

No. 16-1102

IN THE

Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., AND SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

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

PETITIONERS' SUPPLEMENTAL BRIEF

JOHN B. QUINN
MICHAEL T. ZELLER
SCOTT L. WATSON
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
865 S. Figueroa Street
10th Floor
Los Angeles, CA 90017
(213) 443-3000

BRIAN C. CANNON
KEVIN P.B. JOHNSON
VICTORIA F. MAROULIS
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive
5th Floor
Redwood Shores, CA 94065
(650) 801-5000

KATHLEEN M. SULLIVAN
Counsel of Record
WILLIAM B. ADAMS
DAVID M. COOPER
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue
22nd Floor
New York, NY 10010
(212) 849-7000
kathleensullivan@
quinnemanuel.com

Counsel for Petitioners

October 17, 2017

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INTRODUCTION

While the government's invitation brief offers a bottom-line recommendation to deny the petition, its analysis strongly supports a grant of certiorari. The government does not contest the dissenting opinions of Chief Judge Prost, Judge Dyk, and Judge Reyna, the extensive commentary, and the numerous *amicus* briefs, all of which detail the extraordinary importance of the questions presented. Instead, the government substitutes its own novel arguments for the Federal Circuit's erroneous reasoning. But those arguments are both wrong as a matter of established law and irrelevant to the question of whether to grant the petition to review the Federal Circuit's decisions, which will bind all future Federal Circuit panels and district courts on the most critical issues of patent law.

I. The government does not deny that obviousness is an issue central to patent law, from prosecution through litigation and appeal. The government does not defend on the merits the decision below holding nonobvious such trivial improvements as moving an image across a screen and having text appear as some-one types. Nor does the government defend the *en banc* decision's reasoning.

Instead, the government introduces a radical new theory to support the *en banc* decision: a court must review jury verdicts on the legal question of obviousness only for substantial evidence because all jury verdicts (including on legal questions) must be reviewed only for substantial evidence. Right or wrong, this theory is contrary to the de novo review the Federal Circuit has purported to give to every jury verdict on obviousness in every case, including this one, for decades. If the government believes that the Federal

Circuit has gotten the standard of review wrong in countless cases on the most frequently litigated issue of patent validity, then this Court should clearly decide the issue.

Furthermore, the government's theory is legally baseless. This Court and courts of appeals have uniformly held that jury verdicts on legal issues are subject to *de novo* review. And this Court has held unequivocally that obviousness is a question of law. Because *de novo* review applies, the government's supposed vehicle concern regarding the jury instructions is irrelevant. And Samsung had no reason to object to the jury instructions because they were not wrong; it was the Federal Circuit that introduced the notions that obviousness review requires deference to all conceivable implicit factual findings by a jury no matter how objectively baseless; that different devices may be ignored in deciding motivation to combine; and that secondary considerations must be considered and may be elevated to a primary role. This case is the ideal vehicle to decide whether these rulings violate the Patent Act and this Court's precedents: an *en banc* decision with three dissents, where the court did not find any waiver. Indeed, the government expressly recognizes the Federal Circuit's "drift" away from this Court's precedents, and this drift—now solidified in an *en banc* decision—has substantial, harmful consequences for patent law and innovation, warranting this Court's intervention.

II. On the injunction issue, the government describes the Federal Circuit's "some connection" test as "infelicitous," seemingly a euphemism for erroneous. The government nonetheless argues that the decision was correct because it rejected a "sole causation" test. That is attacking a straw man: no one here

advocated a “sole causation” test, and the Federal Circuit’s rejection of that test does not change the fact that the test it adopted—“some connection”—departs substantially from the established meaning of causation.

III. On the issue of the Federal Circuit’s disregard of the all-elements rule, the government suggests that this error is not worthy of review because the Federal Circuit did not expressly say it was disregarding the all-elements rule. Yet the government does not dispute that this is exactly what the Federal Circuit did. The government presents no reason why this question should not be considered along with either or both of the other questions presented or, if certiorari on those questions were denied, why summary reversal should not be granted.

ARGUMENT

I. THE GOVERNMENT FAILS TO DISPEL THE *EN BANC* OBVIOUSNESS DECISION’S EXCEPTIONAL IMPORTANCE OR CONFLICT WITH *KSR* AND *GRAHAM*

1. The government argues (Br. 9-12) that a jury verdict of nonobviousness should be reviewed only for substantial evidence, not de novo. If this argument were correct, then the Federal Circuit has applied the wrong standard of review in countless cases for decades. *See, e.g., Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 853 F.3d 1370, 1378 (Fed. Cir. 2017) (quoting cases). That includes the decision here, which purported to apply “de novo” review. Pet. App. 22a, 44a. To be sure, the Federal Circuit then erred in treating all subsidiary questions as questions of fact, in effect turning obviousness into a fact question. Pet.

