No. 18-600

IN THE

Supreme Court of the United States

TEXAS ADVANCED OPTOELECTRONIC SOLUTIONS, INC.,
N/K/A AMS SENSORS USA INC.,

Petitioner,

v.

RENESAS ELECTRONICS AMERICA, INC.,
F/K/A INTERSIL CORPORATION,

Respondent.

On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Did the court of appeals, notwithstanding petitioner's failure to raise or provide evidence on the issue, correctly understand the phrase "offers to sell . . . within the United States . . . any patented invention" in 35 U.S.C. § 271(a) as requiring an offer to make a sale of the invention that occurs within the United States, or does the statute impose infringement liability where contractual arrangements are made within the United States to make sales that are entirely extraterritorial, as petitioner urges?

CORPORATE DISCLOSURE STATEMENT

All parties to the case below are named in the caption.

Respondent Renesas Electronics America, Inc. (f/k/a Intersil Corporation) has a parent company, Renesas Electronics Corporation, which is publicly traded. No other publicly held company owns more than 10 percent of Respondent's stock.

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BRIEF IN OPPOSITION

The petition should be denied. The Federal Circuit read the infringement statute correctly and in a way that avoids friction with other countries' patent laws. Moreover, the petition suffers from such a raft of vehicular problems that, even were the question presented worthy of this Court's consideration, the Court would find such consideration impeded by a variety of problems.

STATEMENT

1. Petitioner Texas Advanced Optoelectronics Solutions (TAOS) sued Intersil Corporation (Intersil), which is now known as Renesas Electronics America, Inc., asserting a panoply of claims—trade-secret misappropriation under Texas law, tortious interference with prospective business relations under Texas law, and breach of contract under California law. Pet. App. 2a. TAOS also sued Intersil for patent infringement. *Id.* All of these claims arose out of an unsuccessful merger negotiation, *id.*, and a federal jury found in favor of TAOS on all four claims. The damages claimed under each cause of action were "duplicative." *Id.* at 9a ("the damages awarded for breach of contract and for tortious interference were duplicative of the monetary award for trade secret misappropriation"), 46a-48a ("The royalty award for patent infringement was therefore duplicative of some portion of the disgorgement award for trade secret misappropriation. . . .").

2. Prior to trial, the district court granted partial summary judgment to Intersil with respect to TAOS's claim for damages for extraterritorial sales. Pet. App. 57a-65a. Most—98.8%—of the sales TAOS accused of

infringement were of products “manufactured, packaged, and tested abroad, and . . . shipped to manufacturers and distributors abroad.” Pet. App. 49a. The remaining 1.2% of sales had “evidence of domestic sale,” so TAOS was allowed to pursue its infringement theory as to those products. *Id.* at 50a.

3. After a trial, a jury in the Eastern District of Texas awarded TAOS nearly everything it asked for—$48,783,007 in trade-secret damages and $10 million in associated exemplary damages; $12 million for breach of contract; $8 million in lost profits for tortious interference and an associated $10 million in exemplary damages; and $73,653.51 as a reasonable royalty for patent infringement. Pet. App. 8a. On post-trial review, TAOS conceded that the contract damages were duplicative of the tortious-interference damages, and the district court found the tortious-interference damages duplicative of the trade-secret award. *See* C.A. Appx17431; Pet. App. 9a. The district court, however, allowed the trade-secret and patent-infringement awards to stand as non-duplicative. Pet. App. 9a.

4. In a lengthy opinion covering a multitude of subjects, a unanimous panel of the Federal Circuit affirmed in part, reversed in part, vacated in part, and remanded.

a. With respect to the trade-secret portion of the verdict, the court affirmed the jury’s finding of liability but vacated the damages award and remanded for “evidence and a determination of the time at which the trade secret became properly accessible to Intersil and the duration of any head-start period.” Pet. App. 25a.

b. With respect to patent infringement, the court affirmed the judgment of liability with respect to certain apparatus claims but reversed with respect to the asserted method claims. *Id.* at 45a, 46a.

c. As to patent damages, the court agreed with Intersil that "[t]he patent award represents an impermissible double recovery," in that the trade-secret-misappropriation award was "based on sales of th[e] four products [accused of patent infringement] and more than a dozen others." *Id.* at 47a.

