

No. 18-

IN THE
Supreme Court of the United States

MORRIS & ASSOCIATES, INC.,

Petitioner,

v.

JOHN BEAN TECHNOLOGIES CORPORATION,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

In *Petrella v. Metro-Goldwyn-Meyer, Inc.*, 134 S.Ct. 1962 (2014), and *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S.Ct. 954 (2017), this Court held that laches is unavailable to bar actions for copyright and patent infringement brought within the respective statutes of limitation. In these cases, however, this Court noted that in contrast to laches, equitable estoppel remains a viable equitable remedy “long recognized as available in actions at law” against “unscrupulous patentees” where there is “misleading and consequent loss.”

For over a century, this Court and the Federal Circuit have held that a finding of equitable estoppel gives an accused infringer an implied license to a patented invention for the life of the patent, thereby constituting a waiver of the right to sue by the patentee. Yet for the first time, the Federal Circuit panel held that an implied license arising by equitable estoppel does not extend to the entire patented invention, but is instead restricted on a claim-by-claim basis to exclude claims added or substantially amended through *ex parte* reexamination, resulting in the implied license applying to select individual claims of a patent but not all.

The two questions presented are:

1. Whether the Federal Circuit erred and contradicted a century of this Court’s licensing precedent in holding that implied license rights to a patent arising in equity, particularly equitable estoppel, do not attach to the *entire* patented invention but instead attach only to a subset of the patent’s individual claims?

2. Whether the Federal Circuit erred and violated Morris's due process rights by deciding an issue of first impression *sua sponte* not raised by the parties before the District Court or on appeal, which resulted in the court of appeals creating a new artificial categorical exception that restricts an accused infringer's pre-established implied license rights arising in equity?

PARTIES TO THE PROCEEDING

The parties to the proceeding are identified in the caption of the case.

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**CORPORATE DISCLOSURE STATEMENT
FOR MORRIS & ASSOCIATES, INC.**

Counsel for Morris & Associates, Inc., certifies the following: There are no parent or publicly held companies owning 10% or more of Morris & Associates, Inc.'s stock.

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1. INTRODUCTION

In *Petrella v. Metro-Goldwyn-Meyer, Inc.*, 134 S.Ct. 1962 (2014), this Court held that laches is unavailable to bar copyright infringement claims brought within the Copyright Act’s three-year limitations period. Likewise, in *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S.Ct. 954 (2017), this Court held that laches is similarly unavailable to bar patent infringement actions brought within the Patent Act’s six-year limitations period.

In both *Petrella* and *SCA Hygiene*, however, this Court specifically noted that notwithstanding the unavailability of laches in copyright and patent infringement actions, equitable estoppel remains an equitable remedy “long recognized as available in actions at law” where there is “misleading and consequent loss.” *Petrella*, 134 S.Ct. at 1977 (citing *Wehrman v. Conklin*, 155 U.S. 314, 327 (1894)); *SCA Hygiene*, 137 S.Ct. at 967 (due to “unscrupulous patentees”).

However, in what the Federal Circuit panel itself characterized as an issue of first impression, which was neither presented nor briefed to the District Court or on appeal, the panel *sua sponte* articulated a completely new legal principle that now restricts equitable estoppel rights in the patent context. The Federal Circuit created a new categorical exception for patents reexamined *ex parte* pursuant to 35 U.S.C. §§ 302-307. Specifically, the court of appeals held that implied license rights arising by equitable estoppel no longer apply to the *entire* patented invention. Instead, the Federal Circuit held that implied license rights arising by equitable estoppel do not apply

to specific patent claims added or substantially amended during reexamination, meaning that implied license rights apply to only a subset of the individual claims within a patent. Yet nowhere in the Patent Act or in the precedent of this Court or the Federal Circuit does such an exception find grounding, as it is entirely an artificial edifice erected by the Federal Circuit that contradicts a century of this Court's licensing precedent.

Consequently, this case presents an important opportunity to prevent erosion of this well-established equitable defense. This case is also especially important given the Court's recent decisions in *Petrella* and *SCA Hygiene*, which specifically reaffirmed the viability and impact of equitable estoppel as a defense against claims of infringement in view of laches' unavailability.

Additionally, the importance of this case extends beyond just equitable estoppel, which is but one type of conduct that can lead to an implied license. For if the panel's newly-created categorical exception restricting an implied license established by equitable estoppel is allowed to stand, it may likewise undermine established precedent regarding implied licenses arising by acquiescence (*Shaw v. Cooper*, 32 U.S. 292, 320 (1833)), by conduct (*Gil v. United States*, 160 U.S. 426, 435 (1896)), and by legal estoppel (*Westinghouse Electric & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 348-49 (1924)).

Thus, certiorari is warranted.

2. OPINIONS BELOW

In *John Bean Techs. Corp. v. Morris & Assocs., Inc.*, No. 4:14-CV-00368-BRW, 2016 U.S. Dist. LEXIS 193848 (E.D. Ark. Dec. 14, 2016) (App.16a-27a), the District Court granted summary judgment in favor of Morris, finding that JBT's claims of patent infringement were barred by the equitable doctrines of laches and estoppel.

In *John Bean Techs. Corp. v. Morris & Assocs., Inc.*, 887 F.3d 1322 (Fed. Cir. 2018) (App.1a-13a), the Federal Circuit panel reversed the grant of summary judgment, finding that the district court abused its discretion by failing to consider the effect of reexamination proceedings on the equitable estoppel defense.¹

In *John Bean Techs. Corp. v. Morris & Assocs., Inc.*, No. 2017-1502 (Fed. Cir. July 20, 2018) (unreported, App. 28a-29a), the Federal Circuit denied Morris's petition for panel rehearing and rehearing *en banc*, without opinion and after requesting a response from John Bean Technologies Corporation.

3. JURISDICTION

On December 14, 2016, the United States District Court for the Eastern District of Arkansas, Western Division, granted summary judgment for Morris & Associates, Inc., on the grounds that John Bean

1. Based on this Court's decision in *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954 (2017), the parties agreed that the grant of summary judgment related to laches must be reversed.

Technologies Corporation was equitably estopped from asserting United States Patent No. 6,397,622 against Morris & Associates, Inc. The Court entered final judgment on behalf of Morris & Associates, Inc., and against John Bean Technologies Corporation on December 22, 2016. John Bean Technologies Corporation timely appealed that decision to the Federal Circuit.

On April 19, 2018, the Federal Circuit reversed and remanded the District Court's decision on the ground that the "district court abused its discretion by applying equitable estoppel to bar John Bean's infringement action without considering how the *ex parte* reexamination affected the '622 patent claims." (App. 13a).

Morris & Associates, Inc., timely sought panel and *en banc* rehearing of that decision on May 18, 2018. The Federal Circuit denied the combined petition via an order entered on July 20, 2018. (App. 28a).

Because Morris & Associates, Inc. has filed a timely Petition for Writ of Certiorari within 90 days of the order denying rehearing, this Court has jurisdiction to review the petition pursuant to 28 U.S.C. § 1254.

4. PERTINENT STATUTORY PROVISIONS

This case involves Amendment V to the United States Constitution, which states: "No person shall ... be deprived of life, liberty, or property, without due process of law"

Because this case is grounded in equity, particularly equitable estoppel, no other treaties, statutes, ordinances, or regulations are involved.

5. STATEMENT OF THE CASE

In 2014, the predecessor to John Bean Technologies Corporation (“JBT”) sued Morris & Associates, Inc. (“Morris”), for allegedly infringing United States Patent No. 6,397,622 (“the ’622 Patent”). As a case involving an Act of Congress relating to patents, Federal Jurisdiction in district court was appropriate under 28 U.S.C. § 1338.

JBT and Morris have had a contentious relationship for over a decade. Morris and JBT are direct competitors for poultry chillers in what JBT describes as a two-supplier market. Sometime before February 7, 2002, JBT initiated what is believed to be the first patent dispute between the two parties. On February 7, 2002, Morris sent JBT a letter referencing a prior infringement allegation from JBT related to auger chillers and attempting “to close an issue that has been pending between our companies for several months.” Morris’s February 7, 2002 letter references prior “letters from [JBT’s] attorney that assert infringement of [JBT’s] U.S. Patent 6,089,037 by our production and sale of a poultry chiller to Mountaire Farms of Millsboro, Delaware,” and notes a prior monetary offer to settle the dispute. (CA App. 236).

