

No. 19-

IN THE
Supreme Court of the United States

KANEKA CORPORATION,

Petitioner,

v.

XIAMEN KINGDOMWAY GROUP COMPANY,
PACIFIC RAINBOW INTERNATIONAL INC.,

Respondents.

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

1. Whether under Rule 36 of the Federal Circuit's Rules of Procedure the Federal Circuit may affirm a judgment of non-infringement without opinion and *on alternative grounds first raised by the respondents at oral argument* where affirmance of the judgment depends on genuine issues of disputed material fact as to infringement identified by the district court in denial of respondents' summary judgment and not yet determined by a jury in violation of *Securities Exchange Commission v. Chenery Corp.*, 318 U.S. 80 (1943) and the Fifth and Seventh Amendments.

2. Whether under Rule 36 of the Federal Circuit's Rules of Procedure the Federal Circuit may affirm a void stipulated judgment of non-infringement without opinion and thereby reverse *without appellate jurisdiction* a district court's finding of genuine issues of disputed material fact as to infringement and reasoned denial of summary judgment in violation of *Taylor v. McKeithen*, 407 U.S. 191 (1972) and the Fifth and Seventh Amendments.

3. Whether under Rule 36 of the Federal Circuit's Rules of Procedure the Federal Circuit may affirm judgment of non-infringement without opinion and without resolving conflicting claim constructions of two district courts and thereby prevent a patentee from enforcing its valid patents in violation of Article I, Section 8, Clause 8 of the Constitution, the Fifth Amendment, and Congress' mandate that the Federal Circuit unify decisions in patent cases.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Kaneka Corporation, is a privately held corporation and none of its shares is held by a publicly traded company.

RELATED CASES STATEMENT

The proceedings in federal trial and appellate courts identified below are directly related to the above-captioned case in this Court.

Zhejiang Medicine Co. Ltd. and ZMC-USA LLC v. Kaneka Corporation, Civil Action No. 4:11-CV-1052 (VDG) (S.D. Tx.), Judgment Entered January 16, 2018.

Kaneka Corporation v. Xiamen Kingdomway Group Company, Appeal No. 2014-1373 (Fed. Cir.), Judgment Entered June 10, 2015.

Kaneka Corporation v. Xiamen Kingdomway Group Company, Appeal No. 2014-1399 (Fed. Cir.), Judgment Entered June 10, 2015.

Kaneka Corporation v. Xiamen Kingdomway Group Company, Civil Action No. 2:11-CV-02389 (JSO) (C.D. Cal.), Judgment Entered April 10, 2018.

Kaneka Corporation v. Xiamen Kingdomway Group Company, Appeal No. 2019-1892 (Fed. Cir.), Judgment Entered May 13, 2019.

TABLE OF CONTENTS

	<i>Page</i>
QUESTIONS PRESENTED	i
CORPORATE DISCLOSURE STATEMENT	ii
RELATED CASES STATEMENT.....	iii
TABLE OF CONTENTS.....	iv
TABLE OF APPENDICES	viii
TABLE OF CITED AUTHORITIES	ix
OPINIONS BELOW.....	1
JURISDICTION.....	1
RULES OF PROCEDURE INVOLVED	1
STATEMENT OF THE CASE	3
STATEMENT OF FACTS AND PROCEDURAL HISTORY	8
1. Petitioner's Patent.....	8
2. The District Court Evidently And Improperly Changed The Federal Circuit's Prior Claim Construction.....	9

Table of Contents

	<i>Page</i>
3. Petitioner Stipulated To Judgment Of Non-Infringement Based Solely On The Evident And Improper Change To The Claim Construction.....	12
4. Petitioner Appealed The Evident And Improper Change To The Claim Construction To The Federal Circuit.....	13
5. The Federal Circuit Affirmed A Void Stipulated Judgment Without Opinion And On Alternative New Grounds, Indicating During Oral Argument That The Court's Prior Claim Construction Had Not Been Changed	15
6. The Panel Denies Rehearing Without Opinion	17
REASONS FOR GRANTING THE WRIT	20
I. THE FEDERAL CIRCUIT MAY NOT AFFIRM WITHOUT OPINION, AND ON ALTERNATIVE GROUNDS, JUDGMENTS OF NON-INFRINGEMENT WHERE GENUINE ISSUES OF MATERIAL FACT HAVE NOT BEEN DETERMINED BY A JURY	25

Table of Contents

	<i>Page</i>
II. THE FEDERAL CIRCUIT MAY NOT AFFIRM WITHOUT OPINION VOID STIPULATED JUDGMENTS AND THEREBY REVERSE WITHOUT APPELLATE JURISDICTION REASONED DECISIONS OF DISTRICT COURTS, SHIELDING SUCH REVERSALS FROM THIS COURT'S REVIEW.....	29
III. THE FEDERAL CIRCUIT MAY NOT AFFIRM JUDGMENTS OF NON-INFRINGEMENT WITHOUT OPINION AND WITHOUT RESOLVING CONFLICTING CLAIM CONSTRUCTIONS, PREVENTING PATENTEES FROM ENFORCING THEIR VALID PATENTS.....	32
A. The Federal Circuit's Rule 36 Decision Violates Established Rules of Claim Construction.....	32
B. The Federal Circuit's Rule 36 Decision Subjects Petitioner To The District Court's Patently Incorrect Claim Construction, "From The Consequences Of Which [It] Cannot Escape".....	35

Table of Contents

	<i>Page</i>
C. The Federal Circuit's Rule 36 Decision Violates Congress' Mandate That The Court Unify Decisions In Patent Cases	37
D. This Court Should Exercise Its Supervisory Authority And Require The Federal Circuit To Explain The Court's Decisions Regarding Uncertain And Conflicting Claim Constructions.....	38
CONCLUSION	39

TABLE OF APPENDICES

	<i>Page</i>
APPENDIX A—JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MAY 13, 2019. . . .	1a
APPENDIX B — FINAL JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, FILED APRIL 20, 2018.	3a
APPENDIX C — JUDGMENT OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, FILED APRIL 10, 2018.	5a
APPENDIX D — OPINION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, DATED APRIL 5, 2018	15a
APPENDIX E — OPINION OF THE UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, DATED FEBRUARY 22, 2017.	98a
APPENDIX F — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED AUGUST 12, 2019.	138a

TABLE OF CITED AUTHORITIES

	<i>Page</i>
CASES	
<i>AFG Indus., Inc. v. Cardinal IG Co.</i> , 375 F.3d 1367 (Fed. Cir. 2004)	11
<i>Boddie v. Connecticut</i> , 401 U.S. 371 (1971)	31
<i>Bounds v. Smith</i> , 430 U.S. 817 (1977)	4, 31
<i>C-Cation Techs., LLC v. Arris Group, Inc.</i> , No. 17-617, <i>cert denied</i> , 138 S. Ct. 1693 (2018)	21
<i>Celgard, LLC v. Iancu</i> , No. 16-1526, <i>cert denied</i> , 138 S. Ct. 1714 (2018)	21
<i>Davis v. Wakelee</i> , 156 U.S. 680 (1985)	28
<i>Dickerson v. United States</i> , 530 U.S. 428 (2000)	38
<i>Donovan v. RRL Corp.</i> , 26 Cal. 4th 261 (2001)	16
<i>Franklin-Mason v. United States</i> , No. 17-1256, <i>cert denied</i> , 138 S. Ct. 1703 (2018)	22
<i>Hogg v. Emerson</i> , 47 U.S. 437, 12 L. Ed. 505 (1848)	34

Cited Authorities

	<i>Page</i>
<i>Integrated Claims Sys., LLC v. Travelers Lloyds of Texas Ins. Co., No. 17-330, cert denied, 138 S. Ct. 1693 (2018)</i>	21
<i>Joshua v. United States, 17 F.3d 378 (Fed. Cir. 1994)</i>	23
<i>Kaneka Corp. v. Xiamen Kingdomway Group Co., 790 F.3d 1298 (Fed. Cir. 2015)</i>	<i>passim</i>
<i>In re Leithem, 661 F.3d 1316 (Fed. Cir. 2011)</i>	28
<i>Markman v. Westview Instruments, Inc, 52 F.3d 967 (Fed. Cir. 1995)</i>	<i>passim</i>
<i>Markman v. Westview Instruments, Inc., 517 U.S. 370 (1996)</i>	<i>passim</i>
<i>New Hampshire v. Maine, 532 U.S. 742 (2001)</i>	28
<i>Phil-Insul Corp. v. Airlite Plastics Co., 854 F.3d 1344 (Fed. Cir. 2017)</i>	35, 36
<i>Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005)</i>	11, 34
<i>Richmond Newspapers, Inc. v. Virginia, 448 U.S. 555 (1980)</i>	4

