

No. _____

In the
Supreme Court of the United States

PRISM TECHNOLOGIES LLC,
Petitioner,

v.

SPRINT SPECTRUM L.P., DBA SPRINT PCS,
Respondent.

**On Petition for Writ of Certiorari to the United
States Court of Appeals for the Federal Circuit**

PETITION FOR WRIT OF CERTIORARI

PAUL J. ANDRE
Counsel of Record
LISA KOBIALKA
KRAMER LEVIN NAFTALIS &
FRANKEL LLP
990 Marsh Road
Menlo Park, CA 94025
(650) 752-1700
pandre@kramerlevin.com
lkobialka@kramerlevin.com

JONATHAN S. CAPLAN
MARK A. BAGHDASSARIAN
AARON M. FRANKEL
CRISTINA MARTINEZ
KRAMER LEVIN NAFTALIS &
FRANKEL LLP
1177 Avenue of the Americas
New York, NY 10036
(212) 715-9100
jcaplan@kramerlevin.com
mbaghdassarian@kramerlevin.com
afrankel@kramrelevin.com
cmartinez@kramerlevin.com

Counsel for Petitioner

May 1, 2019

QUESTIONS PRESENTED

Whether the Federal Circuit Court of Appeals may retroactively expand the scope of its appellate jurisdiction to invalidate patent claims under 35 U.S.C. § 101 when those claims were not raised in the petitioner's appeal or necessary for its judgment?

Whether a district court may disregard a mandate from the Federal Circuit for entry of judgment, and ignore this Court's precedent, by retroactively applying the collateral estoppel doctrine based on a ruling in a subsequent action where there is no mutuality of claims or defenses?

PARTIES TO THE PROCEEDING

All Parties to the proceeding are identified in the caption.

RULE 29.6 STATEMENT

Petitioner Prism Technologies, LLC is a wholly owned subsidiary of Prism Technologies Group, Inc., a public company listed on the OTC that owns 10% or more of Prism Technologies, LLC's equity.

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RULE

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PETITION FOR WRIT OF CERTIORARI

Petitioner Prism Technologies, LLC (“Prism”) respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The decision of the Court of Appeals for the Federal Circuit (the “Federal Circuit”) is available at *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App’x 980 (Fed. Cir. 2019) and reproduced at Petitioner’s Appendix (Pet. App.) 1-16, 17. The unpublished order of the Federal Circuit denying Prism’s motion to stay the mandate is reproduced at Pet. App. 91-92.

The Federal Circuit’s decision affirming the judgment of infringement and award of damages against Respondent Sprint Spectrum L.P d/b/a Sprint PCS (“Sprint”) and in favor of Prism is available at *Prism Techs. LLC v. Sprint Spectrum L.P.*, 849 F.3d 1360 (Fed. Cir.), *cert. denied*, 138 S. Ct. 429 (2017), and is reproduced at Pet. App. 50-83. The Federal Circuit’s corresponding mandate is available reproduced at Pet. App. 93-94 (the “*Sprint* Mandate”).

The Federal Circuit’s decision finding patent ineligible certain claims Prism asserted at trial against defendant T-Mobile USA, Inc.’s (“T-Mobile”), which were not asserted against Sprint, is available at *Prism Techs., LLC v. T-Mobile USA, Inc.*, 696 F. App’x 1014, 1018 (Fed. Cir. 2017), and reproduced at Pet. App. 36-44. The district court’s unpublished memorandum opinion denying defendant T-Mobile’s post-trial motion for judgment as a matter of law of patent ineligibility

pursuant to Fed. R. Civ. P. 50(b) is available at *Prism Techs., LLC v. T-Mobile USA, Inc.*, 8:12CV124, 2016 WL 1369349 (D. Neb. Apr. 6, 2016), *aff'd in part, rev'd in part, appeal dismissed*, 696 F. App'x 1014 (Fed. Cir. 2017).

The district court's unpublished order granting Prism's motion for summary judgment of patent eligibility, and denying T-Mobile's motion for summary judgment of patent ineligibility, is available at *Prism Techs., LLC v. T-Mobile USA, Inc.*, 8:12cv124, 2015 WL 6161790 (D. Neb. Sept. 22, 2015) and reproduced at Pet. App. 84-90.

JURISDICTION

The court of appeals entered judgment on February 1, 2019 (Pet. App. 16) and denied Prism's timely motion to stay issuance of the mandate on March 5, 2019 (Pet. App. 91-92). This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

INTRODUCTION

This case implicates the Federal Circuit's disregard of longstanding legal principles, including limitations on appellate jurisdiction, waiver of claims and defenses, this Court's mandate rule and the necessary elements of the collateral estoppel doctrine, in order to craft an outcome in a patent case that fits the Federal Circuit's preferred result, but that violates these principles and the facts of the appeal before it. In particular, the Federal Circuit in its decision below disregarded bedrock legal principles and effectively re-wrote the parties' pleadings to assert on appeal a new counterclaim not pled below in order to set aside

Prism's \$32 million judgment of patent infringement against Sprint. Resolution of the issues raised herein is imperative to stem the tide of the Federal Circuit using seemingly unfettered discretion to invalidate patent claims to achieve its preferred result, regardless of what party rights and legal principles it violates in so doing.