In addition to offering a monetary payment to settle the only alleged instance of infringement, Morris also stated in the letter that it had “no plans for producing the poultry chiller with [an allegedly infringing part] for at least the life of the patent.” (*Id.*) The parties thereafter exchanged additional letters, and the first patent dispute was settled on or about March 26, 2002. At the conclusion of the negotiations, Morris had agreed to a monetary payment to JBT to resolve the single accused sale and

not to produce any additional chillers with the allegedly infringing part for the remaining life of JBT's U.S. Patent 6,089,037 ("the '037 Patent"). In sum, rather than risk litigation, Morris agreed in the first patent dispute to pay JBT a monetary sum for a single instance of alleged infringement and to avoid additional instances of using the allegedly infringing design.

About two months after the parties' first patent dispute was resolved, the patent-in-suit in the present case, U.S. Patent No. 6,397,622 ("the '622 Patent"), issued to JBT on June 4, 2002. About three weeks later on June 27, 2002, counsel for Morris sent JBT a letter regarding the '622 Patent. (CA App. 263). The June 27, 2002 letter states: "Our client, Morris & Associates, reports that its customers have been contacted by representatives of your client [JBT]. The [JBT] representatives have asserted to the customers that the equipment being sold by Morris infringes U.S. Patent 6,397,622 recently issued to [JBT]." (*Id.*)

The June 27, 2002 letter includes an explanation setting out in detail why the '622 Patent was allegedly invalid in view of several pieces of prior art, including Morris's own U.S. Patent No. 5,868,000. (CA App. 267). The June 27, 2002 letter further states: "If [JBT] is not convinced that its patent 6,397,622 is invalid, I request that you provide the information necessary to show why each one of Exhibits A, B and/or C do not anticipate or make obvious the claims of the patent." (CA App. 266). The June 27, 2002 letter also states: "Because of the several reasons for invalidity of the '622 patent, we demand that you advise [JBT] to terminate its statements that the sale of the Morris Poultry Chiller will infringe the '622 patent." (*Id.*)

JBT admits that it received the June 27, 2002 letter and did not respond or otherwise communicate with Morris to address the issues raised. (CA App. 278). Testimony from JBT's corporate representative establishes that JBT believed Morris was infringing the '622 Patent at least as early as 2003, but after receiving the June 27, 2002 letter, JBT took no additional actions in the marketplace regarding any alleged infringement of the '622 Patent until 2014, when this suit was filed.

Indeed, JBT's corporate representative acknowledged that rather than pursue an infringement action against Morris to enforce the '622 Patent after receiving the June 2002 letter, JBT "just left things the way they were. We just went forward." (CA App. 275). JBT's corporate representative also testified that JBT intentionally misled Morris into believing that the '622 Patent would not be enforced because JBT "would rather face the devil we know in Morris as a competitor instead of someone else." (*Id.*)

Later, in 2009, Morris sued JBT for infringing Morris's U.S. Patent No. 7,470,173 ("the '173 Patent") on a poultry decontamination tank that Morris called its Finishing Chiller—a device commonly used in conjunction with Morris's auger chiller accused of infringement in the present case. During the litigation on the '173 Patent, JBT's counsel implied in deposition that Morris was copying JBT's auger chiller design covered by the '622 Patent. (CA App. 304). However, JBT never asserted a counterclaim against Morris alleging infringement of the '622 Patent in that case. Rather, when reflecting back to that prior lawsuit, JBT's corporate representative revealed JBT's reason for not asserting the '622 Patent

in 2009: “[Q:] Even as of 2009, you preferred to compete with Morris in the marketplace rather than enforce the [‘622] patent? A: Yes, sir.” (CA App. 277).

On December 18, 2013, JBT filed a request for reexamination of its own ‘622 Patent. (CA App. 43). In the request for reexamination, JBT argued that Morris’s 5,868,000 Patent, relied on by Morris in its June 2002 letter to demonstrate that the ‘622 Patent was invalid, formed the basis of a substantial new question of patentability for the ‘622 Patent. The examiner at the Patent and Trademark Office agreed. During the reexamination proceedings, JBT amended and narrowed the existing claims of the ‘622 Patent and added new claims. A reexamination certificate issued on May 9, 2014 for the ‘622 Patent with the added and amended claims. (CA App. 43-45).

Morris spends a substantial amount of money on research and development each year, much of it for the accused product. (CA App. 313). Had JBT pursued its infringement claim in 2002, Morris’s management testified that Morris would not have continued to build its accused devices, but would have instead pushed the design expectations of its customers in a different direction. (CA App. 328). But because of JBT’s misleading conduct, Morris instead expanded its business and bypassed opportunities to steer clients away from the now-accused auger chiller. (CA App. 314). Morris also made numerous improvements to the accused auger chiller over that same period. (CA App. 342-43). In sum, had JBT timely asserted its claim of infringement or otherwise responded to the June 2002 letter, Morris would certainly have continued to compete and innovate in the field of auger chillers, but it would have competed and innovated in a manner designed

to clearly preclude any allegation of infringement JBT might have asserted.

Based on the above facts, Morris moved for summary judgment that JBT's claims were barred by the doctrine of equitable estoppel. The District Court granted summary judgment in Morris's favor, finding that based on the prior relationship between the parties, "Plaintiff [had] a duty to enforce its patent rights within a reasonable time, if it believed the patent was valid. Twelve years is not reasonable, and Plaintiff's conduct was misleading to Defendant." (App. 25a). The District Court also found that the other elements necessary to establish equitable estoppel were met. (App. 26a-27a).

At no point during briefing of the motion for summary judgment did JBT argue or otherwise suggest that the reexamination proceedings for the '622 Patent had any bearing on the outcome of the motion.

JBT appealed the District Court's decision. On appeal, JBT argued exclusively that the elements of equitable estoppel were not met. Again, JBT did not argue or otherwise suggest that the reexamination proceedings for the '622 Patent had any bearing on the District Court's grant of summary judgment.

At oral argument, the Federal Circuit panel inquired as to whether the reexamination proceedings had any effect on the grant of summary judgment. Counsel for JBT explicitly conceded that the issue was not raised before the District Court or on appeal.

Despite the concession that the issue was not once addressed before the District Court or properly before the Federal Circuit on appeal, the Federal Circuit reversed the grant of equitable estoppel on the grounds that the District Court did not consider the effect of the reexamination proceedings. (App. 1a). The Federal Circuit relied only upon a single case in support of its holding. (App. 12a). The case cited by the Federal Circuit held that even if equitable estoppel was established as to one patent in a family, it did not necessarily apply to continuation-in-part patents, because continuation-in-part patents are a distinct grant of rights.

However, as demonstrated below, in reaching its holding, the Federal Circuit contradicted a century of precedent from this Court that equitable rights apply to “the invention,” rather than to a subset of individual claims of a patent. Because patent claims resulting from reexamination must be either the same or narrower than the original claims of the patent, the license to “the invention” disclosed in the original patent necessarily encompasses the reexamination patent claims. The Federal Circuit’s decision should therefore be reversed.

6. REASONS TO GRANT THE WRIT

6.1 A Century of Precedent Establishes that Equitable Estoppel Grants a License to the Entire “Invention” of the Patent, Not Only to a Subset of Individual Claims.

“[T]his Court has long recognized [that] ‘a major departure from the long tradition of equity practice should not be lightly implied.’” *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006) (quoting *Weinberger v. Romero-*

Barcelo, 456 U.S. 305, 319 (1982)). Yet the Federal Circuit panel did just that in deciding an issue of first impression *sua sponte* that was neither presented nor briefed to the District Court or on appeal, resulting in a new legal principle and categorical exception that restricts an accused infringer’s previously-established implied license rights arising from equitable estoppel. The panel’s new rule represents a major departure from over a century of this Court’s precedent on equitable estoppel, particularly regarding patents.

In 1927, this Court made clear that a patent license, once established, constitutes a “waiver of the right to sue by the patentee” for the patented invention. *De Forest Radio Tel. Co. v. United States*, 273 U.S. 236, 241 (1927). Specifying how patent licenses may arise and their effect, the Court held that:

No formal granting of a license is necessary in order to give it effect. Any language used by the owner of the patent, or any conduct on his part exhibited to another from which that other may properly infer that the owner consents to his use of the patent in making or using it, or selling it, upon which the other acts, *constitutes a license and a defense to an action for a tort.*

De Forest Radio Tel. Co. v. United States, 273 U.S. 236, 241 (1927) (emphasis added). Thus, once that license is granted, “[i]f a licensee be sued, he can escape liability to the patentee for the use of *his invention* by showing that the use is within his license.” *Id.* at 242 (emphasis added); *see also Menendez v. Holt*, 128 U.S. 514, 524-25 (1888) (Estoppel creates “a new right in the defendant.”); *Keyes v. Eureka Consol. Mining Co.*, 158 U.S. 150, 153,

15 S. Ct. 772, 773 (1895) (“there was at least an implied license to use the improvement” of the patent rather than a license tied only to particular patent claim(s)).