Cited Authorities

	<i>Page</i>
<i>Securities Exchange Commission v. Chenery Corp.</i> , 318 U.S. 80 (1943)	<i>passim</i>
<i>Security People, Inc. v. Ojmar US, LLC</i> , No. 17-1443, <i>cert. denied</i> , 138 S. Ct. 2681 (2018) ...	21
<i>Straight Path IP Group, LLC v. Apple, Inc.</i> , No. 19-253, <i>cert. denied</i> , __ S. Ct. __ (2019).....	22
<i>Stambler v. Mastercard International Inc.</i> , No. 17-1140, <i>cert. denied</i> , 139 S. Ct. 54 (2018).....	21
<i>Stevenson v. Reed</i> , 391 F. Supp. 1375 (N.D. Miss. 1975), <i>aff'd</i> <i>and adopted</i> , 530 F.2d 1207 (5th Cir. 1976)	4
<i>Taylor v. McKeithen</i> , 407 U.S. 191 (1972)	<i>passim</i>
<i>Tennessee v. Lane</i> , 541 U.S. 509 (2004).....	31
<i>Thiel v. Southern Pacific Co.</i> , 328 U.S. 217 (1946).....	38
<i>Thomas v. WGN News</i> , 637 F. App'x 222 (7th Cir. 2016)	3, 22
<i>Verma v. Polaris Software Lab Ltd.</i> , 229 F. App'x 112 (3d Cir. 2007)	16

Cited Authorities

	<i>Page</i>
<i>Western Pacific Railroad Corp. v. Western Pacific Railroad Co.</i> , 345 U.S. 247 (1953)	38
<i>Zhejiang Med. Co. v. Kaneka Corp.</i> , No. H-11-1052 (VDG), 2012 U.S. Dist. LEXIS 194770 (S.D. Tx. Aug. 23, 2012) . . .	9, 10, 12, 34

STATUTES AND RULES

U.S. Const. Amend. V	31
U.S. Const. Amend. VII	23, 28, 31
U.S. Const. Amend. XIV	31
U.S. Const. Article I, § 8, cl. 8	35
28 U.S.C. § 2071	29
28 U.S.C. § 2072(a)	38
1st Cir. R. 36	3
1st Cir. R. 36(a)	21
2d Cir. I.O.P. 32.1.1	21
3d Cir. I.O.P. 6.3.2	21

Cited Authorities

	<i>Page</i>
4th Cir. R. 36.3.....	3, 21
5th Cir. R. 21	30
5th Cir. R. 47.6.....	21
6th Cir. R. 36	3, 22
8th Cir. R. 47B.....	21
9th Cir. R. 4.3a.....	3
9th Cir. R. 36-1.....	22
10th Cir. R. 36.1.....	21
11th Cir. R. 36-1.....	3
D.C. Cir. R. 36(b).....	3
D.C. Cir. R. 36(d).....	22
Fed. R. App. P. 36	1, 7, 29
Fed. Civ. R. 36	<i>passim</i>
Fed. Civ. R. 36(a).....	26
Fed. Civ. R. 36(b).....	26

Cited Authorities

	<i>Page</i>
Fed. Civ. R. 36(c)	26
Fed. Civ. R. 36(d)	26
Fed. Civ. R. 36(e)	26
29 C.F.R. 1910.1000 Table Z1	9
<i>Federal Circuit Decisions Database</i> , U. Iowa, https:// fedcircuit.shinyapps.io/federalcompendium/ (last visited Jan. 7, 2020)	3
Federal Courts Improvement Act of 1982, Pub L. No. 97-164, 96 Stat 25	4, 37
OTHER SOURCES	
<i>Curtis on Patents</i> , § 452 at 609	33
<i>The Seventh Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit</i> , 128 F.R.D 409 (1989)	23
David Johnson, “ <i>You Can’t Handle the Truth!</i> ” - <i>Appellate Courts’ Authority To Dispose of Cases Without Written Opinions</i> ,” 22 App. Advoc. 419 (2010)	21
Dennis Crouch, “ <i>Wrongly Affirmed Without Opinion</i> ,” 52 Wake Forest L. Rev. 561 (2017)	20

Cited Authorities

	<i>Page</i>
Kimberly A. Moore, <i>Are District Court Judges Equipped to Resolve Patent Cases?</i> , 15. Harv. J.L. & Tech. 1 (2001)	4
Kimberly A. Moore, <i>Markman Eight Years Later: Is Claim Construction More Predictable?</i> , 9 Lewis & Clark L. Rev. 231 (2005)	3-4
Gene Quinn and Steve Brachmann, “ <i>No End in Sight for Rule 36 Racket at Federal Circuit,</i> ” https://www.ipwatchdog.com/2019/01/29/no-end-sight-rule-36-racket-cafd/id-105696/	20
Gene Quinn and Steve Brachmann, “ <i>Is the Federal Circuit Using Rule 36 To Avoid Difficult Subject Matter?</i> ” https://www.ipwatchdog.com/2018/07/30/federal-circuit-rule-36-avoid-difficult-subject-matter/id=99202/	20
Hexane Safety Data Sheet, Praxair, https://amp.generalair.com/MsdsDocs/PA62282S.pdf	9
Jason Rantanen, <i>Data on Federal Circuit Appeals and Decisions</i> , PATENTLY-O http://patentlyo.com/patent/2016/06/circuit-appeals-decisions.html	21
Peter Harter and Gene Quinn, “ <i>Does The Federal Circuit’s Use Of Rule 36 Call Into Question Integrity Of The Judicial Process,</i> ” https://www.ipwatchdog.com/2017/02/14/federal-circuit-rule-36-integrty-judicial-process/id=78261/	20

Cited Authorities

	<i>Page</i>
Peter Harter and Gene Quinn, “ <i>Rule 36: Unprecedented Abuse at the Federal Circuit</i> ,” https://www.ipwatchdog.com/2017/01/12/rule-36-abuse-federal-circuit/id=6971/	21
Rebecca A. Lindhorst, “ <i>Because I Said So: The Federal Circuit, the PTAB, and the Problem With Rule 36 Affirmances</i> ,” 69 Case W. Res. L. Rev. 247 (2018)	21
Robinson on Patents, § 733	33
S. Rep No. 97-275 (1981)	37

OPINIONS BELOW

The order of the United States Court of Appeals for the Federal Circuit summarily affirming the judgment of the District Court (Pet. App. A, pp. 1a-2a) appears at 767 Fed. Appx. 998. The opinion and order of the District Court (Pet. App. D, pp. 15a-97a) is unreported but appears at *Kaneka Corp. v. Zhejiang Med. Co.*, CV 11-2389, 2018 U.S. Dist. LEXIS 82023 (C.D. Cal. Apr. 5, 2018).

JURISDICTION

The judgment of the court of appeals was issued on May 13, 2019. A timely petition for rehearing and rehearing *en banc* was denied on August 12, 2019 (Pet. App. F, pp. 138a-140a). On October 1, 2019, the Chief Justice extended the time within which a petition for certiorari could be filed to January 10, 2020.

RULES OF PROCEDURE INVOLVED

Rule 36 of the Federal Rules of Appellate Procedure provides:

Rule 36. Entry of Judgment; Notice

(a) Entry. A judgment is entered when it is noted on the docket. The clerk must prepare, sign, and enter the judgment:

(1) after receiving the court's opinion—but if settlement of the judgment's form is required, after final settlement; or

(2) if a judgment is rendered without an opinion, as the court instructs.

(b) Notice. On the date when judgment is entered, the clerk must serve on all parties a copy of the opinion—or the judgment, if no opinion was written—and a notice of the date when the judgment was entered.

Rule 36 of the Local Rules of the United States Court of Appeals for the Federal Circuit provides:

Federal Circuit Rule 36. Entry of Judgment-Judgment of Affirmance Without Opinion

The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:

(a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;

(b) the evidence supporting the jury's verdict is sufficient;

(c) the record supports summary judgment, directed verdict, or judgment on the pleadings;

(d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or

(e) a judgment or decision has been entered without an error of law.

