Paper No. _____
Filed: October 18, 2021

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

BLACK SWAMP IP, LLC,
Petitioner

v.

VIRNETX INC.,
Patent Owner

Case IPR2016-00957
Patent 7,921,211

Patent Owner's Request for Director Rehearing

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On September 16, 2021, the Federal Circuit issued an order remanding this case to the Patent Office to "allow[VirnetX] the opportunity to request Director rehearing." *VirnetX Inc. v. Hirschfeld*, Nos. 2017-2593, 2017-2594, Dkt. No. 53 at 2 (Fed. Cir. Sept. 16, 2021). Pursuant to the Federal Circuit's order, VirnetX hereby requests Director rehearing of the Final Written Decision issued June 12, 2017 ("FWD"). The Director should rehear the FWD and, in conformity with traditional principles of vacatur, vacate the Board's unpatentability findings as moot because the claims at issue have been cancelled in other Board proceedings and consideration of the unpatentability of these claims is now moot. Moreover, in conformity with the Supreme Court's guidance, the Patent Office should defer rehearing until a permanent Director is appointed by the President and confirmed by the Senate.

I. The Board's FWD Should Be Vacated as Moot

The Board's FWD found that claims 1, 2, 5, 6, 15, 16, 23, 27, 36, 37, 39, 40, 47, 51, and 60 of U.S. Patent No. 7,921,211 are unpatentable. All of these claims, however, were cancelled in reexamination control nos. 95/001,789 and 95/001,856. As a result, consideration of the unpatentability of the claims is moot. Under traditional principals of vacatur, a decision that becomes moot while on rehearing must be vacated because review of a decision is no longer possible. *See, e.g.*, *Eisai Co. v. Teva Pharms. USA, Inc.*, 564 U.S. 1001 (2011) (vacating the Federal Circuit's judgment where the case because moot while a petition for *en banc* rehearing was

pending) (citing *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950)); *Stewart v. S. Ry. Co.*, 315 U.S. 784 (1942) (vacating the judgment that became moot on petition for rehearing after case was decided on the merits, 315 U.S. 283 (1942)); *Munsingwear*, 340 U.S. at 40 (vacatur is proper where "review of [a judgment] was prevented through happenstance").

Because the claims at issue have already been cancelled as a result of other proceedings, there is effectively nothing for the Director to consider on rehearing here with respect to those claims. The most that the Director could do upon finding a claim unpatentable is to cancel that claim, yet that action is not possible for already-cancelled claims. *Cf. Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013) ("[W]hen a claim is cancelled, the patentee loses any cause of action based on that claim, and any pending litigation in which the claims are asserted becomes moot."). Therefore, because Director rehearing of the FWD with respect to the cancelled claims is no longer possible, the Board's findings with respect to those claims must be vacated. *See Eisai*, 564 U.S. at 1001; *Munsingwear*, 340 U.S. at 40.

II. A Principal Officer Must Consider This Rehearing Request

VirnetX's rehearing request cannot be decided until a new Director is appointed and confirmed, as there currently is no officer who can issue a final decision. In *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1980, 1987 (2021), the

Supreme Court held that inferior officers "lack[] the power under the Constitution to finally resolve" patentability questions, and "must be 'directed and supervised . . . by others who were appointed by Presidential nomination with the advice and consent of the Senate.'" "Only an officer properly appointed to a principal office may issue a final decision binding the Executive Branch." *Id.* at 1985. The Court thus held that a properly appointed principal officer—namely, "the Director"—must have an opportunity "to review decisions rendered by APJs." *Id.* at 1988.

Currently, there is "no principal officer" who can direct and supervise other Board members and "issue a final decision binding the Executive." *Id.* at 1980, 1985. The Senate-confirmed post of Director is vacant. While Commissioner of Patents Hirshfeld is temporarily performing certain functions and duties of the Director, he was not "appointed to a *principal* office" by the President and Senate. *Id.* at 1985 (emphasis added). As Commissioner, he was appointed to an *inferior* office by the Secretary of Commerce—just like the other Board members who, *Arthrex* held, "lacked the power under the Constitution to finally resolve the matter within the Executive Branch." *Id.* at 1987; *see* 35 U.S.C. §§ 3(b)(2)(A), (6)(a). Nor is Mr. Hirschfeld exercising authority delegated by a principal officer under that officer's supervision: The Directorship is vacant, so there is no one who could revoke the delegation or supervise the exercise of delegated authority.

Arthrex's passing reference to a "remand to the Acting Director," 141 S. Ct.

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