The issues raised in this appeal originate from the Federal Circuit's disregard of the procedural interplay between two different patent infringement actions that Prism brought against two different wireless carrier defendants. In this action, Prism obtained a \$32 million judgment against Sprint. Importantly, Sprint *never challenged* the eligibility of Prism's patents under 35 U.S.C. § 101. Indeed, Sprint waived all of its invalidity defenses prior to trial. On appeal, the Federal Circuit affirmed the judgment, issued its mandate, and this Court denied Sprint's petition for writ of certiorari. All that remained was for the District Court to enforce the judgment consistent with the mandate. The District Court did not do so.

Instead, the District Court exceeded the scope of the mandate by considering invalidity issues Sprint never pursued against claims Prism did not assert at trial. In particular, the District Court vacated Prism's judgment against Sprint based on an intervening decision from a panel of the Federal Circuit in a separate matter against T-Mobile USA, Inc. (the "*T-Mobile Panel*"). The *T-Mobile Panel* found patent ineligible certain claims from the same patents asserted by Prism against Sprint. Those claims,

however, were not the same claims Prism asserted and prevailed upon at trial against Sprint.

On appeal, the Federal Circuit compounded the District Court's error by issuing an affirming opinion that flies in the face of bedrock procedural law. For example, when the Federal Circuit recognized that the *T-Mobile* Panel lacked jurisdiction to rule on claims and defenses unique to Sprint, it simply re-wrote on appeal T-Mobile's pleadings to create such jurisdiction. In addition, recognizing that the absence of required elements of the collateral estoppel doctrine precluded its application, the Federal Circuit turned on its head this Court's holdings in cases such as *Blonder-Tongue Labs., Inc. v. Univ. of Illinois Found.*, to retroactively apply the forward-looking doctrine of collateral estoppel. 402 U.S. 313 (1971). And because the mandate rule, which deprived the District Court of jurisdiction to do anything but enforce the judgment against Sprint, stood in the way of the Federal Circuit's preferred outcome, the Federal Circuit simply ignored it. Thus, the Federal Circuit side-stepped each of these tenets to achieve its desired result, regardless of what rights it trampled in the process.

The precedent-setting questions involved in this Petition include whether an appellate court can disregard bedrock legal principles, re-write the parties' pleadings and expand the scope of appellate jurisdiction all to achieve an outcome that deprives a successful litigant, such as Prism, the judgment to which it is entitled under these very principles. In particular, Prism's Petition raises the issue of whether the Federal Circuit may retroactively expand the scope

of its appellate jurisdiction to invalidate patent claims under 35 U.S.C. § 101 when those claims were not raised in the petitioner's appeal or necessary for its judgment. In addition, the Petition raises important issues relating to whether a district court may disregard a mandate from the Federal Circuit for entry of judgment, and ignore this Court's precedent, by retroactively applying the collateral estoppel doctrine based on a ruling in a subsequent action where there is no mutuality of claims or defenses.

While these issues equally apply both within and beyond the patent context, as every federal court can be called on to apply these principles and jurisdictional issues in virtually all civil cases, they carry significant importance to interests of finality in patent cases. After the passage of the Leahy-Smith American Invents Act of 2011, the ability of patent owners to join defendants in a single action is constrained. As a result, co-pending or successive lawsuits involving the same patents are commonplace. But under the Federal Circuit's flawed reasoning, no judgment in any action is secure until the final appeal in the last case is completely exhausted – even if, as here, there is no commonality between the claims and defenses asserted. Such an unfair consequence that undermines the finality of judgments should not be condoned.

For the reasons set forth herein, the Petition should be granted to resolve these important issues.

STATEMENT OF THE CASE

A. After Prism Prevailed at Trial Against Sprint, the Federal Circuit Affirmed the Judgment and Issued a Mandate

Prism filed a patent infringement suit against Sprint in 2012, and, after three years of litigation and a successful jury trial, obtained a \$32 million judgment (the “2015 *Sprint* Judgment”). *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App’x 980, 982 (Fed. Cir. 2019); Pet. App. 47-49. Specifically, the jury found Sprint liable for infringing Claims 1 and 33 of the ‘345 Patent and Claims 7 and 37 of the ‘155 Patent (the “*Sprint* Only Claims”). *Id.*

Importantly, Sprint never challenged at trial the validity or patent eligibility of Prism’s asserted patents. Indeed, Sprint abandoned all of its invalidity defenses prior to trial. *Id.* at 987 (“[S]print [] dropped its invalidity challenges just before trial in 2015 and did not raise such challenges on appeal of the judgment against it.”).

