

No. 19-1323

IN THE
Supreme Court of the United States

B.E. TECHNOLOGY, LLC,

Petitioner,

—v.—

FACEBOOK, INC.,

Respondent.

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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September 17, 2020

QUESTION PRESENTED

Whether the court of appeals correctly affirmed that Facebook was the prevailing party for purposes of awarding costs under Federal Rule of Civil Procedure 54(d) after Facebook succeeded in invalidating B.E. Technology, LLC's asserted patent claims in *inter partes* review proceedings, which eliminated B.E.'s patent rights and required dismissal of B.E.'s district court infringement claims.

RULE 29.6 DISCLOSURE STATEMENT

Facebook, Inc. hereby discloses that Facebook has no parent corporation and that, to its knowledge, no publicly held corporation owns 10% or more of its stock as of the date of Facebook's April 10, 2020 Proxy Statement.

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STATEMENT

Four years ago, this Court held that a defendant need not prevail “on the merits in order to be a ‘prevailing party.’” *CRST Van Expedited, Inc. v. EEOC*, 136 S. Ct. 1642, 1651 (2016). Because the defendant “fulfill[s] its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision,” a defendant “may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason”—for example, because the claim “is moot.” *Id.* at 1651-53.

Petitioner B.E. Technology, LLC (“B.E.”) asks this Court to review the court of appeals’ straightforward and factbound application of that holding. Here, respondent Facebook, Inc. rebuffed patent infringement claims asserted by B.E. by invalidating B.E.’s patent rights. Because B.E. no longer had any patent rights to enforce—and could not pursue those claims then or in the future—the district court dismissed B.E.’s infringement claims as moot and found that Facebook was the prevailing party for purposes of awarding costs under Federal Rule of Civil Procedure 54(d). Based on Facebook’s success in invalidating B.E.’s patents, the court of appeals affirmed the award of costs.

Notwithstanding this Court’s decision in *CRST*, B.E. insists that the court of appeals erred. But whether the court of appeals correctly affirmed the district court’s award of costs does not merit this Court’s review for several reasons.

First, there is no error. The court of appeals properly applied this Court’s precedents, including *CRST*, and correctly concluded that Facebook was the prevailing party. B.E. acknowledges that the court

cited and applied *CRST*, but contends that the court “misinterpreted” this Court’s opinion. Pet. 7. The court of appeals did no such thing—and B.E.’s factbound argument about the application of settled law to the particular circumstances here does not warrant this Court’s review.

Nor did the court of appeals hold categorically that a defendant is the prevailing party whenever the plaintiff’s claims are dismissed as moot. Rather, the court concluded that when, as here, a plaintiff’s patent infringement claims are dismissed as moot after the defendant successfully invalidates them in related *inter partes* review proceedings, the defendant prevails. That approach follows from “[c]ommon sense”: in that circumstance, the defendant has fulfilled “its primary objective” in “rebuff[ing]” the infringement claims. *CRST*, 136 S. Ct. at 1651.

Second, the court of appeals’ decision in this case neither creates nor implicates a circuit split. B.E. does not cite a single case from a different circuit applying *CRST*’s holding to a dismissal based on mootness, much less a case reaching a different result from the court of appeals’ decision here. Instead, B.E. cites one case holding that neither party prevailed where (unlike here) the litigation resulted in a “dead heat.” *E. Iowa Plastics, Inc. v. PI Inc.*, 832 F.3d 899, 907 (8th Cir. 2016). And B.E. cites a series of cases where (unlike here) dismissal left the plaintiff free to pursue its claims in the future. See, e.g., *Dunster Live, LLC v. LoneStar Logos Mgmt. Co.*, 908 F.3d 948 (5th Cir. 2018) (voluntary dismissal); *Cortés-Ramos v. Sony Corp. of Am.*, 889 F.3d 24 (1st Cir. 2018) (dismissal in favor of arbitration). B.E. offers no reason to think that any other circuit would reach a different result where, as here, a defendant

permanently rebuffed a plaintiff's claims resulting in a mootness dismissal.

Third, B.E.'s efforts to describe this case as important are unpersuasive. And this case would be a poor vehicle for review in all events, as it would require the Court to wade through a series of factbound, splitless threshold issues before it could even reach the question of whether the court of appeals properly affirmed the award of costs. Certiorari should be denied.

1. In September 2012, B.E. sued Facebook for infringement of U.S. Patent No. 6,628,314 (the '314 patent). *B.E. Tech., LLC v. Facebook, Inc.*, No. 2:12-cv-02769-JPM (W.D. Tenn.). B.E. also filed similar suits alleging patent infringement against Google, Microsoft, and others. See, e.g., *B.E. Tech., LLC v. Google, Inc.*, No. 2:12-cv-2830-JPM (W.D. Tenn.); *B.E. Tech., LLC v. Microsoft Corp.*, No. 2:12-cv-2829-JPM (W.D. Tenn.).

In response to the infringement suit, Facebook asserted that the patent claims were invalid and subsequently filed two petitions for *inter partes* review of the asserted claims. *Facebook, Inc. v. B.E. Tech., LLC*, Nos. IPR2014-00052, IPR2014-00053. Google and Microsoft, among others, also filed *inter partes* review petitions seeking to invalidate the patent claims.