21-24. Nonetheless, the government’s argument—as it goes much farther than the Federal Circuit ever claims to have done—would be a sea change in the law.¹ And if the government believes that such a change is required, then that presents an especially strong reason for granting certiorari given the undisputed importance of the obviousness issue.²

Furthermore, the government’s argument is wrong under established law. The government suggests (Br. 9-11) that obviousness is a mixed question of fact and law. But “[t]he ultimate judgment of obviousness is a legal determination,” *not* a mixed question. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)). The government cites (Br. 11-12) cases where this Court supposedly treated jury verdicts on obviousness with deference. However, these cases do not mention obviousness and instead appear to concern anticipation, *i.e.*, whether one prior art reference discloses all claim elements.³ And anticipation (unlike obviousness) has been treated as a fact question. *See, e.g.*,

¹ The government’s radical new argument—not adopted by a single Federal Circuit judge—may reflect the government’s desire for deference to PTAB decisions.

² Pet. 15-16; *see also, e.g.*, LeRoy Watson, *It’s vital that the Supreme Court defend agricultural innovation*, THE HILL (Oct. 15, 2017) (disagreeing with government’s brief).

³ Because these cases predate the Patent Act of 1952, they discuss the requirement of “invention” generally. Nonetheless, anticipation is the modern understanding of the doctrine that they applied. *See Tucker v. Spalding*, 80 U.S. 453, 456 (1872) (“[T]he resemblance was close enough to require the submission of the question of identity to the jury”); *Keyes v. Grant*,

Synopsys, Inc. v. Mentor Graphics Corp., 814 F.3d 1309, 1317 (Fed. Cir. 2016). Moreover, as explained in the law review article upon which the government relies (Br. 12), “the Supreme Court has repeatedly described the ultimate question of patent validity as a question of law, not fact,” and “[i]t was common in the nineteenth century for the Court to refer to validity as a question of law.” Mark A. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 VA. L. REV. 1673, 1708-09 & n.178 (2013) (citing numerous cases). Regardless, to the extent these prior cases could be read to suggest that an obviousness verdict gets deference because it is a factual issue, *Graham* and *KSR* definitively rejected such a reading.

Indeed, the government cites no case *ever* adopting its argument (Br. 9-10) that a jury’s decision on a question of law is reviewed with deference. And this Court has expressly rejected it. *Muehler v. Mena*, 544 U.S. 93, 98 n.1 (2005) (“[W]e draw all reasonable factual inferences in favor of the jury verdict, but ... we do not defer to the jury’s legal conclusion ...”); *Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 436-39 (2001) (holding that jury decision on punitive damages, as it concerns a determination of law rather than fact, is reviewed de novo). Numerous courts of appeals have likewise held that a jury verdict on an issue of law is reviewed de novo.⁴

118 U.S. 25, 36-37 (1886) (“Clearly it was not a matter of law that the specification of the plaintiffs’ patent, and the publication of Karsten ... described the same thing.”).

⁴ See *Karlson v. Action Process Svc.*, 860 F.3d 1089, 1094 (8th Cir. 2017); *K & T Enters., Inc. v. Zurich Ins. Co.*, 97 F.3d 171, 175-77 (6th Cir. 1996); *Home Indemn. Co. v. Lane Powell Moss & Miller*, 43 F.3d 1322, 1331 (9th Cir. 1995).

To be sure, there are factual issues in the obviousness inquiry. Those are the three facts identified in *Graham*: “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.” 383 U.S. at 17. But once those facts are resolved—and there is no dispute about those facts here—then the ultimate decision on obviousness is a legal one. That is why, contrary to the government’s suggestion (Br. 14), once *KSR* identified no dispute on the three *Graham* facts, it held the patent obvious on summary judgment *despite* a dispute among the experts regarding motivation to combine, and without remotely suggesting it was applying a “no reasonable jury” standard. 550 U.S. at 427. Likewise, that is why *Graham* held, after a bench trial, that the patents were obvious with no deference to the district court’s holding of nonobviousness. 383 U.S. at 17-37.⁵

