No. 18-1170

IN THE
Supreme Court of the United States

XITRONIX CORPORATION,
Petitioner,

v.

KLA-TENCOR CORPORATION, DBA KLA-TENCOR, INC.,
Respondent.

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

PETITIONER'S SUPPLEMENTAL BRIEF

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Pursuant to Rule 15.8, Petitioner Xitronix Corporation files this supplemental brief to advise the Court of a recent development that occurred after the petition for certiorari was filed.

On March 14, 2019, the Federal Circuit issued a non-precedential order accepting jurisdiction over this appeal, finding that the Fifth Circuit's "ultimate conclusion that we have jurisdiction is not 'implausible.'" Supp. Pet. App. 2a.[1]

In reaching this conclusion, the Federal Circuit made clear that it disagreed with the Fifth Circuit's reasoning. The Federal Circuit found that the Fifth Circuit's order "incorrectly" applied the test of *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988). Supp. Pet. App. 2a. The Federal Circuit also found the Fifth Circuit's analysis of *Gunn v. Minton*, 568 U.S. 251 (2013), to be "untenable." Supp. Pet. App. 2a. And it found that the Fifth Circuit "misreads our decision in *Nobelpharma AB v. Innovations, Inc.*, 141 F.3d 1059 (Fed. Cir. 1998)." Supp. Pet. App. 3a.

Nonetheless, the Federal Circuit found that "[d]espite these and other flaws, the Transfer Order's conclusion that we have jurisdiction is not implausible." Supp. Pet. App. 4a. The Federal Circuit noted that "[t]he Court's decision in *Gunn* could be read to imply that whether the patent question at issue is substantial

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[1] "Supp. Pet. App." refers to the Supplemental Petition Appendix, which is at the back of this brief.

depends on whether the patent is 'live' such that the resolution of any question of patent law is not 'merely hypothetical.'" Supp. Pet. App. 4a. "Here, the underlying patent has not expired, and the resolution of the fraud question could affect its enforceability." Supp. Pet. App. 4a.

The Federal Circuit again went out of its way to say that it *disagreed* with this theory: "While it is not implausible to reach this conclusion, we reject the theory that our jurisdiction turns on whether a patent can still be asserted. Under this logic, cases involving *Walker Process* claims based on expired patents would go to the regional circuits while those with unexpired patents would come to us, despite raising the same legal questions." Supp. Pet. App. 4a-5a. Nonetheless, it found the theory plausible: "Nevertheless, the fact that the underlying patent in this case has not expired and the fact that any decision could have effects on enforceability is a plausible reason for us to accept jurisdiction." Supp. Pet. App. 5a. Thus, it "accept[ed] the transfer" and stated it would "resolve this case on the merits." Supp. Pet. App. 5a.

In light of the Federal Circuit's order, one concern expressed in the petition—that the case would ping-pong between the circuits forever—has not come to pass. Instead, in apparent contravention of the "age-old rule that a court may not in any case … extend its jurisdiction where none exists," *Christianson*, 486 U.S. at 818, the Federal Circuit agreed to exercise jurisdiction over an appeal despite its own, still-binding precedential decision establishing that it lacks jurisdiction over *this very appeal*.

The Federal Circuit's decision to exercise jurisdiction over this appeal does not moot this petition. If this Court holds that the Federal Circuit lacked jurisdiction (as the court indicated in its initial panel decision), any merits disposition by that court will be defective, and the appeal will necessarily ping-pong back to the Fifth Circuit once again.

Indeed, that is exactly what happened in *Christianson*. In that case, the Federal Circuit transferred the case to the Seventh Circuit, which transferred the case back to the Federal Circuit. 486 U.S. at 806-07. The Federal Circuit proceeded to decide the appeal, notwithstanding its view that the Seventh Circuit's transfer order was "'clearly wrong.'" *Id.* at 803. Nonetheless, this Court granted certiorari to resolve the "peculiar jurisdictional battle." *Id.* This Court reversed the Federal Circuit and directed that the case be transferred to the Seventh Circuit. *Id.* at 819.