In *inter partes* review, “a patent challenger may ask the U.S. Patent and Trademark Office (PTO) to reconsider the validity of earlier granted patent claims.” *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1370 (2020). The *inter partes* review process provides an “efficient” mechanism to resolve issues of patent validity and “limit unnecessary and

counterproductive litigation costs.” H.R. Rep. No. 112-98, pt. 1, p. 40 (2011).

Inter partes review proceedings frequently substitute for district court litigation of validity in patent suits. “[A] decision to cancel a patent [following *inter partes* review] normally has the same effect as a district court’s determination of a patent’s invalidity.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016). Following *inter partes* review, a district court may not hear any invalidity arguments that “could have [been] raised” during the *inter partes* proceedings. 35 U.S.C. § 315(e)(2).

After Facebook filed its petitions for *inter partes* review, B.E. agreed that all district court litigation involving the ’314 patent should be stayed to permit the validity of the patent claims to be adjudicated in the *inter partes* review proceeding. Order Granting Stay, *B.E. Tech., LLC v. Facebook, Inc.*, No. 2:12-cv-02769-JPM (W.D. Tenn. Dec. 6, 2013), ECF No. 72 at 9. The district court granted the parties’ request to stay the litigation, recognizing that *inter partes* review would substitute for district-court litigation of the patent’s validity and therefore would “simplify the dispute at hand and promote judicial efficiency.” *Id.* at 12.

2. The Patent Trial and Appeal Board (the Board) instituted *inter partes* review and ultimately issued a final written decision finding that Facebook had established that all of the patent claims B.E. asserted against it were invalid. *Facebook, Inc. v. B.E. Tech., LLC*, Nos. IPR2014-00052, IPR2014-00053, 2015 WL 1735098, at *2 (P.T.A.B. Mar. 31, 2015). The Board also issued final written decisions in the Microsoft and Google *inter partes* reviews, finding the

'314 patent claims invalid on the grounds raised in those petitions as well. *Google, Inc. v. B.E. Tech., LLC*, Nos. IPR2014-00038, IPR2014-00069, 2015 WL 1735099, at *1 (P.T.A.B. Mar. 31, 2015); *Microsoft Corp. v. B.E. Tech., LLC*, Nos. IPR2014-00039, IPR2014-00738, 2015 WL 1735100, at *1 (P.T.A.B. Mar. 31, 2015).

B.E. appealed all of the final written decisions of invalidity, and the Federal Circuit affirmed the invalidity of the claims. Because the appeals “all address[ed] overlapping claims of the '314 patent,” the court of appeals “address[ed] them in a single opinion” and affirmed the Board’s decision in the *Microsoft inter partes* review. *B.E. Tech., L.L.C. v. Google, Inc.*, Nos. 2015-1827, 2015-1828, 2015-1829, 2015-1879, 2016 WL 6803057, at *1 (Fed. Cir. Nov. 17, 2016). As the court of appeals “affirm[ed] the Board’s finding that” all relevant patent claims were “unpatentable based on Microsoft’s petition,” the court observed that it was unnecessary to “resolve B.E.’s appeals relating to Google’s and Facebook’s parallel petitions” and so “dismiss[ed] them as moot.” *Id.* at *8.¹

Contrary to B.E.’s assertions, Pet. 4, 7, the court of appeals did not vacate the Board’s final written decision in the *inter partes* review proceedings involving Facebook. B.E. never sought vacatur, which would not have been appropriate in any event because the patent claims were conclusively determined to be

¹ Because B.E. had asserted additional claims against Microsoft, but only a subset of those claims against Facebook, the Federal Circuit was able to address all relevant patent claims that had been adjudicated in all of the *inter partes* review proceedings by affirming the decision in the Microsoft proceeding.

invalid and could not again be asserted by B.E. against Facebook in future litigation. See *United States v. Munsingwear, Inc.*, 340 U.S. 36, 40 (1950) (purpose of vacatur is to “clear[] the path for future relitigation of the issues between the parties”).

3. In light of the invalidation of B.E.’s patent claims, the district court dismissed B.E.’s infringement suit against Facebook as moot and entered final judgment. Order Dismissing Claims As Moot, *B.E. Tech.*, No. 2:12-cv-02769-JPM (W.D. Tenn. Dec. 20, 2017), ECF No. 87 at 4. The court observed that “[a] final, affirmed PTO decision determining invalidity . . . is binding,” and that “cancellation [of the asserted claims] extinguishes the underlying basis for suits based on the patent.” *Id.* at 3 (quoting *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330, 1344 (Fed. Cir. 2013)). Thus, “[a] party whose patent claim is invalidated by a PTO proceeding ‘no longer has a viable cause of action’ in lawsuits that party brought before the claim was invalidated.” *Ibid.* (quoting *Fresenius*, 721 F.3d at 1347). The district court also observed that if B.E. attempted to reassert the claims in subsequent litigation, “Facebook c[ould] move to dismiss the claim” and “seek to recover its expenses (including attorney’s fees) as sanctions under Rule 11(c).” Order Dismissing Claims As Moot, *B.E. Tech.*, No. 2:12-cv-02769-JPM (W.D. Tenn. Dec. 20, 2017), ECF No. 87 at 5.

