United States Court of Appeals for the Federal Circuit

IN RE SAP AMERICA, INC.,
Petitioner.

2025-132, 2025-133

On Petitions for Writ of Mandamus to the United States Patent and Trademark Office in Nos. IPR2024-01495 and IPR2024-01496.

SAP AMERICA, INC.'S REPLY TO RESPONDENTS' RESPONSES

John D. Vandenberg
Samuel Thacker
Andrew M. Mason
Sarah E. Jelsema
Klarquist Sparkman, LLP
121 S.W. Salmon Street, Suite 1600
Portland, Oregon 97204-2988
(503) 595-5300
john.vandenberg@klarquist.com

Counsel for Petitioner
SAP America, Inc.

CERTIFICATE OF INTEREST

Counsel for the Petitioner SAP America, Inc. certifies that the following information is accurate and complete to the best of our knowledge:

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	**2. Real Party in Interest.** Fed. Cir. R. 47.4(a)(2).	**3. Parent Corporations and Stockholders.** Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.
SAP America, Inc.	SAP SE	SAP America, Inc. is a wholly owned subsidiary of SAP SE, which is a publicly traded company. No publicly held company owns 10% or more of the stock of SAP SE.

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).		
Roy Chamcharas Klarquist Sparkman, LLP	Todd M. Siegel Klarquist Sparkman, LLP	

5. Related Cases. Other than the originating case(s) for this case, are there related or prior cases that meet the criteria under Fed. Cir. R. 47.5(a)?
Yes (separate Notice of Related Case Information filed).

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).
N/A

TABLE OF CONTENTS

Page

CERTIFICATE OF INTEREST i

I. INTRODUCTION 1

II. ARGUMENT 2

A. THE PTO VIOLATED SAP'S DUE PROCESS RIGHTS 2

1. The Facts Are Clear 2

2. The Director Issued a Guarantee That the Board Would Not Do What the Board Did Here 3

3. The Safe-Harbor Guarantee's Rescission Was Retroactive 4

4. The PTO Had No Authority to Retroactively Rescind the Guarantee 8

5. Retroactively Rescinding the Guarantee Violated SAP's Due Process Rights 9

6. Failing to Consider SAP's Reliance Interests Violated SAP's Due Process Rights 11

B. THE PTO VIOLATED THE SEPARATION OF POWERS 12

C. SAP DID NOT FORFEIT THESE CONSTITUTIONAL ARGUMENTS 13

D. THE COURT SHOULD GRANT MANDAMUS RELIEF 15

III. CONCLUSION 18

CERTIFICATE OF COMPLIANCE 19

TABLE OF AUTHORITIES

Page(s)

Cases

Apple, Inc. v. Vidal,
63 F.4th 1 (Fed. Cir. 2023) 5, 17

Arthrex, Inc. v. Smith & Nephew, Inc.,
941 F.3d 1320 (Fed. Cir. 2019) 14

Bowen v. Georgetown Univ. Hosp.,
488 U.S. 204 (1988) 8, 9

Califano v. Sanders,
430 U.S. 99 (1977) 15

Castanon v. Cathey,
976 F.3d 1136 (10th Cir. 2020) 10

Cemex Inc. v. Dep't of the Interior,
560 F. Supp. 3d 268 (D.D.C. 2021) 11

Chamber of Com. of U.S. v. U.S. Dep't of Lab.,
174 F.3d 206 (D.C. Cir. 1999) 17

Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.,
464 F.3d 1306 (Fed. Cir. 2006) 6

Consol. Edison Co. of New York v. FERC,
315 F.3d 316 (D.C. Cir. 2003) 7

Cox v. *Kijakazi*,
77 F.4th 983 (D.C. Cir. 2023) 8

Cuozzo Speed Techs. v. Com. for Intell. Prop.,
579 U.S. 261 (2016) 16

DHS v. Regents of the Univ. of California,
591 U.S. 1 (2020) 11

Freytag v. Comm'r of Internal Revenue,
501 U.S. 868 (1991) 14

Gen. Elec. Co. v. EPA,
290 F.3d 377 (D.C. Cir. 2002)....................4

Health Ins. Ass'n. of Am., Inc. v. Shalala,
23 F.3d 412 (D.C. Cir. 1994)....................8