The Federal Circuit affirmed in full the 2015 *Sprint* Judgment and, thereafter, issued its mandate (the “*Sprint* Mandate”). *Id.* at 982; Pet. App. 93. Following issuance of the *Sprint* Mandate, Prism filed a motion to enforce the 2015 *Sprint* Judgment because the District Court lacked jurisdiction to consider any other issue. But before the District Court ordered enforcement of the judgment, Sprint filed a motion for relief from judgment, which the District Court erroneously granted and vacated the 2015 *Sprint* Judgment. Pet. App. 17-31.

B. The Federal Circuit’s Subsequent *T-Mobile* Invalidity Decision is Used to Vacate the 2015 *Sprint* Judgment

In October 2015, Prism proceeded to trial against T-Mobile in a separate action in which Prism asserted the same patents, but a *different* set of claims than it asserted at trial against Sprint – namely, Claims 1, 77 and 87 of the ‘345 Patent and Claims 11, 37 and 56 of the ‘155 Patent (the “*T-Mobile* Claims”). The T-Mobile jury entered a verdict of non-infringement and, on appeal and after the Federal Circuit issued the *Sprint* Mandate, a different panel the Federal Circuit (the “*T-Mobile* Panel”) found *T-Mobile* Claims patent ineligible under § 101. *Prism Techs., LLC v. T-Mobile USA, Inc.*, 696 F. App’x at 1018 (the “*T-Mobile* Invalidity Decision”).

Based on the *T-Mobile* Invalidity Decision, Sprint moved the District Court for relief from the Judgment and concurrently petitioned the Federal Circuit to recall the *Sprint* Mandate so that the 2015 *Sprint* Judgment could not be enforced. *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App’x at 982. In denying Sprint’s request to recall the Mandate, the Federal Circuit directed the District Court to consider “what patent claims were actually subject of [the Federal Circuit’s] T-Mobile ruling” in resolving Sprint’s motion for relief from judgment. Pet. App. 34.

Notwithstanding that Sprint never pursued a § 101 defense and that the *Sprint* Only Claims were not before the *T-Mobile* Panel, the District Court set aside the 2015 *Sprint* Judgment, finding that the *T-Mobile* Invalidity Decision somehow applied to the *Sprint* Only

Claims. Pet. App. 28. To reach this conclusion, the District Court based its reasoning entirely on its interpretation of the parties' post-trial briefing in the T-Mobile action and worked backwards through a series of references to ultimately reach back to its summary judgment order in the *T-Mobile* matter, wherein the District Court found all of the claims Prism initially asserted against T-Mobile were patent eligible under § 101. Pet. App. 26-27.

C. The Record Confirms the *T-Mobile* Invalidation Decision Does Not Apply to the *Sprint* Only Claims

On appeal, Prism argued to the Federal Circuit that the *T-Mobile* Invalidation Decision does not apply to the *Sprint* Only Claims (i.e., Claim 33 of the '345 Patent or Claim 7 of the '155 Patent), which the jury found Sprint liable of infringing, for various reasons.

First, T-Mobile asserted § 101 patent ineligibility **only** as an affirmative defense in its answer, **not** as a counterclaim. Pet. App. 94-102. Thus, T-Mobile's § 101 affirmative defense was limited to the claims Prism asserted against it at trial, which did not include the *Sprint* Only Claims. Thus, the patent eligibility of the *Sprint* Only Claims could not have been before the *T-Mobile* Panel.

Second, statements made by circuit judges and T-Mobile's counsel during oral argument before the *T-Mobile* Panel confirm that the *Sprint* Only Claims were not addressed in the *T-Mobile* Invalidation Decision. In particular, the *T-Mobile* Panel specifically asked counsel for both T-Mobile and Prism whether T-Mobile

asserted § 101 as an affirmative defense or a counterclaim, and stated that the Federal Circuit did not have jurisdiction to consider any T-Mobile counterclaim relating to invalidity for which there was not a final judgment. Pet. App. 45-46. T-Mobile’s counsel, in response to a follow-up question by Judge Lourie, confirmed that all of T-Mobile’s invalidity defenses merged into affirmative defenses at the time of the final pretrial conference. *Id.* This exchange confirms that T-Mobile’s affirmative defenses, including its § 101 patent ineligibility affirmative defense, only related to the claims Prism asserted against T-Mobile at trial and did not reach the jury.

Third, the executed jury verdict confirms that Prism prevailed at trial in establishing that Sprint infringed two claims that Prism did not assert at trial against T-Mobile and thus were not the subject of the *T-Mobile* Invalidation Decision—namely, Claim 33 of the ‘345 Patent and Claim 7 of the ‘155 Patent. *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App’x at 982, 984.