d. On TAOS's cross-appeal regarding patent-infringement damages for extraterritorial sales, the court affirmed the district court's grant of summary judgment. The Federal Circuit noted that, "except for 1.2% of the accused units, all of [Intersil's] accused products were manufactured, packaged, and tested abroad, and those units were shipped to manufacturers and distributors abroad." Pet. App. 49a. The court further noted that, while "TAOS did not dispute those facts," *id.*, TAOS presented weak evidence that did not demonstrate actual sales activity in the United States—domestic purchase orders for certain components of the accused products (not the products themselves); the citizenship and business locations of the parties; the location of Apple's downstream sales of the iPhone 3G (which included the accused products); and other "unexplained" documents which lacked "particular" or "specif[ied]" details regarding locations. *Id.* at 49a-50a.

The Federal Circuit rejected TAOS's arguments, finding that its showings were "even weaker" than those made by the appellant in *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 769 F.3d 1371, 1377-81 (Fed.

Cir. 2014), *rev'd on other grounds*, 136 S. Ct. 1923 (2016). (This Court denied review in *Halo* with respect to a similar question presented, limiting its grant of review to the enhanced-damages issue. *See* 136 S. Ct. 356 (2015) (order granting certiorari).) The court of appeals also explained that this case is fundamentally different than *Carnegie Mellon University v. Marvell Technology Group*, 807 F.3d 1283 (Fed. Cir. 2015). Here, TAOS had presented no "specific evidence" that specific contractual commitments for specific volumes of accused products were made in the United States, and, unlike the defendant in *Carnegie Mellon*, Intersil presented undisputed "evidence of extraterritorial manufacturing, packaging, and shipping, and TAOS failed to present any evidence establishing the required domestic activity." Pet. App. 51a-52a.

5. On remand, TAOS is again pursuing its trade-secret-misappropriation claims, as well as its breach-of-contract and tortious-interference claims. *Texas Advanced Optoelectronic Sols., Inc. v. Renesas Elecs. Am., Inc.*, No. 4:08-cv-451, Doc. No. 652 (E.D. Tex. Nov. 29, 2018). It argues that, while the Federal Circuit has held that the trade-secret damages are limited to a head-start period, the tortious-interference and breach-of-contract damages are not so limited. *See id.* at 3-4.

6. Pursuant to this Court's Rule 15.2, Respondent Intersil provides the following corrections to misstatements in petitioner's recitation of the facts.

a. Petitioner TAOS suggests that Intersil's infringement of petitioner's patent was somehow predicated on confidential information Intersil learned in the course of a due-diligence meeting. Pet. 4-5. To be clear, the due-diligence meeting occurred in 2004, Pet. App. 6a-7a, almost a year after petitioner's patent issued. Pet. App. 4a. Assuming that petitioner's patent enabled the invention it claimed—as it legally must, *see* 35 U.S.C. § 112—Intersil should have needed only the information disclosed in the public patent document in order to practice the claimed invention.

b. TAOS alleges that Intersil's "offer to sell occurred in California." Pet. 6. It provides no record support for that allegation, and there is none.

c. TAOS claims that it argued on appeal "that because Intersil offered to sell infringing ambient light sensors to Apple within the United States, the district court erred." Pet. 8 (citing Petitioner's C.A. Opening Br. 88-89). The heading of the cited section of TAOS's brief does, in fact, reference "offers for sale," but the question of "offers for sale" was never addressed in TAOS's brief. Indeed, the cited section never even uses the word "offer." Instead, TAOS limited itself to arguing that "the subject *sales* occurred in the United States." Petitioner's C.A. Opening Br. 89 (emphasis added).

d. TAOS further asserts that if the Patent Act is interpreted as it proposes, it "would have been entitled to over $13 million in lost profits, not including enhanced damages." Pet. 11. TAOS fails to mention the Federal Circuit's holding, which it does not challenge here, that the patent damages were duplicative of the trade-secret-misappropriation damages. Pet. App. 46a-48a.

REASONS FOR DENYING THE PETITION

I. THE FEDERAL CIRCUIT'S DECISION WAS CORRECT

From its very beginnings, and until 1994, the Patent Act defined infringement as the making, using, or selling of a patented invention "within" the United States. *See* 1 Stat. 109, 111, § 4 (1790) ("devise, make, construct, use, employ, or vend within these United States"); 35 U.S.C. § 271(a) (1994) ("makes, uses or sells any patented invention, within the United States").