In re DBC,
545 F.3d 1373 (Fed. Cir. 2008) 14

In re Power Integrations, Inc.,
899 F.3d 1316 (Fed. Cir. 2018) 15

Kirk v. Comm'r of Soc. Sec. Admin.,
987 F.3d 314 (4th Cir. 2021) 17

Landgraf v. USI Film Prods.,
511 U.S. 244 (1994) 6

M.A.K. Inv. Grp., LLC v. City of Glendale,
897 F.3d 1303 (10th Cir. 2018)....................10

Martin v. Hadix,
527 U.S. 343 (1999) 6

Mathews v. Eldridge,
424 U.S. 319 (1976) 14

McCarthy v. Madigan,
503 U.S. 140 (1992) 14

Mikel v. Quin,
58 F.4th 252 (6th Cir. 2023)....................10

Miller v. Florida,
482 U.S. 423 (1987) 4

Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.,
463 U.S. 29 (1983) 10

Motorola Sols., Inc. v. Stellar, LLC,
2025 WL 1503220 (P.T.A.B. May 23, 2025)..15

Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.,
989 F.3d 1375 (Fed. Cir. 2021) 13, 16

Nat'l Min. Ass'n v. Dep't of Lab.,
292 F.3d 849 (D.C. Cir. 2002)..7

Sotera Wireless, Inc. v. Masimo Corp.,
2020 WL 7049373 (P.T.A.B. Dec. 1, 2020) .... passim

Syed v. Mayorkas,
2023 WL 6596330 (D. Or. Oct. 10, 2023) 10

Thryv, Inc. v. Click-To-Call Techs., LP,
590 U.S. 45 (2020) 16

Statutes

35 U.S.C. § 6 4

35 U.S.C. § 102 12

35 U.S.C. § 282 12

35 U.S.C. § 314 7

> "[T]he PTAB will not discretionarily deny institution of an IPR or PGR in view of parallel district court litigation where a petitioner stipulates not to pursue in a parallel district court proceeding the same grounds as in the petition or any grounds that could have reasonably been raised in the petition."

Vidal Memo. (June 21, 2022) (Appx31.)[1]

I. INTRODUCTION

Two keys justify mandamus relief: (1) the above-quoted "binding" rule was a safe-harbor *guarantee* justifying reliance by IPR petitioners, and (2) the PTO *retroactively* rescinded this guarantee, overnight turning the safe harbor into a trap whereby the Board used petitioners' conduct relying on the safe harbor as reasons to discretionarily deny their petitions, without even considering petitioners' reliance interests.

Neither Respondent asserts that the PTO considered petitioners' reliance interests in the safe-harbor guarantee. Cyandia denies that the safe harbor was a guarantee at all, ignoring Director Vidal's mandatory language that "the PTAB will not." (Appx31.) Both Respondents deny that the Rescission was retroactive despite it dramatically lowering petitioners' prospects for institution based on their pre-Rescission conduct—which is textbook retroactive application of a new rule.

---

[1] Cites to the Petition and Appendix are to Case No. 25-132.

II. <u>ARGUMENT</u>

A. <u>THE PTO VIOLATED SAP'S DUE PROCESS RIGHTS</u>

1. <u>The Facts Are Clear</u>

The essential facts are clear:

1. Self-described "binding agency guidance" from Director Vidal in June 2022 created a *Sotera*-stipulation safe harbor against discretionary denial of an IPR petition based on parallel litigation.

2. For 2½ years, the Board uniformly applied this binding rule as an ironclad guarantee by consistently treating a *Sotera* stipulation as barring such discretionary denial.

3. SAP secured the benefits of this safe harbor by making the safe harbor's required *Sotera* stipulation in January 2025.

4. Under this safe harbor, SAP's petitions were "virtually guaranteed institution" (Pet. 8)—which neither Respondent denies—because they easily met the statutory merits criteria (as the Board found).

5. *After* SAP secured the benefits of this safe harbor by making its *Sotera* stipulation, the PTO rescinded the safe harbor in February 2025.

6. The PTO retroactively applied its Rescission, discretionarily denying SAP's petitions (and scores of others'[2]) filed before the Rescission despite their compliance with the safe harbor's conditions and without considering the petitioners' reliance interests.