STATEMENT OF THE CASE

Under Rule 36 of its Rules of Procedure, the Federal Circuit may affirm judgments without opinion as the court deems appropriate. The Federal Circuit deems it appropriate in more than one out of every three cases that it affirms, far more than the four other circuits that allow affirmances without opinion. The remaining and majority of the circuits require their panels to provide some basis for their decisions.¹

The Federal Circuit's excessive use of Rule 36 has a disproportionate and adverse effect on patent law because of the Federal Circuit's exclusive jurisdiction over patent cases. This is particularly true with respect to claim construction, which defines a patentee's patent rights and inevitably decides if those rights are infringed. *Markman v. Westview Instruments, Inc.*, 52 F. 3d 967, 989 (Fed. Cir. 1995). In more than one out every three cases that the Federal Circuit affirms without opinion under Rule 36, the parties are appealing claim constructions.²

1. 1st Cir. R. 36; 4th Cir. R. 36.3; 6th Cir. R. 36; 9th Cir. R. 4.3a; 11th Cir. R. 36-1 (rescinded Aug. 1, 2006); D.C. Cir. R. 36(b); see, e.g., *Thomas v. WGN News*, 637 F. App'x 222, 223 (7th Cir. 2016).

2. This figure is based on this firm's review of data obtained from the University of Iowa's Federal Circuit Decisions Database. See *Federal Circuit Decisions Database*, U. Iowa, <https://fedcircuit.shinyapps.io/federalcompendium/> (last visited Jan. 7, 2020). See also, Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 Lewis & Clark L.

The Federal Circuit's excessive use of Rule 36 in claim construction appeals results in uncertain and conflicting claim constructions that prevent patentees from subsequently enforcing their valid patents.³ This practice undermines the Federal Circuit's purported goals of judicial transparency, accountability, and accuracy, and Congress' legislative mandate that the court provide guidance and consistency to patent law. Federal Courts Improvement Act of 1982, Pub L. No. 97-164, 96 Stat 25.

The Federal Circuit's excessive use of Rule 36 also deprives patentees of their right of access to the courts.⁴ Access to the courts is a fundamental right, *Bounds v. Smith*, 430 U.S. 817, 828 (1977), among the key guarantees implicit in the Constitution. See *Richmond Newspapers, Inc. v. Virginia*, 448 U.S. 555, 579-80 (1980). Access to courts has been interpreted to provide not only physical access but also the realistic possibility of engaging in purposeful communication with the courts. See, e.g., *Stevenson v. Reed*, 391 F. Supp. 1375, 1381 (N.D. Miss. 1975), *aff'd and adopted*, 530 F.2d 1207 (5th Cir. 1976).

This case is an example of how the Federal Circuit's extreme, excessive and errant use of Rule 36 deprived petitioner its right of access to the courts by denying petitioner a jury trial of its patent infringement claims previously ordered by the District Court and denying

Rev. 231, 239 n.31 (2005); Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15. Harv. J.L. & Tech. 1, 8 n.36 (2001).

3. See Point III, *infra*.

4. See Points I and II, *infra*.

petitioner appellate review by this Court. The Federal Circuit's use of Rule 36 further deprived petitioner purposeful communication with the court regarding claim construction, which resulted in conflicting claim constructions of two district courts, leaving petitioner's patent rights uncertain and effectively unenforceable.

Here, the District Court denied respondents summary judgment and ordered a trial by jury of petitioner's patent infringement claims on respondents' old manufacturing process based on findings of genuine issues of disputed material fact as to whether respondents' old process practices the patent's "sealed tank" limitation. Petitioner, however, stipulated to judgment of non-infringement of the old process based **solely** on and because of the District Court's spontaneous change to the Federal Circuit's prior construction of "sealed tank", which the Federal Circuit adopted from another district court, to add a "one-way check valve" not present in the patent's claims or specification, and respondents' assertion that they do not infringe because their tank does not contain or use such a valve. Petitioner then appealed the spontaneous, evident, improper and conflicting claim construction to the Federal Circuit.

The Federal Circuit affirmed judgment of non-infringement without opinion, **and on alternative new grounds**, unrelated to the unfounded and non-existent "one-way check valve" as to which petitioner solely stipulated and based its appeal. During oral argument, the Federal Circuit surprisingly indicated that the District Court had not changed its prior construction to require a "one-way check valve", despite those very words in the District Court's order, but that the judgment of non-

infringement should nevertheless be affirmed without the change on an alternative new ground that neither party had argued or briefed on appeal and that respondents raised for the first time during oral argument.

If the District Court did not change the Federal Circuit's prior claim construction, the stipulated judgment is *ipso facto* inapplicable and void, nullifying the Federal Circuit's appellate jurisdiction and requiring remand for a trial on infringement that the District Court previously ordered. Instead, the Federal Circuit improvidently assumed jurisdiction and affirmed the void stipulated judgment of non-infringement on alternative grounds unrelated to the stipulated judgment and without resolving the inherent conflict between the two separate district courts' constructions of "sealed tank", one that requires a "one-way check valve", and one that does not.

The Federal Circuit's affirmance of the void stipulated judgment without appellate jurisdiction improperly **reversed without opinion** the District Court's prior denial of summary judgment of non-infringement. The genuine issues of disputed material fact as to infringement identified by the District Court and reserved exclusively for a jury were not and have never been determined by a jury.

While appellate courts can affirm judgments on alternative grounds where the district court's result is correct, even if its reasoning is wrong, **it may not affirm on alternative grounds if the correctness of the judgment is dependent on a determination of fact that only a jury can make but which as here has not yet been made.** *Securities Exchange Commission v.*

Chenery Corp., 318 U.S. 80 (1943). Here, the correctness of the District Court's judgment of non-infringement is dependent on the jury's determination of genuine issues of disputed material fact as to whether respondents practice the "sealed tank" limitation, which the District Court identified but a jury has not yet determined. The Federal Circuit lacks jurisdiction and authority under Rule 36 to determine infringement issues of fact in the place of a jury and thereby deprive petitioner of a jury trial previously ordered by the District Court. *Id.*

Moreover, the Federal Circuit may not reverse without opinion under Rule 36 the District Court's finding of genuine issues of disputed material fact and the court's reasoned denial of summary judgment of non-infringement because doing so improperly shields the court's reversal from this Court's review. In this Court's only comment on an appellate courts' discretion to affirm without opinion under Rule 36 of the Federal Rules of Appellate Procedure, the Court made clear that **appellate courts do not have the discretion to reverse a district court's reasoned decision without opinion.** *Taylor v. McKeithen*, 407 U.S. 191 (1972). This Court explained that such summary reversals prevent the Court from determining whether a substantial federal question has been raised for its review. *Id.* The Federal Circuit may not use Rule 36 to deny patentees their due process right of access to this Court's review.

By issuing a decision without opinion under Rule 36, the Federal Circuit failed to resolve the inherent conflict between the District Court's claim construction that adds a "one-way check valve" to "sealed tank" and the Federal Circuit's prior construction, which the court adopted

from another district court, that does not. If petitioner asserts patent infringement against another infringer in the future, the infringer will undoubtedly argue that petitioner is collaterally estopped by the District Court's claim construction requiring a "one-way check valve" as affirmed without opinion by the Federal Circuit under Rule 36. The Federal Circuit's failure to resolve the district courts' conflicting claim constructions prevents petitioner and other patentees similarly situated from enforcing their valid patents.

STATEMENT OF FACTS AND PROCEDURAL HISTORY

1. Petitioner's Patent

Petitioner's patent claims four industrial processes for manufacturing oxidized coenzyme Q10 ("CoQ₁₀"). CoQ₁₀ is a molecular compound found in the cells of living organisms and acts as an antioxidant. Pet. Supp. App., pp. SA16-SA17. The patented processes manufacture CoQ₁₀ through steps of culturing microorganisms, disrupting their cells, extracting CoQ₁₀ from cells with organic solvent, and oxidizing CoQ₁₀. Pet. Supp. App., p. SA16.

Two of the patent's claims require the extracting step to be performed in a "sealed tank." Pet. Supp. App., p. SA17. The patent's specification requires the extracting step to "be carried out in consideration of general safe operation." Safety is important because organic solvent used to extract CoQ₁₀ is extremely flammable. Organic solvent vapors can travel by air currents and ignite by ignition sources such as electrical equipment in an

industrial plant.⁵ A “sealed tank” prevents these vapors from escaping the tank and catching fire in an industrial plant.