The Court should grant certiorari in this case, just as it did in *Christianson*. For several reasons, it continues to warrant this Court's review. First, there is still a square circuit split. The Federal Circuit's order did not *agree* with the Fifth Circuit; it merely said that the Fifth Circuit's decision was not implausible. Binding Federal Circuit precedent still holds that Petitioner's appeal, and those like it, must be transferred to the Fifth Circuit, while binding Fifth Circuit precedent still holds that such cases must be transferred to the Federal Circuit. Further, binding Federal Circuit precedent still holds that *Gunn* provides the applicable jurisdictional test, while

binding Fifth Circuit precedent still holds that *Gunn* does not provide the applicable jurisdictional test. Pet. 12-13.

Moreover, notwithstanding the Federal Circuit's decision to exercise jurisdiction over this appeal, practical problems still remain. Going forward, appeals in *Walker Process* cases from within the Fifth Circuit will still lead to at least one game of ping-pong. If an appeal is filed in the Federal Circuit, the court will be bound by its precedential decision to transfer the case to the Fifth Circuit; the Fifth Circuit will be bound by its precedential decision to hold that the transfer order is so implausible that the case must be transferred back to the Federal Circuit; and only then, assuming a future panel follows the panel's unpublished order here, can the case be decided. The result will be ironic. In the interest of respecting the Federal Circuit's expertise over patent litigation, cases will be transferred to the Federal Circuit—which, according to the Federal Circuit's own expert judgment, should not be decided in the Federal Circuit.

The Federal Circuit's order also does not mitigate the widespread national confusion over the scope of the Federal Circuit's jurisdiction. As the petition explained, litigants in non-patent cases presenting embedded issues of patent law "will have no idea where to appeal." Pet. 16. That is still true.

Moreover, the Federal Circuit's order exacerbates the risk of the "bizarre reverse-psychology forum-shopping" described in the petition. Pet. 20. For a litigant who wants to be in the Federal Circuit, the best strategy is to *not* file a notice of appeal in the Federal

Circuit. If the appeal is filed in the Federal Circuit, the appeal will be transferred—and a regional circuit would have to accept that transfer if it is deemed plausible. If the appeal is filed in a regional circuit, there is at least a reasonable chance that the regional circuit would follow the Fifth Circuit and transfer the appeal—and the Federal Circuit's recent order indicates that it would apparently concede the jurisdictional battle and decide the appeal. This type of strategizing should have no place in federal litigation, and resolving this circuit split would eliminate it.

Even before the Fifth Circuit created the circuit split, Judge Newman's dissent from denial of rehearing en banc attested to "the importance of this decision to the judicial structure of patent adjudication, and the future of a nationally consistent United States patent law." Pet. App. 46a; *see* Pet. 20-21. The Court should grant certiorari to resolve the circuit split on this important issue.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

Supplemental Appendix A

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

XITRONIX CORPORATION,
Plaintiff-Appellant

v.

KLA-TENCOR CORPORATION, DBA KLA-TENCOR, INC., A DELAWARE CORPORATION,
Defendant-Appellee

2016-2746

Appeal from the United States District Court for the Western District of Texas in No. 1:14-cv-01113-SS, Judge Sam Sparks.

SUA SPONTE

Before MOORE, MAYER, and HUGHES, *Circuit Judges*.

PER CURIAM.

O R D E R

The Fifth Circuit has transferred to us this *Walker Process* appeal. *Xitronix Corp. v. KLA-Tencor Corp.*,

No. 18-50114, 2019 WL 643220 ("Transfer Order"). As the Supreme Court explained in *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800, 819 (1988), if a transferee court can find the transfer decision "plausible," it should accept jurisdiction. We apply that rule here. While we do not agree with some of the legal analysis in the Transfer Order, we nevertheless conclude its ultimate conclusion that we have jurisdiction is not "implausible."

As an initial matter, we note that the Transfer Order incorrectly suggests that the jurisdictional analysis under 28 U.S.C. § 1338(a) considers "whether *all* claims in the plaintiff's well-pleaded complaint necessarily depended on the resolution of a substantial question of patent law." Transfer Order 5 (citing *Christianson*, 486 U.S. at 810–11). As *Christianson* itself recognized, jurisdiction exists under § 1338(a) where "patent law is a necessary element of *one of the well-pleaded claims*." 486 U.S. at 809 (emphasis added). The cited analysis in *Christianson* instead made clear that patent law must be "essential" to each *theory* of a claim in order for § 1338(a) to be implicated. *Christianson*, 486 U.S. at 810–11.