Fourth, the *T-Mobile* Invalidation Decision repeatedly confirms that it applies only to the claims asserted at trial against T-Mobile, as evidenced by **every sentence** in which the *T-Mobile* Panel discussed the basis of its jurisdiction, the claims at issue and the standard of review applied. In particular, the *T-Mobile* Panel (i) explicitly stated that “[T-Mobile] cross-appeals the district court’s final decision denying its motions for judgment as a matter of law,” which only involved the claims asserted at trial against T-Mobile (*T-Mobile* Invalidation Decision, 696 F. App’x at 1015); (ii) repeatedly referred to the “asserted claims,” which

do not include the two *Sprint* Only Claims (*id.* at 1016-17); and (iii) explained in the legal standard portion of its decision that it was only reviewing the District Court’s post-trial ruling on T-Mobile’s motion for judgment as a matter of law (“JMOL”), which did not involve the *Sprint* Only Claims, stating: “we review denial of JMOL motions under regional circuit law—here, the Eighth Circuit.” *Id.* at 1017.

D. The Federal Circuit Affirmed the District Court Judgment Setting Aside the 2015 *Sprint* Judgment

On February 1, 2019, the Federal Circuit issued its judgment affirming the decision of the District Court that set aside the 2015 *Sprint* Judgment. *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App’x at 983. In its opinion, the Federal Circuit determined that the *Sprint* Only Claims were the subject of the *T-Mobile* Invalidity Decision. *Id.* at 986-87. The Federal Circuit’s decision, however, is based on erroneous inferences that contradict the express language of the pleadings that governed the *T-Mobile* and *Sprint* actions.

In particular, the Federal Circuit inferred that, because T-Mobile’s cross-appeal requested the Federal Circuit reverse the district court’s eligibility ruling on all claims at issue in T-Mobile’s summary judgment motion, which included the *Sprint* Only Claims, the “necessary implication is that T-Mobile sought to prevail on a counterclaim of invalidity, not just obtain relief under an affirmative defense.” *Id.* at 985. The Federal Circuit further inferred that the *Sprint* Only Claims were covered by the *T-Mobile* Invalidity

Decision because both Prism and the *T-Mobile* Panel discussed in connection with T-Mobile's cross appeal claims other than the six claims that were tried against T-Mobile. *Id.* at 986.

The Federal Circuit's decision, however, is irreconcilable with T-Mobile's pleading, which only pled § 101 patent ineligibility as an affirmative defense, not a counterclaim. The Federal Circuit's own reasoning highlights this incongruity. For example, the Federal Circuit noted that its conclusion that T-Mobile's answer pled a § 101 patent ineligibility counterclaim is "hardly inevitable" and characterized T-Mobile's answer as "not clear" on this critical issue. *Id.* at 984, 987. The Federal Circuit further recognized that T-Mobile's answer "may not have sufficiently pled a [§ 101 ineligibility counterclaim]" under governing pleading standards, but elected not reach the merit of the issue. *Id.* at 984 n.1. Instead, the Federal Circuit merely inferred the existence of such a counterclaim from the parties' purported actions. *Id.*

The Federal Circuit did not address Prism's argument that collateral estoppel cannot be applied retroactively after a mandate is issued, particularly when Sprint waived any § 101 patent ineligibility defense by never pursuing it at any point in the proceedings. Notably, the Federal Circuit recognized that "Sprint had dropped its invalidity challenges just before trial in 2015 and did not raise such challenges on appeal of the judgment against it." *Id.* at 987. However, without explaining how the *T-Mobile* Invalidity Decision could be retroactively applied post-mandate to an issue Sprint waived, the Federal Circuit

deferred to a general federal patent policy against enforcing an unexecuted judgment of patent liability in certain circumstances. *Id.* at 987-88.

Prism filed a timely motion to stay issuance of the Federal Circuit's mandate, which the Federal Circuit denied in a non-substantive order. Pet. App. 91-92.

REASONS FOR GRANTING THE PETITION

This case underscores the importance of prohibiting appellate courts, including the Federal Circuit, from expanding the scope of their jurisdiction to consider claims and defenses that are not properly before the court on appeal. Here, the Federal Circuit's interpretation of the *T-Mobile* Invalidity Decision as covering the *Sprint* Only Claims is flawed because it impermissibly hinges on an incorrect interpretation of the parties' pleadings and a retroactive expansion of appellate jurisdiction.

In addition, granting the Petition is important to ensure that all lower courts consistently adhere to bedrock legal principles that further the interests of finality of judgments, including the mandate rule, the collateral estoppel doctrine and waiver of claims and defenses. The Federal Circuit's decision permits a district court to disregard each of these principles in favor of a generalized "judicial policy" that undermines the interests of finality. Resolution of Prism's appeal is necessary to ensure that lower courts, including the Federal Circuit, cannot craft an outcome that violates the principles they are bound to apply.