Since this Court’s holding in *De Forest*, the Federal Circuit has repeatedly recognized that an equitable license is “a license to use *the invention* that extends throughout the life of the patent.” *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 807 F.3d 1311, 1332 (Fed. Cir. 2015) (emphasis added) (en banc, *rev’d on other grounds*, 137 S.Ct. 954 (2017)). Indeed, in discussing *De Forest*, the Federal Circuit has explicitly stated:

Since *De Forest*, this court and others have attempted to identify and isolate various avenues to an implied license. As a result, courts and commentators relate that implied licenses arise by acquiescence, by conduct, by equitable estoppel (estoppel in pais), or by legal estoppel.... These labels describe not different kinds of licenses, but rather different categories of conduct which lead to the same conclusion: an implied license. The label denotes the rationale for reaching the legal result.

...

The opinions that hew most closely to the *De Forest* language and the ‘entire course of conduct’ analysis rely on the doctrine of equitable estoppel because *De Forest* requires that conduct of the patentee led the other to act.

Wang Labs, Inc. v. Mitsubishi Elecs. Am., 103 F.3d 1571, 1580 (Fed. Cir. 1997).

This rationale harmonizes with this Court’s application of the doctrine of equitable estoppel in the copyright context. Specifically, in *Petrella v. MGM*, the Court stated that “when a copyright owner engages in intentionally misleading representations concerning his abstention from suit, and the alleged infringer detrimentally relies on the copyright owner’s deception, the doctrine of estoppel may bar the copyright owner’s claims completely, *eliminating all potential remedies.*” 134 S.Ct. 1962, 1977 (2014) (emphasis added).

When JBT intentionally misled Morris into believing that the ’622 Patent would not be enforced against Morris (based in part on JBT’s preference to compete against Morris in the market instead—CA App.275) and Morris relied thereon, JBT created in Morris a right that granted “a license to use the invention that extends throughout the life of the patent.” *SCA Hygiene Prods.*, 807 F.3d at 1332.

The Federal Circuit panel did not question or reverse the District Court’s holding that equitable estoppel was established without regard to the reexamination proceedings, thereby giving Morris an implied license under the ’622 Patent. Thus, Morris’s license stands. The panel erred, however, in proceeding to address an issue that it acknowledged as one of first impression that was not raised, briefed, or argued by the parties and then holding that JBT’s unilateral act of placing its own ’622 Patent into reexamination and obtaining new and amended claims of narrower scope thereby restricted the prior license granted to Morris by virtue of equitable estoppel. In so doing, the panel erred by failing to consider or apply this Court’s and the Federal Circuit’s own licensing jurisprudence.

Indeed, in direct contrast to the panel's holding, the Federal Circuit consistently has held that patent licenses apply to reissue patents and continuation patents when necessary to avoid derogation of the rights granted by the license. *See, e.g., Intel Corp. v. Negotiated Data Solutions*, 703 F.3d 1360, 1367 (Fed. Cir. 2012) (interpreting a patent license as applying to a reissued patent because to do "otherwise would allow the unilateral act of the licensor to place the licensee ... in a position of being exposed to further risk relating to the exact same inventions that were subject to the license."); *General Protecht Group, Inc. v. Leviton Manf. Co.*, 651 F.3d 1355 (Fed. Cir. 2011) (finding implied license to continuation patents in view of license to parent because continuation disclosed same inventive subject matter); *TransCore v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271 (Fed. Cir. 2009) (holding patent owner legally estopped from asserting later-issued patent that was necessary to practice licensed patent).

Additionally, no known precedent has ever evaluated equitable patent remedies on a claim-by-claim basis; rather, precedent is clear that equitable remedies apply to the patented invention as a whole. By disregarding this principle, the panel's claim-splitting decision would negate the effect of equitable estoppel that protects a defendant from multiple suits on the same patent. *See Pope Mfg. Co. v. Gormully & Jeffery Mfg.*, 144 U.S. 248 (1892) (exclusive licensee of less than all claims of a patent lacks standing to sue without joining the patent owner due to threat of multiple lawsuits for any given act of infringement); *Wang Labs*, 103 F.3d at 1573 (affirming finding of implied license arising from equitable estoppel "to practice the invention claimed in the patent" due to patent owner's conduct).

Consistent with the above, it is also well-recognized that “claims that emerge from reexamination do not in and of themselves create a new cause of action that did not exist before.” *Senju Pharmaceutical Co., Ltd. v. Apotex Inc.*, 746 F.3d 1344, 1352 (Fed. Cir. 2014). Likewise, a “‘reexamined patent’ is the original patent [and] does not involve ... the issuance of a new patent.” *Id.* The Patent Statute instead recites that the Patent and Trademark Office issues only a certificate to the patent upon conclusion of the reexamination proceeding canceling any claims determined unpatentable, confirming claims determined to be patentable, and incorporating in the patent any proposed amended or new claims that are patentable. 35 U.S.C. § 307. And with respect to any amended or new claims, “[n]o proposed amended or new claim enlarging the scope of a claim of a patent will be permitted in a reexamination proceeding....” 35 U.S.C. § 305.

Thus, “[a]s a result, a reexamined patent claim cannot contain within its scope any product or process which would not have infringed the original claims.” *Senju Pharmaceutical Co.*, 746 F.3d at 1352-53. “Put another way, because the patent right is a right to exclude whose outer boundary is defined by the scope of the patent’s claims, as explained in *Aspex [Eyewear, Inc. v. Marchon Eyewear]*, 672 F.3d 1335 (Fed. Cir. 2012)], reexamination does not provide larger claim scope to a patentee than the patentee had under the original patent claims.” *Id.* Thus, “the claims in this case that emerged from reexamination do not create a new cause of action that did not exist before,” and a patent owner cannot use the reexamination process to get a “do-over.” *Id.*

Because of the District Court’s finding that equitable estoppel applied, which granted Morris an implied license to the invention of the ’622 Patent, that license *necessarily* encompasses the narrower amended and new claims recited in the reexamination certificate that issued from the *ex parte* reexamination proceeding belatedly initiated by JBT. Nevertheless, JBT now asserts those narrower and amended reexamined claims against the very same product it believed infringed pre-reexamination in 2002. *Contra. Aspek Eyewear*, 672 F.3d at 1342 (holding that a patent that emerges from reexamination proceedings does “not create a new legal right against infringement that Aspek lacked under the original version of the patent”). But contrary to its decision here, the Federal Circuit has previously held that equitable estoppel “grant[s] a license to use the invention that extends *throughout the life of the patent*,” and that a reexamined patent is the same patent it was before. *SCA Hygiene Prods.*, 807 F.3d at 1332 (*en banc*) (emphasis added) (quoting *Menendez*, 128 U.S. 514 (stating that acquiescence that results in an estoppel “destroy[s] the right to prevention of further injury.”)).

Thus, a reexamination certificate can have no bearing on the factors establishing equitable estoppel once the equitable “license” has been “granted,” since allowing subsequent suit on the same inventive subject matter already licensed would risk derogating rights of the licensee. *See Intel Corp.*, 703 F.3d at 1367 (interpreting a patent license as applying to a reissued patent because to do “otherwise would allow the unilateral act of the licensor to place the licensee ... in a position of being exposed to further risk relating to the exact same inventions that were subject to the license.”); *General Protecht Group*, 651 F.3d at 1361 (finding implied license to continuation

patents in view of license to parent because “continuations can claim no new invention not already supported in the earlier issued patents.”); *TransCore*, 563 F.3d 1271 (holding patent owner legally estopped from asserting later-issued patent that was necessary to practice licensed patent).

These holdings are consistent with another equitable remedy in patent law, namely inequitable conduct. Inequitable conduct, which emerged from unclean hands, renders an *entire* patent unenforceable against any defendant and cannot be cured by reissue or reexamination. See *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1288 (Fed. Cir. 2011) (“Unlike validity defenses, which are claim specific, [citation omitted], inequitable conduct regarding any single claim renders the entire patent unenforceable.”). Likewise, an implied license renders the entire patent unenforceable against the specific licensee, and the conduct resulting in the implied license should not be curable by reissue or reexamination.

Yet, despite finding no error in the District Court’s determination that equitable estoppel applied (thereby giving Morris an implied license to the ’622 Patent), the panel articulated a new legal principle and categorical exception whereby a patent owner may later restrict an implied license arising by virtue of equitable estoppel (or effectively any equitable remedy resulting in an implied license) by taking its own patent through *ex parte* reexamination years later. In reaching its decision, the panel did not consider this Court’s licensing jurisprudence, but instead relied exclusively on *Radio Sys. Corp. v. Lalor*, 709 F.3d 1124 (Fed. Cir. 2013), a case that did not involve a reexamined patent.