4. Facebook then filed a motion for costs pursuant to Federal Rule of Civil Procedure 54(d). The clerk of court found that Facebook was the prevailing party and awarded costs in the amount of \$4,424.00. Pet. App. 17-27.

The district court affirmed the award of costs. Pet. App. 12-16. Applying this Court's decision in *CRST*, the court noted that "a defendant need not obtain a favorable judgment on the merits in order to be a 'prevailing party.'" *Id.* at 13-14 (quoting *CRST*, 136 S. Ct. at 1651). The court further noted that it had stayed the infringement litigation pending *inter partes* review; that "[t]he asserted claims were invalidated during the *inter partes* review" and the Federal Circuit had affirmed that the claims were invalid; and that the district court had "dismissed the action as moot because B.E.'s asserted claims had been invalidated." *Id.* at 13. Given those circumstances, "[a]lthough the claims were dismissed as moot, Facebook nonetheless obtained the outcome it sought: rebuffing B.E.'s attempt to alter the parties' legal relationship." *Id.* at 15. The court thus held that Facebook was the prevailing party. *Ibid.*

5. B.E. appealed, and the Federal Circuit affirmed. Pet. App. 1-11. In "making th[e] determination" that Facebook was the prevailing party, the court of appeals "look[ed] to [this Court's] guidance on the interpretation of that term." *Id.* at 5. Under this Court's decision in *Buckhannon Board & Care Home, Inc. v. West Virginia Department of Health & Human Resources*, 532 U.S. 598 (2001), the court of appeals observed, "a decision with judicial *imprimatur* is required to give rise to prevailing party status." *Id.* at 6; see also *ibid.* ("[S]ome manner of judicial relief is required for a party to prevail.").

The court of appeals further relied on this Court's decision in *CRST*, which made clear that "a defendant can be deemed a prevailing party even if the case is dismissed on procedural grounds rather than on the merits." Pet. App. 8; see *id.* at 7 (observing that "a

‘defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason” because “a ‘defendant has . . . fulfilled its primary objective whenever the plaintiff’s challenge is rebuffed, irrespective of the precise reason for the court’s decision” (quoting *CRST*, 136 S. Ct. at 1651). The court of appeals explained that this Court had “recognized that various courts had awarded fees after nonmerits dispositions where a claim was ‘frivolous, unreasonable, or groundless if the claim is barred by state sovereign immunity, or is moot.” *Id.* at 7 (quoting *CRST*, 136 S. Ct. at 1652-53).

Applying those principles to the circumstances of this case, the court of appeals held that Facebook was the prevailing party. Pet. App. 9. The court considered the procedural history of the litigation, including Facebook’s success in invalidating B.E.’s patent claims in the *inter partes* review proceeding, and the fact that cancellation of the claims required dismissal of the infringement action. *Ibid.* As the court observed, “the mootness decision was made possible by [] winning a battle on the merits before the PTO,” and the district court “placed a judicial *imprimatur* upon B.E.’s claim for patent infringement” by dismissing that cause of action once the patent claims were cancelled. *Ibid.* The court of appeals concluded that Facebook was the prevailing party because it “obtained the outcome it sought via the mootness dismissal; it rebuffed B.E.’s attempt to alter the parties’ legal relationship in an infringement suit.” *Ibid.*

In a concurring opinion, Judge Plager observed that the prevailing party determination was “clearly correct” because Facebook could have “been granted, not a ‘moot’ dismissal, but a dismissal under Fed. R.

Civ. P. 12(b)(6) on the ground that, once the asserted patent claims had been determined to be invalid, the plaintiff failed to state a claim upon which relief can be granted.” Pet. App. 11. Accordingly, there was “no doubt that Facebook prevailed in the infringement suit.” *Ibid.*

REASONS FOR DENYING THE PETITION

The court of appeals correctly determined that Facebook was the prevailing party. That determination hinged on the fact that B.E.’s infringement suit against Facebook was dismissed as moot following Facebook’s success in invalidating B.E.’s patent claims in *inter partes* review proceedings, preventing B.E. from asserting those claims against Facebook then or in the future. B.E.’s argument that the court of appeals’ decision conflicts with this Court’s precedent and the decisions of other courts rests on a misreading of the court of appeals’ decision, which broke no new ground but merely applied settled principles to particular circumstances. No circuit split exists, and no further review is warranted.

I. The Court Of Appeals Properly Followed And Correctly Applied This Court’s Precedents.

Contrary to B.E.’s contentions, the court of appeals followed this Court’s precedents and correctly affirmed that Facebook was the prevailing party for purposes of Rule 54(d).

A. The Court Of Appeals Followed This Court’s Precedents, Including *CRST*.

1. In affirming the prevailing party determination, the court of appeals “look[ed] to the

Supreme Court’s guidance on the interpretation of that term.” Pet. App. 5. Applying this Court’s decision in *CRST*, the court of appeals explained that it “must consider whether the district court’s decision effects or rebuffs a plaintiff’s attempt to effect a ‘material alteration in the legal relationship between the parties.’” *Id.* at 8 (some internal quotation marks omitted) (quoting *CRST*, 136 S. Ct. at 1646, 1651). Applying this Court’s decision in *Buckhannon*, the court of appeals emphasized that “[a] decision with judicial *imprimatur* is required to give rise to prevailing party status.” *Id.* at 6 (discussing *Buckhannon*). B.E. is thus wrong to assert that the court of appeals adopted a prevailing party analysis at odds with *CRST* and *Buckhannon* by purportedly “abandon[ing]” consideration of whether the plaintiff succeeded in effecting a “material alteration of the legal relationship of the parties” and whether the resolution of the case was “marked by ‘judicial *imprimatur*.’” Pet. 11 (quoting *CRST*, 136 S. Ct. at 1646, in turn quoting *Buckhannon*, 532 U.S. at 605).