I. Granting the Petition is Necessary to Prohibit Appellate Courts from Re-Writing the Parties' Pleadings and Retroactively Expanding the Scope of Appellate Jurisdiction

Granting Prism's petition is necessary to ensure that lower courts, when deciding issues that implicate the scope of asserted claims and defenses, rule in a manner that is consistent with the parties' pleadings and the procedural posture of the case. Here, the Federal Circuit and District Court failed to so constrain themselves when they determined that the *T-Mobile* Invalidity Decision encompassed the *Sprint* Only Claims. In particular, the Federal Circuit's interpretation of the *T-Mobile* Invalidity Decision impermissibly expands the scope of its appellate jurisdiction by re-writing on appeal the parties' pleadings to assert a § 101 patent eligibility counterclaim that was never pled below.

A. Granting the Petition is Necessary to Confirm that an Appellate Court Lacks Jurisdiction to Consider a § 101 Affirmative Defense Against Claims Dropped Prior to Trial

As explained above and in the following paragraphs, the pleadings and procedural posture of proceedings below confirm that the *T-Mobile* Invalidity Decision involved *different* patent claims than the *Sprint* Only Claims. In light of this indisputable fact, the only way the *T-Mobile* Panel could affirm the District Court's decision, and thus not reinstate Prism's \$32 million judgment against Sprint, was to find that the *T-Mobile* Invalidity Decision somehow encompassed and

invalidated the *Sprint* Only Claims, which were not tried against T-Mobile. To do so, the Federal Circuit needed to interpret T-Mobile's post-trial motion for judgment as a matter of law (the "*T-Mobile* JMOL"), which was the subject of the *T-Mobile* Invalidity Decision, as including the *Sprint* Only claims such that the *T-Mobile* Panel would have had jurisdiction to consider the *Sprint* Only Claims.

The *T-Mobile* Panel, however, lacked jurisdiction to consider a § 101 affirmative defense against the *Sprint* Only Claims in connection with the *T-Mobile* appeal. This is because T-Mobile only pled § 101 patent ineligibility as an affirmative defense, not a counterclaim. The Supreme Court in *Cardinal Chem. Co. v. Morton Int'l, Inc.* emphasized that there is a fundamental difference between an affirmative defense of invalidity, which is tied to the claim of infringement, and a counterclaim of invalidity, which is independent from the claim of infringement. 508 U.S. 83, 93-94 (1993); *Ariosa Diagnostics v. Isis Innovation Ltd.*, IRP2012-00022 (MPT), 2013 WL 2181162, at *4 (P.T.A.B. Feb. 12, 2013). An affirmative defense can only defeat asserted claims, but cannot support affirmative relief. *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 298 (2d. Cir. 1999); *Resource Lenders, Inc. v. Source Sols., Inc.*, No. 1:05-cv-00999-OWW-LJO, 2005 WL 3525670 (E.D. Cal. Dec. 22, 2005) (same). Thus, T-Mobile's § 101 affirmative defense necessarily only applied to the claims T-Mobile asserted at trial, and *T-Mobile's* JMOL and subsequent appeal thereof are likewise limited.

To avoid this result, the Federal Circuit relied on improper inferences to erroneously expand the scope of the claims that were actually on appeal in connection with the *T-Mobile* Invalidity Decision. In particular, the Federal Circuit rejected that the *T-Mobile* Invalidity Decision was limited to the claims actually tried against T-Mobile and implicated by *T-Mobile's* JMOL, and instead inferred it incorporated every claim Prism had asserted against T-Mobile in the complaint and that were the subject of a summary judgment order, even though Prism dropped these claims prior to trial.

Under this flawed reasoning, the Federal Circuit determined that the *T-Mobile* Panel found patent ineligible **seventeen** separate patent claims of the '345 and '155 Patents without so much as a word mentioning that it intended to do so. The effect of this decision is to allow the Federal Circuit on appeal to expand the scope of its jurisdiction and create new counterclaims and defenses that were not part of the trial, post-trial proceedings, or appeal.

1) The *T-Mobile* Invalidity Decision Does Not Cover the *Sprint* Only Claims

As explained above, the record pleadings confirm that T-Mobile asserted § 101 patent ineligibility **only** as an affirmative defense, not a counterclaim. Indeed, the Federal Circuit acknowledges that T-Mobile's counterclaims do not expressly mention § 101 patent ineligibility, but only other types of invalidity under 35 U.S.C. §§ 102, 103 and/or 112. *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App'x at 983.

Nevertheless, the Federal Circuit adopted a “means justify the ends” approach to interpreting T-Mobile’s pleadings, inferring a § 101 counterclaim where none was actually pled. The Federal Circuit made clear its desire to read T-Mobile’s pleading as asserting a § 101 counterclaim so that it could then find the *Sprint* Only Claims are covered by the *T-Mobile* Invalidity Decision. *Id.* (“There is no dispute that, if T-Mobile’s § 101 challenge is viewed as a counterclaim, the rejection of the challenge on summary judgment—covering all claims then at issue—was appealable after final judgment.”).