2. The government does not dispute that the Federal Circuit erred (Pet. 24-28) in holding a jury can disregard prior art if it is embodied in a different device, and in elevating secondary considerations into a principal role. The government argues (Br. 15-16) only that Samsung failed to object to the jury instructions on these issues. This argument makes no sense,

⁵ The government attempts (Br. 14 n.1) to distinguish the bench trial context, but cites no case adopting this distinction. Nor is there any logical basis for giving greater deference to a jury’s decision on a legal issue than a judge’s decision on a legal issue. Rule 50(a) allows the court to reject a jury verdict with insufficient “evidentiary basis,” but that does not deny the well-established proposition that a jury verdict must be rejected when it is not in accordance with law.

as these incorrect theories were introduced for the first time by the Federal Circuit's *en banc* decision. Regardless, this argument rests *entirely* on the government's incorrect theory that obviousness is a jury issue. Because it is actually a legal issue subject to de novo review, any legal error is reviewable on denial of JMOL separate from and in addition to any review of jury instructions.

This Court has clearly held that failure to object to jury instructions has no bearing on a motion for JMOL. See *Boyle v. United Techs. Corp.*, 487 U.S. 500, 513-14 (1988); *City of St. Louis v. Praprotnik*, 485 U.S. 112, 120-21 (1988) (plurality opinion). Courts of appeals have uniformly followed *Boyle* to hold that “[n]eedless to say, failure to request a jury instruction does not preclude a later JMOL.” *Deffenbaugh-Williams v. Wal-Mart Stores, Inc.*, 188 F.3d 278, 284 n.5 (5th Cir. 1999); see also *Wilson v. Maritime Overseas Corp.*, 150 F.3d 1, 8 n.6 (1st Cir. 1998); *Doctor's Associates, Inc. v. Weible*, 92 F.3d 108, 115 (2d Cir. 1996); *Hystro Products, Inc. v. MNP Corp.*, 18 F.3d 1384, 1392 n.6 (7th Cir. 1994). And the Federal Circuit has recognized as much in the context of obviousness. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1358-59 (Fed. Cir. 2012). Indeed, neither the Federal Circuit nor Apple has suggested that the jury instructions were controlling here.

In any event, Samsung had no reason to object to the instructions because they were correct and did not introduce the *en banc* majority's legal errors. As to the “different device” rule, the instruction the government cites (Br. 15) concerns only whether a device is considered relevant prior art. U.S. Br. App. 2a-3a. But the *en banc* decision did not dispute that the devices at

issue were prior art. Instead, the decision held (Pet. App. 31a-32a, 50a) that there was sufficient evidence to support an implicit jury factfinding that (for the '721 patent) there was no motivation to combine the prior art and (for the '172 patent) the prior art did not disclose all claim elements. And there was no jury instruction requiring these rulings.

The jury was also correctly instructed that secondary considerations “*may* be considered ... as an indication” of nonobviousness. U.S. Br. App. 3a (emphasis added). In contrast, and in conflict with this Court’s precedents (Pet. 25, Pet. Reply 6), the *en banc* decision held that secondary considerations “must be considered in every case.” Pet. App. 22a-23a. The government suggests (Br. 16) that the jury instructions left open the relevance of these factors, but the instructions as a whole made clear that these were simply additional factors that could not displace the basic inquiry into obviousness. U.S. Br. App. 2a-5a.

3. The government correctly notes (Br. 16-17) that “[d]ecisions in other cases give some reason for concern that the Federal Circuit may be drifting back toward ‘rigid and mandatory formulas’ of the type this Court rejected in *KSR*, 550 U.S. at 419.” Indeed, the Federal Circuit has recently allowed patents with at most trivial improvements to be treated as valid, repeatedly vacating and reversing obviousness determinations by the district courts and the PTAB. See *In re Van Os*, 844 F.3d 1359, 1361 (Fed. Cir. 2017) (vacating PTAB conclusion that a patent for rearranging icons on a touchscreen was obvious); *Honeywell Int’l Inc. v. Mexichem Amanco Holding S.A.*, 865 F.3d 1348, 1353-56 (Fed. Cir. 2017) (vacating PTAB determination that

using known coolant with known lubricant for A/C systems was obvious); *Millennium Pharmaceuticals, Inc. v. Sandoz Inc.*, 862 F.3d 1356, 1364-69 (Fed. Cir. 2017) (reversing district court ruling that freeze drying a known anticancer drug was obvious); *Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1042-48 (Fed. Cir. 2017) (vacating PTAB determination that using a USB port, e.g., to play music, on exercise equipment was obvious).

