No. 20-773

IN THE

Supreme Court of the United States

NAZIR KHAN, IFTIKHAR KHAN,

Petitioners,

v.

MERIT MEDICAL SYSTEMS, INC., ET AL.,

Respondents.

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

BRIEF IN OPPOSITION

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COUNTERSTATEMENT OF THE QUESTION PRESENTED

Whether a district court's decision to grant a motion for Rule 11 sanctions may be affirmed under the doctrines of forfeiture and/or harmless error, despite the movants' failure to serve the Rule 11 motion before filing it, where (a) the movants served multiple letters that informed the sanctioned parties of their frivolous and sanctionable arguments and the basis for the motion for sanctions more than 21 days before filing the motion, (b) the district court repeatedly warned the sanctioned parties that their arguments were contrary to law more than 21 days before the motion, (c) the sanctioned parties did not object in the district court to the failure to serve the motion itself and raised the issue for the first time on appeal, and (d) the record makes clear that even if the movants had served the Rule 11 motion itself instead of their multiple letters, the sanctioned parties would not have withdrawn their frivolous and sanctionable arguments.

COUNTERSTATEMENT OF THE PARTIES TO THE PROCEEDING

Petitioners have incorrectly identified the parties who moved for Rule 11 sanctions in the district court.

Respondent Merit Medical Systems, Inc., Defendant-Cross Appellant in the court below, did not move for Rule 11 sanctions but was the party in whose favor the court entered the judgment of Rule 11 sanctions as indemnitor and equitable subrogee of the parties who did move for Rule 11 sanctions.

The Respondents who moved for Rule 11 sanctions in the district court, who were Defendants-Appellees in the court below, and who were indemnified by (and are represented by counsel for) Respondent Merit Medical Systems, Inc. are Mountain Medical Physician Specialists, P.C., Clinton Atkinson, Kourosh Baghelai, Yvon R. Baribeau, Randal Bast, Pankaj Bhatnagar, George Blessios, Matthew J. Borkon, Victor Bowers, Matthew G. Brown, Robert Brumberg, Jason Burgess, Jeffrey Cameron, James W. Campbell, Tuan-Hung Chu, Abilio A. Coello, Jason Dew, Hector Diaz-Luna, Ellen Dillavou, William Ducey, Ty Dunn, Amit Dwivedi, Todd Early, Luis G. Echeverri, Charles M. Eichler, Larry D. Flanagan, Lee Forestiere, Dennis Fry, Michael Gallichio, Eric Gardner, Joy Garg, Joseph Griffin, Brad Grimsley, Alok K. Gupta, Allen Hartsell, Thomas Hatsukami, Jon R. Henwood, Timothy C. Hodges, Stephen Hohmann, Robert Hoyne, Blair Jordan, Fernando Kafie, Howard E. Katzman, John C. Kedora, Edward Kim, Michael Klychakin, Eric Ladenheim, Anne Lally, Chad Laurich, James D. Lawson, Damian Lebamoff, Heather LeBlanc, David B. Leeser, Gary

Lemmon, Eddy Luh, Jeffrey Martinez, Jonathon R. Molnar, Robert Molnar, Sheppard Mondy, Edward Morrison, Raghu L. Motagnahalli, Ruban Nirmalan, William Omlie, Paul Orland, Gerardo Ortega, Herbert Oye, Boris Paul, Jeffrey Pearce, Heidi A. Pearson, Thomas Reifsnyder, Walter Rizzoni, James R. Rooks, Carlos Rosales, Thomas Ross, Allan Roza, Ignacio Rua, Marius Saines, Albert Sam, Angelo Santos, Howard L. Saylor, Andres Schanzer, William Schroder, Stephen Settle, Murray L. Shames, Andrew Sherwood, Eugene Simoni, David Smith, Todd Smith, Jeff Stanley, Gary Tannenbaum, William J. Tapscott, Chase Tattersall, W. Andrew Tierney, Gustavo Torres, Boulos Toursarkissian, Stephen Wise Unger, Alexander Uribe, Julio Vasquez, Jonathan Velasco, Benjamin Westbrook, Michael Willerth, Thomas Winek, Christopher Wixon, Peter Wong, and Virginia Wong.

The other Defendants-Appellees in the court below who were indemnified by (and are represented by counsel for) Respondent Merit Medical Systems, Inc. but who did not move for Rule 11 sanctions are Robert S. Brooks, Stephen Jensik, Jeffrey Silver, and William Soper.

Other Defendants-Appellees in the court below who have not been indemnified by Respondent Merit Medical Systems, Inc., who did not move for Rule 11 sanctions, and who were represented by separate counsel were Hemosphere Inc., CryoLife Inc., Louis Elkins, Mark Grove, Javier Alvarez-Tostado, Siddarth Patel, Luis Sanchez, and Patrick Geraghty. Petitioners have indicated under Rule 12.6, without objection, that these parties have no interest in the outcome of the petition for a writ of certiorari.

CORPORATE DISCLOSURE STATEMENT

Respondent Merit Medical Systems, Inc. has no parent corporation, and no other publicly held company owns more than 10% of its stock. Respondent Mountain Medical Physician Specialists, P.C. has no parent corporation, and no other publicly held company owns more than 10% of its stock. The remainder of the Respondents indemnified by (and represented by counsel for) Respondent Merit Medical Systems, Inc. are individuals, not corporate entities.

ADDITIONAL RELATED PROCEEDINGS

Merit Medical Systems, Inc. v. Khan et al., No. 20-___, Supreme Court of the United States. Cross-petition for a writ of certiorari pending.

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BRIEF IN OPPOSITION

This is a case in which Petitioners ("the Khans"), acting *pro se*, filed suit in Illinois against three corporations and over 300 physicians from 43 states for patent infringement. The district court dismissed the Khans' complaint on multiple alternative grounds and sanctioned them under Fed.R.Civ.P. 11 ("Rule 11") but denied a motion by Respondent Merit Medical Systems, Inc. ("Merit") for attorney fees under 35 U.S.C. § 285 ("Section 285").

The Khans' lawsuit was the epitome of unreasonable litigation. They filed in an improper venue against a huge number of improperly joined defendants, litigated in an irrational manner, and presented frivolous arguments on venue, service of process, infringement, and other issues. They repeatedly refused to heed warnings from counsel and the court that their arguments were baseless, ignored procedural rules, and made preposterous personal attacks on Merit's counsel.

The Federal Circuit affirmed the district court's decisions in all respects, including the award of Rule 11 sanctions and the denial of Merit's request for fees under Section 285. The Khans now seek certiorari to reverse the Rule 11 sanctions, asserting that this case is a clean vehicle for addressing a circuit split. That assertion is wrong. This Court should deny the Khans' petition for at least four reasons:

First, this case is a poor vehicle for addressing the question presented by the Khans because they forfeited the argument they now present for review. Seventh Circuit precedent allows a party seeking sanctions to comply with Rule 11's 21-day safe

harbor provision by sending warning letters rather than serving a sanctions motion. In compliance with that precedent, counsel sent multiple letters to the Khans informing them of the frivolousness of their arguments and the basis for the sanctions motion more than 21 days before filing it. In their response to the motion, the Khans did not challenge the Seventh Circuit's precedent or otherwise object to the failure to serve the motion prior to its filing.

