATIONS

I, Paul B. Gaffney, counsel for appellant and a member of the Bar of this Court, certify, pursuant to Federal Rule of Appellate Procedure 32(a)(7)(B), that the attached Brief of Appellant is proportionately spaced, has a typeface of 14 points or more, and contains 6,346 words.

/s/ Paul B. Gaffney
PAUL B. GAFFNEY

DECEMBER 12, 2018