7. The Board denied institution of SAP's petitions based on SAP conduct that was protected under the safe harbor.

8. Congress has not authorized the PTO to retroactively rescind its rules.

2. The Director Issued a Guarantee That the Board Would Not Do What the Board Did Here

The Vidal Memo. provided a guarantee that the Board would not do what the Board did here. (*See* Pet. 1, 8–9.) The guarantee was that "the PTAB will not discretionarily deny institution of an IPR" based on parallel litigation if the petitioner submits a *Sotera* stipulation. (Appx31.) The PTO contests when that guarantee effectively ended but not that it was a guarantee.

"[A]n agency pronouncement will be considered binding as a practical matter if it either appears on its face to be binding, or is applied by the agency in a way that

[2] "[A]t least 74 [IPR] petitions have been procedurally barred under *Fintiv* despite . . . a *Sotera* stipulation." (*In re Motorola Sols., Inc.*, No. 25-134, ECF No. 11, US*MADE Amicus 7.)

indicates it is binding." *Gen. Elec. Co. v. EPA*, 290 F.3d 377, 383 (D.C. Cir. 2002) (citation omitted). Both are true of the Vidal Memo.'s safe-harbor guarantee.

Director Vidal's guidance, on its face, self-identified as "binding," and expressed a mandatory "will not" directive. This mandatory "will not" language bound the Board, including the Director who is part of the Board. 35 U.S.C. § 6(a).

And the Board uniformly treated this "binding" directive as a guarantee. (*See* Pet. 9.) Neither Respondent cites a single Board decision between the Vidal Memo.'s issuance in June 2022 and the month of Rescission (February 2025) that treats this binding guidance as anything less than a guarantee.

The PTO cites no law or authority that "binding" agency guidance is not binding if it is "interim." (*See* PTO Resp. 20.) All agency rules are subject to change, *viz*., *prospective* change.

3. **<u>The Safe-Harbor Guarantee's Rescission Was Retroactive</u>**

"A law is retrospective if it 'changes the legal consequences of acts completed before its effective date.'" *Miller v. Florida*, 482 U.S. 423, 430 (1987) (citation omitted). The February 2025 Rescission changed the legal consequences of SAP's actions taken before that date. Before that Rescission, SAP had (1) filed its IPR petitions seven months after being sued, (2) asserted on-sale and public-use prior art in its invalidity contentions, and (3) submitted a *Sotera* stipulation. The legal consequence of these acts under the Vidal Memo.'s safe-harbor guarantee was that the Board would *not* discretionarily deny SAP's petitions based on the district court action. Further, because SAP's petitions easily met the merits threshold (as the Board has found), these acts "effectively guarantee[d] institution of SAP's petition[s]" (Pet. 11). But all that changed with the Rescission. Post-Rescission, the legal consequence of SAP's completed actions was the opposite. They were cited by the Board as grounds *for* discretionary denial. Overnight the safe harbor became a trap. In sum, as a matter of simple logic, and law, the PTO retroactively applied its Rescission.

The PTO argues that the Rescission was not retroactive because institution has no legal consequence and no one has a right to institution. (PTO Resp. 18–19.) But winning institution has substantial legal consequence, including acquiring the right to prove unpatentability of asserted patent claims based on a lower preponderance of evidence standard, with no presumption of validity, before a panel of technically trained patent law experts, resulting in a detailed written decision facilitating appellate review compared to a jury verdict. Indeed, the Court has recognized "the benefits of IPRs linked to the concrete interest possessed by an infringement defendant." *Apple, Inc. v. Vidal*, 63 F.4th 1, 17 (Fed. Cir. 2023). And while theoretically the Board might have had another discretionary reason to deny institution despite SAP's petitions exceeding the threshold merits showing, neither

Cyandia nor the PTO has identified any such reason, especially not one compliant with the Vidal Memo.

Cyandia (but not the PTO) argues that the Rescission is not retroactive because "the Rescission . . . is a procedural rule, not a substantive rule." (Cyandia Resp. 21.) This is wrong for several reasons.

First, Cyandia offers no reason why a rule eliminating a previously guaranteed way for petitioners to avoid discretionary denial based on parallel litigation, is "procedural" not "substantive." *Cf. Coal. for Common Sense in Gov't Procurement v. Sec'y of Veterans Affs.*, 464 F.3d 1306, 1317 (Fed. Cir. 2006) (citation omitted) ("The definition of a substantive rule is 'broad' . . . .").