The Khans' failure to object on this point was not inadvertent. The sanctions motion cited the Seventh Circuit's precedent. And in at least ***nine*** filings and at least two hearings, the Khans contested the sanctions motion on multiple grounds but did not once object that the movants had not served the motion 21 days prior to filing it. Instead, the Khans raised the legal claim they now assert for the first time on appeal to the Federal Circuit. In response, Merit pointed out that the Khans had forfeited that claim. Consistent with its longstanding practice of applying regional circuit law to non-patent issues, the Federal Circuit chose to affirm based on the Seventh Circuit's precedent, but the Khans' forfeiture remains an alternative ground for affirmance. As a result, this Court would have to navigate around forfeiture to be able to reach the legal issue the Khans now present.

The Khans should be held to their forfeiture. The district court followed governing circuit law, without any objection, to award sanctions clearly warranted by the Khans' misconduct. The Khans' failure to object in the district court means that neither the movants nor the court had any opportunity to cure the alleged error to which the

Khans now object. The Khans then claimed procedural error for the first time on appeal. This Court would have to sanction the Khans' subterfuge to reach the question they now raise.

Second, this case is also a poor vehicle because if there was error below, it was harmless error. The purpose of the requirement to serve a Rule 11 motion more than 21 days before filing is to provide notice to the served parties of sanctionable misconduct so they can correct the misconduct without being sanctioned. Here, the record incontrovertibly demonstrates that earlier service of the motion would have had no effect on the Khans' misconduct. The Khans did not change their misconduct in response to warning letters from counsel or explicit warnings from the court. Importantly, they did not change their misconduct after the sanctions motion *was* served on them. And, incredibly, they did not change their misconduct even after the court *granted* sanctions. Because the Khans did not stop their misconduct in spite of all of these events, serving the motion prior to filing it would have had no effect. Any error below was harmless.

Third, this case is a poor vehicle because the Khans' misconduct will give rise to liability for attorney fees one way or another. Concurrently with this brief, Merit has filed a cross-petition demonstrating that if the Khans are not required to pay fees under Rule 11 for their sanctionable conduct, that conduct should nevertheless give rise to liability for fees under 35 U.S.C. § 285.

It makes no sense to grant the Khans' petition and consume valuable judicial resources to answer the question they have presented, when they will likely end up exactly where they are now because of

forfeiture, harmless error, and/or Section 285. All of this can and should be avoided by simply denying the Khans' petition and bringing their long saga of misconduct to an end.

Finally, the Khans' petition should be denied because the circuit split is neither as deep, as clear, nor as settled as they allege. The Khans assert that eight circuits would have ruled differently than the Federal Circuit did in applying Seventh Circuit law in this case. But only five of the cases cited by the Khans from those eight circuits conclude that warning letters cannot substitute for service of a Rule 11 motion. The other three did not decide that issue. And even the Seventh Circuit has indicated that it may revisit its precedent on that question. Moreover, even the five circuits concluding that warning letters are insufficient may find that judicial warnings are. In this case, the Khans proceeded despite multiple warnings from the court. Given the true state of the law in the circuits and the problems this case presents as a vehicle for addressing the Seventh Circuit's current rule, there is wisdom in allowing further percolation on these matters.

The Khans' petition should be denied.

COUNTERSTATEMENT OF THE CASE

The Khans' statement of the case is woefully incomplete because it fails to provide any description of the Khans' outrageous misconduct. A more thorough statement of the case is provided below.

A. *The Khans' Patents and the Accused HeRO® Graft*

The patent-in-suit in this case is U.S. Patent No. 8,747,344 ("the '344 patent"). The '344 patent traces its origins to U.S. Patent No. 8,282,591 ("the '591 patent"). The original application for the '591 patent required an "arteriovenous shunt" comprising (1) an "arterial graft," (2) a "venous outflow catheter," and (3) a "cuff" that was merely ***"connected to"*** the graft and the catheter. (SAppx1386-1390.[1]) The Patent Office forced the Khans to narrow the application to require a cuff "***disposed about***" the ends of the graft and catheter, *i.e.*, encircling the ends of the graft and catheter, to obtain allowance of the '591 patent. (SAppx1391-1453; SAppx1589-1591.)

During prosecution of the application for the '344 patent, the Khans tried to broaden their patent coverage by replacing the "disposed about" requirement with language requiring only that the cuff be "connected to" the two ends. (SAppx1592-1601.) The Patent Office rejected that attempt and again required the Khans to narrow their application

[1] References to "SAppx" herein are references to the Fed.Cir.R. 30(e) Supplemental Appendix filed with the Federal Circuit on December 23, 2019 (Fed. Cir. Appeal No. 19-1952, ECF No. 67).

to require a cuff "disposed about" the two ends. (SAppx1602-1623.)

When the '344 patent issued in 2014, defendant Cryolife was selling "the HeRO® Graft," the product the Khans now accuse of infringement. (SAppx137.) In 2016, Merit acquired the HeRO® Graft from Cryolife and began selling it. (SAppx137.) Significantly, the Khans admit that the connector of the HeRO® Graft is "***disposed within"*** the ends of the graft and catheter, not ***"disposed about"*** them. (SAppx134; SAppx270; SAppx715.)

In 2014, the Khans filed a reissue application under 35 U.S.C. § 251, again attempting to remove the "disposed about" requirement from the '591 patent so it would cover the HeRO® Graft. (SAppx1630-1646.) During that process, the Khans repeatedly admitted the HeRO® Graft does not infringe and would not infringe unless the "disposed about" requirement were removed. For example, they stated: "***The patent owner can not sue the companies under literal infringement and doctrine of equivalence…because of cuff connector being disposed about the catheter and the graft….***" (Fed. Cir. No. 17-2207, ECF No. 37, p. 5; *accord* SAppx1652; SAppx1660-1661; SAppx1668-1669.) The Patent Office rejected the Khans' attempt to remove the "disposed about" requirement, and the Federal Circuit affirmed. 722 Fed. Appx. 1038 (Fed. Cir. 2018).

B. *The Khans' Complaint*

Despite their admission that the HeRO® Graft does not meet the "disposed about" requirement, the Khans sued for infringement anyway. (SAppx91-

155.) In August 2018, the Khans filed a complaint alleging infringement of the '344 patent against Merit, past manufacturers of the HeRO® Graft, and 300+ physicians from 43 states. They sued in Illinois, even though the face of the complaint demonstrated venue was improper there. (SAppx131; SAppx91-128.)