The Transfer Order also suggests that the Court's decision in *Gunn v. Minton*, 568 U.S. 251 (2013), is inapplicable to the jurisdictional analysis in this case. That proposition is untenable. In *Gunn* the Court considered the meaning of the phrase "any civil action arising under any Act of Congress relating to patents" as it appears in § 1338(a). *Id.* at 257. Here, we consider the meaning of the phrase "any civil action arising under . . . any Act of Congress relating to patents" as it appears in 28 U.S.C. § 1295(a)(1). It is a fundamental

canon of statutory construction that words used in different parts of the same statute are generally presumed to have the same meaning. *See, e.g.*, *IBP, Inc. v. Alvarez*, 546 U.S. 21, 22 (2005); *Reiche v. Smythe*, 80 U.S. 162, 165 (1871). Unlike in *Wachovia Bank v. Schmidt*, 546 U.S. 303 (2006), cited in the Transfer Order, this is not a case in which a term is being used in two very different legal contexts. Instead both uses of the phrase appear in Part IV of Title 28 and serve to define the jurisdiction of particular federal courts. Additionally, while the Fifth Circuit suggests that the 2011 amendments to § 1295 indicate that the two provisions should not be construed together, those amendments in fact suggest the opposite. Section 19 of the Leahy-Smith America Invents Act, PL 112-29, September 16, 2011, 125 Stat 284, amended both § 1295(a)(1) and § 1338(a). It revised § 1295(a)(1) to parallel § 1338(a) while expanding Federal Circuit jurisdiction to cover compulsory counterclaims, a matter not at issue in this case. In light of the clear parallel language in the two provisions and their shared purposes and statutory history, we must respectfully reject the Fifth Circuit's suggestion that *Gunn* is inapplicable.

The Fifth Circuit also misreads our decision in *Nobelpharma AB v. Innovations, Inc.*, 141 F.3d 1059 (Fed. Cir. 1998). The question of whether we have exclusive jurisdiction over a matter and the question of whether we apply "Federal Circuit law" or regional circuit law to a question before us are related but distinct. *See In re Deutsche Bank Tr. Co. Americas*, 605 F.3d 1373, 1377 (Fed. Cir. 2010) (explaining that "[i]n deciding which law to apply, we consider several factors including: the uniformity in regional circuit law,

the need to promote uniformity in the outcome of patent litigation, and the nature of the legal issue involved" (citation omitted)); *FilmTec Corp. v. Hydranautics*, 67 F.3d 931, 935 (Fed. Cir. 1995) ("Unless a procedural matter is *importantly related* to an area of this court's exclusive jurisdiction, . . . we will usually be guided by the views of the circuit in which the trial court sits . . . ." (emphasis added)). In short, in *Nobelpharma* we considered whether the issue on appeal "clearly *involves*" our jurisdiction, not whether the issue would give rise to jurisdiction.

Despite these and other flaws, the Transfer Order's conclusion that we have jurisdiction is not implausible. The Court's decision in *Gunn* could be read to imply that whether the patent question at issue is substantial depends on whether the patent is "live" such that the resolution of any question of patent law is not "merely hypothetical." *See Gunn*, 568 U.S. at 261. Here, the underlying patent has not expired, and the resolution of the fraud question could affect its enforceability. *Walker Process* fraud and inequitable conduct are fraternal twins, such that conclusions as to *Walker Process* fraud would likely resolve questions as to the enforceability of the patent. *See Nobelpharma AB*, 141 F.3d at 1070 ("Simply put, *Walker Process* fraud is a more serious offense than inequitable conduct."). Under this interpretation of *Gunn*, therefore, we would have jurisdiction.

While it is not implausible to reach this conclusion, we reject the theory that our jurisdiction turns on whether a patent can still be asserted. Under this logic, cases involving *Walker Process* claims based on expired patents would go to the regional circuits while

those with unexpired patents would come to us, despite raising the same legal questions. Nevertheless, the fact that the underlying patent in this case has not expired and the fact that any decision could have effects on enforceability is a plausible reason for us to accept jurisdiction.

Thus, we accept the transfer and will resolve this case on the merits. No further briefing will be permitted, and a new oral argument will be set by forthcoming order.

IT IS ORDERED THAT:

The mandate of this court issued on June 22, 2018 is recalled, and the appeal is reinstated. No additional briefing is permitted. Oral argument will be scheduled.

FOR THE COURT

March 14, 2019
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court