In 1994, Congress passed the Uruguay Round Agreements Act, which added two additional acts of infringement to the statute—offering to sell a patented invention in the United States, and importing such an invention into the United States. Accordingly, Section 271(a) of the Patent Act now makes it a tort to "*offer to sell*, or sell[] . . . within the United States . . . any patented invention." Pub. L. No. 103-465, § 533(a)(1), 108 Stat. 4809, 4988 (1994); 35 U.S.C. § 271(a) (2000) (emphasis added). Section 271(a) now reads, in full:

> Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

The infringement statute's use of "within the United States" and "into the United States" carries out the longstanding precedent of this Court that the patent laws "do not, and were not intended to, operate beyond the limits of the United States." *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 444 (2007) (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)). The Federal Circuit has therefore correctly interpreted the post-1994 version of Section 271(a) such that "[a]n offer to sell in the United States must be an offer to make a sale that will occur in the United States; it is not enough that the offer is made in the United States." Pet. App. 50a n.12 (citing *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1309 (Fed. Cir. 2010)).

In *Transocean*, the Federal Circuit conducted a careful reading of the statute and concluded that an offer to sell an oceanic oil rig into the United States was an "offer to sell . . . within the United States" even though the verbal act constituting the offer took place in Norway. 617 F.3d at 1309. The Federal Circuit reasoned: "The statute precludes 'offers to sell within the United States.' To adopt Maersk USA's position would have us read the statute as 'offers made within the United States to sell' or 'offers made within the United States to sell within the United States.' First, this is not the statutory language. Second, this interpretation would exalt form over substance by allowing a U.S. company to travel abroad to make offers to sell back into the U.S. without any liability for infringement." *Id.*

The Federal Circuit might well have added a third reason for the soundness of its interpretation: All of the other acts of infringement enumerated in the statute—making, using, selling, and importing into the United States—are focused on acts that involve introducing infringing versions of inventions into the United States market. The Federal Circuit's reading keeps the "offers to sell" portion of the section similarly focused.

By contrast, the reading rejected in *Transocean* (and urged anew here by TAOS) would create an infringement tort under U.S. law where the only activity taking place in the United States is the bare act of an offer; the central subject of the patent laws—the actual practice of the invention—would thus become irrelevant to the infringement inquiry. Under that reading, the scope of a patent's exclusionary rights would impermissibly extend extraterritorially: By attaching liability where the only U.S.-grounded act was the extension of an offer, products never even touching the markets of the United States (or anticipated to) would be subject to the exclusionary force of a U.S. patent. While this is unquestionably TAOS's goal, it is not, and should not be, blessed by U.S. law.

Even worse, under TAOS's reading of the statute, offers of the sort made in *Transocean* would fall *outside* the reach of the U.S. patent laws, simply because the contractual offer took place overseas—"exalt[ing] form over substance," as the Federal Circuit said in *Transocean*.

Another provision of the infringement statute added by the Uruguay Round Amendments Act confirms the correctness of the Federal Circuit's reading. At the same time Congress amended Section 271(a) to prohibit an "offer[] to sell" it also promulgated Section 271(i). Subsection (i)—which TAOS never mentions in its petition—defines the forbidden "'offer to sell'" as one "in which the sale will occur before the expiration of the term of the patent." As Judge

Newman has cogently explained, "[b]y requiring that the actual sale of the thing offered will occur before the patent expires, the statute makes clear that the sale must be one that will infringe the patent." *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1259 (Fed. Cir. 2000) (Newman, J., concurring). A sale occurring in (for example) Taiwan would not be "one that will infringe the patent."

Section 271(i) thus confirms that the focus of an "offer to sell" is on an offer to make an infringing sale under Section 271(a), and was not intended to create a brand-new tort wherein the locus of the mere offer is determinative. Judge Newman's concurring opinion in *Rotec* described this case exactly: "Thus an offer made in the United States, to sell a system all of whose components would be made in foreign countries, for sale, installation, and use in a foreign country, does not infringe the United States patent." *Id.* at 1260.