C. *Merit's Motion to Dismiss for Improper Venue and the First of Merit's Warnings to the Khans*

Merit moved to dismiss the claims against it for improper venue. Merit's motion cited the patent venue statute, 28 U.S.C. § 1400(b), and this Court's decision in *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S.Ct. 1514 (2017). (SAppx160-174.) Not only did the complaint itself demonstrate that venue was improper under those authorities, but Merit also submitted evidence confirming it. (SAppx131; SAppx176-179.)

Merit then wrote the Khans, informing them that "[a] reasonable investigation would have demonstrated that Chicago is not a proper venue for litigation against Merit or most of the doctor defendants." (SAppx196.) Merit further told the Khans that their infringement claims were frivolous and warned them that if they did not dismiss the complaint, Merit would seek sanctions under Rule 11 and attorney fees under 35 U.S.C. § 285. (SAppx208.)

D. *The Khans' Frivolous Arguments on Venue and Merit's Further Warnings to Them*

Undeterred, the Khans filed an opposition to Merit's venue motion. Incredibly, the Khans relied on ***the Federal Circuit's*** decision in the *TC Heartland* case, even though that decision had been ***reversed*** by this Court over a year earlier and even though Merit had highlighted this Court's decision in its motion and its letter to the Khans. (SAppx180-182.) The Khans also asserted venue was proper under 28 U.S.C. § 1391(g), a venue statute for mass tort actions. *Id.*

Merit again wrote the Khans, explaining why their venue arguments were baseless and warning that if they did not withdraw their opposition, Merit would seek sanctions. (SAppx209-213.) The Khans responded by threatening to lodge a bar complaint against Merit's counsel. (SAppx228-229.) Merit's counsel sent the Khans a copy of Rule 11, explained why their filings violated Rule 11, and again warned that Merit would seek sanctions and fees under Rule 11 and Section 285. (SAppx231-234.) The Khans did not withdraw their opposition. Merit's reply pointed out the baselessness of the Khans' venue arguments. (SAppx184-193.)

E. *The Khans' Attempt to Serve the Physicians and Further Notice to the Khans About Their Frivolous Arguments*

At about this same time, the Khans attempted to serve the 300+ physicians by mailing each of them a request for waiver of service under Fed.R.Civ.P. 4(d). The Khans' decision to sue 300+ physicians

from 43 states required Merit to undertake a massive effort to determine which physicians had purchased the HeRo® Graft from it and arrange for indemnification and representation. (SAppx1122-1124, ¶35.)

At a hearing in November 2018, the Khans represented that they had completed service on the 300+ physicians "by U.S. mail." (SAppx944, 4:1-2; SAppx948, 8:5-8.) When Merit's counsel explained that service by mail was insufficient without a waiver, the Khans accused him of "lying." (SAppx948-949, 8:11-9:8; SAppx951, 11:14-18.) The court explained to the Khans that "[w]e don't accuse the other party of lying just because they're taking a legal position that the service was improper." (SAppx951, 11:23-25.) The court also explained to the Khans that "[y]ou are required to follow the procedures of the court." (SAppx954, 14:11-12; SAppx946, 6:9-11.) Despite these warnings, the Khans continued to argue that mailing a waiver request constituted sufficient service. (SAppx259; SAppx264; SAppx269-270.)

At the same hearing, the court also discussed venue. The court informed the Khans that "the Supreme Court of the United States just ruled in the past year about proper venue for patent cases, and so that is what we will be following when I review your motion." (SAppx952, 12:22-25.) Despite this warning, the Khans did not withdraw their opposition to Merit's venue motion.

F. *The District Court's January 23, 2019 Order Regarding Venue*

On January 23, 2019, the court granted Merit's motion to dismiss for improper venue for the reasons identified in Merit's moving papers and its letters to the Khans. 2019 WL 10947304 (N.D. Ill. No. 1:18-cv-05368, Jan. 23, 2019, ECF No. 76). The court's order warned the Khans "to take heed of the potentially meritorious arguments raised by defendants." *Id*. at *2.

By that date, it had been about 170 days since the Khans had filed their complaint, and they had filed only one waiver of service executed by a defendant physician. (ECF No. 53.) At a hearing announcing its ruling, the court again warned the Khans about service and venue for the remaining 300+ physicians. (SAppx964, 10:10-16.) The Khans again insisted that mailing a waiver request was sufficient service. (SAppx966, 12:3-9.) The court explained that mailing a waiver request was plainly *insufficient*. (SAppx966, 12:10-21.) Despite these warnings, the Khans continued to argue that mailing a waiver request was sufficient. (SAppx310; SAppx329; SAppx699-701; SAppx743-745; SAppx983-984, 5:14-6:7; SAppx771.)

G. *The Khans' Motion for Reconsideration on Venue and Merit's Further Warnings to Them*

The Khans next filed a motion for reconsideration, advancing additional frivolous venue arguments, including an argument that venue was proper under 28 U.S.C. § 1404(a), a statute governing *transfer* of venue. (SAppx273-277; *see also*

SAppx269.) After reviewing the motion, Merit's counsel again wrote the Khans explaining why nothing in their motion changed the conclusion that venue was improper for Merit. (SAppx682-685.)

Merit's letter also addressed venue and service for the physicians. (SAppx684.) Specifically, Merit explained that the physician addresses listed in the complaint showed that venue was improper in Illinois for "the vast majority of the physician defendants." (SAppx684.) Merit also explained that the Khans had failed to properly serve nearly all the physicians and that the 90 days allotted for service in Fed.R.Civ.P. 4(m) had long since passed. (SAppx684.) At that point, the Khans had filed only three waivers of service (and that was all they would ever file). (ECF Nos. 53, 78.)

The Khans refused to withdraw their motion for reconsideration. Merit filed its opposition, and the court rejected the Khans' motion for the reasons identified in Merit's opposition and its letters to the Khans. (SAppx313-323; SAppx4-5.) The court "again caution[ed]" the Khans that "prosecuting a patent case of any size, much less one against three hundred defendants, is a complex endeavor" and that they "should carefully evaluate clearly established requirements set forth in governing statutes and other applicable authority so as not to unnecessarily occupy the time and resources of the Court and other involved parties." (SAppx5.)

H. *Merit's Further Warnings to the Khans on Behalf of the Merit Physicians*

Merit's counsel then wrote the Khans on behalf of the 100+ physicians Merit had indemnified ("the

Merit physicians"). (SAppx686-689.) Counsel told the Khans they should heed the court's warnings and that if they continued making their frivolous venue and service arguments, the Merit physicians would seek sanctions. (SAppx687-688.)

The Khans initially indicated that they *would* dismiss all the non-Illinois Merit physicians (SAppx691), but then reneged and refused (SAppx693-698).

I. *The Physicians' Motions to Dismiss and Motion for Rule 11 Sanctions*

The 100+ Merit physicians therefore filed motions to dismiss. The Merit physicians residing outside Illinois moved for dismissal based on improper venue, insufficient service, and misjoinder under 35 U.S.C. § 299. (SAppx333-352.) Two Merit physicians residing in Illinois also moved for dismissal based on insufficient service and misjoinder. (SAppx405-416.)