To achieve its desired result, the Federal Circuit then misread T-Mobile’s answer to find precisely such a counterclaim, even while recognizing the specious nature of such an inference. *Id.* In fact, the Federal Circuit itself repeatedly emphasized the inferential leaps it had to undertake in order to so interpret T-Mobile’s answer. For example, the Federal Circuit stated that its conclusion that T-Mobile’s answer plead a § 101 patent ineligibility counterclaim is “hardly inevitable” and characterized T-Mobile’s answer as “not clear” on this critical issue. *Id.* at 983-84, 987. The Federal Circuit further recognized that T-Mobile’s answer “may not have sufficiently pled a [§ 101 ineligibility counterclaim]” under governing pleading standards, but elected to not reach the merit of the issue. *Id.* at 984 n.1.

2) The *T-Mobile* Panel Lacked Jurisdiction to Consider a § 101 Affirmative Defense Against Claims Dropped Prior to Trial

Disregarding T-Mobile's answer, the Federal Circuit purported to rely on the parties' briefing to infer the existence of a § 101 counterclaim. Specifically, the Federal Circuit posited that because Prism and the *T-Mobile* Panel mentioned claims other than the six claims tried against T-Mobile in connection with the T-Mobile appeal, they effectively "treated" T-Mobile's affirmative defense as a counterclaim. This is incorrect.

First, the parties cannot expand the scope of an appellate court's jurisdiction through argument. *Princeton Digital Image Corp. v. Office Depot Inc.*, 913 F.3d 1342, 1348 (Fed. Cir. 2019) (there are no special rules for patent cases that allow the parties to create appellate jurisdiction for strategic reasons); *see also Bender v. Williamsport Area Sch. Dist.*, 475 U.S. 534, 541, (1986) ("every federal appellate court has a special obligation to 'satisfy itself not only of its own jurisdiction, but also that of the lower courts in a cause under review,' even though the parties are prepared to concede it."). The fact that Prism responded to T-Mobile's cross-appeal, which improperly included a broader set of claims than those Prism asserted at trial against T-Mobile, cannot create jurisdiction that otherwise does not exist. Because the Federal Circuit did not have jurisdiction to issue a dispositive ruling based on an affirmative defense against claims dropped prior to trial, the parties' arguments alone cannot

confer such jurisdiction. Such a conclusion runs afoul of the most basic principles of appellate jurisdiction.

Second, contrary to the Federal Circuit's conclusion, the parties' conduct in connection with the T-Mobile appeal confirms that the T-Mobile appeal did not involve a counterclaim of § 101 patent ineligibility. The Federal Circuit ignored that T-Mobile's own counsel during oral argument before the *T-Mobile* Panel recognized that jurisdiction to present its cross-appeal arguments to the Federal Circuit depended upon its invalidity counterclaims merging into affirmative defenses to the claims asserted at trial that went to the jury. Pet. App. 45-46 (T-Mobile counsel stated its invalidity defenses were "identified as affirmative defenses" at the final pretrial conference and did not go to the jury due to the jury's finding of non-infringement of the asserted claims). Judge Lourie of the *T-Mobile* Panel also confirmed that the Federal Circuit would not have jurisdiction to consider any T-Mobile counterclaim relating to invalidity for which there was not a final judgment. *Id.* (stating the this Court would not have jurisdiction over an invalidity counterclaim for which there was not a final judgment). These statements confirm the *T-Mobile* Panel lacked jurisdiction to consider the *Sprint* Only Claims.

Recognizing that its retroactive conversion of T-Mobile's invalidity defenses into counterclaims would mean there was no final judgment in the T-Mobile action, the Federal Circuit was forced to find that, during oral argument, Prism and T-Mobile selectively converted some of T-Mobile's counterclaims into affirmative defenses. Specifically, the Federal Circuit

found, based on oral argument, that the parties converted the §§ 102, 103 and 112 counterclaims into affirmative defenses. *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App'x at 987 (“In T-Mobile, the only reason that there was an appealable final judgment, despite the absence of a ruling on other counterclaims of invalidity (which mention §§ 102, 103, and 112), was that Prism and T-Mobile agreed to treat those counterclaims of invalidity as affirmative defenses, without a formal pleading change.”). Incredibly, and without any support, the Federal Circuit carved out from that purported agreement T-Mobile’s § 101 affirmative defense, which the Federal Circuit elected to treat as an counterclaim. *Id.* In fact, no such agreement was made during oral argument. And the parties cannot manufacture a final judgment at oral argument for strategic purposes, especially where such an agreement would allow T-Mobile to revive the very defenses it purportedly dismissed if the District Court’s finding of no infringement had been reversed. *Microsoft Corp. v. Baker*, 137 S. Ct. 1702, 1715 (2017) (finding there was no appellate jurisdiction because a party may not simply manufacture a final judgment by dismissing claims with the right to revive those claims if the lower court’s decision is reversed); see also *Princeton Digital Image*, 913 F.3d at 1348.