2. The District Court Evidently And Improperly Changed The Federal Circuit’s Prior Claim Construction

Petitioner sued respondents and other Chinese manufacturers for patent infringement in the Central District of California (the “District Court”). Pet. App. D, pp. 19a-20a. The District Court transferred petitioner’s infringement claims against one of the other Chinese manufacturers to the Southern District of Texas (the “Texas Court”). Pet. App. D, p. 20a. The two actions proceeded in parallel with the District Court and the Texas Court construing the term “sealed tank” differently, which led to a prior appeal to the Federal Circuit.

In the prior appeal, the Federal Circuit construed “sealed tank” to mean “a tank that prevents exposure of the tank’s contents to the atmosphere.” *Kaneka Corp. v. Xiamen Kingomway Group Co.*, 790 F.3d 1298, 1305 (Fed. Cir. 2015) (“*Kingomway*”). The Federal Circuit adopted nearly verbatim the Texas Court’s construction of “sealed tank”,⁶ which noted that “preventing exposure to

5. See, e.g., Hexane Safety Data Sheet, Praxair, <https://amp.generalair.com/MsdsDocs/PA62282S.pdf>; 29 C.F.R. 1910.1000 Table Z1 (Limits for Air Contaminants).

6. The Texas Court construed “sealed tank” to mean “a tank that prevents exposure of its contents to the atmosphere.” *Zhejiang Med. Co. v. Kaneka Corp.*, No. H-11-1052 (VDG), 2012 U.S. Dist. LEXIS 194770, at *63 (S.D. Tx. Aug. 23, 2012).

the atmosphere is consistent with the patent specification's discussion of safety concerns," ie. a "sealed tank" prevents flammable gas from escaping the tank. *Zhejiang Med. Co. v. Kaneka Corp.*, No. H-11-1052 (VDG), 2012 U.S. Dist. LEXIS 194770, at *62 (S.D. Tx. Aug. 23, 2012).

On the eve of trial, the District Court dismissed on summary judgment petitioner's infringement claims regarding respondents' new manufacturing process but ordered a trial on their old manufacturing process finding genuine issues of disputed material fact as to whether respondents practice the "sealed tank" limitation. *See* Pet. App. D, pp. 77a-79a, 96a. In its decision, however, the District Court spontaneously added from out of nowhere a "one-way check valve" not found in the patent's claims or specification or anywhere else to the term "sealed tank":

While [the Court's order] does conclude that the tank must be sealed during the entirety of the extraction process, it requires only that the contents of the tank not be exposed to the atmosphere—not that the atmosphere be protected from the contents of the tank. Thus, **the use of a seal pot or some other one-way check valve that allows gas to escape the container while the tank is being filled, but does not allow atmospheric oxygen to enter, is sufficient to render a tank "sealed" for purposes of the '340 Patent.** This understanding is fully consistent with the patent specification which discloses that, at least with respect to reduced coenzyme Q₁₀, the primary concern during the extraction step is preventing oxidation. *See* Pet. App. D at 86a-87a (emphasis added) (internal citations omitted).

By adding a “one-way check valve” to the term “sealed tank”, the District Court deviated from the patent’s claims as issued by the United States Patent Office and materially changed the Federal Circuit’s prior construction in violation of the law of the case. *AFG Indus., Inc. v. Cardinal IG Co.*, 375 F.3d 1367, 1371 (Fed. Cir. 2004).⁷ The District Court also violated established rules of claim construction that set forth the hierarchy of sources used for construction. See *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996); *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005). Here, none of the relevant sources requires or even suggests that a “sealed tank” has a “one-way check valve” that allows flammable gas to escape the tank and catch fire in an industrial plant. The District Court’s spontaneous addition of a “one-way check valve” is unfounded and a clear error of legal construction that directly conflicts with the Texas Court’s construction adopted by the Federal Circuit in *Kingdomway*.

In its decision, the District Court erroneously relied on discussion in the specification that is relevant only to “reduced” CoQ_{10} . Reduced CoQ_{10} converts to oxidized CoQ_{10} when exposed to oxygen through a chemical reaction known as “oxidation.” The patent initially contained a set of claims for producing reduced CoQ_{10} , and those claims required protecting reduced CoQ_{10} from oxidation. Petitioner, however, **abandoned** those claims

7. None of the following exceptions to the law of the case apply here: (1) discovery of new and different material evidence that was not presented in a prior action; (2) an intervening change in controlling legal authority; and (3) when a prior decision is clearly wrong and its preservation would manifest an injustice. *AFG Indus.*, 375 F.3d at 1372.

during prosecution rendering them immaterial to claim construction. Pet. Supp. App., pp. SA20, SA24.

The claims of the patent at issue in this case produce oxidized CoQ₁₀, not reduced CoQ₁₀. Pet. Supp. App., pp. SA16-SA17. Indeed, the claims require an oxidizing step that ensures all reduced CoQ₁₀ is fully oxidized to oxidized CoQ₁₀. Pet. Supp. App., pp. SA16-SA17. It is unnecessary and in fact counterproductive to protect reduced CoQ₁₀ from oxidation when the purpose and goal of the patented process is to produce oxidized CoQ₁₀. The relevant discussion in the specification says so: **“it is not necessary to carry out the recovery of oxidized coenzyme Q₁₀ under the condition that reduced coenzyme Q₁₀ is protected from an oxidation reaction.”** Pet. Supp. App., p. SA13. (emphasis added). The Texas Court previously held so: “the patent specification contemplates extraction processes that are not protected from an oxidation reaction.” *Zhejiang Med. Co.*, 2012 U.S. Dist. LEXIS 194770, at *71-72. The District Court’s justification for adding a “one-way check valve” to a “sealed tank” directly conflicts with the patent’s specification and the Texas Court’s claim construction adopted by the Federal Circuit in *Kingdomway*.

3. Petitioner Stipulated To Judgment Of Non-Infringement Based Solely On The Evident And Improper Change To The Claim Construction

Petitioner stipulated to final judgment of non-infringement because of the District Court’s evident and improper change to the construction of “sealed tank” to add a previously unheard of “one-way check valve” and because of respondents’ assertion that they do not infringe

since their tank does not have such a valve. The stipulated judgment provides:

14. ...the Accused Methods of Producing Oxidized Coenzyme Q10 have not infringed and currently do not infringe the Asserted Claims of the '340 Patent for at least the following reasons:

(1) The Court's modification and/or addition of requirements to the Federal Circuit's construction of the "sealed tank" limitation;

In paragraph 14(1), petitioner agreed with respondents that their tank does not have a "one-way check valve" and stipulated to final judgment of non-infringement of respondents' old manufacturing process **for this reason alone**. The District Court so ordered the stipulated judgment without any objection by respondents confirming that final judgment of non-infringement on the old process was based **solely** on respondents' tank not having a "one-way check valve." *See* Pet. App. B, pp. 3a-4a and Pet. App. C., pp. 11a-12a.

4. Petitioner Appealed The Evident And Improper Change To The Claim Construction To The Federal Circuit

Petitioner appealed to the Federal Circuit arguing that the District Court improperly changed the construction of "sealed tank" because neither the patent's claims or specification, nor the Texas Court's prior construction adopted in *Kingdomway*, require or even suggest that a "sealed tank" has a "one-way check valve" that prevents

air from entering the tank, and collectively make clear that a “sealed tank” prevents flammable gas from escaping the tank and catching fire in an industrial plant. Non-Confidential Brief for Plaintiff-Appellant at 5-6, *Kaneka Corp. v. Xiamen Kingdomway Group Co.*, No. 2018-1892 (Fed. Cir. Jul. 26, 2018) (“Appellant’s Brief”); Non-Confidential Reply Brief for Plaintiff-Appellant at 6-7, *Kaneka Corp. v. Xiamen Kingdomway Group Co.*, No. 2018-1892 (Fed. Cir. Nov. 1, 2018) (“Appellant’s Reply Brief”).

In opposition, respondents argued that the District Court properly changed the construction to add a “one-way check valve” because a “sealed tank” must prevent air from entering the tank to protect reduced CoQ₁₀ from oxidation, and that the stipulated judgment should be affirmed because their tank does not have a “one-way check valve.” Nonconfidential Brief for Appellees at 38-39, *Kaneka Corp. v. Xiamen Kingdomway Group Co.*, No. 2018-1892 (Fed. Cir. October 4, 2018) (“Appellees’ Brief”).⁸

8. Specifically, respondents argued:

the condensers in [respondents’] extraction system do not have a one-way check valve, seal pot, or any other type of device that prevents atmospheric air from entering the tank. Similarly, the relief vent . . . does not prevent entry of air from the atmosphere. Appellee’s Brief at 38-39.