In the face of all of this textual evidence—further illuminated by the presumption against extraterritorial application—TAOS oddly contends that Congress, by enacting the "offer to sell" language in Section 271(a), decided to prohibit the wholly extraterritorial sales of inventions covered by U.S. patents, so long as there was some act of "offering" that took place in the United States. The new tort envisioned by TAOS would be unlike anything previously in the statute, in that it would elevate mere offers over the commercial exploitation of patented inventions, and it would also leave a gaping hole in the statute, for offers intentionally made overseas to flood U.S. markets with infringing versions of patented inventions.

The extraterritorial implications of TAOS's imagined tort cannot be overstated. A company like Intersil that makes an offer in the United States to sell a potentially infringing product in Taiwan would potentially be subject to liability in both countries. Naturally, a patent owner could seek patent damages in Taiwan, under Taiwanese law, for infringement of its Taiwanese patents (which TAOS does own, *see* C.A. Appx7049). After all, Taiwan has an indisputable interest in ensuring that Taiwanese patents are not infringed in Taiwan. *See Microsoft*, 550 U.S. at 455.

But TAOS also wants to be able to sue in the United States based merely on the location of the offer—and if this same offer were repeated in another country that promulgated a law analogous to Section 271(a), then TAOS would be able to sue there too. Were this Court to permit such suits, there would, no doubt, arise "unintended clashes between our laws and those of other nations which could result in international discord." *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129, 2136 (2018) (citations omitted). The risk of double recovery is obvious—one award for the U.S. offer; one for the Taiwanese sale. The potential for cross-border injunctions is even more offensive to comity—one could easily imagine a district judge in, say, Texas, imposing an injunction forbidding a sale in Taiwan. None of the other infringement torts listed in Section 271(a) raise any such extraterritorial concerns. Making, using, selling, or importing into the United States are all classically national concerns—unlike a conversation that occurs in the United States that may lead to something else occurring abroad.

Where Congress seeks for the patent laws to have extraterritorial reach, it does so directly, not obliquely.

Section 271(f) is the only subsection of the infringement statute focused on domestic actions having extraterritorial effects, and the contrast with Section 271 (a) is stark. Subsection (f) "specifically addresses an issue of extraterritorial application." *Microsoft*, 550 U.S. at 456 (citations omitted). To wit, subsection (f) explicitly prohibits domestic actions that cause a combination of elements "outside of the United States in a manner that would infringe the patent if such combination occurred within the United States." § 271(f)(1), (2). Section 271(a), by contrast, contains no mention of effects "outside of the United States."

TAOS's other arguments all fail. TAOS begins by arguing that "the Federal Circuit has created a regime whereby copiers can profit from another's efforts simply by completing a sale in a foreign country." Pet. 11. But TAOS ignores that "us[ing]" a patented invention in the United States is a distinct act of infringement, as is "import[ing]" such an invention. 35 U.S.C. § 271(a). Its bogeyman only arises where the item remains outside of the United States, but that is strictly a foreign sovereign's concern. Where Congress was concerned with domestic actions that have extraterritorial implications, it addressed them explicitly, as it did in Section 271(f).

TAOS's textual argument is that the Patent Act's prepositional requirement of "'within the United States'" should "appl[y]" to "'makes,'" "'uses,'" "'offers to sell,'" and "'sells'" (and, for that matter, "imports into"). Pet. 16-17. So far, so good. The problem is that TAOS assumes, without meaningful analysis, that the prepositional phrase "within the United States" refers back to the word "offers," rather than to "sell." The other terms in the series ("makes," "uses," and "sells")—terms that originated in the first Patent Act—are single words. But TAOS, in its rush to invoke a favorable canon of construction, treats the statute as though it contains perfect parallelism, when it does not. The phrase "offers to sell," which was added in 1994 by the Uruguay Round Amendments Act, is a three-word phrase, not a single word like "makes," "uses," and "sells." So "within the United States" could (in theory) refer to the term "offer," the term "sell," or both. Thus, the canon of construction invoked by TAOS is unhelpful—all agree that the prepositional phrase "within the United States" applies to all five kinds of direct infringement, which is what the canon presumes. The question that TAOS's preferred canon fails to answer is *how* the prepositional phrase serves as a referent for "offers to sell."