Second, the Court need not decide whether the Rescission was substantive or procedural because, in *Landgraf*, the Supreme Court "took pains to dispel the 'sugges[tion] that concerns about retroactivity have no application to procedural rules.'" *Martin v. Hadix*, 527 U.S. 343, 359 (1999). "When determining whether a new statute operates retroactively, it is not enough to attach a label (*e.g.*, 'procedural,'[)]; we must ask whether the statute operates retroactively." *Id.* This involves making a "commonsense" judgment about whether new legal consequences result, guided by "familiar considerations of fair notice, reasonable reliance, and settled expectations." *Id.* at 357–58. "[W]here a rule 'changes the law in a way that adversely affects [a party's] prospects for success on the merits of the claim,' it may operate retroactively even if designated 'procedural.'" *Nat'l Min. Ass'n v. Dep't of Lab.*, 292 F.3d 849, 860 (D.C. Cir. 2002) (citation omitted). Here, "success" was institution of SAP's petitions and the prospects for that success went from a virtual certainty (due to their strong merits, the *Sotera* stipulation, and the safe-harbor guarantee) to defeat (due to the Rescission, SAP's invalidity contentions, and SAP taking seven months from suit to file its petitions). No amount of post-Rescission briefing (PTO Resp. 3, 17) could change this impact of the Rescission on SAP's interests.

Cyandia (but not the PTO) also argues—with no supporting authority—that "the relevant primary conduct at issue is SAP's alleged infringing conduct—not the various decisions that SAP says that it made in seeking inter partes review." (Cyandia Resp. 21.) But the basis for an IPR petition is not alleged infringement but instead evidence showing a reasonable likelihood that at least one challenged patent claim is unpatentable. 35 U.S.C. § 314(a).

Cyandia argues that, generally, "new law is applied to pending cases" (Cyandia Resp. 22), but an agency may apply a "new rule . . . retroactively to the parties in an ongoing adjudication [only if] the affected parties have not detrimentally relied on the established legal regime," among other requirements. *Consol. Edison Co. of New York v. FERC*, 315 F.3d 316, 323 (D.C. Cir. 2003). Here, SAP detrimentally relied on the Vidal Memo.'s guarantee with conduct that the

Board then cited to *deny* SAP's petitions. This distinguishes *Cox* v. *Kijakazi*, 77 F.4th 983, 993 (D.C. Cir. 2023) (*see* Cyandia Resp. 22–24) where the SSI applicant "[did] not contend . . . that she engaged in any conduct in reliance on having the prior [rule] applied to her claim."

4. The PTO Had No Authority to Retroactively Rescind the Guarantee

The PTO absolutely has discretion in institution decisions but that does not include discretion to retroactively rescind a "binding" safe-harbor rule.

It is undisputed that Congress did not grant the PTO authority to retroactively apply new rules. (*See* Pet. 10.) Absent such express statutory grant, an agency has no authority to retroactively apply new rules or retroactively rescind old rules. (Pet. 9–10.) The PTO does not address the precedents SAP cites for this principle.

Cyandia interprets the *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988) statement that agencies lack "the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms" as limited to only legislative rules, and it argues that the Rescission was not legislative but instead procedural. (Cyandia Resp. 21–22.) While *Georgetown Hospital* mentions "legislative rulemaking," its analysis is not limited to legislative rules. For example, in *Health Ins. Ass'n. of Am., Inc. v. Shalala*, the court found that "interpretive rules, no less than legislative rules, are subject to *Georgetown Hospital*'s ban on retroactivity." 23

F.3d 412, 423 (D.C. Cir. 1994). Similarly, without distinguishing between types of rules, the APA states that rules must be "of 'future effect.'" *Id.*

Therefore, the PTO's retroactive Rescission was unlawful.

5. Retroactively Rescinding the Guarantee Violated SAP's Due Process Rights

The unlawful retroactive Rescission violated not only the APA but also SAP's due process rights because the PTO's safe-harbor guarantee had created property, liberty, and reliance interests in IPR petitioners who made a *Sotera* stipulation, such as SAP. (*See* Pet. 11–12, 14–15.)