The non-Illinois physicians' motion relied on the rules of venue that had already been briefed and ruled upon multiple times. (SAppx340-343.) Both sets of motions also relied on the rules governing service that the court and Merit's counsel had repeatedly warned the Khans about. (SAppx347-350; SAppx413-415.)

Meanwhile, additional physicians accepted Merit's offer of indemnification. Merit's counsel therefore filed four additional motions to dismiss, all on the same grounds as previously urged. (SAppx558-575; SAppx587-603; SAppx780-799; SAppx543-554.) Six other physicians represented by

other counsel filed five motions to dismiss on similar grounds. (ECF Nos. 93, 96, 99, 100, 102.)

The non-Illinois Merit physicians also filed (and served) a motion for Rule 11 sanctions. (SAppx615-634.) The motion demonstrated that the Khans had been warned multiple times about their frivolous arguments regarding venue and service, explained that the Khans had ignored those warnings, and asked the court to sanction the Khans. (SAppx615-634.) The motion pointed out that under Seventh Circuit precedent, the movants' warning letters were sufficient to satisfy the notice provisions of Fed.R.Civ.P. 11(c) and that the Khans had been adequately warned about their frivolous arguments more than 21 days before the motion was filed. (SAppx632-633.)

Incredibly, despite multiple warnings from the court and from Merit, the Khans responded to the motions to dismiss by arguing that the physicians had "a duty and obligation to return the waiver of service of summons form." (SAppx700-701.) The Khans also argued—in a *non sequitur*—that sending a waiver request constitutes sufficient service *because* Rule 4 requires a defendant who fails to return a waiver to pay the expenses of service. (SAppx699-701.)

The Khans next responded to the sanctions motion. Even though that motion was premised on the Khans' frivolous arguments on *venue* and *service*, the Khans argued that they should not be sanctioned because their position on *infringement* was not frivolous. (SAppx715-717.) As the history of the Khans' patents demonstrates, the Khans' position on infringement *was* frivolous, but that was not the

basis of the sanctions motion. Significantly, the Khans did *not* object to the movants' failure to serve the sanctions motion 21 days before filing it. (SAppx715-717.)

The court held a hearing in March 2019. There, the court explained to the Khans that the sanctions motion was "not alleging that your invention is frivolous," but instead was alleging that "you're abusing the process of the rules." (SAppx983, 5:6-10.) When asked to respond to that contention, the Khans argued that the physicians "have to respond to the waiver. That is what Rule 4 says." (SAppx984, 6:6-7.) The court again informed the Khans—twice—that they were misreading Rule 4 and that defendants are ***not*** required to accept a waiver request. (SAppx984, 6:4-5; SAppx985, 7:5-6.)

Venue was also discussed at the hearing. When the Khans insisted that "[t]his case has to go to the jury for trial to see if [our] case is valid," the court explained that they had "not been listening to my rulings about where the case needs to be filed." (SAppx984, 6:12-15.) The Khans then backpedaled, telling the court that if the physicians had responded to their mailings by asserting that venue was improper, the Khans would have dismissed them from the case. (SAppx984, 6:20-22.) That assertion was clearly false, because Merit's counsel had done just that and yet the Khans had refused dismissal (after initially agreeing to it). (SAppx686-698.) The Khans' assertion was also contradicted by their continued opposition to the motions to dismiss for improper venue. (SAppx700.) Significantly, the Khans did not object at the hearing to the movants'

failure to serve the sanctions motion before filing it. (SAppx979-988.)

The court granted the Khans leave to file supplemental papers, which they did. On the motions to dismiss, the Khans again argued—despite the court's explicit and repeated instruction to the contrary—that Rule 4 "requires that 'Defendants cooperate.'" (SAppx744.)

The Khans also filed a supplemental response to the sanctions motion. Even though the motion was premised on the Khans' frivolous arguments on *venue* and *service*, and even though the court had explained this to the Khans just days earlier, the Khans again argued that their position on *infringement* was not frivolous. (SAppx757-760.) They also made a new argument: that because the defendants had not signed a waiver, the court had no jurisdiction over the physicians and therefore—again asserting a *non sequitur*—the physicians could not ask for sanctions. (SAppx758.) This was the Khan's ***second*** filing opposing sanctions in which they did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx757-760.)

After the Merit physicians replied, the Khans filed another paper insisting that the physicians had been properly served and there should be no sanctions for the Khans' arguments about service. (SAppx719-726; SAppx764-767; SAppx771-773.) They also argued that they should not be sanctioned for their arguments on venue, because they had agreed to dismiss *one* of the physicians (SAppx772), even though they had refused to dismiss the 100+ *other* physicians moving for sanctions. This was the Khans' ***third*** filing opposing sanctions in which they

did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx771-773.)

J. *The Court's May 16, 2019 Order Dismissing the Remainder of the Khans' Claims and Awarding Sanctions*

On May 16, 2019, the court granted all the pending motions to dismiss, granted the motion for sanctions, and entered final judgment dismissing the Khans' complaint. 2019 WL 2137378 (N.D. Ill. No. 1:18-cv-05368, May 16, 2019, ECF No. 135) (reproduced at Appx E); SAppx19 (reproduced at Appx F).

The court's order began by reciting the court's many unheeded warnings to the Khans. *Id*. at *1. The court then addressed the issue of service, noting that the Khans had only filed three waivers of service and rejecting their claim that defendants are required to waive service. *Id*. at *2. The court further noted that the Khans had not even attempted to serve the physicians personally, instead "insist[ing] throughout the course of this litigation that they completed service by mailing the summons and complaint." *Id*. The court found that the Khans had failed to comply with the 90-day service requirement of Fed.R.Civ.P. 4(m), explaining that after more than 250 days, "nearly all of the Defendants have still not been properly served." *Id*. at *3. The only justification the Khans offered for this "extreme delay" was "their tired refrain that service was completed by U.S. Mail." *Id*. The court concluded: "By maintaining this contention, in the face of directly contrary instruction from the Court, Plaintiffs have failed to comply with the necessary procedural rules for litigating their case" and

therefore "due to insufficient and untimely service, Plaintiffs' Complaint is dismissed for want of prosecution." *Id*.

As an alternative ground of dismissal for the non-Illinois physicians, the court ruled that venue was improper. *Id*. The court observed that "nearly all of the Defendants are not residents of Illinois and are instead scattered throughout the country in dozens of different states." *Id*. The court also relied on improper joinder under 35 U.S.C. § 299 as an alternative ground for dismissal. *Id*.

The court's order also decided the sanctions motion. The court observed how the court and Merit had repeatedly cited this Court's *TC Heartland* decision and that, under that decision, "[t]he Plaintiffs' own Complaint undercuts any good faith basis for asserting venue is proper in this district." 2019 WL 2137378 at *4. Therefore, "[n]o reasonable person would have concluded that [the Khans' venue] argument had support in the law or in the facts of this case." *Id*.