The court of appeals correctly recognized that under *CRST*, “a defendant need not obtain a favorable judgment on the merits in order to be a ‘prevailing party.’” Pet. App. 13-14 (quoting *CRST*, 136 S. Ct. at 1651). As the court observed, *CRST* specifically noted that “various courts ha[d] awarded fees after non-merits dispositions where a claim was ‘frivolous, unreasonable, or groundless if the claim is barred by state sovereign immunity, or is moot.’” *Id.* at 7 (quoting *CRST*, 136 S. Ct. at 1652-53) (emphasis added).

“In *cases like these*”—i.e., cases where the suit was dismissed as barred by immunity or as moot—“significant attorney time and expenditure may have

gone into contesting the claim.” *CRST*, 136 S. Ct. at 1653 (emphasis added). And “Congress could not have intended to bar defendants from obtaining attorney’s fees *in these cases* on the basis that, although the litigation was resolved in their favor, they were nonetheless not prevailing parties.” *Ibid.* (emphasis added). Thus, the court of appeals properly applied *CRST* in concluding that “a ‘defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason,’” including because the plaintiff’s claim is moot. Pet. App. 7 (quoting *CRST*, 136 S. Ct. at 1651).

B.E. does not—and cannot—dispute that the court of appeals correctly identified the applicable standards set forth in this Court’s precedent. B.E. asserts only that the court misapplied those standards to the circumstances of this case—a factbound argument that is both meritless and unworthy of further review. See pp. 15-20, *infra*. Because “[a] petition for a writ of certiorari is rarely granted when the asserted error consists of . . . the misapplication of a properly stated rule of law,” Supreme Court Rule 10, B.E. cannot establish that this case merits the Court’s review.

2. B.E. attempts to manufacture a reason for review by suggesting that the decision below creates a new legal standard for assessing prevailing party status. B.E. contends that the decision marks “a drastic change in the governing standard that produces prevailing parties in the absence of a ‘final judgment’ that ‘rejects’ the plaintiff’s claim.” Pet. 13. But here, there was a final judgment that rejected “all pending claims” by dismissing them “as moot.” *Id.* at 28. And the court of appeals neither extended *CRST* nor created a new prevailing party test. Instead, the

court recognized—correctly—that Facebook altered the legal relationship between the parties when it secured the invalidation of B.E.’s patent in *inter partes* review, which conclusively rebuffed B.E.’s patent infringement claims in the district court and ended the district court litigation.

As the court of appeals observed, the district court “placed a judicial *imprimatur* upon B.E.’s claim for patent infringement” when it dismissed those claims as moot because Facebook had “w[on] a battle on the merits before the PTO.” Pet. App. 9. As a result of Facebook’s efforts, B.E. went from being a patent owner with patent claims it was asserting in litigation to being neither the owner of valid patent claims nor a plaintiff in that litigation—key facts essential to the determination that Facebook was the prevailing party. *Ibid.* B.E. therefore is wrong to assert that the court of appeals approved “prevailing party status” in “cases that are not decided,” Pet. 12, or considered it “[un]necessary that anyone ‘prevail,’ or obtain any relief of any kind,” *id.* at 15.

Nor did the court of appeals adopt a rule that “would make every defendant in every case that ends without the entry of a judgment for the plaintiff the prevailing party.” Pet. 19. To the contrary, the court noted that “Facebook obtained the outcome it sought via the mootness dismissal; it rebuffed B.E.’s attempt to alter the parties’ legal relationship in an infringement suit.” Pet. App. 9. And as a result of that victory, B.E. can never again re-assert those same infringement claims against Facebook, precisely because “the mootness decision was made possible by [] winning a battle on the merits before the PTO.” *Ibid.* B.E. identifies no basis to conclude that the decision below extends beyond that narrow

circumstance or has any application to other cases that end for other reasons without the entry of judgment for the plaintiff—or even to cases dismissed as moot in other contexts.

Subsequent decisions from the court of appeals underscore the factbound nature of the court’s prevailing party analysis. In *Dragon Intellectual Property, LLC v. Dish Network LLC*, 956 F.3d 1358 (Fed. Cir. 2020), the court confirmed that a defendant’s success on the merits in invalidating a plaintiff’s patent so as to require dismissal of an infringement suit is essential to determining prevailing party status. *Id.* at 1361 (observing that the accused infringers had “successfully rebuffed [the plaintiff’s] attempt to alter the parties’ legal relationship in an infringement suit” because, “[l]ike in *B.E. Technology*, [they] succeeded in invalidating the asserted claims” in *inter partes* review, which required dismissal of the infringement suit).

