

No. 18-495

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

REPLY BRIEF

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ARGUMENT

The Federal Circuit ignored a century of this Court's implied patent license precedents and provided a roadmap for a patent owner to escape the consequences of any misleading conduct. The primary question presented in this petition is therefore of imminent importance to patent law, because if the Federal Circuit's decision is allowed to stand, it would not only substantially limit the defense of equitable estoppel, but it would also have far-reaching implications for implied license jurisprudence in general. By departing from this Court's licensing precedents and creating a legally-flawed and artificial new rule that any patent claims added or substantially amended in reexamination create a new cause of action immune from the consequences of a patent owner's prior misconduct, the Federal Circuit has greatly diminished, if not destroyed, the value of an implied patent license.

Contrary to Respondent JBT's arguments, the Federal Circuit's precedents addressing the effects of reexamination proceedings on subsequent actions of a patent owner are a morass of inconsistencies. These inconsistencies undermine the certainty necessary for a competitor to compete in good faith with a patent owner in the marketplace. Specifically, an accused infringer may no longer rely on prior representations of a patent owner in structuring its business because some Federal Circuit decisions (including the decision here) permit a patent owner to rescind its representations by unilaterally amending patent claims through reexamination, while others do not. Rather than permitting the piecemeal, inconsistent decisions regarding the effect of reexamination to stand, this Court should grant the petition and provide clear

guidance regarding the application of a hundred years of implied licensing precedents to subsequent patent prosecution proceedings.

1. The Decision Below Conflicts with this Court’s Licensing Precedents

This petition presents a straightforward legal question: If a patent owner grants an accused infringer an implied license to a patent, is that implied license for “the invention” disclosed in the patent or only particular individual claims? The answer from this Court is clear—“the invention.” Yet the Federal Circuit disregards 100 years of precedents in creating a new artificial rule in its answer to this question—“individual claims.”

Contrary to JBT’s assertion, the Federal Circuit clearly recognizes that Morris had an implied license to the original claims of the ’622 Patent, because it held that the district court “abused its discretion in *extending* equitable estoppel to the reexamined claims.” Pet.App. 10a (emphasis added). There could be no “exten[sion]” of implied license rights arising from equitable estoppel to the reexamined claims if those rights did not already exist. The Federal Circuit also acknowledges that its decision is in fact extinguishing an implied license by specifically stating that there “may be other cases where the reexamined claims contain fewer amendments and narrower added claims such that ... the asserted claims may possibly be considered identical for purposes of infringement, and consequently, for purposes of applying equitable estoppel.” Pet.App. 12a. Thus, the Federal Circuit recognizes that if the reexamined claims could be “considered identical,” the district court’s judgment on

equitable estoppel grounds would have been appropriate. The question of whether an implied license applies to “the invention” of a patent or only to select individual claims is, therefore, squarely presented for this Court to review.

In refusing to “extend” implied license rights to reexamined claims, the Federal Circuit’s new artificial rule conflicts with this Court’s century-old precedents stating that implied licenses are to “the invention,” and not to individual patent claims. Notably, at the outset of its analysis, the Federal Circuit seems to appreciate this Court’s licensing precedents by citing one of its own decisions that harmonizes with this Court’s precedents, specifically stating that “[e]quitable estoppel serves as an absolute bar to a patentee’s infringement action.” Pet.App. 9a (citing *A. C. Aukerman Co. v. R. L. Chaides Constr. Co.*, 960 F.2d 1020, 1041 (Fed. Cir. 1992) (“Where equitable estoppel is established, all relief on a claim may be barred.”)). In another case, the Federal Circuit acknowledges that equitable estoppel serves as an absolute bar to relief because it is an “avenue[] to an implied license.” *Wang Labs, Inc. v. Mitsubishi Elecs. Am.*, 103 F.3d 1571, 1580 (Fed. Cir. 1997).

Yet immediately after this acknowledgment, the Federal Circuit reverses course and focuses instead on timing issues, specifically the timing of JBT’s misleading conduct versus the timing of the subsequent claims resulting from reexamination. Pet.App. 9a-10a. In so doing, the Federal Circuit is already no longer considering equitable estoppel as an “absolute bar.”

Only by ignoring this Court’s licensing precedents is the Federal Circuit able to conclude that estoppel

cannot “extend” to reexamined claims with “substantive and substantial” amendments, meaning that estoppel no longer applies to the patented invention as a whole and is restricted to only a subset of the patent’s individual claims. However, this Court’s precedents clearly and conversely establish that intentionally misleading conduct—particularly when extending for a period of more than twelve years as in this case—gives the misled party an implied license constituting an “absolute bar” against further infringement assertions based on “the invention” of the subject patent.

The Federal Circuit’s inability to find precedent specifically addressing the effect of reexamination proceedings on equitable estoppel is not surprising, as this Court held decades before the creation of reexamination that equitable estoppel creates an implied license to “the invention.” Because reexamined claims cannot be broadened, any reexamined claims must, as a matter of law, be encompassed by the scope of the original implied license.