The court then addressed why sanctions were appropriate based on the Khans' arguments about service. *Id*. at *5. As the court explained, the Khans had maintained that service by mail was sufficient even though "the Court instructed Plaintiffs that waiver of service is merely optional…and in the absence of waiver, they must accomplish service through other means." *Id*. The court concluded: "Plaintiffs' stubborn assertions to the contrary are without any merit and no reasonable person would have believed otherwise." *Id*.

The court observed that "Rule 11(c) requires that a party seeking sanctions must wait 21 days after the offending party is put on notice of the possibly sanctionable offense." *Id*. The court held that the movants had put the Khans on notice of their intent to seek sanctions via multiple letters served more than 21 days before filing the sanctions motion and therefore had satisfied "the 21-day requirement." *Id*. Because the Khans had not raised the issue, the court did not address whether the movants were required to serve the motion rather than their warning letters. *Id*.

In its order, the court recognized that the Khans were acting *pro se* but explained that they "not only acted in direct contravention to clear procedural rules, statutes, and governing law, but continued to do so after being repeatedly warned at hearings by the Court, in written orders, and in correspondence with defense counsel." *Id*. Therefore, "Plaintiffs should have known their positions on venue and service were groundless." *Id*. The court awarded sanctions comprising the "fees and costs incurred by the non-resident Defendants in association with their Motion to Dismiss and Motion for Sanctions." *Id*.

Following the court's decision, Merit's counsel filed detailed documentation establishing that the reasonable attorney fees expended for the six motions to dismiss and the motion for sanctions amounted to $95,966.90. (SAppx808-815; SAppx819-829; SAppx833-873; SAppx877-883.)

K. *The Khans' Flurry of Additional Frivolous and Outrageous Filings*

The Khans then filed a notice of appeal challenging the court's judgment dismissing their complaint (SAppx807)[2] and began a flurry of additional frivolous filings while awaiting the court's ruling quantifying the sanctions.

The Khans first requested that "all actions of the court be kept in abeyance" until their appeal was decided (SAppx884-885) but did not even address the rules governing a stay pending appeal. Merit demonstrated a stay was inappropriate, and the court denied the motion. (SAppx886-893; ECF No. 150.)

The Khans next argued that the amount of fees sought was too high because "the reasonable cost [for preparing a motion to dismiss] is at most $1000-$2000, as Drs Khan have confirmed with their many attorney friends." (SAppx900.) The Khans offered no affidavits or other evidence to support this assertion and made no specific objections to the fees sought, nor did they acknowledge that the fees were for the preparation of *six* motions to dismiss *and* a motion for sanctions. (SAppx899-901.) This was the Khans' ***fourth*** filing opposing sanctions in which they did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx899-901.)

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[2] The Khans later filed a notice of appeal (to the Seventh Circuit) challenging the court's Rule 11 decisions but dismissed that appeal. (SAppx1072-1073; SAppx1823.) They never filed another notice of appeal, raising questions about the Federal Circuit's jurisdiction over the Khans' challenge to the Rule 11 sanctions. *See infra* note 3.

The Khans next sent Merit's counsel an email purporting to serve the 100+ Merit physicians with the complaint that the court had already dismissed. (SAppx902-903; SAppx907-910.) After Merit brought this to the court's attention, the Khans asserted that it had been sent "in error." (SAppx911.)

The Khans then filed another paper re-hashing arguments challenging the sanctions. (SAppx915-925.) The Khans again argued that because the physicians had not been served (admitting that there had been insufficient service), the court had no jurisdiction over the physicians and therefore—again arguing a *non sequitur*—the physicians could not ask for sanctions. (SAppx915-916; SAppx921.) Simultaneously (and inconsistently), the Khans argued that "under FRCP Rule 4, the Defendants have a duty and obligation to sign the [waiver] form and return it" and therefore service was "proper under FRCP rule 4." (SAppx915; SAppx920-921.)

Inexplicably, the Khans also asserted that they had "never stated that venue for non-Illinois resident[s] is proper in the Northern District of Illinois" (SAppx918), even though they had argued exactly that (SAppx260; SAppx269; SAppx273; SAppx277) and even though they had opposed the non-Illinois physicians' motions to dismiss for improper venue (SAppx699-701; SAppx743-745; SAppx697). Indeed, the Khans then repeated their rejected arguments that venue was proper under 28 U.S.C. § 1391(g) and 28 U.S.C. § 1404(a). (SAppx918.) The Khans also added new baseless arguments, asserting that "venue, improper service, and misjoinder are not sanctionable issues" because they are "ancillary" to the issue of infringement.

(SAppx922.) This was the Khans' ***fifth*** filing opposing sanctions in which they did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx915-925.)

When Merit's counsel moved to strike the Khans' flurry of new filings, the Khans filed three more papers, again arguing that their infringement case was not frivolous and that "the ancillary issues of venue, service and misjoinder…are not sanctionable under the law." (SAppx989; SAppx990; SAppx991.) These papers were the Khans' ***sixth***, ***seventh***, and ***eighth*** filings opposing sanctions, and none of them contained an objection to the movants' failure to serve the sanctions motion before filing it. (SAppx989; SAppx990; SAppx991.)

The Khans then moved their antics to state court, filing petitions falsely alleging that Merit's counsel had perpetrated non-consensual sexual acts against them and that Merit's counsel had illegally stalked them. (SAppx992-993; SAppx997-1004; SAppx1008-1016; SAppx1020-1037; SAppx1052-1065.) After Merit's counsel demanded that the Khans retract the petitions and inform the state court that the allegations were false, the Khans admitted that the non-consensual sex act petition was improper and dismissed it. (SAppx1009-1014.) The state court denied the stalking petition *sua sponte* because it did "not meet the standards provided by the statute." (SAppx1014, ¶26; SAppx1059.) Merit's counsel notified the district court of these filings to further demonstrate the Khans' "unlimited capacity to make preposterous allegations of fact and law." (SAppx993.)

Having failed in Illinois state court, the Khans filed a complaint with the Utah State Bar, alleging that the mere fact that Merit's counsel had sent written communications to them was improper and demanding that he be disbarred, even though the district court had pointed out that "as pro se Plaintiffs, Defendants' counsel had no choice but to correspond with them directly." (SAppx22; SAppx1692-1706; SAppx1757-1761; SAppx1764-1766.) The Utah State Bar dismissed the complaint a few weeks later. (SAppx1767-1769.)

L. *The District Court's July 15, 2019 Order and July 24, 2019 Judgment Quantifying Rule 11 Sanctions*

The district court issued an order awarding as sanctions the full amount of attorney fees expended by Merit on the six motions to dismiss and the motion for sanctions. 2019 WL 10947306 (N.D. Ill. No. 1:18-cv-05368, July 15, 2019, ECF No. 175) (reproduced at Appx D). The court explained that "[s]ince the filing of the Complaint in this matter, Plaintiffs have exhibited a complete disregard of the Court's procedures, Federal Rules, and controlling precedent" and that "[s]uch actions have not abated." *Id*. at *1. "Instead, Plaintiffs have continued to pepper the Court's docket with unsolicited filings while attempting to advance arguments that have long been deemed wholly irrelevant." *Id*.