In contrast, the court declined to deem a defendant a prevailing party when the defendant had agreed to a *voluntary* dismissal of an infringement suit following cancellation of patent claims, because that procedural posture meant there was no “final decision at all” and “[n]either *CRST* . . . nor *B.E. Technology* went so far as to hold that one could become a prevailing party without a final court decision.” *O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 955 F.3d 990, 993 (Fed. Cir. 2020). *B.E.* cites *O.F. Mossberg* but makes no effort to explain how that case is consistent with *B.E.*’s view that the court of appeals has adopted a standard that makes every defendant a prevailing party in “cases that are not decided” or that “end[] without the entry of a judgment for the plaintiff.” Pet. 12, 19.

These decisions further confirm the court of appeals' straightforward application of this Court's precedents and refute B.E.'s suggestion that the factbound application of settled law in this case merits this Court's review.

B. The Court Of Appeals Correctly Concluded That Facebook Was The Prevailing Party.

B.E.'s argument for certiorari boils down to a request for error correction—but there is no error to correct.

1. The court of appeals did not err in concluding that Facebook was a prevailing party after B.E.'s infringement claims were dismissed as moot. The court observed that the mootness dismissal turned on the fact that Facebook had invalidated B.E.'s patent rights in *inter partes* review. As the court of appeals had previously recognized, a defendant who defeats a patent infringement claim by having the asserted patent declared invalid in court is a “prevailing party.” See *Manildra Milling Corp. v. Ogilvie Mills, Inc.*, 76 F.3d 1178, 1183 (Fed. Cir. 1996) (holding “that as a matter of law, a party who has a competitor’s patent declared invalid meets the definition of ‘prevailing party’”).

That conclusion does not change merely because the parties opted to adjudicate patent validity in *inter partes* review as a substitute for district-court determination of that issue. Here, B.E. “agree[d] that [the district court] case should be stayed pending the resolution of the IPR petitions.” Order Granting Stay, *B.E. Tech.*, No. 2:12-cv-02769-JPM (W.D. Tenn. Dec. 6, 2013), ECF No. 72 at 9. And in staying the litigation based on the parties’ agreement, the district court recognized that it would be bound by the resolution of

the patent's validity in *inter partes* review, which would "simplify the dispute at hand and promote judicial efficiency." *Id.* at 12.

The court of appeals properly took account of these circumstances and the fact that the mootness dismissal hinged on the predicate merits determination of invalidity in affirming Facebook's status as the prevailing party. Pet. App. 9. As the court observed, "Facebook obtained the outcome it sought via the mootness dismissal" because "it rebuffed B.E.'s attempt to alter the parties' legal relationship in an infringement suit," with "the mootness decision . . . made possible" by Facebook "winning a battle on the merits before the PTO." *Ibid.*

Indeed, the court of appeals recognized that its decision followed directly from this Court's decision in *CRST*, which applied "[c]ommon sense" to conclude that a defendant can prevail even if "the relevant disposition" of the case is not "on the merits" and cited a mootness dismissal with approval. 136 S. Ct. at 1651; *id.* at 1652-53. As the court of appeals explained, B.E.'s argument against Facebook's prevailing party status "puts form over substance and conflicts with the common-sense approach outlined in *CRST*." Pet. App. 9.

Nor is B.E. correct that mootness dismissals categorically prevent a finding that a litigant is the prevailing party. B.E. asserts—without citation—that "[u]ntil now, it has been unchallenged that a defendant could not be a 'prevailing party' in a case dismissed as moot." Pet. 22. But as just noted, this Court in *CRST* held that a defendant does not need to secure a favorable decision on the merits to be the prevailing party and specifically recognized that a circuit court had held that a defendant was the

prevailing party when the plaintiff's claims were dismissed as "moot." 136 S. Ct. at 1651, 1653. This Court observed that "Congress could not have intended to bar defendants from obtaining attorney's fees in these cases on the basis that, although the litigation was resolved in their favor, they were nonetheless not prevailing parties." *Ibid.*

B.E.'s categorical argument that a litigant can never qualify as a "prevailing party" in a case dismissed as moot accordingly conflicts with *CRST* and with decisions from courts of appeals across the country. See, e.g., *Diffenderfer v. Gomez-Colon*, 587 F.3d 445, 454 (1st Cir. 2009) (holding that plaintiffs qualified as "prevailing parties" even though "an intervening event rendered the case moot on appeal"); *Dahlem v. Bd. of Educ. of Denv. Pub. Sch.*, 901 F.2d 1508, 1513 (10th Cir. 1990) (citing and agreeing with courts holding that litigants can be deemed prevailing parties despite fact that case becomes moot while order is pending on appeal). B.E. provides no basis to conclude that a defendant cannot be a prevailing party when, as here, (i) it obtains a binding determination that the plaintiff's claim should fail on the merits in a proceeding designed to substitute for district court litigation and (ii) that merits determination controls the outcome of the district court suit.

3. Perhaps recognizing that Facebook can qualify as a prevailing party in these circumstances, B.E. wrongly contends that Facebook's "success was eliminated" on appeal from the Board's final written decision. Pet. 4; see also *id.* at 7 (contending that the invalidity ruling was "eliminated" based on the Federal Circuit appeal); *id.* at 15 (asserting that Facebook "obtained no relief . . . in *inter partes* review, with the decision in Facebook's favor not reviewed due

to mootness, and its petition accordingly, dismissed”). B.E.’s representation about the status of the Board’s final written decision is incorrect.