In *Radio Sys.*, the Federal Circuit concluded that a finding of equitable estoppel for a first patent did not extend to a separate, later-issued continuation-in-part (CIP) patent. *Id.* at 1131. The Court did not extinguish the equitable estoppel license rights in the parent patent; it instead only declined to extend those license rights to the later CIP patent, which is a much different situation, as patents that issue from CIP applications are not the same patent as the parent patent upon which the CIP claims priority. *See id.*; *see also* 35 U.S.C. § 120; 37 C.F.R. § 1.53(b); *Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1580 (Fed. Cir. 1996) (explaining that a continuation-in-part application is “fundamentally different” because it “contains new matter” not disclosed in its parent application). Thus, the holding in *Radio Sys.* is distinguishable because it involved *separate patents* and not the same patent, like this case. And unlike in *Radio Sys.* with the later-issued CIP, JBT has had a cause of action under the ’622 Patent since the patent’s 2002 issue date, and JBT’s own request for reexamination 11 years later did nothing to change that. *See Senju*, 746 F.3d at 1352 (“Reexamination does not involve the filing of a new patent application nor the issuance of a new patent.”).

The question this petition presents is of imminent importance in the wake of this Court’s decision in *SCA Hygiene* that laches is not a viable defense against a patent infringement claim for damages brought within the six-year limitations period of 35 U.S.C. § 286. 137 S.Ct. at 967. Because delay alone can no longer bar a patent suit, the Federal Circuit should not be allowed to undermine relief under the doctrine of equitable estoppel, which “[i]n contrast to laches ... does not undermine Congress’

prescription, for it rests on misleading, whether engaged in early on, or later in time.” *Petrella*, 134 S.Ct. at 1977. As this Court specifically noted that “the doctrine of equitable estoppel provides protection against ... unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably infringing products,” such protections should not be restricted from application due to subsequent issuance (over ten years here) of a reexamination certificate. *SCA Hygiene Prods.*, 137 S.Ct. at 967.

JBT engaged in exactly the type of unscrupulous behavior contemplated by this Court, namely, intentionally inducing Morris to invest in a product JBT now accuses of infringement so that other deeper-pocket competitors would be dissuaded from entering the market. If the Federal Circuit panel decision stands, an unscrupulous patentee can minimize the effects of its intentionally-misleading behavior by placing its own patent into reexamination and amending the claims. An intentionally-misled party granted an implied license by virtue of its reliance on a patentee’s misleading conduct should not be at risk of being deprived of its license by a subsequent unilateral act of the patentee. *Intel Corp.*, 703 F.3d at 1367 (interpreting a patent license as applying to a reissued patent because to do “otherwise would allow the unilateral act of the licensor to place the licensee ... in a position of being exposed to further risk relating to the exact same inventions that were subject to the license.”). But the result under the Federal Circuit’s opinion could obviate equitable estoppel completely and thus eradicate consideration of the equities related to a patentee’s intentional misleading conduct when considering an implied license.

Indeed, the Federal Circuit's holding permits, if not encourages, such a similarly-positioned patentee to place its patent into reexamination and get a do-over that eliminates estoppel concerns. While an accused infringer can certainly claim equitable intervening rights, as suggested by the Federal Circuit, intervening rights are limited "to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced before the grant of the reissue." 35 U.S.C. § 252. Intervening rights is relief far more limited than an implied license. Additionally, because there is no explicit provision for considering the behavior of the patent holder in the statute, the patent holder could be partially or completely excused from its prior misconduct.

The Federal Circuit panel should, therefore, be reversed. The Federal Circuit panel has upended over a century of jurisprudence from this Court and the Federal Circuit related to implied licenses arising in equity by giving patent owners an avenue for minimizing their own prior misleading conduct by placing their own patent into reexamination proceedings and amending the claims. However, when JBT intentionally misled Morris into believing it would not assert the '622 Patent because it preferred instead to compete against Morris in the market and Morris relied on that misleading conduct for over a decade, as the District Court found, JBT granted to Morris an implied license in the *entire invention* of the '622 Patent for the remainder of its term. Because any reexamined claims, even if substantively different, must be narrower than the original claims, the reexamined claims are all within the scope of Morris's granted implied license to the '622 Patent.

6.2 The Federal Circuit Panel Should not have Considered the Unpresented Issue of the Effect of a Reexamination Proceeding on Equitable Estoppel.

The American system of justice “assumes that adversarial testing will ultimately advance the public interest in truth and fairness.” *Polk Cty. v. Dodson*, 454 U.S. 312, 318 (1981); *Yee v. City of Escondido*, 503 U.S. 519, 538 (1992) (“Prudence also dictates awaiting a case in which the issue was fully litigated below, so that we will have the benefit of developed arguments on both sides and lower court opinions squarely addressing the question.”). This case illustrates the importance of full adversarial briefing to correctly deciding an issue. The Federal Circuit panel failed to consider more than a century of precedent addressing the effect of implied patent licenses, including those arising by virtue of equitable estoppel, and instead based its holding on just one case, which, as discussed above, did not even involve a reexamined patent.

“It is the general rule, of course, that a federal appellate court does not consider an issue not passed upon below.” *Singleton v. Wulff*, 428 U.S. 106, 120 (1976). Even if addressing a legal issue, rather than a factual one, “petitioner should have the opportunity to present whatever legal arguments he may have in defense of the [position].” *Id.* This Court noted that ruling on an unpresented issue without hearing legal arguments was especially concerning for an issue of first impression: “The issue resolved by the Court of Appeals has never been passed upon in any decision of this Court. This being so, injustice was more likely to be caused than avoided by deciding the issue without petitioner’s having had an opportunity to be heard.” *Id.* at 121.

The Federal Circuit itself has explicitly recognized that an issue should not be considered for the first time on appeal. *See Diversey Lever, Inc. v. Ecolab*, 191 F.3d 1350, 1352 (Fed. Cir. 1999) (concluding that a party’s failure to raise an affirmative defense in opposition to a motion for summary judgment “constituted an abandonment of the defense”); *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 182 F.3d 888, 892 (Fed. Cir. 1999) (noting that the Eleventh Circuit “understandably concluded that the district court properly treated the plaintiff’s alter ego theory ‘as abandoned’ and that the theory was ‘no longer an issue in [the] case,’” when the defendant had moved for summary judgment on that theory and the plaintiff failed to address it in opposing the motion). The Federal Circuit has articulated an “exemplary set of limited circumstances in which hearing arguments for the first time on appeal is appropriate.” *Golden Bridge Tech., Inc. v. Nokia, Inc.*, 527 F.3d 1318, 1323 (Fed. Cir. 2008). However, the panel’s decision did not even acknowledge that it was deciding the appeal on an issue that was not raised by the parties, either below or on appeal, much less articulate a specific legal basis for its decision to depart from the general rule not to address such issues.

Additionally, under the Fifth Amendment, “[n]o person shall ... be deprived of life, liberty, or property, without due process of law ...” U.S. Const. amend. V. Plus, “the rights of a party under a patent are his private property.” *Brown v. Duchesne*, 60 U.S. 183, 197 (1857). Indeed, the Federal Circuit has recognized that “[i]t is beyond reasonable debate that patents are property.” *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 599 (Fed. Cir. 1985). “As such, [patents] are surely included within the ‘property’ of which no person may be deprived ... without

due process of law.” *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 642 (1999).

“[P]atent property rights, necessarily including the right to license and exploit patents, fall squarely within both classical and judicial definitions of protectable property.” *Patlex Corp.*, 758 F.2d at 599. (quotation omitted). Accordingly, due process is required to limit or restrict legal rights in a patent, including a license thereto that arises via equitable estoppel. *See Wang Labs*, 103 F.3d at 1580 (equitable estoppel gives rise to an implied license under *De Forest*).

“The indispensable ingredients of due process are notice and an opportunity to be heard by a disinterested decision-maker.” *Abbot Labs v. Cordis Corp.*, 710 F.3d 1318, 1328 (Fed. Cir. 2013). The issue of whether reexamination proceedings related to the ’622 Patent could potentially limit or restrict Morris’s rights arising from equitable estoppel was not an issue presented to the District Court, yet it was decided by the Federal Circuit panel and even described in the resulting opinion as a situation with “no precedent that ... provides a clear solution.” *John Bean Techs. Corp. v. Morris & Assocs.*, 887 F.3d 1322, 1327 (Fed. Cir. 2018) (App. 10a). But during oral argument, in response to a question from the panel, JBT explicitly conceded it had not raised the issue before the District Court or on appeal and that the issue was therefore not before the panel. Oral Argument² at 2:45-5:30 (“That argument was not made”); 19:55-20:10 (“No, your Honor, there were no arguments.”).