In any event, Scalia and Garner note that, "[p]erhaps more than most of the other canons, this one is highly sensitive to context," and, "(perhaps more than most), it is subject to defeasance by other canons." ANTONIN SCALIA & BRYAN A. GARNER, READING LAW: THE INTERPRETATION OF LEGAL TEXTS 150 (2012). And here, other canons speak more directly to the question. The rule of the last antecedent, "according to which a limiting clause or phrase . . . should ordinarily be read as modifying only the noun or phrase that it immediately follows," *Barnhart v. Thomas*, 540 U.S. 20, 26 (2003), compels the conclusion that "within the United States" should modify "sell," not "offer." (All of the other parallel types of infringement are one-word constructs, so they are also last—and only—antecedents.) The Federal Circuit recognized this in *Transocean*: The fact that Congress proscribed "'offers to sell . . . within the United States'" and not "'offers made within the United States to sell'" indicates that the anticipated sale has to be within the United States. 617 F.3d at 1309 (quoting § 271(a); ellipses in original).

Similarly, the presumption of consistent usage, *see* SCALIA & GARNER 170-73, points to the conclusion that the word "sell" should be treated consistently within a statutory subsection that imposes infringement liability on a person who "sells" and a person who "offers to sell" an infringing product within the United States. The Federal Circuit's understanding of the statute treats the two forms of "sell" consistently; TAOS's proposal does not. *See Henson v. Santander Consumer USA Inc.*, 137 S. Ct. 1718, 1722-23 (2017).

And finally, the presumption against extraterritoriality, which TAOS invokes, Pet. 19, also confirms the Federal Circuit's reading, not TAOS's. As shown at p. 8, above, petitioner's approach creates much greater extraterritoriality problems: A defendant's foreign sale should not be subject to U.S. law by the mere happenstance that some or all of the planning discussions happened on U.S. soil. One need only imagine two international business executives conducting business discussions in the British Airways lounge at Dulles Airport for the manufacture and delivery of goods to take place thousands of miles overseas to see the absurdity—and the risks to international comity—of making that bare "offer" actionable under the U.S. patent laws. *See RJR Nabisco, Inc. v. European Community*, 136 S. Ct. 2090, 2100 (2016) ("Absent clearly expressed congressional intent to the contrary, federal laws will be construed to have only domestic application."). The fact that Section 271(a) explicitly limits the scope of liability for infringement of "patented inventions" to "within the

United States" makes that presumption all but conclusive here.

It is far more likely that Congress, in amending Section 271(a) in 1994, was concerned with allowing a patentee who seeks damages for an infringing sale to "reach back to the date of the original offer"—and that is how practitioners immediately understood the provisions. Thomas L. Irving & Stacy D. Lewis, *Proving A Date of Invention and Infringement After Gatt/trips*, 22 AIPLA Q.J. 309, 352 (1994). There is no reason to assume Congress was attempting, through the most oblique language it might have selected, to make mere domestic conversations about extraterritorial sales actionable; Congress "does not, one might say, hide elephants in mouseholes." *Whitman v. American Trucking Ass'n*, 531 U.S. 457, 468 (2001).

At bottom, petitioner's attempt to twist Section 271(a) to capture extraterritorial sales that are initiated in the United States flies in the face of the plain language of the statute, the presumption against extraterritoriality, and common sense. The Federal Circuit's longstanding interpretation of Section 271(a) is correct as an interpretive matter; it sets forth a clear and understandable rule; it avoids clashes with the laws of other nations; and it has served the Nation and its inventive and commercial communities well.* There is no need for this Court's intercession, particularly at this late date.

* The patent laws of other English-speaking countries also limit infringement liability for "offers to sell" to sales that are anticipated to take place in that country. *See, e.g.*, *Domco Indus.*

II. THIS CASE IS A POOR VEHICLE FOR THIS COURT'S REVIEW

Separate and apart from the correctness of the Federal Circuit's decision, this case presents not an "ideal," "even cleaner vehicle" (Pet. 19), but, in fact, an exceedingly poor vehicle for addressing the question TAOS now seeks to present.

A. TAOS Did Not Raise Below The Question It Now Seeks To Present

The question TAOS seeks to present here was never raised in the Federal Circuit. To be sure, Section F.2 of petitioner's Principal and Response Brief is titled "Intersil made sales and offers for sale within the United States." Petitioner's C.A. Opening Br. 88. But that section was misleadingly titled: It only presents an argument directed to extraterritorial *sales*—not offers to sell. The section implies that Intersil infringed petitioner's patent by "import[ing] into the United States," and it argues that there were actual "sales [that] occurred in the United States." *Id*. at 89. But the section never once mentions an "offer" for sale.