5. The Federal Circuit Affirmed A Void Stipulated Judgment Without Opinion And On Alternative New Grounds, Indicating During Oral Argument That The Court's Prior Claim Construction Had Not Been Changed

During oral argument, the Federal Circuit surprisingly indicated that the District Court did not change its prior construction of "sealed tank" despite the District Court adding a new piece of physical embodiment, a "one-way check valve":

PANEL JUDGE: I'd like to ask you about claim construction. So, one of the things that you argue is you say that the District Court reinterpreted our interpretation of the claim of the term "sealed tank." But isn't it fair maybe to say that what the District Court actually did was look at the term "sealed tank" and how we interpreted it in the context of the entire claim phrase, which talks about extraction in a sealed tank. So isn't it most fair to read the District Court's construction as being simply an understanding of the entire phrase in light of the federal circuit's interpretation of sealed tank.

PETITIONER'S COUNSEL: Your Honor, the District Court added a one-way check valve to the -

PANEL JUDGE: Well, it said that you have to have -- the extraction has to -- the entirety of the extraction has to be in a sealed tank, right,

as defined by the federal circuit, the meaning of sealed tank as defined by the federal circuit? And then there was the discussion of the one-way valve and the two-way valve.⁹

If the District Court did not change its construction of “sealed tank” to add a “one-way check valve”, which was petitioner’s **sole basis** for stipulating to judgment of non-infringement of respondents’ old process, the stipulated judgment is *ipso facto* inapplicable and void and the Federal Circuit had no jurisdictional basis to affirm the judgment. *See, e.g., Verma v. Polaris Software Lab Ltd.*, 229 F. App’x 112, 115 (3d Cir. 2007); *Donovan v. RRL Corp.*, 26 Cal. 4th 261, 280 (2001).

To overcome the apparent lack of appellate jurisdiction, respondents falsely argued for the first time during oral argument that petitioner stipulated to final judgment on an alleged “separate” ground that atmospheric air may not enter a “sealed tank”:

RESPONDENTS’ COUNSEL: ... And one other point I want to make is they really – they stipulated to non-infringement on **two separate grounds**. ... The other grounds that they stipulated on are that the District Court said oxygen is not allowed to enter the tank. Oral Argument at 25:10-25:34.

9. Archive of Oral Argument in Kaneka Corporation v. Xiamen Kingdomway Group Co., No. 2018-1892 (Fed. Cir.) at 11:45-13:02, available at <http://www.cafc.uscourts.gov/oral-argument-recordings> (search “2018-1892” in Appeal Number) (hereinafter “Oral Argument”).

According to respondents, the Federal Circuit must affirm the stipulated judgment if air may not enter a “sealed tank”, even if a “one-way check valve” was not added to the court’s prior construction, contrary to respondents’ original assertion before and during the appeal.¹⁰

The Federal Circuit agreed:

PANEL JUDGE: But there are two elements then that are in dispute dealing with the claim construction, and it looks to me like they are simply saying we stipulate that if the District Court is right with respect to the claim construction, we would lose. Oral Argument at 27:58-28:15.

Four days later, the Federal Circuit issued a Rule 36 decision without opinion that merely stated, “AFFIRMED. See Fed. Cir. R. 36.” Pet. App. A, pp. 1a-2a.

6. The Panel Denies Rehearing Without Opinion

Petitioner petitioned for rehearing arguing that if the District Court did not change the construction of “sealed tank” to add a “one-way check valve” as the panel indicated during oral argument, the stipulated judgment is void. Combined Petition for Panel Rehearing and Rehearing

10. Respondents argued during the appeal that petitioner by stipulating to judgment based on the “one-way check valve” waived its right to argue that respondents’ process does not allow entry of air in its tank. Appellees’ Brief at 44-45; Appellant’s Reply Brief at 23-25.

En Banc for Plaintiff-Appellant at 11-13, *Kaneka Corp. v. Xiamen Kingdomway Group Co.*, No. 2018-1892 (Fed. Cir. June 13, 2019). Petitioner further argued that the Federal Circuit lacked jurisdiction to affirm a void stipulated judgment and thus should remand the case for a jury trial on the infringement of respondents' old manufacturing process that was previously ordered by the District Court. *Id.* at 13-14.

Petitioner explained that Paragraph 14(1) of the stipulated judgment makes clear that the addition of a "one-way check valve" was the **sole reason** that petitioner stipulated to judgment on the old process, and that it never stipulated to judgment on "separate" grounds including that air may not enter a "sealed tank" during extraction as respondents had falsely argued for the first time during oral argument. *Id.* at 5-8.

Indeed, respondents' last-minute argument that petitioner stipulated to judgment because air may not enter a "sealed tank" is obviously false because **the District Court denied respondents' motion for summary judgment of non-infringement based on that precise disputed issue of fact.** The District Court held:

[T]he Court finds that a genuine dispute exists as to whether the old and new processes used by [respondents] literally perform extraction using "sealed tanks," and accordingly **DENIES** summary judgment in favor of [respondents] on this issue. [Petitioner's] expert, Dr. Sherman, testified and opined that [respondents'] new and old processes extract CoQ10 in a "sealed tank" because although these processes include relief

valves that can expose the tank's contents to the atmosphere, [respondents'] SOP, coupled with the purpose of the relief valve—to prevent the buildup of the solvent hexane, which can create an explosion if too pressurized—**reveal that the valves “close to prevent any potential drawing in of atmospheric air exposed to the hexane ...”**

Defendants do not directly challenge Dr. Sherman's testimony or opinions, nor do they offer any affirmative evidence of their own. Pet. App. D, pp. 89a-90a (internal citations omitted) (emphasis added).

The District Court then ordered these genuine issues of disputed material fact as to whether air enters respondents' tank to be determined by a jury. Pet. App. D, p. 96a.

Respondents' false assertion that petitioner stipulated to judgment of non-infringement on the alleged “separate” ground that air may not enter the tank is belied by and wholly unsupported by the record and completely implausible given that petitioner based its opposition to summary judgment on unrefuted evidence that air does not enter respondents' tank. Respondents' alleged “separate” ground has no bearing on or relevance to petitioner's void stipulated judgment, which was based **solely** on the District Court's patently incorrect change to the construction of “sealed tank” to add a “one-way check valve.”

The Federal Circuit requested a response to petitioner's petition for rehearing making manifest that it affirmed judgment of non-infringement on alternative grounds unrelated to the improper addition of a "one-way check valve." Invitation for Response from Appellees, *Kaneka Corp. v. Xiamen Kingdomway Group Co.*, No. 2018-1892 (Fed. Cir. Jul. 12, 2019). If the panel had simply affirmed the patently incorrect change to the construction to add such a valve, it need not have asked for a response to petitioners' arguments for rehearing. The panel, however, denied rehearing again without opinion. Pet. App. F, pp. 138a-140a.

REASONS FOR GRANTING THE WRIT

Since Rule 36 was implemented in 1989, patent law practitioners, scholars and judges have criticized the Federal Circuit's use of the rule, claiming its excessive use creates uncertainty in patent law and deprives patentees of their property rights, contrary to Congress' mandate that the court provide guidance and consistency to patent law.¹¹

11. Dennis Crouch, "Wrongly Affirmed Without Opinion," 52 Wake Forest L. Rev. 561, 570 (2017); Gene Quinn and Steve Brachmann, "No End in Sight for Rule 36 Racket at Federal Circuit," <https://www.ipwatchdog.com/2019/01/29/no-end-sight-rule-36-racket-cafd/id-105696/>; Gene Quinn and Steve Brachmann, "Is the Federal Circuit Using Rule 36 To Avoid Difficult Subject Matter?" <https://www.ipwatchdog.com/2018/07/30/federal-circuit-rule-36-avoid-difficult-subject-matter/id=99202/>; Peter Harter and Gene Quinn, "Does The Federal Circuit's Use Of Rule 36 Call Into Question Integrity Of The Judicial Process" <https://www.ipwatchdog.com/2017/02/14/federal-circuit-rule-36-integrtiy-judicial-process/id=78261/>;

Past petitioners have repeatedly asked this Court to supervise the Federal Circuit's use of Rule 36.¹² Petitioners have argued that the Federal Circuit's use of the rule is excessive, issuing decisions without opinion in over 40% of its appeals.¹³ In comparison, only four other circuits permit decisions without opinion and collectively they issue such decisions far less than the Federal Circuit.¹⁴ The remaining and majority of the circuits require at least some basis for their decisions despite having significantly larger dockets.¹⁵ Recently, petitioners

David Johnson, "*You Can't Handle the Truth!* - Appellate Courts' Authority To Dispose of Cases Without Written Opinions," 22 App. Advoc. 419 (2010); Peter Harter and Gene Quinn, "*Rule 36: Unprecedented Abuse at the Federal Circuit*," <https://www.ipwatchdog.com/2017/01/12/rule-36-abuse-federal-circuit/id=6971/>.