Third, the Federal Circuit incorrectly states that the *T-Mobile* Invalidity Decision “did not limit its ruling to the six tried claims.” *Prism Techs. LLC v. Sprint Spectrum L.P.*, 757 F. App'x at 986. The Federal Circuit ignores that the *T-Mobile* Panel limited its decision to only the claims asserted at trial against T-Mobile in **every sentence** discussing the basis of its

jurisdiction, the claims at issue and the standard of review applied. In particular, the *T-Mobile* Panel (i) explicitly stated that “[T-Mobile] cross-appeals the district court’s final decision denying its motions for judgment as a matter of law,” which only involved the claims asserted at trial against T-Mobile (*T-Mobile* Invalidity Decision, 696 F. App’x at 1015); (ii) repeatedly referred to the “asserted claims,” which do not include the two *Sprint* Only Claims (*id.* at 1016-17); and (iii) explained in the legal standard portion of its decision that it was only reviewing the District Court’s JMOL ruling, which did not involve the *Sprint* Only Claims, stating: “we review denial of JMOL motions under regional circuit law—here, the Eighth Circuit.” *Id.* at 101.

Fourth, the Federal Circuit’s backward-looking chain of reasoning, namely, that the *Sprint* Only Claims were part of the *T-Mobile* Invalidity Decision based on the District Court’s summary judgment ruling, violates the factual record and is irreconcilable with the procedural posture of the claims and affirmative defenses before the Federal Circuit in the *T-Mobile* appeal. The *T-Mobile* summary judgment order cannot expand the Federal Circuit’s jurisdiction, which was limited to T-Mobile’s § 101 affirmative defense against the claims Prism asserted at trial against T-Mobile and did not include the *Sprint* Only Claims. That a party may, in certain circumstances, appeal a summary judgment decision does not change the fact in the *T-Mobile* Invalidity Decision, the Federal Circuit was reviewing the denial of *T-Mobile*’s JMOL Motion, not the *T-Mobile* SJ Order. The *T-Mobile* Panel could not have reviewed the *T-Mobile* SJ

Order as to the *Sprint* Only Claims because the *T-Mobile* Panel did not have jurisdiction over those claims as they were not part of a counterclaim and the defense was, therefore, mooted when Prism did not proceed on those claims at trial. *Cardinal Chem. Co.*, 508 U.S. at 93-94 (finding affirmative defense of invalidity, unlike a counterclaim, does not survive a finding of non-infringement).

As such, granting Prism's petition for certiorari is necessary to ensure that appellate courts do not exceed their jurisdictional limitations to reach an outcome that is irreconcilable with the pleadings conferring appellate jurisdiction.

II. Granting the Petition is Necessary to Ensure that Lower Courts Faithfully Apply the Mandate Rule and the Collateral Estoppel Doctrine

Granting the Petition is necessary to ensure that lower courts consistently and faithfully apply longstanding legal doctrines that further the interests of finality of judgments, including the mandate rule, the collateral estoppel doctrine and waiver of claims and defenses. Prism's petition stands at the intersection of these important legal tenets, presenting the issue of whether collateral estoppel applies *after* a court enters final judgment, *after* the Federal Circuit issues a mandate, and with respect to an issue that was *never pursued* in the first action.

Here, the Federal Circuit disregarded applicable Supreme Court precedent regarding limitations on the application of the collateral estoppel doctrine. In

Blonder-Tongue Labs., Inc. v. Univ. of Illinois Found., this Court considered the mutuality element of the collateral estoppel doctrine as applied to patent invalidity rulings. 402 U.S. 313 (1971). This Court stressed that the collateral estoppel doctrine cannot be applied where a patentee did not have full and fair opportunity to litigate the validity of a patent in the prior suit, whether it be procedurally, substantively, or evidentially. *Id.* at 333. Thus, the Supreme Court constrained its ruling that collateral estoppel based on an patent invalidity ruling may apply to circumstances involving a **subsequent** lawsuit where a patentee had an opportunity to litigate the validity of its claims. *Id.*

Indeed, in a split panel of a recent Federal Circuit decision, the dissenting opinion rejected the retroactive application of collateral estoppel and reasoned that the *sua sponte* application of the doctrine in instances where the issue was not properly raised presented due process concerns and contradicted the Supreme Court's jurisprudence. *XY, LLC v. Trans Ova Genetics*, 890 F.3d 1282, 1301-02 (Fed. Cir. 2018) (J. Newman dissenting). The dissent expressed the troubling implications of such an improper application of the collateral estoppel doctrine: "These departures from statute, precedent, practice, and due process add to the uncertainty of the patent grant, and thus add disincentive to patent-supported innovation." *Id.* at 1202. This is precisely what happened here, where Prism's 2015 *Sprint* Judgment, which was affirmed on appeal and subject to mandate for its enforcement, was set aside without any satisfaction of any of the requisite elements of collateral estoppel.