TAOS's Reply Brief in the court of appeals likewise only challenged the "sales and the *related* offers to sell." Petitioner's C.A. Reply Br. 10 (emphasis added). Correspondingly, that Reply Brief urged the Federal Circuit to hold that the infringing products "were *sold* in the United States." *Id*. at 11 (emphasis added). In line with the sales-based arguments it was making, TAOS's briefing cited extensively to *Carnegie Mellon*,

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Ltd. v. Mannington Mills Inc., 107 N.R. 198 ¶ 7 (1990); *Kalman v. PCL Packaging (UK) Ltd.*, 1982 F.S.R. 406 (at 1982 WL 221922).

a case reaffirming the rule that "'offers to sell' . . . require[] a United States location for the sale that is offered, not for the offer." *Carnegie Mellon*, 807 F.3d at 1306 n. 5 (citing *Transocean*, 617 F.3d at 1309).

Given that neither party had challenged the Federal Circuit's well-settled understanding of Section 271(a), it is not surprising that the panel below devoted only one sentence—and in a footnote; no more—to the issue of "offer to sell." Pet. App. 50a n.12. And, in view of the fact that TAOS acceded to this view of the law before the panel, it is wildly inappropriate for TAOS to now chide the Federal Circuit for "relegat[ing]" the discussion of this non-joined issue "to a footnote" and for failing to "discuss the presumption [against extraterritoriality] at all." Pet. 15, 19.

Finally, and most tellingly, once the case reached the *en banc* stage—when TAOS was not restricted by panel precedent, and was freely able to urge the Federal Circuit that *Transocean* was wrongly decided—TAOS did not do so. Its Combined Petition for Panel Rehearing and Rehearing En Banc never even mentioned *Transocean*, and, like its panel briefing, instead relied extensively on *Carnegie Mellon*—which reaffirmed and followed *Transocean*. In short, TAOS's newly minted concern about the interpretation of "offer to sell" in Section 271(a) has been crafted at the stroke of midnight by newly retained counsel, in the hopes of shoehorning this very different case into the glass slipper of the settlement-scuttled CVSG order from *Transocean*. *See* Pet. 1, 9-10.

"Only in exceptional cases will this Court review a question not raised in the court below." *Lawn v. United*

States, 355 U.S. 339, 362 n. 16 (1958) (citing cases); *see Sprietsma v. Mercury Marine, a Div. of Brunswick Corp.*, 537 U.S. 51, 56 n. 4 (2002). This is not the rare, exceptional case where the petitioner's neglect of the supposedly "important" issue should be excused.

B. The Question Presented May Become Moot On Remand

As noted above, proceedings are ongoing on remand before the district court. Because TAOS's claims for relief are so overlapping—TAOS conceded that the tortious-interference and breach-of-contract damages were duplicative; the district court found that the tortious-interference and trade-secret damages were duplicative; and the Federal Circuit found that TAOS's patent-infringement damages constituted "an impermissible double recovery" of a "subset" of TAOS's trade-secret-misappropriation damages (Pet. App. 47a)—there is the very real possibility that TAOS will obtain a judgment on one of its other overlapping causes of action that will moot the issue TAOS seeks to present to this Court. That is a good and sufficient reason, by itself, to deny the petition: This Court generally does not grant certiorari where "the Court of Appeals remanded the case, [because] it is not yet ripe for review." *Bhd. of Locomotive Firemen & Enginemen v. Bangor & A. R. Co.*, 389 U.S. 327, 328 (1967).

As noted above, TAOS now seeks breach-of-contract and tortious-interference damages in perpetuity. *Texas Advanced*, No. 4:08-cv-451, Doc. No. 652 (E.D. Tex. Nov. 29, 2018). If allowed, these damages would be based on the worldwide sales of numerous products, including every product adjudicated to have infringed TAOS's patent, wherever sold. It is therefore possible that any patent damages petitioner could receive based on Intersil's sales and offers for sale (regardless of locus) will be duplicated by other damages it is seeking to receive.