The PTO disputes that SAP had a "legitimate claim of entitlement to a benefit," because it was not entitled to have the Board institute its petitions. (PTO Resp. 15–16.) But like its *amici*, the PTO misunderstands the benefit SAP reasonably expected and the relief SAP seeks. The primary benefit SAP secured under the safe-harbor guarantee by making its *Sotera* stipulation was the avoidance of discretionary denial based on parallel litigation. (Pet. 8.) SAP was *entitled* to *that* benefit because it submitted a *Sotera* stipulation, and that is the benefit it seeks now.

The PTO argues that "articulating guidance about institution criteria [is] entirely discretionary," but it cites no case in support, nor explains why ordinary limitations and requirements for changing agency rules would not apply. (PTO Resp. 15.)

The PTO asserts that SAP's cases about property interests are "inapposite" because "nothing in the statute requires the Director or her delegees to explain the decision whether to institute an IPR." (PTO Resp. 16.) But the Supreme Court has "frequently reiterated that an agency must cogently explain why it has exercised its discretion in a given manner." *Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 48 (1983).

The PTO argues that limits on official discretion can create liberty interests only in the prison context. (PTO Resp. 16–17.) But courts have found that limiting official discretion may create due-process-protected interests in other contexts. In *M.A.K. Inv. Grp., LLC v. City of Glendale*, the court relied in part on the liberty caselaw cited by SAP—and the fact that official discretion had been limited—in finding that a party had a due-process-protected property interest in a real property context. 897 F.3d 1303, 1311 (10th Cir. 2018). In *Syed v. Mayorkas*, the court found that an agency's procedures, in an immigration context, had not created a liberty interest, because they did not use "mandatory language, such as . . . 'will' . . . that limits the exercise of official discretion." No. 3:23-CV-00083-IM, 2023 WL 6596330, at *5 (D. Or. Oct. 10, 2023). *See also Mikel v. Quin*, 58 F.4th 252, 261 (6th Cir. 2023) (foster parenting context); *Castanon v. Cathey*, 976 F.3d 1136, 1141 (10th Cir. 2020) (horse racing context).

Like all IPR petitioners who submitted a *Sotera* stipulation, SAP reasonably expected on account of the safe-harbor guarantee that its IPR petitions would not be discretionarily denied in view of parallel district court litigation. Under that guarantee, there was no downside to SAP asserting related system prior art in its invalidity contentions or waiting seven months to prepare and file its petitions. SAP could confidently invest six figures of expense (filing fees, attorney fees, and expert fees) with very high expectation that so long as the merits were strong, the petitions would be instituted. (*In re Motorola Sols., Inc.*, No. 25-134, ECF No. 9, US*MADE Amicus 8.) In short, SAP relied on and secured the Vidal Memo.'s binding guarantee and was entitled to its benefit.

6. Failing to Consider SAP's Reliance Interests Violated SAP's Due Process Rights

The PTO does not claim that it considered the reliance interests of SAP or similarly situated petitioners when it rescinded the safe harbor. That failure alone is dispositive. Agencies cannot reverse their rules without addressing reliance interests. *See Cemex Inc. v. Dep't of the Interior*, 560 F. Supp. 3d 268, 281–82 (D.D.C. 2021) (explaining that due process requires an agency to take into account reliance interests when changing course); *cf. DHS v. Regents of the Univ. of California*, 591 U.S. 1, 33 (2020) ("[B]ecause DHS was 'not writing on a blank slate,' … it *was* required to assess whether there were reliance interests, determine whether they were significant, and weigh any such interests against competing policy concerns."). (*See*

Pet. 14–15.) The PTO's footnoted objection that SAP did not articulate the precise "contours" of these due-process reliance-interests requirements (PTO Resp. 13 n.3) misses the point: the PTO never acknowledged, let alone weighed, the interests its Rescission trampled.

B. THE PTO VIOLATED THE SEPARATION OF POWERS

To defend having conditioned institution upon a disproportionate invalidity-defense forfeiture, the PTO takes a blinkered view of what it means for an agency's actions to conflict with the governing statute. First it argues that there is no conflict because *the IPR statute* merely prohibits certain defenses being raised in court as opposed to permitting other defenses. (PTO Resp. 21.) But that disregards the full statutory framework, including 35 U.S.C. §§ 102 and 282(b) authorizing the assertion of public-use and on-sale invalidity defenses.