This case—an *en banc* decision with three dissents all engaging on fundamental questions as to obviousness—is a far superior vehicle to address the Federal Circuit’s drift than the case the government mentions (Br. 16-17): *In re Stepan Co.*, 868 F.3d 1342 (Fed. Cir. 2017). *Stepan* may be mooted by this Court’s decision in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, No. 16-712. Moreover, its decision rests on the PTAB’s insufficient explanation for finding motivation to combine, even giving deference to the PTAB. 868 F.3d at 1347. The importance of whether the PTAB’s explanation sufficed pales in comparison to the broadly applicable issues here.

II. THE GOVERNMENT FAILS TO RECONCILE THE FEDERAL CIRCUIT’S “SOME CONNECTION” TEST FOR PATENT INJUNCTIONS WITH EBAY’S CAUSATION REQUIREMENT

The government concedes (Br. 18) that the Federal Circuit’s “some connection” test for irreparable harm is “infelicitous.” And the government does not dispute that this test is, in fact, erroneous and has wreaked havoc with district court decisions. Pet. 17 n.8 & Pet. Reply 3 n.6 (citing cases). The government also

ignores entirely the Federal Circuit’s deviation from *eBay* (Pet. 30-31) in holding that the public interest nearly always favors injunctions.

Instead, the government argues (Br. 18-19) that the problems with the “some connection” test are obviated because the Federal Circuit also held that the patented feature need not be the exclusive driver of demand. This is a non sequitur. The Federal Circuit was correct in stating that causation does not mean sole causation and, contrary to the government’s suggestion (Br. 19), Samsung has not argued otherwise. Nonetheless, as the government recognizes (Br. 19), “general principles of legal causation” apply, and those principles clearly do not include a “some connection” test.

Finally, the government suggests (Br. 20) that “this case illustrates the merit of the Federal Circuit’s approach,” but the government ignores the Federal Circuit’s failure to require that the *improvement* over the prior art drive demand so that infringement caused irreparable harm.⁶ As the district court correctly found (Pet. App. 320a-336a)—and the Federal Circuit overturned only by announcing a “some connection” test—there was no evidence to show such causation.

⁶ The government in *eBay* also advocated a low bar for injunctions, while noting the government can get patent injunctions against others, but cannot have a patent injunction against itself. See Brief for the United States as Amicus Curiae Supporting Respondent at 1, *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (No. 05-130), 2006 WL 622120.

**III. THE GOVERNMENT FAILS TO DEFEND
THE *EN BANC* INFRINGEMENT
DECISION'S VIOLATION OF WARNER-
JENKINSON'S ALL-ELEMENTS RULE**

The government does not dispute that there was no evidence to support infringement of two required claim elements here or that the *en banc* decision failed to address these elements. Instead, the government argues (Br. 20-21) that the Federal Circuit's refusal to consider all elements is not worthy of review. But the government ignores the point (Pet. Reply 11-12) that the all-elements rule would be meaningless if a court may simply ignore selected elements. The government also ignores the point (Pet. Reply 12) that the *en banc* court's approach encourages future Federal Circuit panels and district courts to subvert the all-elements rule.

While the government is correct (Br. 21) that a court need not have a protracted discussion of every issue in the briefs, the problem here was not lack of detail. The problem was a failure to decide at all whether Samsung infringed two necessary claim elements, driven by the court's improper *en banc* procedure (Pet. 18-20).

The government presents no reason why this issue should not be considered if one or both of the other questions presented are granted. And the government presents no reason why, if certiorari is not granted on the other two questions, this Court should not summarily reverse or vacate on question three to remedy the *en banc* court's outright defiance of the all-elements rule.

CONCLUSION

The petition should be granted. Alternatively, the petition should be granted as to Question 3 and the

judgment on the '647 patent summarily vacated or reversed.

Respectfully submitted,

JOHN B. QUINN
MICHAEL T. ZELLER
SCOTT L. WATSON
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
865 S. Figueroa Street
10th Floor
Los Angeles, CA 90017
(213) 443-3000

BRIAN C. CANNON
KEVIN P.B. JOHNSON
VICTORIA F. MAROULIS
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive
5th Floor
Redwood Shores, CA 94065
(650) 801-5000

KATHLEEN M. SULLIVAN
Counsel of Record
WILLIAM B. ADAMS
DAVID M. COOPER
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
51 Madison Avenue
22nd Floor
New York, NY 10010
(212) 849-7000
kathleensullivan@
quinnemanuel.com

Counsel for Petitioners

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