C. Even Under TAOS's Definition, There Was No "Offer"

"[T]he burden of proving infringement generally rests upon the patentee." *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 198 (2014). In deciding what constitutes an infringing "offer," the Federal Circuit looks to the RESTATEMENT (SECOND) OF CONTRACTS, which provides extensive guidance on the differences between an "offer," which Section 271(a) prohibits, and mere "preliminary negotiations." *See Rotec*, 215 F.3d at 1257 n.5; RESTATEMENT (SECOND) OF CONTRACTS §§ 24, 26 (1979). "A manifestation of willingness to enter into a bargain is *not an offer*," the RESTATEMENT explains, "if the person to whom it is addressed knows or has reason to know that the person making it does not intend to conclude a bargain until he has made a further manifestation of assent." § 26 (emphasis added). The word "'quote'" is "commonly understood as inviting an offer rather than as making one, even when directed to a particular customer." *Id.* cmt. c. Infringement for an "offer" under Section 271(a) requires more. There must be "manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited *and will conclude it*." *Id.* at § 24 (emphasis added). An "offer" will normally "invite the offeree to sign on a line provided for that purpose." *Id.* at § 26 cmt. e.

As the party seeking patent-infringement damages based on Intersil's alleged offers to sell in the United States, TAOS bore the burden of proving that Intersil made legally cognizable "offers to sell" within the United States. *See* C.A.Appx22977-22981 (district court finding that petitioner failed to come forward with evidence demonstrating a genuine issue of material fact that Intersil either "offers to sell" or "sells" petitioner's patented device "within the United States").

TAOS mostly cites evidence of "negotiat[ions]" that purportedly occurred within the United States, but mere negotiations do not create a legally cognizable "offer." *See* Pet. 6. The only evidence of a purported "offer" is that Intersil "*quoted* $0.35 per sensor to California-based Apple employees for the ISL29003" in two emails. *Id.* at 6 (citing C.A.Appx15677-15678, C.A.Appx25160-25163) (emphasis added). But, as TAOS recognizes, both emails refer to price "quotes"—and neither includes a spot for Apple to countersign. C.A.Appx15677-15678. Under the RESTATEMENT, these informal correspondences are just manifestations of willingness to enter into a bargain, not actionable offers.

Perhaps recognizing the lack of supporting evidence, petitioner never even tried to show the district court or the Federal Circuit that there was an offer within the United States. *See supra* Section II.A.

III. THE PETITION PRESENTS NO IMPORTANT, RECURRING QUESTION OF FEDERAL LAW

A final reason for denying the petition is that it presents no important or recurring question of federal patent law. The prohibition on “offers to sell . . . within the United States” was promulgated in 1994. TAOS itself notes that, including this case, there are only “four published opinions” addressing the meaning of that section. Pet. 13. (Notably, the most recent of those was *Halo*, where this Court denied review on the Section 271(a) question presented here. 136 S. Ct. 356 (2015).) Four consistent decisions over approximately a quarter century, with no indication that the law has been unworkable or problematic, compels the conclusion that the issue is neither critical nor recurring.

It is understandable that this extraterritoriality question is not arising with any frequency. In most cases, patentees will sue for an infringing sale, and there will be no separate need to assert “offer to sell” liability. “Offer to sell” liability is principally valuable in the rare case where the infringing sale takes place well after the infringing offer, because it allows the patentee to reach back in time for damages. *Transocean* is one such example of that.

The only other type of case where “offer to sell” liability is where a U.S. patent owner, such as TAOS here, seeks to recover damages—and obtain injunctive relief—for sales that occur in a foreign country, based on nothing more than the happenstance that some of the conversations leading to the sale took place domestically. In those cases, the appropriate approach is to sue in the foreign country—and patent owners appear to recognize this, which explains why there have only been a couple of such cases before the Federal Circuit.

The prohibition on "offer to sell" has been on the books for some twenty-five years. The Federal Circuit's ruling in *Transocean* has governed for almost a decade now. It has created no conflicts with the laws of other foreign sovereigns, it has been clear, and it has worked well. Aside from academic interest in the issue, *see* Br. *Amici Curiae* of Intellectual Property Professors, there is no reason to disturb a regime that obeys the statutory language, has worked well, and has respected international relations in the process.

CONCLUSION

The petition should be denied.

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Respectfully submitted,

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