Contrary to B.E.’s suggestion, the Board’s final written decision has never been vacated. Because Facebook, Google, and Microsoft all challenged B.E.’s patent in *inter partes* review and won, and B.E. appealed each of the final written decisions, the court of appeals considered the patent’s validity in the context of multiple overlapping appeals. The court reasonably chose to issue a single opinion affirming the Board’s decision in the Microsoft *inter partes* review, which concerned all the relevant claims in the three appeals combined. Because the court of appeals “affirm[ed] the Board’s finding that [certain patent claims] are unpatentable based on Microsoft’s petition,” the court observed that it “need not resolve [B.E.’s] appeals relating to Google’s and Facebook’s parallel petitions” and it “dismiss[ed] them as moot.” *B.E. Tech.*, 2016 WL 6803057, at *8.

Critically, the dismissal of B.E.’s *appeals* of the final written decision in the *inter partes* reviews filed by Facebook did not disturb the final written decision itself. That decision remains in effect. B.E. did not seek and the court of appeals did not order vacatur—so the Board’s decision in the Facebook-initiated *inter partes* review stands.²

² B.E. emphasizes the court of appeals’ statement at the beginning of its opinion that it “d[id] not address the merits of Google’s and Facebook’s parallel petitions and dismiss[ed] them

Vacatur of the decision would not have been available even if B.E. had requested it. Although B.E. invokes *Munsingwear*, that case provides no support for its position. In *Munsingwear*, this Court held that the purpose of vacatur is to “clear[] the path for future relitigation of the issues between the parties and eliminate[] a judgment, review of which was prevented through happenstance.” 340 U.S. at 40. That purpose was—and is—unachievable here because B.E.’s patent claims were invalidated by the Board, the court of appeals affirmed that the claims were invalid, and the claims have been cancelled. Thus, future relitigation of the issues between the parties is impossible. See *Fresenius*, 721 F.3d at 1344.

B.E.’s reliance on *Munsingwear* is all the more misplaced because B.E. “made no motion to vacate the [Patent Office] judgment” and instead “acquiesced in the dismissal [of its appeals].” 340 U.S. at 40. B.E.’s misrepresentation about the status of the PTO’s final written decision finding that Facebook had invalidated B.E.’s asserted patent claims amounts to an impermissible collateral attack on that decision in this Court. See, e.g., *In re Arneson*, 282 B.R. 883, 890 (9th Cir. 2002) (holding that “vacatur must be raised

as moot.” *B.E. Tech.*, 2016 WL 6803057, at *1. While B.E. seeks to create uncertainty about whether that language vacated the Board’s final written decisions, in context it is clear that the court merely intended to convey that it was dismissing B.E.’s *appeals* of the Board’s final written decisions as moot. Indeed, that is the exact language the court used in articulating its judgment at the end of the decision: “Because we affirm the Board’s finding that claims 11-22 are unpatentable based on Microsoft’s petition, *we need not resolve B.E.’s appeals relating to Google’s and Facebook’s parallel petitions and dismiss them as moot.*” *Id.* at *8 (emphasis added).

directly in the initial action or appeal . . . and [] failure to make an appropriate motion will, as in the *Munsingwear* case itself, leave the trial court decision in force with claim preclusion value”). Thus, B.E. is simply wrong to assert that Facebook’s success in invalidating B.E.’s patent in *inter partes* review was “eliminated.” Pet. 7. Indeed, B.E.’s argument only highlights that its attack on the decision below rests on a flawed factual premise and supplies yet another reason this case does not merit this Court’s review.

II. The Court Of Appeals’ Decision Does Not Conflict With Decisions From Other Courts.

Contrary to B.E.’s contentions, this case implicates no disagreement among the lower courts warranting this Court’s review. B.E. does not identify any case from a different circuit applying this Court’s prevailing party test to a dismissal based on mootness. Rather, B.E. primarily cites cases involving voluntary dismissal by the plaintiff—a situation where, unlike here, the plaintiff remained free to pursue its claims in the future. B.E.’s asserted split is illusory.

1. B.E. argues that the decision below “conflict[s] with the recognition in other cases that *CRST* did not change the longstanding ‘prevailing party’ standard.” Pet. 19. But the court of appeals did not hold otherwise. It extensively discussed this Court’s precedent, including *CRST*, and applied the principles from those cases to the circumstances here.

The cases B.E. cites do not conflict with that analysis either with respect to the legal standard or the application of that standard to the facts. In *East Iowa Plastics, Inc. v. PI Inc.*, 832 F.3d 899 (8th Cir. 2016), for example, the Eighth Circuit concluded that neither party had prevailed in trademark litigation

because *neither* had succeeded on their competing claims of infringement. “Where the parties achieve a dead heat,” the court concluded, neither “can be declared the ‘prevailing party’” since there was “no . . . alteration” in their legal relationship. *Id.* at 906-07. Here, in contrast, the court of appeals recognized that Facebook had “w[on] [the] battle on the merits” by obtaining cancellation of B.E.’s patent claims and necessitating dismissal of the infringement suit, which effected a material alteration in the parties’ relationship by precluding B.E. from ever again pursuing those infringement claims. Pet. App. 9. This case does not involve a “dead heat,” *E. Iowa Plastics*, 832 F.3d at 906, but a total victory for Facebook.