The court then determined that Merit's counsel's fees were reasonable. *Id*. at *1-*2. The court explained that the Khans' assertion that "the reasonable cost…is at most $1000-$2000" was a "bald assertion" that did not account for the complexity of patent cases generally nor the fact that

the Khans had made this case more complex by "choosing to sue more than 300 defendants from across the country in a single venue all the while ignoring consistent warnings from the Court and opposing counsel." *Id.* at *2. The court concluded that "[t]he time spent by counsel on this case is a direct reflection of how Plaintiffs chose to conduct themselves throughout this litigation." *Id.*

The Khans filed a request for reconsideration, again arguing that "improper service, misjoinder, and improper venue are not related to the merit of the claims." (SAppx1066.) The Khans again argued that their claims for *infringement* were not frivolous. (SAppx1067.) This was the Khans' ***ninth*** filing opposing sanctions in which they did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx1066-1068.)

The court then entered judgment in favor of Merit and against the Khans in the amount of the sanctions. (SAppx23) (reproduced at Appx C). It also held a hearing the next day on the Khans' request for reconsideration, where the Khans repeated the arguments made in their filing. (SAppx1075-1079, 2:25-6:19.) At the hearing, the Khans once again did not object to the movants' failure to serve the sanctions motion before filing it. (SAppx1074-1087.) The Court denied the Khans' motion for reconsideration, explaining to the Khans: "[O]ver and over again my rulings have been telling you that there is a place where you must bring your case, and this is not the appropriate place under the law…. We have procedures. We have rules. And I warned you over and over and over again, both orally and in my written rulings. …I sanctioned you for not listening

to my court orders." (SAppx1079-1086, 6:20-10:15, 13:23-25; *see also* SAppx1071.)

M. *Merit's Motion for Attorney Fees Under 35 U.S.C. § 285*

Merit then filed a motion, on behalf of itself and as equitable subrogee for the physicians it had indemnified, for an award of its attorney fees under 35 U.S.C. § 285. (SAppx1088-1107.) Merit's motion was based on the weakness of the Khans' litigation positions and the unreasonable manner in which they had litigated the case. (SAppx1095-1104.) Merit did not seek a double recovery of the $95,966.90 already awarded as Rule 11 sanctions. Instead, it sought that amount only conditionally, *i.e.*, if the sanctions were disturbed on appeal. Merit also sought an additional $292,693 in fees expended on the remainder of the case. (SAppx1092; SAppx1104-1106.)

In response, the Khans first argued that Merit's attorney-fee motion should be denied because the Khans' appeal from the judgment dismissing the complaint was pending. (SAppx1771.) Merit cited basic case law holding that a court may award attorney fees in such circumstances. (SAppx1772-1776.) The Khans then reversed course, admitting that they "absolutely recognize the authority of the Hon. Court to award attorney fees after judgment has been entered." (SAppx1780.)

The Khans did not challenge the reasonableness of the fees sought by Merit. (SAppx1785-1790; SAppx1125-1126, ¶¶40-43; SAppx1223-1227; SAppx1295-1301.) Nor did the Khans provide *any* response regarding the unreasonable manner in

which they had litigated the case, raising only the same (and some additional) frivolous arguments that confirmed the weakness of their litigation positions. (SAppx1785-1790; SAppx1799-1810.) For example, the Khans' response cited this Court's decision in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545 (2014) for the proposition ***reversed*** in that case. (SAppx1787; SAppx1806-1807.)

The district court denied Merit's Section 285 motion on grounds not argued by the Khans. (SAppx24.) Specifically, the court denied Merit's request for a conditional award of the $95,966.90 already awarded as sanctions because it did not want to rule on "a set of hypothetical circumstances." *Id.* The court also denied Merit's request for additional fees because it concluded the fees awarded as sanctions were sufficient. *Id.*

N. *Federal Circuit Appeal*

On appeal to the Federal Circuit, the Khans challenged the district court's dismissal of their complaint for insufficient service, improper venue, improper joinder, and/or want of prosecution. (Fed. Cir. Appeal No. 19-1952, ECF No. 38.) In their first opening brief, the Khans also challenged the court's award of sanctions but did not challenge the sanctions on the ground that the movants had failed to serve the sanctions motion before filing it. *Id.* The clerk's office rejected the Khan's first brief for failure to comply with the court's rules, and the Khans filed a second brief. In that brief, the Khans again failed to challenge the sanctions based on failure to serve the motion before filing it. (ECF No. 58.) The clerk's office likewise rejected the second brief. It was not until the Khans filed their third opening brief that

they first challenged the sanctions on grounds that the movants had failed to serve the motion before filing it. (ECF No. 72, p. 20.)

In response, Merit pointed out that the Khans had not objected in the district court on that ground and had therefore forfeited the argument. (ECF No. 85, p. 66.) Merit also explained that under Seventh Circuit precedent, serving a letter containing the grounds for the sanctions motion constituted "substantial compliance" with the requirement to serve the motion and was sufficient. *Id*. Merit pointed out that the Khans had been served with several such letters more than 21 days prior to filing the sanctions motion and therefore the Seventh Circuit's requirements had been satisfied. *Id*.

In support of its cross appeal, Merit argued that the district court had abused its discretion in failing to award additional fees under Section 285. *Id*. at 78-85. Merit also argued that *if* the sanctions were disturbed on appeal, the denial of the Section 285 motion should be vacated given the district court's reasons for rejecting that motion. *Id*. at 85.

The Federal Circuit affirmed the district court in all respects. *Khan v. Hemosphere Inc*., 825 Fed. Appx. 762 (Fed. Cir. 2020) (reproduced at Appx. A). On the issue of sanctions, the Federal Circuit explained that it applies regional circuit law to non-patent issues, here the law of the Seventh Circuit, and concluded that the movants had provided adequate notice to the Khans under the Seventh Circuit's precedents. *Id*. at 770-71. The Federal Circuit did not address Merit's argument that the Khans had forfeited their challenge on that issue. *Id*.

On the issue of Merit's Section 285 motion, the Federal Circuit concluded that the court had not abused its discretion in denying additional attorney fees. *Id.* at 772-73. Because it affirmed the Rule 11 sanctions, the Federal Circuit did not reach Merit's conditional argument asking for vacatur if the sanctions were disturbed on appeal. *Id.*

After the Federal Circuit's decision, the Khans petitioned for rehearing, again challenging the award of sanctions; the Federal Circuit denied the petition. (ECF Nos. 140, 153.) The Khans now petition for a writ of certiorari, challenging the sanctions award on the ground that the Rule 11 motion was not served on them before it was filed. The Khans' petition should be denied, and their long saga of egregious behavior put to rest.