12. See, e.g. *Celgard, LLC v. Iancu*, No. 16-1526, cert denied, 138 S. Ct. 1714 (2018); *Integrated Claims Sys., LLC v. Travelers Lloyds of Texas Ins. Co.*, No. 17-330, cert denied, 138 S. Ct. 1693 (2018); *C-Cation Techs., LLC v. Arris Group, Inc.*, No. 17-617, cert denied, 138 S. Ct. 1693 (2018); *Stambler v. Mastercard International Inc.*, No. 17-1140, cert denied, 139 S. Ct. 54 (2018); *Security People, Inc. v. Ojmar US, LLC*, No. 17-1443, cert denied, 138 S. Ct. 2681 (2018).

13. See Jason Rantanen, *Data on Federal Circuit Appeals and Decisions*, PATENTLY-O <http://patentlyo.com/patent/2016/06/circuit-appeals-decisions.html>; Rebecca A. Lindhorst "*Because I Said So: The Federal Circuit, the PTAB, and the Problem With Rule 36 Affirmances*," 69 Case W. Res. L. Rev. 247, 252 (2018).

14. 3d Cir. I.O.P. 6.3.2; 5th Cir. R. 47.6; 8th Cir. R. 47B; 10th Cir. R. 36.1.

15. 1st Cir. R. 36(a); 2d Cir. I.O.P. 32.1.1; 4th Cir. R. 36.3; 6th

have argued that the federal circuits' differing rules and practices regarding decisions without opinion constitute a circuit split that this Court should resolve to establish procedural consistency.¹⁶ This Court, however, has thus far declined to respond.

This petition echoes the prior criticism of the Federal Circuit's excessive use of Rule 36. Petitioner submits that this case justifies the Court's supervisory review where others have not because it regards the Federal Circuit's unprecedented use of the rule to: 1) affirm a judgment of non-infringement on alternative grounds not raised by the parties where affirmance of judgment is dependent on genuine issues of disputed material fact identified by the District Court and not yet determined by a jury; and 2) affirm a void stipulated judgment of non-infringement and thereby reverse without appellate jurisdiction the District Court's denial of summary judgment of non-infringement, shielding its reversal from this Court's review.

The Federal Circuit's Rule 36 decision violates this Court's holding in *Chenery*, which prohibits affirmances of judgments on alternative grounds where disputed issues of fact have not yet been determined by a jury, and in *McKeithen*, which prohibits reversals without opinion of district court's reasoned decisions because such summary reversals prevent review by this Court.

Cir. R. 36; 9th Cir. R. 36-1; D.C. Cir. R. 36(d). The Seventh Circuit does not have a local rule, but does not enter judgments without opinions. See, e.g., *Thomas v. WGN News*, 637 F. App'x 222, 223 (7th Cir. 2016) (providing a brief explanation for affirmance).

16. *Straight Path IP Group, LLC v. Apple, Inc.*, No. 19-253, *cert denied*, ___ S. Ct. ___ (2019); *Franklin-Mason v. United States*, No. 17-1256, *cert denied*, 138 S. Ct. 1703 (2018).

The Federal Circuit's Rule 36 decision without opinion denied petitioner its due process right of access to the courts by: 1) denying petitioner a trial by jury of disputed issues of fact as to infringement reserved exclusively for a jury under *Markman* and the Seventh Amendment; 2) denying notice and opportunity to respond to the alternative grounds raised by respondents for the first time during oral argument; 3) shielding its denial of petitioner's due process from review by this Court, and by 4) failing to resolve the inherent conflict between the District Court's and Texas Court's claim constructions, which was fully briefed by the parties.

The Federal Circuit's Rule 36 decision results in an uncertain and conflicting claim construction of "sealed tank" that requires a "one-way check valve", which necessarily prevents petitioner from enforcing its valid patent against competitors and other infringers. The Rule 36 decision also prevents competitors, inventors and applicants for patents from knowing the scope of petitioner's patent rights and whether they infringe or otherwise conflict with petitioner's patent. The Federal Circuit's Rule 36 decision thus violates Congress' mandate that the court unify decisions in patent cases.

The Federal Circuit has stated that Rule 36 is used only when "the position of one party is so clearly correct as a matter of law that no substantial question regarding the outcome of the appeal exists." *Joshua v. United States*, 17 F.3d 378, 380 (Fed. Cir. 1994). In other words, "it's not necessary to explain, even to the loser, why he lost." *The Seventh Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit*, 128 F.R.D. 409, 420 (1989). The Federal Circuit has pushed the limits of

Rule 36 beyond its stated purpose to dispose of claim construction appeals that cannot be rationally explained and disposed of with written opinions.

Here, judgment of non-infringement is not “so clearly correct” that it is not necessary to tell petitioner why it lost. To the contrary, here, there is no rational explanation or legal basis for affirmance. The Federal Circuit could not affirm with a written opinion a patently incorrect claim construction that violates established rules of claim construction. The Federal Circuit could not affirm with a written opinion a void stipulated judgment on alternative grounds where the District Court had previously ordered genuine issues of disputed material fact as to infringement to be determined by a jury. An opinion affirming judgment of non-infringement would simply not write. Rule 36 is not meant to dispose of complex cases like this one where a jury has not yet determined infringement and the Federal Circuit has not yet resolved conflicting claim constructions.

This Court should require the Federal Circuit to explain its affirmances of judgments of non-infringement where claim construction is uncertain or conflicting. Under *Chenery*, this Court should further require justification of affirmances of judgments on alternative grounds where judgments depend on a determination of genuine issues of disputed material fact that must be but has not yet been determined by a jury. Under *McKeithen*, the Court should further require a stated legal basis reviewable by this Court for reversals of district courts’ denials of summary judgment of non-infringement.

In this case, this Court should vacate the Federal Circuit's Rule 36 affirmance and return the parties to their positions prior to the void stipulated judgment rendered immaterial by the Federal Circuit's affirmance on alternative grounds by directing the Federal Circuit to remand the case to the District Court for a trial by jury on the genuine issues of disputed material fact previously identified by the District Court.

I. THE FEDERAL CIRCUIT MAY NOT AFFIRM WITHOUT OPINION, AND ON ALTERNATIVE GROUNDS, JUDGMENTS OF NON-INFRINGEMENT WHERE GENUINE ISSUES OF MATERIAL FACT HAVE NOT BEEN DETERMINED BY A JURY

Under Rule 36, the Federal Circuit may affirm without opinion if:

(a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous; (b) the evidence supporting the jury's verdict is sufficient; (c) the record supports summary judgment, directed verdict, or judgment on the pleadings; (d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or (e) a judgment or decision has been entered without an error of law. Fed. Cir. R. 36.

By the nature of the rule, the Federal Circuit does not explain which of the above conditions of affirmance it relies on to issue its decision. In the present case, however,

the Federal Circuit could not rely on Rule 36(a) because petitioner's stipulated judgment of non-infringement is based **solely** on the District Court's improper change to the construction to add a "one-way check valve." If there was no change to the construction, the stipulated judgment is inapplicable and void.

The Federal Circuit could not rely on Rule 36(b) and (c) because the District Court found disputed issues of fact as to whether respondents practice the patent's "sealed tank" limitation, and thus denied summary judgment of non-infringement and ordered a trial by jury that has not yet occurred. The Federal Circuit could also not rely on Rule 36(d) because this is not an appeal from an administrative agency.