Similarly, the PTO argues no conflict exists because forcing a litigation defendant to forfeit a defense by stipulation is not technically application of "estoppel" (PTO Resp. 22), but by that logic the PTO could compel petitioners to stipulate to infringement and validity as a condition for institution—in clear violation of separation of powers principles. (*See* Pet. 16–20.) Whatever the mechanism, agencies may not rewrite statutes.

The PTO further argues that in exercising its discretion, it may consider parallel litigation. (PTO Resp. 21–22.) SAP agrees—so long as the PTO does not violate the Constitution, the governing laws, or its own binding rules.

Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V., 989 F.3d 1375 (Fed. Cir. 2021) is distinguishable, because it did not address the precedents or principles SAP cites prohibiting an agency from effectively rewriting a statute. (*See* Pet. 18–19.) Nor was the tension between the statute and the agency action as stark in *Mylan* as here. Mylan argued that the *Fintiv* factors conflicted with the one-year time bar but, unlike here, no direct conflict existed because *Fintiv* does not mandate a particular shorter period from lawsuit to petition. This case presents a different problem: a Board-imposed forfeiture of litigation rights beyond what Congress expressly provided, creating a direct and impermissible conflict with the statute.

C. SAP DID NOT FORFEIT THESE CONSTITUTIONAL ARGUMENTS

SAP did not forfeit its Constitutional claims by not raising them before the agency, contrary to Respondents' assertions. (PTO Resp. 9–11; Cyandia Resp. 28–30.) *First*, it would have been futile to press these claims to the Board panels that denied institution of SAP's petitions because they were bound by the PTO's retroactive Rescission and lacked authority to override it. *Second*, it would have been futile to make these Constitutional claims to the Acting Director because she had already predetermined the issue, during the pendency of SAP's petition, by deciding to retroactively apply the Rescission without considering the reliance interests of SAP or the scores of other petitioners who had already relied on the safe harbor guarantee. *See Mathews v. Eldridge*, 424 U.S. 319, 330 (1976) ("It is unrealistic to expect that the Secretary would consider substantial changes in the current administrative review system at the behest of a single aid recipient raising a constitutional challenge in an adjudicatory context."); *cf. McCarthy v. Madigan*, 503 U.S. 140, 148 (1992) (explaining that a claimant need not have exhausted their constitutional claim before an agency "where the administrative body is shown to be biased or has otherwise predetermined the issue before it"). This distinguishes this case from the Appointments Clause case Respondents cite, *In re DBC*, 545 F.3d 1373, 1378 (Fed. Cir. 2008).

Further, the Court has discretion to decide an issue not presented to the agency. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1327 (Fed. Cir. 2019) (*vacated and remanded on other grounds sub nom. United States v. Arthrex, Inc.*, 594 U.S. 1 (2021)). Here, as it was in *Arthrex*, "[t]imely resolution is critical to providing certainty to rights holders and competitors alike who rely upon the inter partes review scheme to resolve concerns over patent rights." *Id.* (considering constitutional argument that was not raised before the Board). *Cf. Freytag v. Comm'r of Internal Revenue*, 501 U.S. 868, 879 (1991) (noting federal judiciary's "strong interest" "in maintaining the constitutional plan of separation of powers"); *Califano* *v. Sanders*, 430 U.S. 99, 109 (1977) ("Constitutional questions obviously are unsuited to resolution in administrative hearing procedures and, therefore, access to the courts is essential to the decision of such questions.").

The PTO implies it might have reversed course had only SAP made its due process objection earlier (PTO Resp. 10–11), but in reality, the PTO rejected the same due process argument of Motorola, shortly before denying SAP's request for director review. *Motorola Sols., Inc. v. Stellar, LLC*, No. IPR2024-01284, 2025 WL 1503220, at *2 (P.T.A.B. May 23, 2025). (Motorola is concurrently seeking mandamus relief from that decision, in appeal No. 25-134.) And Motorola had made that argument on April 8, 2025, Paper 16 in IPR2024-01284, before SAP's request for Director review. Thus, the PTO was not "deprived … of any opportunity to redress the" due process problem SAP raises. (PTO Resp. 2.)

D. THE COURT SHOULD GRANT MANDAMUS RELIEF

This Court may properly review on mandamus Board decisions *not to* institute IPR when the questions before the Court include, for example, constitutional issues and "actions by the agency beyond its statutory limits." *In re Power Integrations, Inc.*, 899 F.3d 1316, 1321 (Fed. Cir. 2018). Here, the PTO's unlawful Rescission presents both questions and meets all three conditions for mandamus relief. (Pet. 8.)