REASONS FOR DENYING THE PETITION

I. The Khans Forfeited the Challenge They Now Raise by Failing to Raise It in the District Court

"No procedural principle is more familiar to this Court than that a…right may be forfeited…by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it." *Yakus v. United States*, 321 U.S. 414, 444 (1944). "If a litigant believes that an error has occurred (to his detriment) during a federal judicial proceeding, he must object in order to preserve the issue. If he fails to do so in a timely manner, his claim for relief from the error is forfeited." *Puckett v. United States*, 556 U.S. 129, 134 (2009).

Here, although the Khans raised multiple arguments in the district court against the sanctions motion, not once did they object on the ground that the motion was not served before it was filed. In fact, the Khans filed a total of ***nine*** papers in the district court opposing the sanctions motion, and in ***none*** of them did the Khans raise the objection they now raise in their petition. (SAppx715-717; SAppx757-760; SAppx771-773; SAppx899-901; SAppx915-925; SAppx989; SAppx990; SAppx991; SAppx1066-1068.) The Khans also appeared at two hearings at which the sanctions motion was discussed. The Khans did not raise the objection they raise here at either hearing. (SAppx979-988; SAppx1074-1087.) Thus, the Khans forfeited the challenge raised in their petition.

There is wisdom in the doctrine of forfeiture because it "serves to induce the timely raising of claims and objections, which gives the district court the opportunity to consider and resolve them." *Puckett*, 556 U.S. at 134. "In the case of an actual or invited procedural error, the district court can often correct or avoid the mistake so that it cannot possibly affect the ultimate outcome." *Id*.

If the Khans had raised their objection in the district court, the movants could have cured the objection by re-filing their motion more than 21 days after serving it. Or the district court could have rejected the motion on that ground and granted attorney fees under 35 U.S.C. § 285 instead. But the Khans made no such objection.

The first time the Khans raised their objection was late in their appeal, when the district court could do nothing about it. As explained above, it was

not until the Khans filed their third opening brief that they challenged the sanctions on grounds that the movants had failed to serve the motion before filing it. (ECF No. 72, p. 20.)[3]

In response, Merit pointed out that the Khans had not objected to the movants' failure to serve the motion and had therefore forfeited that argument. (ECF No. 85, p. 66.) Although the Federal Circuit chose to affirm the court's judgment on other grounds, the Khans' forfeiture remains an alternative ground for affirmance and therefore a reason to deny certiorari. *E.g., Schock v. United States*, 139 S.Ct. 674, 675 (2019) (Sotomayor, J., concurring in the denial of certiorari) (explaining that an unaddressed alternative ground for affirmance "might complicate our review").

In briefing their petition for rehearing below, the Khans argued that forfeiture was no barrier because in its sanctions decision the district court "passed upon" the question now presented by the Khans. (ECF No. 149-2, pp. 2-3 (citing *United States v. Williams*, 504 U.S. 36, 41 (1992)).) The Khans also argue here that the issue is "cleanly presented"

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[3] The fact that the Khans did not raise the issue until their *third* brief has additional significance because it was only the Khans' *first* brief that could have been timely enough to operate as a notice of appeal and provide jurisdiction to the Federal Circuit over the Khans' challenge to the Rule 11 sanctions. Although Merit raised the issue, *see* ECF No. 85, pp. 6-7, the Federal Circuit's opinion did not address whether the first brief *did* properly operate as a notice of appeal where the Khans had filed a traditional notice of appeal from the Rule 11 judgment and then dismissed it. ***This unaddressed jurisdictional question is yet another reason why this case is a poor vehicle for reviewing the question presented by the Khans***.

because the Federal Circuit passed upon it. (Petition, p. 16.) Those arguments should be rejected for at least three reasons.

First, a careful reading of the district court's decision shows that it did not address the issue now raised by the Khans. The court only analyzed whether the movants' *letters* had been served more than 21 days before the motion was filed, thus affording the Khans more than 21 days "to withdraw or correct offending activity." 2019 WL 2137378 at *5. The district court did not decide whether the *motion* had to be served more than 21 days before filing. That is no surprise, since the Khans did not raise that question.

Second, the Federal Circuit did not present any justification or explanation for the rule it applied on appeal. Instead, it merely repeated its longstanding practice of applying regional circuit law to non-patent issues and mechanically applied Seventh Circuit precedent. A case in which the court being reviewed has provided reasoning and justification for its rule would be a much better vehicle than this one.

Third, and most significantly, even if the district court or the Federal Circuit were deemed to have adequately "passed upon" the issue, that fact does not automatically excuse a party's forfeiture or automatically require review. This Court still retains discretion to hold a party to its failure to object in the district court, and there are strong prudential reasons for doing so. *See Williams*, 504 U.S. at 41 (explaining that a decision to review an issue not raised below is an "exercise of…discretion").

In *Springfield v. Kibbe*, 480 U.S. 257 (1987), for example, the petitioner did not object to a jury instruction that gross negligence *was* sufficient, but then argued to this Court that gross negligence was *not* sufficient. *Id.* at 258. This Court dismissed the writ of certiorari as improvidently granted. *Id.* at 258-60. The dissent argued that the failure to object in the district court did not preclude this Court's review of the question because "it was passed on by the Court of Appeals below." *Id.* at 259. This Court nevertheless exercised its discretion not to consider the question because "there would be considerable prudential objection to reversing a judgment because of [jury] instructions that petitioner accepted." *Id.*

The same reasoning applies here. There would be "considerable prudential objection" to reversing the sanctions against the Khans when they did not lodge their objection and thereby accepted the procedure in the district court. If the Khans had objected, the movants or the district court could have cured the objection. But the Khans did not do so and forfeited that objection. It would be unfair to hold the movants to a procedural rule that the Khans did *not* raise but then excuse the Khans from the procedural doctrine of forfeiture that the movants *have* raised. The Khans' petition should be denied.

II. The Harmless Error Rule Makes This Case a Poor Vehicle for Certiorari

The harmless error rule requires a court of appeals or this Court "[o]n the hearing of any appeal or writ of certiorari in any case, [to] give judgment after an examination of the record without regard to errors or defects which do not affect the substantial

rights of the parties." 28 U.S.C. § 2111; *accord* Fed.R.Civ.P. 61 ("At every stage of the proceeding, the court must disregard all errors and defects that do not affect any party's substantial rights.").

In other words, the harmless error rule instructs courts as follows: "Do not be technical, where technicality does not really hurt the party whose rights in the trial and in its outcome the technicality affects." *Kotteakos v. United States*, 328 U.S. 750, 760 (1946) (internal quotation marks omitted). A district court's error does not affect a party's "substantial rights" if the error was not "prejudicial," *i.e.*, if it would not have "affected the outcome of the district court proceedings." *United States v. Olano*, 507 U.S. 725, 734 (1993). In a civil case, "[h]e who seeks to have a judgment set aside because of an erroneous ruling carries the burden of showing that prejudice resulted." *Palmer v. Hoffman*, 318 U.S. 109, 116 (1943).