The logical and legal conflict in this case is partially obscured by the fact that all of the original claims of the ’622 Patent were amended during the reexamination proceeding. Pet.App. 5a. However, the Federal Circuit’s legally-flawed reasoning would apply equally in a case in which some, but not all, of the original claims of a patent have “substantial and substantive” amendments during reexamination, leaving at least one patent claim emerging from reexamination unchanged. In such a situation, under the panel’s newly-articulated rule, a previously-established implied license would continue to apply to all *unchanged* patent claims. But the implied license would not “extend”

to any patent claims emerging from reexamination with “substantial and substantive” amendments. This bizarre result means an accused infringer could have an implied license to some patent claims but not others. Such claim splitting effectively divides one patent into two patents for a single invention—the first patent for the unchanged claims and the second patent for the added and substantially amended claims.

However, it is a “well-settled rule that two valid patents for the same invention cannot be granted either to the same or to a different party.” *Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 197 (1894). Yet the decision below permits a patent owner to unilaterally extinguish the implied license rights of an accused infringer, a power the Federal Circuit has, until now, deemed unacceptable. *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).

Instead and pursuant to this Court’s long and established precedents, it matters not that original patent claims 1 and 2 of the ’622 Patent were amended or that

patent claims 3-8 were added to the '622 Patent 12 years later during reexamination. Each patent claim amended or added during reexamination was *and is still* for the same single “invention” of the '622 Patent. *See De Forest*, 273 U.S. at 242. As such, Morris’s implied license to the '622 Patent arising before reexamination, as the district court found, should apply equally post-reexamination.

Thus, the question presented here is not bound up in specific facts or the incorrect application of a correct legal test. The Federal Circuit’s legal error is in holding that an implied license arising from equitable estoppel does not “extend” to reexamined claims with “substantial and substantive” amendments, in direct violation of this Court’s precedents on implied licenses. This case therefore presents the proper vehicle to end this conflict between the Federal Circuit and this Court’s licensing precedents and restore certainty to the interpretation of implied licenses, lest it metastasize beyond equitable estoppel to other avenues of obtaining an implied license.

2. The Effect of Reexamination on Patent Owner Actions has Split the Federal Circuit on Numerous Occasions

JBT makes much of the fact that the opinion below did not include a dissent. However, in reversing the district court’s finding that JBT’s claims were barred by the doctrine of equitable estoppel, the panel relied solely and exclusively on the decision in *Radio Sys. Corp. v. Lalor*, 709 F.3d 1124 (Fed. Cir. 2013), a case involving a vigorous dissent discussing the implications of equitable estoppel when dealing with a continuation-in-part patent. *Id.* at 1133.

Specifically, the dissenting opinion would have affirmed the “district court’s ruling that estoppel applies not only to the [original] patent but also to the continuation-in-part [] patent.” *Id.* The dissent noted that the “subject matter of the [continuation-in-part] claims in suit is disclosed and described in the [original] patent, and these claims do not draw on any new matter,” and concluded that the “force of equitable estoppel cannot be escaped by including previously disclosed but unclaimed subject matter in a continuation-in-part patent.” *Id.* The present case, which involves a reexamined patent, is even more compelling, since, by law, any claims amended during reexamination must be narrower than the original claims and, thus, must have similarly been disclosed and described in the original patent.

The panel here also implicitly adopted the dissenting opinion in *Senju Pharm. Co. v. Apotex Inc.*, 746 F.3d 1344 (Fed. Cir. 2014), without acknowledgment. In *Senju*, a patent owner sued on a patent, and the patent’s claims were found invalid during litigation. *Id.* at 1347. In response, the patent owner amended and narrowed the claims during reexamination. *Id.* Once a reexamination certificate issued with the narrowed claims, the patent owner sued the same infringer again, arguing that “the reexamination created a new cause of action because the reexamined patent claims are substantially different from the claims in the original ’045 patent.” *Id.* at 1350. Notably, the language of this argument is almost exactly that used by the panel in this case to support its holding. Pet.App. 11a (“In this case, the amendments made during reexamination were both substantial and substantive.”).

In *Senju*, however, the panel majority rejected the patent owner's assertion, holding that "claims that emerge from reexamination do not in and of themselves create a new cause of action that did not exist before." *Senju*, 746 F.3d at 1352. Rather, "a so-called 'reexamined patent' is the original patent; it has just been examined another time as indicated in its reexamination certificate." *Id.* The Federal Circuit made clear that no new cause of action arose regardless of whether "the judgment in the original suit was based on invalidity of the claims or simply on non-infringement." *Id.* at 1353.

The dissent in *Senju* disagreed, arguing that claims amended during reexamination may give a patent owner "actionable legal rights" it did not have before. *Id.* The dissent advocated for a process of "comparing the reexamined claims with the patent's original claims" to determine if claim preclusion applied (*id.*)—a process that the panel explicitly applied in this case. Pet.App. 11a ("In this case, the amendments made during reexamination were both substantial and substantive."). Therefore, the opinion below in this case followed the *Radio Sys.* majority (ignoring the dissent), while at the same time essentially adopting the *Senju* dissent *sub silentio*.