2. Available at <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2017-1502.mp3>

Despite this, the panel nevertheless held that because “the 2014 reexamination resulted in substantive amendments that narrowed the original claims’ scope as well as the addition of substantively new claims, we find that equitable estoppel cannot apply based on the 2002 Demand Letter challenging the validity of the original claims.” *John Bean Techs. Corp.*, 887 F.3d at 1329 (App. 13a). However, Morris never had any notice that this issue was going to be considered on appeal or an opportunity to be heard. By restricting Morris’s license rights without notice and opportunity to be heard, Morris’s due process rights have been violated on appeal.

Finally, the panel is sending an untenable message to district courts. Pursuant to the panel’s decision finding that the District Court abused its discretion, to rule on a motion for summary judgment without abusing its discretion, a district court must not only evaluate every legal argument presented in the briefs, but also raise and evaluate, *sua sponte*, every potential legal argument possibly implicated by the issues. Under the panel’s holding, failure to give a motion for summary judgment such broad-ranging consideration will subject the district court to reversal for an abuse of discretion.

Such a result is contrary to the very notion of our adversarial system, unfair to both the parties and to the lower courts, and must, therefore, be rejected. *See, e.g., Verlo v. Martinez*, 820 F.3d 1113, 1129 (10th Cir. 2016) (“the district court did not abuse its discretion by scrutinizing the Order under [the legal framework presented].”); *Hernandez v. Astrue*, 380 F. App’x 699, 702 (9th Cir. 2010) (dissenting opinion) (“The district court could not have abused its discretion in not considering an argument

deemed ‘superfluous’ by claimant in the first place. *See, e.g., Doi v. Halekulani Corp.*, 276 F3d 1131, 1140 (9th Cir. 2002) (no abuse of discretion where argument waived).”).

7. CONCLUSION

For these reasons, this Court should grant the petition for a writ of certiorari. If the Federal Circuit panel’s decision is left in place, it will constitute a major departure from a century of precedent on equitable patent remedies and the orderly processing of cases by district court judges.

Respectfully submitted,

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APPENDIX

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**APPENDIX A — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, DATED APRIL 19, 2018**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-1502

JOHN BEAN TECHNOLOGIES CORPORATION,

Plaintiff-Appellant,

v.

MORRIS & ASSOCIATES, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the
Eastern District of Arkansas in No. 4:14-cv-00368-BRW,
Senior Judge Billy Roy Wilson.

April 19, 2018, Decided

Before PROST, *Chief Judge*, REYNA
and WALLACH, *Circuit Judges*.

REYNA, *Circuit Judge*.

John Bean Technologies Corp. appeals from a decision
by the United States District Court for the Eastern
District of Arkansas holding that its patent infringement

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claims are barred by the affirmative defenses of equitable estoppel and laches.¹ Because the asserted claims in this action were substantively amended or added following *ex parte* reexamination in 2014, and the plaintiff only sought damages for infringement of the reexamined claims, the district court abused its discretion in finding equitable estoppel based on activity beginning in 2002, twelve years prior to the issuance of the reexamination certificate. We therefore reverse the district court’s grant of summary judgment based on its finding of equitable estoppel, and remand for proceedings consistent with this opinion.

BACKGROUND

John Bean Technologies Corp., through its predecessor-in-interest, Cooling & Applied Technology, Inc. (collectively “John Bean”) owns U.S. Patent No. 6,397,622 (“622 patent”), which is directed to a “high-side” auger-type chiller for cooling poultry carcasses. J.A. 35. The ’622 patent issued on June 4, 2002. At the

1. Following the district court’s grant of summary judgment, the Supreme Court issued its decision in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954, 197 L. Ed. 2d 292 (2017), holding that laches cannot be asserted as a defense to infringement occurring within the six-year period prior to the filing of a complaint for infringement as prescribed by 35 U.S.C. § 286. As the allegedly infringing activity for which John Bean seeks damages started on May 9, 2014, and John Bean filed its complaint for patent infringement on June 19, 2014, we hold, and the parties agree, that *SCA Hygiene* bars Morris’s laches defense. Appellant’s Br. 41; Appellee’s Br. 1 n.2. We thus reverse the district court’s grant of summary judgment based on Morris’s affirmative defense of laches.

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time of its issuance, the '622 patent contained two claims, independent claim 1 and dependent claim 2.

Appellee Morris & Associates, Inc. ("Morris") competes with John Bean in the poultry chiller market. They are the only two poultry chiller manufactures in the United States, and have frequently found themselves on opposing sides of a courtroom. J.A. 8, 48. On June 27, 2002, shortly after the '622 patent issued, Morris's counsel sent a letter to John Bean's counsel, informing him that John Bean had been contacting Morris's customers and that John Bean "representatives have asserted to the customers that the equipment being sold by Morris infringes U.S. Patent 6,397,622 recently issued to [John Bean]." J.A. 263 ("Demand Letter"). The Demand Letter notified John Bean that Morris believed the '622 patent to be invalid based on multiple prior art references, and concluded with the following demand:

If [John Bean] is not convinced that its patent 6,397,622 is invalid, I request that you provide the information necessary to show why each one of [the prior art references] do not anticipate or make obvious the claims of the patent.

Because of the several reasons for invalidity of the '622 patent, we demand that you advise [John Bean] to terminate its statements that the sale of the Morris Poultry Chiller will infringe the '622 patent. Such statements on behalf of [John Bean] is [sic] misleading because the patent is invalid and such statements persuade

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the customers to purchase the [John Bean] poultry chiller based on the invalid patent. This comprises unfair competition.

Now that [John Bean] has been informed of the invalidity of its patent, any statements that assert infringement of U.S. Patent 6,397,622 made from this point on are likely to be met with a suit for unfair competition.

J.A. 266. The prior art asserted in the Demand Letter included a primary reference for both anticipation and obviousness invalidity arguments, U.S. Patent No. 5,868,000 (“’000 patent”). J.A. 264-65. It is undisputed that John Bean both received and never responded to the Demand Letter. J.A. 3, 284 (admitting that John Bean received the Demand Letter through its counsel), 279 (admitting through its company representative that John Bean did not respond to the Demand Letter). With no response from John Bean, Morris continued to develop and sell its chillers.

On December 18, 2013, eleven years after the ’622 patent first issued, John Bean filed a request for *ex parte* reexamination of the ’622 patent with the U.S. Patent and Trademark Office. J.A. 137. The Patent Office granted John Bean’s request for *ex parte* reexamination, and rejected both claims of the ’622 patent as anticipated or rendered obvious by other prior art patents. J.A. 3. This included an anticipation rejection based on the ’000 patent, and obviousness rejections with the ’000 patent as the primary reference. In response to the rejections, John

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Bean amended both its specification and its claims. In addition to amending the two original claims of the '622 patent, John Bean added six additional claims, including independent claim 8. J.A. 44. On May 9, 2014, the Patent Office issued a reexamination certificate under 35 U.S.C. § 307 allowing the amended and newly added claims. J.A. 43-45.

Claim 1, the sole original independent claim, was heavily amended as follows, with the italicized text indicating newly added language:

1. An auger type food product chiller, comprising:

a tank comprising longitudinal side walls having an inlet end and an outlet end, an inlet wall closing said inlet end, an outlet wall closing said outlet end, wherein said longitudinal side walls *comprise an inner surface and an outer surface, wherein said longitudinal side walls, said inlet wall and said outlet wall together form a semi-cylinder having an inner surface and an outer surface;*

an auger comprising *a shaft and a helical blade, wherein said helical blade forms at least one flight having outer edges, wherein said helical blade and said inner surface of said tank side walls forms a helical path between said inlet end of said tank and said outlet end of said tank,* said auger mounted for rotation within said tank and having an axis of rotation

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whereby rotation of said auger moves a food product *along said helical path* from said inlet end of said tank to said outlet end of said tank;

a volume of chilling water, wherein said tank is filled with said volume of said chilling water to a water level above said shaft of said auger and below a top of said at least one flight of said auger, wherein an entirety of said inner surface of said tank side walls is positioned parallel to said outer edges of said at least one flight of said auger and wherein said entirety of said inner surface of said tank side walls conforms closely to said outer edges of said one or more flights of said auger, thereby forcing said chilling water to flow along said helical path when said auger rotates and impeding a flow of said chilling water between said tank side walls and said outer edges of said at least one flight of said auger when said auger rotates;

means for removing the food product from said outlet end;

means for discharging chilling water from said inlet end of said tank;

refrigerating means external to said outer surface of said tank for refrigerating the chilling water discharged from said inlet end of said tank; *and*

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means for re-circulating chilling water from said refrigerating means and introducing chilling water into said outlet end of said tank.