2. B.E. likewise cannot establish that this case implicates any conflict with other courts on whether principles of preclusion should play a role in the “prevailing party” analysis. Pet. 24-25. Unlike the cases B.E. cites, this case does not involve a voluntary dismissal, and B.E. is barred from ever again asserting its claims against Facebook.

In attempting to manufacture a conflict on preclusion, B.E. principally relies on cases involving voluntary dismissal by the plaintiff that left the plaintiff free to re-file its claims at a future date. Pet. 24-25. In *Dunster Live, LLC v. LoneStar Logos Management Co.*, 908 F.3d 948 (5th Cir. 2018), for example, the plaintiff voluntarily sought to dismiss the case under Federal Rule of Civil Procedure 41(a)(2). *Id.* at 950. Under those circumstances, the Fifth Circuit held that “no one ha[d] prevailed,” and instead “the litigation [wa]s just postponed with the possibility of the winner being decided at a later time in a new arena.” *Id.* at 951.

Likewise, in *United States v. \$32,820.56 in U.S. Currency*, 838 F.3d 930 (8th Cir. 2016), the government voluntarily dismissed a forfeiture case against an individual based on a policy change, but the government retained the right to “refil[e] an action based on [the individual’s] alleged . . . offenses.” *Id.* at 933-34. The Eighth Circuit observed that the individual did not qualify as a prevailing party because the government’s ability to seek forfeiture against her in the future meant there was no “judicially sanctioned change in the relationship between the parties.” *Id.* at 935.

The Eleventh Circuit confronted the same fact pattern and reached the same result in *United States v. \$70,670.00 in U.S. Currency*, 929 F.3d 1293 (11th Cir. 2019). There, the government voluntarily dismissed a forfeiture complaint, and the court observed that the government’s claim to the funds remained “unadjudicated.” *Id.* at 1304.

B.E. additionally cites *Cortés-Ramos v. Sony Corp. of America*, 889 F.3d 24 (1st Cir. 2018), but that case reflects the same analysis that a defendant may not be a prevailing party if the plaintiff remains free to pursue its claims. The court of appeals in *Cortés-Ramos* found that the defendants were not prevailing parties when the plaintiff’s claims were dismissed based on a district court’s order “compelling arbitration of th[o]se claims.” *Id.* at 25. The court of appeals reasoned that “the only material alteration in the parties’ legal relationship concerning” those claims stemmed from a ruling regarding “the forum in which [they] must be heard.” *Id.* at 25-26. Because the plaintiff remained free to pursue the claims in a

different forum, the defendants were not “prevailing parties.” *Id.* at 25.³

The court of appeals’ decision here does not conflict with these cases. Just the opposite: the Federal Circuit has agreed that voluntary dismissal of claims *prevents* a finding of prevailing party status, because a defendant cannot “become a prevailing party without a final court decision.” *O.F. Mossberg*, 955 F.3d at 993. The different result in this case simply reflects different facts. B.E. did not voluntarily relinquish its cause of action here. Rather, the validity of B.E.’s patent claims was adjudicated in the *inter partes* review proceedings, and the invalidation of those claims fully resolved the infringement allegations, necessitating dismissal of its suit.

³ B.E. also cites a number of cases pre-dating *CRST*. Pet. 25. But those cases merely confirm the longstanding consensus that a plaintiff’s voluntary dismissal that leaves the plaintiff free to pursue the same claims in the future does not transform the defendant into the prevailing party. See *Cactus Canyon Quarries, Inc. v. Fed. Mine Safety & Health Rev. Comm’n*, 820 F.3d 12, 18 (D.C. Cir. 2016) (agency “withdrew the citations” it had issued against Cactus Canyon and “the ALJ issued an order terminating the case”); *Alief Indep. Sch. Dist. v. C.C. ex rel. Kenneth & Nneka C.*, 655 F.3d 412, 418 (5th Cir. 2011) (finding no prevailing party when complaint was voluntarily dismissed and legal relationship between parties was not altered); *United States v. Milner*, 583 F.3d 1174, 1196-97 (9th Cir. 2009) (defendants had stipulated to dismissal of claims against them); *RFR Indus., Inc. v. Century Steps, Inc.*, 477 F.3d 1348, 1353 (Fed. Cir. 2007) (finding that plaintiff’s voluntary dismissal under Rule 41(a)(1)(i) did not “bestow ‘prevailing party’ status upon the defendant”); *Szabo Food Serv., Inc. v. Canteen Corp.*, 823 F.2d 1073, 1076-77 (7th Cir. 1987) (holding that voluntary dismissal did not amount to “victory for [the] defendant on the merits”).

Moreover, unlike the plaintiffs in the cases B.E. cites, B.E. cannot pursue its patent claims in the future. B.E. argues that “[t]he permanent extinguishment of the plaintiff’s claim, not a fleeting ‘rebuffing’ that does not bar repetitive litigation, is the defendant’s objective.” Pet. 17-18. But B.E.’s argument ignores that its infringement claims *have* been permanently extinguished, with a resulting bar on repetitive litigation. “[A] final, affirmed PTO decision determining invalidity on a pending litigation” and the resulting cancellation of the claims required by the statute “extinguishes the underlying basis for suits based on the patent.” *Fresenius*, 721 F.3d at 1344.