By applying the majority opinion in *Radio Sys.* (which involved a continuation-in-part patent and not a reexamination) to the facts of this case, the opinion below also contradicts the opinion in *SimpleAir, Inc. v. Google LLC*, 884 F.3d 1160, 1167 (Fed. Cir. 2018), which noted the "substantively different requirements of continuation patents as compared to reexaminations" and discouraged the practice of applying holdings in reexamination cases to those involving continuations. *Id.* at 1167.

The opinion below is also inconsistent with the treatment of reexamination proceedings in the *en banc* decision in *Click-To-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321 (Fed. Cir. 2018). In that case, an accused infringer argued that because “each claim of the reexamined patent substantively differs from the claims of the original patent, the reexamined [] patent should be treated as a new patent” for purposes of the one-year time bar for instituting *inter partes* review. *Id.* at 1336. Citing to *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335 (Fed. Cir. 2012), and later *Senju*, the Federal Circuit rejected the argument and held that “the patent” must be evaluated in its entirety, rather than with respect to individual claims. *Id.* at 1337.

Consistent with this Court’s precedent, *Aspex Eyewear* and *Click-to-Call* also stand for the legal principle that patents should be evaluated in their entirety, rather than on a claim-by-claim basis. Yet the panel in this case took the opposite approach, analyzing the substance of the original and amended claims and concluding that the amendments during reexamination were sufficient to make it an abuse of discretion to “extend” the implied license arising from equitable estoppel to those amended claims.

Therefore, this case is an appropriate vehicle to address the effect of reexamination proceedings on subsequent enforcement actions, which is a question that has vexed the Federal Circuit for years. The petition should be granted so this Court can provide guidance to the Federal Circuit, patent owners, and accused infringers regarding which of the numerous positions the Federal Circuit has taken on these related issues is correct so

that parties can structure their businesses accordingly.¹ See *City & Cty. of S.F. v. Sheehan*, 135 S. Ct. 1765, 1774 (2015) (“certiorari jurisdiction exists to clarify the law”).

3. The Federal Circuit’s Decision has Far-Ranging Implications

If the Federal Circuit’s decision stands, it could strike a devastating blow to implied licenses by permitting any patent owner to extinguish an implied license by placing its own patent into reexamination and “substantially and substantively” amending the claims. With amended claims, the patent owner could then sue the implied licensee on the same patented invention, upending more than a century of implied license jurisprudence.

A graver consequence occurs if the patent owner amends some, but not all, of a patent’s claims during reexamination. Because *ex parte* reexamination can be sought on specific patent claims,² rather than the patent as a whole, a patent owner could institute reexamination

1. JBT suggests that “the court of appeals is the proper forum for reconciling its own internal conflicts.” Opp. at 15. However, the Federal Circuit has exclusive jurisdiction over patent cases. 28 U.S.C. § 1295(a)(1). Under JBT’s approach, no opinion from the Federal Circuit would ever be “worthy of this Court’s attention,” because a circuit-split is impossible.

2. See 35 U.S.C. § 302 (“Any person at any time may file a request for reexamination by the Office of *any claim* of a patent ...” (emphasis added); see also 37 C.F.R. § 1.510 (“An identification of *every claim* for which reexamination is requested ...” (emphasis added)); *Senju*, 746 F.3d at 1347 (patent owner filed “a request for reexamination of claims 1-3, 6, 8, and 9 of the” asserted patent only).

proceedings as to some, but not all, of the claims in a patent, make “substantial and substantive” amendments to that subset of claims, and then assert the patent thereafter.

If an infringer has no implied license, the patentee could recover damages on the unamended patent claims for the entire period of infringement—both before and after reexamination. However, even if an infringer has an implied license, under the Federal Circuit’s newly-articulated rule in this case, the patentee could still recover damages for infringement of the amended claims free and clear of the prior implied license. This outcome is wrong, is especially unfair to a defendant who has relied upon the patentee’s misleading conduct in orchestrating its business, and conflicts with this Court’s long licensing precedents.

However, assuming patent owners maintain basic familiarity with patent law and the opinion below, situations like those above could become the norm. And taken to its logical end, the prospective application of equitable estoppel could likely be forever extinguished.

The fact that additional cases have not yet filtered through the courts is unsurprising. Before the panel’s decision, a century of precedents established that implied licenses, including those arising from equitable estoppel, applied to “the invention.” Following the decision below, any number of patent owners facing estoppel or other implied license concerns may have since begun reexamination proceedings on those patents. Once those reexamination proceedings are complete, and if at least one claim has “substantial and substantive” amendments,

the patent owner could evade the implied license and sue with impunity. Moreover, bound by the opinion below, a district would not even entertain the equitable estoppel defense on claims amended during reexamination. Plus, an infringer would not be able to appeal the issue until after trial.

Therefore, while it may take time for the implications of the decision below to begin appearing before the district courts, that delay does not make the issue less important. Clarity on the law of the scope of implied licenses is essential and necessary, and this case is the appropriate vehicle for this Court to provide it.

CONCLUSION

For these reasons, this Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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