First, neither Respondent argues that another avenue of relief is adequate to remedy the asserted Constitutional violations.

Second, as explained in Section A, the PTO violated clear and indisputable Constitutional rights. The PTO unlawfully retroactively rescinded a binding safe-harbor guarantee—that had created property, liberty, and reliance interests protected by due process by substantively limiting the Board's discretion and entitling SAP and others to act in reliance thereon—thereby indisputably and substantially harming their prospects for gaining the benefits of an instituted IPR proceeding. And, via a *de facto* condition to institution, it effectively rewrote the Patent Act to require a disproportionate forfeiture of invalidity defenses in court, in violation of separation of powers.

Third, mandamus relief is needed to protect important public interests. "[I]nter partes review helps protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope." *Cuozzo Speed Techs. v. Com. for Intell. Prop.*, 579 U.S. 261, 279–80 (2016) (citation omitted). Congress intended for IPRs to "weed out bad patent claims efficiently," to avoid "overpatenting and its diminishment of competition." *Thryv, Inc. v. Click-To-Call Techs., LP*, 590 U.S. 45, 54 (2020).

Mylan does not preclude relief here. *Mylan* did not address binding agency guidance creating an ironclad guarantee nor the agency's retroactive rescission thereof and therefore did not address the relief SAP seeks nor the precedents SAP cites. SAP seeks review of the PTO's unlawful retroactive rescission of binding guidance. That was a legal and constitutional error—precisely the kind mandamus addresses.

Respondents argue that SAP has no right to mandamus relief because the Board has discretion whether to institute IPR proceedings. (Cyandia Resp. 9–12; PTO Resp. 15.) But SAP is not arguing that the Board had a duty to institute, but rather that the Board had a duty to apply its "will not" safe-harbor guarantee in effect when SAP filed its IPR petitions. That rule was a binding rule that the PTO could not change retroactively. Even agency statements of policy must be prospective only. *E.g.*, *Chamber of Com. of U.S. v. U.S. Dep't of Lab.*, 174 F.3d 206, 212 (D.C. Cir. 1999).

The PTO tries to avoid review of its Constitutional violations by arguing that SAP is merely "creatively reframing" APA violations as Constitutional violations. (*See, e.g.*, PTO Resp. 2, 12, 13–14.) But an agency can violate the APA and the Constitution simultaneously. *See*, *e.g.*, *Kirk v. Comm'r of Soc. Sec. Admin.*, 987 F.3d 314, 322 (4th Cir. 2021) (finding that an agency's procedures violated the APA and the Constitution at the same time).

Finally, the PTO argues that mandamus is unnecessary because SAP can assert invalidity in district court or seek ex parte reexamination. (PTO Resp. 23–24.) But neither alternative can remedy the Constitutional violations here, and neither has "the benefits of IPRs," *Apple*, 63 F.4th at 17. One such benefit of IPRs over ex parte reexaminations is their statutorily mandated speed, of particular importance to SAP because the parallel district court action is scheduled for trial this October.

III. CONCLUSION

The PTO's unlawful retroactive rescission of Director Vidal's binding rule harmed legitimate reliance interests and benefit expectations of SAP and other IPR petitioners. The only adequate relief is mandamus, and this Court can and should grant that relief.

Respectfully submitted.

/s/John D. Vandenberg
John D. Vandenberg
Samuel Thacker
Andrew M. Mason
Sarah E. Jelsema
Klarquist Sparkman, LLP
121 S.W. Salmon Street, Suite 1600
Portland, Oregon 97204-2988
(503) 595-5300
john.vandenberg@klarquist.com

Counsel for Petitioner
SAP America, Inc.

July 21, 2025

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE REQUIREMENTS

1. This reply complies with the type-volume limitation of Federal Circuit Rule 21(b) because it contains 3,898 words, excluding the portions exempted by rule.

2. This reply complies with the typeface and type style requirements of Federal Rules of Appellate Procedure 32(a)(5) and 32(a)(6). It has been prepared in a proportionally spaced typeface using Microsoft Word for Office 365 in 14-point Times New Roman.

July 21, 2025

/s/John D. Vandenberg
John D. Vandenberg

Counsel for Petitioner
SAP America, Inc.