J.A. 44 col. 1 l. 49-col. 2 l. 22. Claim 2, the sole original dependent claim, was not itself amended but is limited by the newly added language to claim 1.

On June 19, 2014, twelve years after the '622 patent issued and just over a month after the reexamination certificate issued, John Bean filed a complaint against Morris for patent infringement in the U.S. District Court for the Eastern District of Arkansas. J.A. 29-31. In its amended complaint dated December 4, 2015, John Bean alleged that Morris directly infringed the '622 patent from the date the reexamination certificate issued on May 9, 2014, and induced and willfully infringed the '622 patent from the date it served Morris with the original complaint on June 20, 2014. J.A. 140-45. John Bean did not allege that Morris engaged in any infringing activity prior to the issuance of the reexamination certificate, nor did John Bean seek damages for any activity prior to the reexamination certificate's issuance. *Id.* On December 21, 2015, Morris filed its answer and asserted, *inter alia*, the affirmative defenses of equitable estoppel, prosecution laches, and absolute and equitable intervening rights. J.A. 196.

On October 27, 2016, the district court issued a letter to the parties requesting the parties' positions on whether Morris's asserted defenses of laches and equitable estoppel could be dispositive of the case. J.A. 219. Based

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on the parties' agreement that a ruling on these defenses may be dispositive, the district court ordered summary judgment briefing on these two issues. J.A. 229.

On December 14, 2016, the district court granted summary judgment in favor of Morris. *John Bean Techs. Corp. v. Morris & Assocs., Inc.*, No. 4:14-CV-00368-BRW, 2016 U.S. Dist. LEXIS 193848, 2016 WL 7974654, at *1 (E.D. Ark. Dec. 14, 2016). It held that John Bean's infringement action was barred by both laches and equitable estoppel. *Id.* Relevant to this appeal, the district court held that the Demand Letter established that "by June 2002, [John Bean] knew that [Morris] was selling a product that [John Bean] believe[d] infringed on their '622 patent." 2016 U.S. Dist. LEXIS 193848, [WL] at *3. The district court found that John Bean's silence constituted misleading conduct because John Bean was aware that Morris would continue to invest, develop, and sell its chillers absent a response from John Bean. *Id.* In addition, the district court found that based on the parties' history of patent litigation, John Bean's "choice to not pursue a patent-infringement claim for over twelve years is evidence of misleading conduct." *Id.* The district court continued to find that Morris relied on John Bean's silence, and that Morris would be materially prejudiced if John Bean was allowed to pursue its infringement action. 2016 U.S. Dist. LEXIS 193848, [WL] at *4. The district court thus granted summary judgment in favor of Morris, and entered final judgment.

John Bean appeals. We have jurisdiction under 28 U.S.C. § 1295(a).

*Appendix A***DISCUSSION**

A grant of summary judgment that equitable estoppel bars an infringement action is reviewed in two steps. *Scholle Corp. v. Blackhawk Molding Co.*, 133 F.3d 1469, 1471 (Fed. Cir. 1998). First, we review *de novo* whether the district court erred in finding no genuine issues of material fact exist. *Id.* Second, we review the district court’s application of equitable estoppel for abuse of discretion. *Radio Sys. Corp. v. Lalor*, 709 F.3d 1124, 1130 (Fed. Cir. 2013) (“[T]he applicability of equitable estoppel is ‘committed to the sound discretion of the trial judge.’” (quoting *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc), *abrogated on other grounds by SCA Hygiene*, 137 S. Ct. at 959)).

Equitable estoppel serves as an absolute bar to a patentee’s infringement action. *Aukerman*, 960 F.2d at 1041. The defense consists of three elements: (1) the patentee engages in misleading conduct that leads the accused infringer to reasonably infer that the patentee does not intend to assert its patent against the accused infringer; (2) the accused infringer relies on that conduct; and (3) as a result of that reliance, the accused infringer would be materially prejudiced if the patentee is allowed to proceed with its infringement action. *Scholle*, 133 F.3d at 1471. Misleading conduct may include the patentee’s “specific statements, action, inaction, or silence where there was an obligation to speak.” *Id.*

This case presents an unusual situation where the district court has found that equitable estoppel bars

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an infringement action based on activity prior to the issuance of the asserted reexamination claims. Here, the reexamined claims did not exist in their present form in 2002 at the time Morris sent the Demand Letter to John Bean. These claims first issued in May 2014 following reexamination. We have no precedent that presents this factual scenario and provides a clear solution. Under the circumstances presented here, we find that the district court abused its discretion in extending equitable estoppel to the reexamined claims.

Our resolution of this matter lies in the principles undergirding the issuance of reexamination claims. First, claims amended and issued during reexamination cannot be broader than the original claims. 35 U.S.C. § 305; 37 C.F.R. § 1.552(b). While claim broadening can result in the invalidation of the claims under § 305, claim narrowing means that the scope of what is and is not an infringing product can change. *See Predicate Logic, Inc. v. Distributive Software, Inc.*, 544 F.3d 1298, 1302 (Fed. Cir. 2008). And when claims are narrowed during reexamination to overcome prior art, as is the case here, any validity analysis of the newly issued claims differs from that of the original broader claims. Thus, Morris's challenge to the validity of the '622 patent claims in the Demand Letter may no longer be accurate. Indeed, it would not be wrong for John Bean to narrow its claims in response to the Demand Letter.

Second, and correlatively, a patentee cannot assert reexamination claims to obtain damages prior to the issuance date of the reexamination certificate unless the reexamined claims are identical in scope to the original

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claims. *Laitram Corp. v. NEC Corp.*, 163 F.3d 1342, 1346 (Fed. Cir. 1998) (“A patentee of a reexamined patent is entitled to infringement damages, *inter alia*, for the period between the date of issuance of the original claims and the date of issuance of the reexamined claims if the original and reexamined claims are ‘identical.’”). Reexamined claims are considered “identical” to the original claims if they are not substantively changed, i.e., when the amended claim “clarifies the text of the claim or makes it more definite without affecting its scope.” *Bloom Eng’g Co. v. N. Am. Mfg. Co.*, 129 F.3d 1247, 1250 (Fed. Cir. 1997); see *Laitram*, 163 F.3d at 1346 (citing *Seattle Box Co. v. Indus. Crating & Packing*, 731 F.2d 818, 827-28 (Fed. Cir. 1984)). If the reexamined claims contain substantive changes to the original claims, then the patentee is only entitled to damages for the period after the reexamination certificate issues. *Laitram*, 163 F.3d at 1346 (citing *Bloom*, 129 F.3d at 1249-50).

In this case, the amendments made during reexamination were both substantial and substantive. Compare J.A. 42, with J.A. 44-45. For example, newly added claim 3 contains a limitation reciting that the means for removing the food product comprises an “unloader.” And the only mention of an “unloader” in the patent specification was, like claim 3, added during reexamination through incorporating another patent application by reference. See J.A. 44 (adding language to the specification). It is also immediately apparent that amended claim 1 includes new limitations added during reexamination, for example, the limitation of chilling water at a level above the shaft of the auger. J.A. 44.

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Lastly, our resolution of this case is supported by our precedent holding that the defense of equitable estoppel does not apply to pending claims during the examination of a patent application. *Radio Sys.*, 709 F.3d at 1131. In *Radio Systems*, we held that equitable estoppel could not apply to pending patent claims even if those claims when issued could claim priority to a parent patent subject to equitable estoppel. *Id.* The reasoning behind this rule is that claims that have not issued cannot be asserted, and therefore no misleading conduct or silence could be present. *Id.* In other words, for claims that have not issued, there is no case or controversy and therefore “the elements of equitable estoppel are not present.” *Id.* Here, because the asserted claims did not exist at, or were substantively altered since, the time Morris sent John Bean the Demand Letter, John Bean could not have engaged in misleading conduct or silence with respect to those claims.

There may be other cases where the reexamined claims contain fewer amendments and narrower added claims such that the reexamined claims do not differ in scope from the original claims. In those instances, the asserted claims may possibly be considered identical for purposes of infringement, and consequently, for purposes of applying equitable estoppel. But that is not the case here. We therefore find that the district court abused its discretion in applying equitable estoppel to bar John Bean’s infringement action asserting the reexamined claims.²

2. Our resolution of this case does not mean that Morris wholly lacks any recourse in equity for John Bean’s twelve-year delay in asserting the ’622 patent. Specifically, the affirmative defenses of

*Appendix A***CONCLUSION**

The district court abused its discretion by applying equitable estoppel to bar John Bean's infringement action without considering how the *ex parte* reexamination affected the '622 patent claims. Because the 2014 reexamination resulted in substantive amendments that narrowed the original claims' scope as well as the addition of substantively new claims, we find that equitable estoppel cannot apply based on the 2002 Demand Letter challenging the validity of the original claims. Accordingly, we reverse the district court's grant of summary judgment based on equitable estoppel and laches, and remand for further proceedings consistent with this opinion.