Here, the Khans have not carried their burden to demonstrate that any error by the district court would have changed the outcome or was otherwise prejudicial. Nor has there been any showing that this issue is an "important" issue worthy of certiorari. *See* S.Ct. Rule 10(a). Indeed, the record makes clear that any error was harmless.

The purpose of the requirement to serve a Rule 11 motion more than 21 days before filing it is to provide notice to the served parties of the basis for the claim for sanctions and to allow time for those parties to correct their misconduct without being sanctioned. Here, it is incontrovertible that service of the Rule 11 motion 21 days before filing would not

have resulted in withdrawal of the sanctioned conduct.

The movants filed (and served) their sanctions motion on March 7, 2019. On March 12, five days later, the Khans filed their opposition to the physicians' motions to dismiss, reaffirming their frivolous arguments regarding service of process and venue. (SAppx615-634; SAppx699-701.) In the 21 days that followed the filing of the sanctions motion, the Khans did not withdraw their opposition to the motions to dismiss. Indeed, when the court ruled that service and venue were improper on May 16, 2019 (more than two months after the filing of the sanctions motion), the Khans still had not withdrawn their opposition. 2019 WL 2137378 at *2-*3.

The Khans not only maintained their opposition to the motions to dismiss after the sanctions motion was filed and served; they also continued to argue—on at least four occasions—that service on the physicians had been proper. (SAppx699-701; SAppx984, 6:2-7; SAppx743-754; SAppx771.) The Khans also continued to argue that they were "in compliance" with the court's orders regarding venue even though they continued to oppose the motions to dismiss. (SAppx772.)

Even after the court *granted* the motions to dismiss and *awarded* sanctions, the Khans *still* continued to argue that the defendants had "a duty and obligation to sign the [waiver] form" and that service was "proper." (SAppx920-921.) The Khans also continued to argue that venue was proper. (SAppx918.) Indeed, the Khans continued making those arguments on appeal to the Federal Circuit. (ECF No. 72, pp. 15-16; ECF No. 76, pp. 11-12.)

Given this record, it is crystal clear that service of the Rule 11 motion before filing it would not have persuaded the Khans to withdraw their frivolous arguments to avoid sanctions.

The fact that earlier service of the motion would have made no difference demonstrates that any error by the district court did not "affect substantial rights" and must therefore be disregarded under the harmless error rule. *Olano*, 507 U.S. at 734.

Although Merit did not argue for application of the harmless error rule at the Federal Circuit but only relied on forfeiture and on the Seventh Circuit's Rule 11 precedents, "[a] successful party in the District Court may sustain its judgment on any ground that finds support in the record." *Jaffke v. Dunham*, 352 U.S. 280, 281 (1957); *accord Dandridge v. Williams*, 397 U.S. 471, 475 n.6 (1970). In any event, it is the Khans' burden to demonstrate that any error was not harmless, not Merit's burden to demonstrate otherwise. *Palmer*, 318 U.S. at 116. Because awarding sanctions without requiring earlier service of the sanctions motion was at most harmless error, this case is a poor vehicle for addressing the question presented by the Khans.

III. The Khans' Petition Ignores Their Egregious Conduct and Their Alternative Liability for Attorney Fees Under 35 U.S.C. § 285

The Khans' petition should also be denied because their egregious misconduct is likely to give rise to an award of attorney fees even if the Rule 11 award is reversed. In that scenario, it is highly likely

that the Khans will face an award of attorney fees under 35 U.S.C. § 285 instead.

The district court rejected Merit's request to award additional fees under Section 285 ***on grounds that the fees already awarded as Rule 11 sanctions were sufficient***. (SAppx24.) It also rejected the request to conditionally award fees ***because it did not want to rule on a set of "hypothetical circumstances."*** *Id.* If this Court grants the Khans' petition and reverses the award of fees under Rule 11, neither of those reasons for rejecting fees under Section 285 will be applicable any longer. In that scenario, the district court must in fairness be given the opportunity to determine whether to award fees under Section 285 in the *absence* of fees under Rule 11. That is the subject of Merit's cross-petition. And the record demonstrates that it is highly likely that the district court will award fees under Section 285 if its award of fees under Rule 11 is reversed. Thus, answering the question presented by the Khans will likely make no difference to the outcome in this case, making it a poor vehicle to address that question.

IV. The Khans' Petition Should Be Denied Because Further Percolation Among the Circuits Is Warranted

The Khans argue that there is an 8-2 circuit split on the question they have presented, but the split urged by the Khans is not as deep, as clear, nor as settled as they would like the Court to believe.

The cases cited by the Khans from three of the eight circuits do not decide whether warning letters satisfy Rule 11(c)(2) but instead involve situations

not involving warning letters. *In re Miller*, 730 F.3d 198 (3d Cir. 2013); *Brickwood Contractors, Inc. v. Datanet Engineering, Inc.*, 369 F.3d 385 (4th Cir. 2004); *Gordon v. Unifund CCR Partners*, 345 F.3d 1028 (8th Cir. 2003). Moreover, this case not only involves warning letters but also multiple judicial warnings. Indeed, the district court told the Khans that it had sanctioned them "for not listening to my court orders." (SAppx1082.) Even the five circuits concluding that warning letters are insufficient might conclude that judicial warnings are. Further percolation would allow consideration of the full range of relevant circumstances.

Furthermore, the Seventh Circuit has signaled that it may revisit its precedent on warning letters in an appropriate case. *Northern Illinois Telecom, Inc. v. PNC Bank, N.A.*, 850 F.3d 880, 887-88 (7th Cir. 2017) (acknowledging that "the substantial compliance theory we adopted in *Nisenbaum* stands alone" but concluding, given the facts of the case, that "[w]e need not revisit here whether substantial compliance can ever satisfy…Rule 11(c)(2)"); *McGreal v. Village of Orland Park*, 928 F.2d 556, 559 (7th Cir. 2019) (deciding in light of the sanctioned party's forfeiture to "leave any reconsideration of *Nisenbaum* for another day"). The Khans misleadingly suggest that the Federal Circuit has adopted the Seventh Circuit's current position, but the Federal Circuit merely followed its standard practice of applying Seventh Circuit law to a non-patent issue in a case originating from that circuit. As a result, only one circuit has ruled in favor of warning letters. Others may yet do so. Or the Seventh Circuit may reconsider, eliminating the split altogether.

Accordingly, further percolation in the circuits on these matters is warranted, particularly given the Khans' forfeiture of any challenge to Seventh Circuit precedent and given the other problems this case presents as a vehicle for addressing the Seventh Circuit's current rule.

CONCLUSION

For the reasons set forth above, the Khans' petition should be denied. If the Court grants the petition, Merit's cross-petition should also be granted.

Respectfully submitted,

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