The invalidation of B.E.’s patent claims dictated the dismissal of its infringement claims and precludes B.E. from ever again asserting the patent claims against Facebook (or anyone else). As the district court explained, “[a] party whose patent claim is invalidated by a PTO proceeding ‘no longer has a viable cause of action’ in lawsuits that party brought before the claim was invalidated.” Order Dismissing Claims As Moot, *B.E. Tech.*, No. 2:12-cv-02769-JPM (W.D. Tenn. Dec. 20, 2017), ECF No. 87, at 3 (quoting *Fresenius*, 721 F.3d at 1344-45). If B.E. seeks to “re-assert[] the claims in subsequent litigation” against Facebook, “Facebook can move to dismiss . . . [and] to recover its expenses (including attorney’s fees) as sanctions under Rule 11(c).” *Id.* at 5.

Because B.E. is forever barred from asserting the same patent claims against Facebook, this case provides no opportunity to consider whether costs can be awarded when a party is not precluded from re-filing suit. And because B.E. has not identified any other circuit addressing dismissal based on

mootness—much less disagreeing that a defendant is a prevailing party when it permanently rebuffs a plaintiff's claims—there is no conflict for this Court to resolve.

III. This Case Implicates No Issue Of Importance And Is A Poor Vehicle In Any Event.

In addition to failing to satisfy any of this Court's traditional criteria for granting review, B.E. cannot establish that the Federal Circuit's factbound decision implicates any issue of national importance. Moreover, the factual and procedural quirks of this case would complicate any further review—making the case a poor vehicle in any event.

1. In an effort to suggest that the decision below will have widespread ramifications, B.E. wrongly asserts that the court of appeals here deemed “a mootness dismissal sufficient to make the defendant a prevailing party” in every case. Pet. 16. But the decision did not turn on any categorical rules about mootness. Instead, the court concluded that Facebook was a prevailing party because it had succeeded in invalidating B.E.'s patent in *inter partes* review, thus controlling the outcome of the district court litigation. Pet. App. 9.

Nor can B.E. show that the decision here would affect the result in cases that become moot for entirely different reasons. See Pet. 27. B.E.'s hypothetical cases do not feature the key fact that was essential to the court of appeals' determination that Facebook was the prevailing party: the district court's “mootness decision was made possible by [Facebook] winning a battle on the merits before the PTO [in *inter partes* review].” Pet. App. 9. The court of appeals' decision

makes no broader pronouncement about the circumstances in which a litigant can be deemed a prevailing party following a dismissal based on mootness in other contexts.

Nor would it make sense for this Court to consider any general rules about mootness at this time. B.E. has not cited a single case from a different circuit applying the prevailing party test to a mootness dismissal. Nor has B.E. cited any opinion from the court of appeals here expressing any concern or confusion about the issue. At a minimum, this Court should allow further percolation so that the courts of appeals can address the different factual circumstances in which a case can become moot. Review at this point would be premature.

2. Moreover, as Judge Plager's concurrence explains, it would have been equally appropriate to dismiss B.E.'s complaint for failure to state a claim after the cancellation of its asserted patent rights rather than dismissing the case as moot. Pet. App. 11. As the court of appeals observed in *Fresenius*, when a claim is cancelled, "the patentee's cause of action is extinguished," 721 F.3d at 1340; "the patentee loses any cause of action based on that claim," *ibid.*; and the patentee "no longer has a viable cause of action against [an alleged infringer]," *id.* at 1347. Because the district court could have "granted, not a 'moot' dismissal, but a dismissal under Fed. R. Civ. P. 12(b)(6) on the ground that once the asserted patent claims had been determined to be invalid, the plaintiff failed to state a claim upon which relief can be granted," there can be "no doubt that Facebook prevailed in the infringement suit"—thus counseling against any further "litigation about litigation" in this Court. Pet. App. 11.

3. Any attempt to review the determination that Facebook was a prevailing party would be further complicated by the factual disputes that B.E. now seeks to inject in the case. B.E.’s arguments turn on its assertion that the court of appeals vacated the Board’s final written decision finding that Facebook established the invalidity of the asserted patent claims. See, *e.g.*, Pet. 15 (contending that “the court of appeals credited Facebook for ‘rebuffing’ B.E. although Facebook obtained no relief in the district court, or in *inter partes* review, with the decision in Facebook’s favor not reviewed due to mootness, and its petition accordingly dismissed”). B.E.’s assertion is wrong: the final written decision was not vacated and remains in effect, and the cancellation of the asserted claims and dismissal of the infringement suit bars B.E. from suing Facebook on the same infringement allegations in the future. But this Court would need to wade through B.E.’s meritless factual contentions before reaching the merits—making this case a poor vehicle.

4. This case is a poor vehicle for yet another reason—it involves Rule 54(d), not a statute enacted by Congress. If some conflict among the circuits ever arises with respect to the application of the Federal Rules, this Court could simply clarify the Rules. There is no need to grant plenary review now to address a splitless, factbound question about the interpretation of the Rules here.

CONCLUSION

B.E.'s petition for a writ of certiorari should be denied.

Respectfully submitted,

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September 17, 2020