REVERSED AND REMANDED

COSTS

No costs.

absolute and equitable intervening rights may serve to prevent John Bean from enforcing the '622 patent against Morris. *See* 35 U.S.C. §§ 252, 307; *Marine Polymer Techs., Inc. v. HemCon, Inc.*, 672 F.3d 1350, 1362 (Fed. Cir. 2012) (en banc) (“[A]fter a patent emerges from reexamination, [§307(b)] makes available absolute and equitable intervening rights . . . with respect to ‘amended or new’ claims in the reexamined patent.”); *see also Shockley v. Arcan, Inc.*, 248 F.3d 1349, 1359-61 (Fed. Cir. 2001). Although we decline to apply those defenses for the first time on appeal, as Morris asserted these defenses in its answer, the district court is free to entertain them on remand. J.A. 196.

**APPENDIX B — FINAL JUDGMENT OF THE
UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF ARKANSAS, WESTERN
DIVISION, FILED DECEMBER 22, 2016**

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

4:14-CV-00368-BRW

JOHN BEAN TECHNOLOGIES CORPORATION,

Plaintiff,

vs.

MORRIS & ASSOCIATES, INC.,

Defendant.

FINAL JUDGMENT

Based on the December 14, 2016, Order granting Defendant's Motion for Summary Judgment on Laches and Equitable Estoppel and Defendant's stipulation of dismissal of counterclaims,¹ it is ORDERED AND ADJUDGED that:

1. Final Judgment is entered on behalf of Defendant and against Plaintiff as to all claims in Plaintiff's complaint.

1. Doc. No. 175.

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2. Defendant's counterclaims for declaratory judgments of non-infringement and invalidity of U.S. Patent No. 6,397,622 are dismissed without prejudice, and are subject to renewal if any appeal results in a remand.²

3. There is no just reason for delay in this matter, and this judgment is final as to Plaintiff's claims in this matter under Fed. R. Civ. P. 54(b). Immediate appeal of this judgment will not delay proceedings in this court because Defendant has dismissed its counterclaim without prejudice pending the outcome of any appeal. Certifying this judgment under Rule 54(b) protects the parties from hardship posed by the possibility of any finality issues being raised on appeal and further delaying the ultimate resolution of this matter. Immediate appeal also serves the interests of efficient case management because affirmance on appeal will end this litigation without need for further proceedings on the merits of the parties' claims.

IT IS SO ORDERED this 22nd day of December, 2016.

/s/ Billy Roy Wilson
UNITED STATES DISTRICT JUDGE

² *Nystrom v. TREX Co., Inc.*, 339 F.3d 1347, 1351 (Fed. Cir. 2003).

**APPENDIX C — ORDER OF THE UNITED
STATES DISTRICT COURT FOR THE EASTERN
DISTRICT OF ARKANSAS, WESTERN DIVISION,
FILED DECEMBER 14, 2016**

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

4:14-CV-00368-BRW

JOHN BEAN TECHNOLOGIES CORPORATION,

Plaintiff,

vs.

MORRIS & ASSOCIATES, INC.,

Defendant.

December 14, 2016, Decided
December 14, 2016, Filed

ORDER

Pending is Defendant's Motion for Summary Judgment based on laches and equitable estoppel (Doc. No. 154). Plaintiff has responded and Defendant has replied.¹ For the reasons set out below, the motion is GRANTED.

1. Doc. Nos. 165, 172.

*Appendix C***I. BACKGROUND**

Both parties manufacture, sell, and maintain “high side” auger-type poultry chillers. Plaintiff alleges patent infringement because Defendant’s chiller “is a copycat of [its] innovative FATCAT chiller system that embodies the patented invention of the ’622 patent.”² Plaintiff contends that, since May 9, 2014, Defendant’s have been making and selling chillers that “include all of the features recited in the claims of the ’622 patent” resulting in direct infringement of the ’622 patent under 35 U.S.C. § 271.³

The ’622 patent was issued to Plaintiff on June 4, 2002. In a June 27, 2002 letter, Defendant informed Plaintiff that it was aware that Plaintiff was advising potential customers that Defendant’s chiller infringed on Plaintiff’s ’622 patent.⁴ Defendant advised Plaintiff that it believed the “claims of the patent [were] not valid” and thoroughly explained its position. Defendant asked Plaintiff to provide information to the contrary if Plaintiff disagreed with Defendant’s position. Plaintiff never responded to the letter, so Defendant continued to sell the chillers.

On December 18, 2013, Plaintiff filed a request for *ex parte* reexamination by the United States Patent and Trademark Office (“USPTO”).⁵ Initially, the USPTO

2. Doc. No. 4.

3. Doc. No. 1.

4. Doc. No. 32-2.

5. Doc. No. 1.

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rejected Plaintiff's patent, noting that both claims 1 and 2 involved numerous elements that were obvious or anticipated by other patents. In response to the rejection, Plaintiff made some changes to claims 1 and 2 and added other claims. On May 9, 2013, the USPTO issued a reexamination certificate. Plaintiff filed the complaint in this case on June 19, 2014 -- nearly twelve years after receiving Defendant's letter.⁶

II. DISCUSSION

In its motion for summary judgment, Defendant asserts that Plaintiff's patent-infringement claim is barred by both laches and equitable estoppel.

A. Laches

Laches is "neglect or delay in bringing suit to remedy an alleged wrong, which taken together with lapse of time and other circumstances, causes prejudice to the adverse party and operates as an equitable bar."⁷ The elements of laches are: (1) the plaintiff delayed in filing suit for an "unreasonable and inexcusable" length of time after it "knew or reasonably should have known of its claim against the defendant" and (2) the defendant suffered material prejudice or injury because of the delay.⁸

6. *Id.*

7. *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028-29 (Fed. Cir. 1992) (en banc).

8. *Id.* at 1028.

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“A delay of more than six years raises a presumption that it is unreasonable, inexcusable, and prejudicial.”⁹ When there is a presumption of laches because of delay, the burden of production shifts to the plaintiff, who must provide evidence sufficient to rebut the presumption.¹⁰ The evidence must show “either that the patentee’s delay was reasonable or that the defendant suffered no prejudice or both.”¹¹ The material prejudice may be economic, evidentiary, or both.¹² “[T]he presumption alone -- if not rebutted --” warrants summary judgment for Defendant.¹³

Since the delay in this case was twelve years, the presumption applies. To rebut this, Plaintiff may (1) provide “evidence to show and excuse for the delay or that the delay was reasonable” or (2) provide evidence “sufficient to place the matter of [evidentiary] prejudice and economic prejudice genuinely in issue.”¹⁴

1. Excuse for Delay

In its response, Plaintiff makes no effort to explain or excuse the 12-year delay in enforcing its ’622 patent.

9. *Wanlass v. GE*, 148 F.3d 1334, 1337 (Fed. Cir. 1998).

10. *Aukerman*, 960 F.2d at 1037.

11. *Id.* at 1038.

12. *Id.* at 1033.

13. *Serdarevic v. Advanced Medical Optics, Inc.*, 532 F.3d 1352, 1359 (Fed. Cir. 2008).

14. *Aukerman*, 960 F.2d at 1038.

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However, testimony for J. Barton Langley, Plaintiff's president, reveals that Plaintiff made a deliberate business decision not to pursue an infringement claim in 2003 because it "would much rather have competed against [Defendant] than . . . a Euro conglomerate with much greater resources."¹⁵ Plaintiff believed it was better to let Defendant sell the alleged-infringing product than put Defendant out of business through litigation and be faced with a new competitor. This is not a sufficient excuse for the twelve-year delay.