Thus, the Federal Circuit must have affirmed under Rule 36(e) finding the District Court's judgment was entered without error of law but on a ground alternative to the District Court's patently incorrect change to the construction to add a "one-way check valve." Such a decision without opinion, however, violated this Court's holdings in *Chenery* and *Markman*. In *Chenery*, the Court held:

... in reviewing the decision of a lower court, it must be affirmed if the result is correct although the lower court relied upon a wrong ground or gave a wrong reason. ... It would be wasteful to send a case back to a lower court to reinstate a decision which it had already made but which the appellate court concluded should properly be based on another ground within the power of the appellate court to formulate. **But it is**

also familiar appellate procedure that where the correctness of the lower court's decision depends upon a determination of fact which only a jury could make but which has not been made, the appellate court cannot take the place of the jury. 318 U.S. 80, 88 (1943) (emphasis added).

In *Markman*, the Court held that infringement "is a question of fact, to be submitted to a jury." 517 U.S. 370, 384 (1996). Under this Court's holdings in *Chenery* and *Markman*, the Federal Circuit is prohibited from affirming on alternative new grounds a judgment of non-infringement if as here the judgment is dependent on genuine issues of disputed material fact as to infringement that have not been determined by a jury.

Here, the Federal Circuit erred by doing just that. The Federal Circuit affirmed judgment on the alternative ground argued for the first time by respondents during oral argument that petitioner stipulated to judgment because air may not enter a "sealed tank." Petitioner did not stipulate to judgment on this alleged "separate" ground because the District Court had expressly reserved that precise issue for a jury trial. **Based on petitioner's evidence that air does not enter respondents' tank, and lack of any evidence from respondents to the contrary,** the District Court denied respondents summary judgment. The correctness of the District Court's judgment of non-infringement is therefore dependent on disputed issues of fact yet to be determined by a jury.

Under *Chenery* and *Markman*, the Federal Circuit lacked the authority and jurisdiction to resolve these

disputed issues of fact, which are reserved exclusively for the jury. The Federal Circuit may not take the place of the jury. The Federal Circuit deprived petitioner its due process right of access to the courts by denying it a jury trial under the Seventh Amendment.

The Federal Circuit also denied petitioner its due process right of notice and an opportunity to respond to argument. The Federal Circuit's alternative ground for affirmance was not briefed by the parties, but instead asserted by respondents for the first time during oral argument. An appellate court violates a party's most basic due process rights to notice of the issues and an opportunity to meaningfully respond with evidence when the court's affirmance is based on reasons that are newly presented on appeal, and especially so if the reasons for affirmance are articulated for the very first time during the appellate oral argument. *See, e.g. In re Leithem*, 661 F.3d 1316, 1320-21 (Fed. Cir. 2011).

Respondents should also be judicially estopped from changing their legal position and arguing alternative grounds for affirmance for the first time during oral argument. Under the doctrine of judicial estoppel, where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, the party may not thereafter, simply because his interests have changed, assume a contrary position. *Davis v. Wakelee*, 156 U.S. 680, 689 1895; *see also New Hampshire v. Maine*, 532 U.S. 742, 749 (2001) ("judicial estoppel . . . prevents a party from prevailing in one phase of a case on an argument and then relying on a contradictory argument to prevail in another phase.").

At the time of the stipulated judgment, respondents' position was that the District Court changed the construction of "sealed tank" to add a "one-way check valve." Respondents argued to their benefit at that time and during the appeal that they do not infringe because their tank does not have such a valve. Petitioner stipulated to judgment of non-infringement **for this reason alone**. Respondents should not be allowed to change their position and argue alternative grounds after obtaining judgment of non-infringement based on the District Court's evident and improper change to the construction to add a "one-way check valve."

For these reasons, Rule 36 should be read to preclude affirmance of judgment of non-infringement without opinion, and on alternative grounds neither raised nor argued by the parties in the appeal, if as here the correctness of the judgment depends upon a determination of fact which only a jury could make but which has not yet been made.

II. THE FEDERAL CIRCUIT MAY NOT AFFIRM WITHOUT OPINION VOID STIPULATED JUDGMENTS AND THEREBY REVERSE WITHOUT APPELLATE JURISDICTION REASONED DECISIONS OF DISTRICT COURTS, SHIELDING SUCH REVERSALS FROM THIS COURT'S REVIEW

Under 28 U.S.C § 2071 and Federal Rule of Appellate Procedure 36, circuit courts may enact rules that allow them to dispose of their cases without opinion. Indeed, the Federal, Third, Fifth, Eighth, and Tenth circuits have enacted rules that permit summary affirmances

without opinion. This Court expressly acknowledged a circuit court's discretion to dispose of its cases without opinion with respect to summary affirmances. *Taylor v. McKeithen*, 407 U.S. 191 (1972).

In *McKeithen*, the district court after lengthy consideration approved a plan that departed from Louisiana's historical voting boundaries. The Fifth Circuit reversed without opinion, and thereby adopted the state's plan preserving those boundaries. This Court held:

We, of course, agree that the courts of appeals should have wide latitude in their decisions of whether or how to write opinions. That is especially true with respect to summary affirmances. See Rule 21, Court of Appeals for the Fifth Circuit. But here the lower court summarily reversed without any opinion on a point that had been considered at length by the District Judge. Under the special circumstances of this case, we are loath to impute to the Court of Appeals reasoning that would raise a substantial federal question when it is plausible that its actual ground of decision was of more limited importance. 407 U.S. 191, 194 n. 4 (1972).

Under *McKeithen*, a circuit court should not summarily reverse a reasoned decision of a district court because under such circumstances the Court cannot determine whether the decision raises a substantial federal question for its review. *Id.* A circuit court's summary reversal without opinion shields its reversal from this Court's review and denies a party its due process right of access to this Court.

This Court has recognized on numerous occasions that parties' access to the courts is a fundamental right protected by the Fifth and Fourteenth Amendments. *See, e.g., Boddie v. Connecticut*, 401 U.S. 371, 377-79 (1971) ("within the limits of practicability, a State must afford to all individuals a meaningful opportunity to be heard" in its courts); *see also Tennessee v. Lane*, 541 U.S. 509, 532-34 (2004); *Bounds v. Smith*, 430 U.S. 817, 821-23 (1977).

Here, the Federal Circuit exceeded its authority and jurisdiction by summarily reversing without opinion the District Court's reasoned decision denying summary judgment of non-infringement. Based on its review of petitioner's unrefuted evidence that air does not enter respondents' tank, the District Court denied summary judgment with respect to the "sealed tank" limitation. The District Court expressly reserved these genuine issues of disputed material fact for a jury trial. The Federal Circuit lacked authority and jurisdiction to decide these issues in the place of a jury.

The Federal Circuit's Rule 36 decision raises substantial federal questions under the Fifth and Seventh Amendments and *Markman* regarding its denial of petitioner's right to a trial by jury. The Federal Circuit failed to explain how and why the genuine issues of disputed material fact as to infringement previously identified by the District Court and reserved exclusively for a jury was determined by its Rule 36 decision without opinion. The Rule 36 decision violates *McKeithen* by improperly shielding the court's denial of petitioner's due process rights from this Court's review.

The Rule 36 decision also denies petitioner the ability to engage in purposeful communication with the Federal Circuit regarding claim construction. In the underlying appeal and the prior *Kingdomway* appeal, the parties submitted thousands of pages of briefing and evidence regarding the conflicting constructions of “sealed tank” issued by the District Court and the Texas Court. By issuing a decision without opinion, the Federal Circuit declined to respond to the parties substantial briefing and evidence and resolve the inherent conflict in the district courts’ constructions. Purposeful communication requires a response. Congress’ mandate that the Federal Circuit unify patent decisions requires resolution of the conflict.

For these reasons, Rule 36 should be read to preclude affirmances without opinion of void stipulated judgments of non-infringement that reverse without appellate jurisdiction a District Court’s reasoned decision denying summary judgment of non-infringement.

III. THE FEDERAL CIRCUIT MAY NOT AFFIRM JUDGMENTS OF NON-INFRINGEMENT WITHOUT OPINION AND WITHOUT RESOLVING CONFLICTING CLAIM CONSTRUCTIONS, PREVENTING PATENTEES FROM ENFORCING THEIR VALID PATENTS

A. The Federal Circuit’s Rule 36 Decision Violates Established Rules of Claim Construction

The Federal Circuit’s decision en banc in *Markman v. Westview Instruments, Inc.* fundamentally changed patent law. 52 F. 3d 967 (Fed. Cir. 1995), *aff’d* 517 U.S. 370 (1996). Judge Mayer, in his concurrence, specifically pointed out the importance of the decision:

All these pages and all these words cannot camouflage what the court well knows: to decide what the claim means is nearly always to decide the case. 52 F.3d 967, 989 (Fed. Cir. 1995).