Neither the Federal Circuit nor the District Court addressed how the requisite elements of the collateral estoppel doctrine are satisfied when Sprint *never* pursued a § 101 patent ineligibility defense. Before collateral estoppel applies, a party must establish that (1) there was a full and fair opportunity to litigate the issue in the previous action; (2) the issue was actually litigated; (3) there was final judgment on the merits; and (4) the person against whom collateral estoppel is asserted was a party to or in privity with a party in the previous action. *SK Hynix Inc. v. Rambus Inc.*, No. C-00-20905 RMW, 2013 WL 1915865, at *5 (N.D. Cal. May 8, 2013). None of the Federal Circuit, the District Court or Sprint made any showing of these necessary elements, nor could they because Sprint never pursued § 101 patent eligibility as a defense such that the issue was never litigated or reached final judgment.

Thus, the Federal Circuit's ruling is inconsistent with well-established legal principles which make clear that a court cannot retroactively apply collateral estoppel in a subsequent action after final judgment has been entered and a mandate entered in the primary action. *SK Hynix Inc.*, 2013 WL 1915865 at *8-9 (rejecting application of collateral estoppel based on subsequent invalidity decision issued after mandate issued); *Versata Computer Indus. Sols., Inc. v. SAPAG*, 564 F. App'x 600 (Fed. Cir. 2014) (affirming judgment of infringement notwithstanding invalidity decision subsequent to entry of final judgment and mandate); *Bradley v. School Bd. of City of Richmond*, 416 U.S. 696, 710-11 n.15 (1974) (“[T]he Court not[es] that the effect of a subsequent ruling of invalidity on a prior final judgment under collateral attack is subject to no

fixed ‘principle of absolute retroactive invalidity’) (citation omitted, emphasis added).

Nor did the Federal Circuit address that the District Court violated the mandate rule by undertaking review of an issue that Sprint never pursued—i.e., the eligibility of the *Sprint* Only Claims—after final judgment was entered and after the Federal Circuit issued its Mandate. “The mandate rule requires that the [D]istrict [C]ourt follow [this Court’s] appellate decree as the law of the case.” *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348, 1356 (Fed. Cir. 2009) (holding district court improperly considered invalidity issue on remand limited to infringement issues). “Unless remanded by [this] court, all issues within the scope of the appealed judgment are deemed incorporated within the mandate and thus are precluded from further adjudication.” *Id.* (citing *Engel Indus., Inc. v. Lockformer Co.*, 166 F.3d 1379, 1383 (Fed. Cir. 1999)). “[T]he mandate rule precludes reconsideration of any issue within the scope of the judgment appealed from—not merely those actually raised.” *SK Hynix Inc.*, 2013 WL 1915865 at *6 (citation omitted).

Here, the eligibility of the *Sprint* Only Claims was precluded from further adjudication because it fell within the scope of the 2015 *Sprint* Judgment. The District Court did not have jurisdiction to consider this defense post-mandate, particularly when Sprint never pursued such a defense. Notably, the Federal Circuit recognized that “Sprint had dropped its invalidity challenges just before trial in 2015 and did not raise such challenges on appeal of the judgment against it.”

Id. at 987. However, without explaining how the *T-Mobile* Invalidity Decision could be retroactively applied post-mandate to an issue Sprint waived, the Federal Circuit deferred to a general federal patent policy against enforcing an unexecuted judgment of patent liability in certain circumstances. *Id.* at 987-88.

The Supreme Court has a strong interest in ensuring both that appellate mandates are strictly followed, and that bedrock legal doctrines such as collateral estoppel are applied consistently. As such, granting the Petition is necessary to prevent lower courts, like the Federal Circuit and District Court here, from blatantly disregarding these principles in order to achieve their desired outcome and at the expense of a parties' right to enforce its judgment.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted to ensure that lower courts faithfully apply longstanding legal principles and doctrines that impact the finality of judgments and scope of appellate jurisdictions in all types of civil proceedings.

Respectfully submitted,

Paul J. Andre, Esq.

Counsel of Record

Lisa Kobialka, Esq.

Kramer Levin Naftalis & Frankel LLP

990 Marsh Road

Menlo Park, CA 94025

Tel: 650.752.1700

Fax: 650.752.1810

pandre@kramerlevin.com

lkobialka@kramerlevin.com

Jonathan S. Caplan, Esq.

Mark A. Baghdassarian, Esq.

Aaron M. Frankel, Esq.

Cristina Martinez, Esq.

Kramer Levin Naftalis & Frankel LLP

1177 Avenue of the Americas

New York, NY 10036

Tel: 212.715.9100

Fax: 212.715.8000

jcaplan@kramerlevin.com

mbaghdassarian@kramerlevin.com

afrankel@kramrelevin.com

cmartinez@kramerlevin.com

Counsel for Petitioner

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