2. Evidentiary or Economic Prejudice

Regarding evidentiary prejudice, Plaintiff argues that Defendant "merely speculates about lost evidence, presenting no evidence as to what has actually been lost" ¹⁶ However, because there is a presumption of laches, the burden of production is on Plaintiff. Additionally, the record does reveal faded memories regarding whether Plaintiff ever told Defendant's potential customer's that Defendant's product infringed on Plaintiff's patent.¹⁷

As for economic prejudice, Plaintiff contends that Defendant "would have made its claimed expenditures regardless of what [Plaintiff] did."¹⁸ Plaintiff's conclusory argument is unsupported by the record. In fact,

15. Doc. No. 172-1.

16. Doc. No. 166.

17. Doc. No. 167.

18. *Id.*

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Defendant's corporate representatives testified that they would not have continued producing a product that it knew infringed on Plaintiff's patent. Defendant's president testified that the company would not spend significant money on research and development for a product that the company knew infringed on a valid patent that Plaintiff was likely to enforce.¹⁹ He also testified that, if Plaintiff would have responded to Defendant's letter and indicated that it either agreed the '622 patent was invalid or disagreed and intended to enforce its rights, Defendant would not have continued to invest in or build the alleged-infringing chiller; rather, Defendant would have focused on, promoted, and sold other products. Defendant also created "design enhancements" and "infrastructure investments" related to the alleged-infringing chiller.²⁰

Plaintiff's argument is based entirely on the fact that Defendant did not believe the '622 patent was valid. While it's true that Defendant did not believe the '622 patent was valid, it is unreasonable to think, in light of the record before me, that Defendant would have continued researching, manufacturing, and selling the chiller if Plaintiff had attempted (and succeeded) to defend its patent. Accordingly, Plaintiff has failed to rebut the presumption that Defendant would suffer economic prejudice from Plaintiff's delay.

Plaintiff asserts that Defendant believed the patent was unenforceable and would have continued with

19. Doc. No. 159-7.

20. Doc. No. 159-9.

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production anyway. This ignores the fact that if Plaintiff had responded to Defendant's letter then the issue would have been resolved twelve years ago. The parties could have litigated the validity of the patent which would have affected the research, development, and production decisions by Defendant. If the patent was deemed valid, obviously, Defendant would have adjusted how it did business. This is the very situation that laches is designed to prevent.

B. Equitable Estoppel

An equitable-estoppel defense has three elements:

(1) the patentee, through misleading conduct (or silence), leads the alleged infringer to reasonably infer that the patentee does not intend to enforce its patent against the alleged infringer; (2) the alleged infringer relies on that conduct; and (3) the alleged infringer will be materially prejudiced if the patentee is allowed to proceed with its claim.²¹

1. Misleading Conduct

Plaintiff asserts that material facts remain in dispute regarding misleading conduct or silence because Defendant's June 2002 letter "is comprised of four layers of hearsay" and Plaintiff never made an allegation of

21. *Radio Systems Corp. v. Lalor*, 709 F.3d 1124, 1130 (Fed. Cir. 2013) (citing *Aukerman*, 960 F.2d at 1028).

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infringement.²² Additionally, Plaintiff contends that its “silence in not responding to [Defendant’s] letter does not constitute misleading conduct.”²³

“Courts have generally held that in order for a patentee’s silence to be considered misleading, the patentee must first ‘threaten[] prompt and vigorous enforcement of the patent.’”²⁴ “However, even absent an initial threat, an unreasonable delay following the point at which the plaintiff knew or should have known of the infringing actions is itself evidence of misleading conduct.”²⁵

Plaintiff’s hearsay argument is not relevant at this point because the date of the letter -- not the contents -- is what matters. Plaintiff admitted that it received the letter and chose to neither respond nor enforce its patent at that time. So, the letter establishes -- and Plaintiff does not deny -- that by June 2002, Plaintiff knew that Defendant was selling a product that Plaintiff believes infringed on their ’622 patent.

22. Doc. No. 166.

23. *Id.*

24. *Wafer Shave, Inc. v. Gillette Co.*, 857 F. Supp. 112 (D. Mass. 1993) (quoting *Continental Coatings Corp. v. Metco, Inc.*, 464 F.2d 1375, 1380 (7th Cir. 1972)).

25. *Repros Therapeutics, Inc. v. Fisch*, No. H-13-2266, 2014 U.S. Dist. LEXIS 200556, 2014 WL 12600160, at *10 (Dec. 23, 2014).

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“[W]hen the course of dealings between a patentee and an alleged infringer is such that the alleged infringer reasonably infers from the patentee’s misleading conduct or inaction that the patentee has waived its patent rights, then the first element of equitable estoppel has been established”²⁶ Again, Defendant informed Plaintiff that it did not believe its chillers infringed on the ’622 patent because the patent was invalid, and demanded that Plaintiff direct its sales representatives to stop telling potential customers that Defendant’s product was infringing on the ’622 patent. Plaintiff was aware that Defendant intended to continue investing in, developing, and selling the chillers because Defendant threatened unfair competition litigation.

Given the history between these parties, Plaintiff’s choice to not pursue a patent-infringement claim for over twelve years is evidence of misleading conduct. The parties had a history of patent infringement litigation both before and after the 2002 letter was sent, but the ’622 patent was never brought up. Plaintiff also knew, based on the Defendant’s letter, that Defendant would continue to research, manufacture, and sell high-sided augers if Plaintiff did not initiate suit or respond to the letter. Additionally, the parties attended the same trade shows -- where Defendant was open and obvious about manufacturing the alleged-infringing chiller; still Plaintiff did nothing.²⁷ While Plaintiff might not have had a legal

26. *Scholle Corp. v. Blackhawk Molding Co., Inc.*, 133 F.3d 1469, 1472 (citing *Aukerman*, 960 F.2d at 1028).

27. Doc. No. 159-9.

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obligation to respond to Defendant's letter, Plaintiff did have a duty to enforce its patent rights within a reasonable time, if it believed the patent was valid. Twelve years is not reasonable, and Plaintiff's conduct was misleading to Defendant.

2. Reliance

Plaintiff argues that if Defendant relied on anything, it was on Defendant's belief that the '622 patent was invalid and not on Plaintiff's silence.²⁸ However, the fact that Defendant may have relied on its counsel's advice "does not negate the fact that it also relied on the patentee's apparent abandonment of [its] infringement claims."²⁹ "To hold that a defendant who believes his device does not infringe, but who also relied upon the inaction of the patentee may not assert the defense of estoppel, is contrary to the principles of equity."³⁰

To find otherwise would encourage those accused of infringement not to seek legal advice, but to rely solely on a patentee's future conduct and to have faith that such conduct will prevent the patentee from succeeding in a lawsuit. Such a practice would injure the ability of alleged infringers to protect their legal

28. Doc. No. 166.

29. *Wafer Shave, Inc.*, 857 F. Supp. at 123.

30. *ABB Robotics, Inc. v. GMFanuc Robotics Corp.*, 828 F. Supp. 1386, 1399 n.27 (E.D. Wis. 1993).

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rights, and discourage the efficient resolution of accusations of infringement which a fully informed, well-advised person would find meritorious, or at least too risky to litigate.³¹

Here, Defendant believed that Plaintiff's sales representatives were telling Defendant's potential customers that Defendant's chiller infringed on Plaintiff's patent. So, Defendant sought advice of counsel who concluded that the patent was invalid. Defendant then informed Plaintiff of its position, and demanded that Plaintiff either (1) stop telling customers that Defendant was infringing on the patent or (2) respond as to why it disagreed with Defendant's conclusions regarding the invalidity of the '622 patent. Plaintiff did not respond and Defendant did not hear any more rumors about alleged infringement. Based on this, Defendant reasonably concluded that Plaintiff either agreed that the patent was invalid or did not intend to enforce its rights under the patent.

3. Materially Prejudiced

As mentioned above in Section II(A)(2), Defendant has established that it will be materially prejudiced.

CONCLUSION

Based on the findings of fact and conclusion of law above, Defendant's Motion for Summary Judgment

31. *Wafer Shave*, 857 F. Supp. at 123.

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(Doc. No. 154) regarding laches and equitable estoppel is GRANTED.

The parties are directed to meet and confer and, by 5 p.m., December 21, 2016, they should provide me with guidance on how they believe the case should proceed.

IT IS SO ORDERED this 14th day of December, 2016.

/s/ Billy Roy Wilson
UNITED STATES DISTRICT JUDGE

**APPENDIX D — DENIAL OF PANEL
REHEARING AND REHEARING *EN BANC* OF
THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT, FILED JULY 20, 2018**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-1502

JOHN BEAN TECHNOLOGIES CORPORATION,

Plaintiff-Appellant,

v.

MORRIS & ASSOCIATES INC,

Defendant-Appellee.

Appeal from the United States District Court for the
Eastern District of Arkansas in No. 4:14-cv-00368-BRW,
Senior Judge Billy Roy Wilson.

**ON PETITION FOR PANEL REHEARING
AND REHEARING *EN BANC***

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN,
HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

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ORDER

Appellee Morris & Associates Inc. filed a combined petition for panel rehearing and rehearing *en banc*. A response to the petition was invited by the court and filed by appellant John Bean Technologies Corporation. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing *en banc* was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing *en banc* is denied.

The mandate of the court will issue on July 27, 2018.

July 20, 2018
Date

FOR THE COURT
/s/Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court