Chief Judge Archer, who wrote the decision, also noted how important claim construction is to both the patentee and the competitor and alleged infringer. Quoting Robinson on Patents, §733 at 483-84, Chief Judge Archer explained:

To treat the nature of the patented invention as a matter of fact, to be inquired of and determined by a jury, would at once deprive the inventor of the opportunity to obtain a permanent and universal definition of his rights under the patent, and in each case of infringement **it would subject him to the danger of false interpretation, from the consequences of which he could not escape.**

Chief Judge Archer further explained:

When a court construes the claims of the patent, it "is as if the construction fixed by the court has been incorporated in the specification, (*Curtis on Patents*, §452 at 609), and in this way the court is defining the federal legal rights created by the patent document. 52 F.3d 967, 978-79 (Fed. Cir. 1995).

Markman set forth the rules of claim construction, which are now well known and provide the hierarchy of sources used to determine a claim's meaning including

the patent's specification. See *Markman*, 517 U.S. at 389; *Phillips*, 415 F.3d at 1315. Indeed, the Supreme Court has long held that the specification must always be considered when defining claim language. See *Hogg v. Emerson*, 47 U.S. (6 How.) 437, 482, 12 L. Ed. 505 (1848) (the specification is a "component part of the patent" and "is as much to be considered with the [letters patent] in construing them, as any paper referred to in a deed or other contract").

Here, the District Court did not follow the established rules of claim construction when it changed the construction of "sealed tank" to add a "one-way check valve" to prevent air from entering the tank and allow flammable gas to escape. The District Court did not refer to the relevant specification or the file history, as nothing in the specification or the file history even suggests use of a "one-way check valve." Indeed, the relevant discussion in the specification expressly states that it is "not necessary" to prevent oxidation of reduced CoQ₁₀ during extraction.

The District Court's construction directly conflicts with the patent and the reasoned construction of the Texas Court adopted by the Federal Circuit in *Kingdomway*. The Texas Court's construction of "sealed tank" does not require a "one-way check valve." The Texas Court expressly recognized that "the patent specification contemplates extraction processes that are not protected from an oxidation reaction." *Zhejiang Med. Co.*, 2012 U.S. Dist. LEXIS 194770, at *71-72. The Texas Court's construction makes clear that a "sealed tank" does not prevent oxidation, but rather prevents flammable gas from escaping the tank and catching fire in an industrial plant.

The Federal Circuit's Rule 36 decision without opinion fails to provide any analysis of claim construction in accordance with "established rules of construction to arrive at a true and consistent scope of the patent owner's legal rights" and resolve in accordance with Congress' mandate the inherent conflict between the two district courts' constructions. Pet. App. A, pp. 1a-2a.

B. The Federal Circuit's Rule 36 Decision Subjects Petitioner To The District Court's Patently Incorrect Claim Construction, "From The Consequences Of Which [It] Cannot Escape"

Petitioner has a constitutional right under Article 1, Section 8, Clause 8 of the constitution to enforce its patent against other infringers. That right has been taken away by the Federal Circuit's failure to resolve the inherent conflict in the district courts' claim constructions. Petitioner is forever held to the consequence of the District Court's change of "sealed tank" to add a "one-way check valve."

If Petitioner initiated a patent infringement case against another infringer, the infringer would move for summary judgment based on the doctrine of collateral estoppel arguing Petitioner is bound by the District Court's claim construction as affirmed without opinion by the Federal Circuit. The District Court would likely grant that motion as the infringer would not be using a "one-way check valve", as no company in the world needs a "one-way check valve" that allows flammable gas to escape and catch fire in its industrial plant. The Federal Circuit has made clear that a Rule 36 decision satisfies the requirements of collateral estoppel. *See Phil-Insul Corp. v. Airlite Plastics Co.*, 854 F3d. 1344, (Fed. Cir. 2017).

In *Phil-Insul Corp.*, the patentee filed suit against multiple defendants. The parties then filed a joint motion for early claim construction of two claim terms, which the district court granted. Based on the district court's claim construction, the court granted summary judgment. The patentee then appealed both claim constructions to the Federal Circuit, but the Federal Circuit affirmed without opinion under Rule 36.

Not knowing if either or both claim constructions were affirmed, the patentee had two options, abandon any further enforcement, or file a second case against another infringer. Patentee chose to file a second case against *Airlite Plastics*. *Airlite* moved for summary judgment based on collateral estoppel arguing the patentee was bound by the claim constructions previously affirmed without opinion by the Federal Circuit. The district court granted *Airlite's* motion and the patentee appealed again to the Federal Circuit.

This time, the Federal Circuit affirmed with an opinion finding that neither of the claim constructions at issue in the first appeal could have independently supported non-infringement, and therefore its Rule 36 affirmance in the first appeal "necessarily meant that we found no error in either of the district court's claim constructions." Had the Federal Circuit provided this summary opinion in the first appeal, the parties and the courts would have avoided the time and expense of the second infringement case and the second appeal, reducing the Federal Circuit's docket.

Like the patentee in *Phil-Insul Corp.*, petitioner must either abandon enforcement of its valid patent or invest substantial time and expense of filing additional litigation

against another infringer, which will undoubtedly lead to another appeal to the Federal Circuit, which may lead to another Rule 36 decision. Such a waste of the parties' and judicial resources could be avoided if the Federal Circuit was required to explain its affirmances as to uncertain and conflicting claim constructions so that the patentee, and alleged infringers would know where they stand on claim construction issues, which is the dispositive issue in almost all cases. The Federal Circuit's Rule 36 decision effectively leaves petitioner's valid patent unenforceable.

C. The Federal Circuit's Rule 36 Decision Violates Congress' Mandate That The Court Unify Decisions In Patent Cases

The Federal Circuit was formed pursuant to the Federal Courts Improvement Act of 1982 and was enacted and signed into law by President Reagan (Federal Courts Improvement Act of 1982, Pub L. No. 97-164, 96 Stat 25). The Senate Judiciary Committee's Report sets forth the purpose for forming the court:

to fill a void in the judicial system by creating an appellate forum capable of exercising nationwide jurisdiction over appeals in areas of the law where Congress determines there is a special need for nationwide uniformity; to improve the administration of the patent law by centralizing appeals in patent cases; and to provide an upgraded and better organized trial forum for government claim cases. S. Rep No. 97-275 (1981) at p. 2.

The Federal Circuit is not adhering to Congress' legislative mandate by issuing Rule 36 affirmances without opinions that fail to resolve uncertain and conflicting claim constructions. Without an opinion, the parties are left not knowing which conflicting claim construction applies. As explained above, the consequences are significant, and with no judicial escape. Additional litigation unfairly increases a patentee's financial burden and takes away its right to enforce its valid patent. Subsequent litigation also increases the workload of the district courts and the Federal Circuit, thereby negating an alleged benefit of Rule 36 to reduce the Federal Circuit's docket.

D. This Court Should Exercise Its Supervisory Authority And Require The Federal Circuit To Explain The Court's Decisions Regarding Uncertain And Conflicting Claim Constructions

Originally enacted in 1934 and revised, only slightly, in 1988, the Rules Enabling Act gives The Supreme Court the power to prescribe general rules of practice and procedure pursuant to 28 U.S.C. §2072(a). The Supreme Court has a long history of exercising its supervisory authority over the lower courts. In *Thiel v. Southern Pacific Co.*, 328 U.S. 217 (1946), the Supreme Court imposed a rule governing the composition of federal juris. In *Western Pacific Railroad Corp. v. Western Pacific Railroad Co.*, 345 U.S. 247 (1953) the Supreme Court issued guidelines regulating the way the Courts of Appeals consider petition for rehearing en banc. More recently, in *Dickerson v. United States*, 530 U.S. 428, 437 (2000) the Supreme Court specifically held that:

This Court has supervisory authority over the federal courts, and we may use that authority to prescribe rules of evidence and procedure that are binding in those tribunals.

Based on the unfair consequences of Rule 36 to patentees, the Supreme Court should exercise its supervisory authority and require the Federal Circuit to explain its affirmances of uncertain and conflicting claim constructions.

CONCLUSION

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

Respectfully submitted,

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