No. 19-58

IN THE
Supreme Court of the United States

XITRONIX CORPORATION,
Petitioner,

v.

KLA-TENCOR CORPORATION, DBA KLA-TENCOR, INC.,
Respondent.

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

REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

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This case[1] presents as clear a circuit split as the Court is ever going to see. The Federal Circuit issued a binding, precedential decision transferring this case to the Fifth Circuit on the ground that the Federal Circuit *lacked* jurisdiction. The Fifth Circuit issued a binding, precedential decision transferring the case back to the Federal Circuit on the ground that the Federal Circuit had *exclusive* jurisdiction.

After the Fifth Circuit transferred the case back to the Federal Circuit, the Federal Circuit issued an order holding that the Fifth Circuit's order was sufficiently "plausible" that the Federal Circuit would accept jurisdiction and decide the case on the merits. But the Federal Circuit neither vacated, nor walked back from, its prior decision. To the contrary, it doubled down on its view that the Fifth Circuit's decision was wrong—and therefore eliminated any doubt that there is a circuit split. Now that the Federal Circuit has affirmed the District Court's judgment on the merits, the split cannot be resolved without this Court's intervention.

The Court should grant certiorari. The Federal and Fifth Circuit's opinions are written broadly enough that each circuit will now require a large category of appeals to be transferred to the other circuit. Even in other

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[1] This reply brief supports Xitronix's petition in No. 19-58, which seeks review of the Federal Circuit's final judgment. Xitronix's petition in No. 18-1170, seeking review of the Fifth Circuit's transfer order, is also pending. Xitronix filed this separate petition to ensure that the final judgment was squarely before the Court; as with the petition and brief in opposition, the reply brief in No. 19-58 is similar to the reply brief in No. 18-1170.

judicial circuits, litigants will have no idea where to appeal—leading to time-consuming and wasteful litigation over where to litigate. The Court should resolve that confusion and set a clear jurisdictional rule.

ARGUMENT

I. *CHRISTIANSON* ESTABLISHES THAT REVIEW IS WARRANTED.

KLA-Tencor asserts that because the Federal Circuit decided this appeal on the merits, the case for certiorari has "crumbled." BIO 2. It further insists that the Fifth and Federal Circuits "followed" *Christianson*'s "instructions," such that "the process in this case played out as this Court had prescribed in *Christianson*." BIO 2, 7. KLA-Tencor errs on both counts.

The case for certiorari here is the same as the case for certiorari in *Christianson* itself. *Christianson* did not involve a case ping-ponging between circuits forever. Rather, in *Christianson*, as here, the Federal Circuit decided the case on the merits, notwithstanding that the Federal Circuit and the regional circuit had issued dueling opinions holding that the other circuit had jurisdiction. *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800, 807 (1988). The Court observed that the dueling opinions created a "peculiar jurisdictional battle": the parties "have been forced to shuttle their appeal back and forth between Chicago and the District of Columbia in search of a hospitable forum, ultimately to have the merits decided, after two years, by a Court of Appeals that still insists it lacks jurisdiction to do so." *Id.* at 803-04. Exactly the same

thing happened here: the parties shuttled from the District of Columbia to New Orleans and back, only to have the merits decided by the Federal Circuit, which still has binding precedent holding it lacks jurisdiction. The Court should grant certiorari to resolve the split, just as it did in *Christianson*.

Contrary to KLA-Tencor's assertion, the process in this case did not play out as prescribed in *Christianson*. In *Christianson*, this Court attempted to ward off such splits by holding that lower courts should "adher[e] strictly to principles of law of the case": "[I]f the transferee court can find the transfer decision plausible, its jurisdictional inquiry is at an end." *Id.* at 818-19. Had the process played out as *Christianson* intended, the Fifth Circuit would have deemed the Federal Circuit's decision plausible—regardless of whether the Fifth Circuit agreed with the Federal Circuit—and there would have been no circuit split.

But that did not happen. Instead, the Fifth Circuit deemed the Federal Circuit's transfer order implausible, and sent the case back to the Federal Circuit. This created a Hobson's choice for the Federal Circuit: either cause the case to ping-pong between the circuits forever, or exercise jurisdiction despite circuit precedent holding that it lacked jurisdiction. The Federal Circuit chose the latter course, deeming the Fifth Circuit's transfer order to be "plausible"—but reiterating its conclusion that the Fifth Circuit's decision was wrong. Thus, both circuits have precedential opinions establishing that the other circuit has jurisdiction, but the Federal Circuit blinked first. This is not the procedure that *Christianson*

contemplated.

KLA-Tencor may be right that there is no split on whether it is *plausible* that the Federal Circuit has jurisdiction. BIO 8. But there is definitely a split on the question presented: which court has jurisdiction? Such circuit splits reflect the exact scenario *Christianson* sought to prevent.

II. THE CIRCUIT SPLIT WILL CAUSE PRACTICAL PROBLEMS.

As the petition explained, a split this clear—even with only one circuit on each side—is a sufficient basis for granting certiorari. Pet. 13-14; *see, e.g.*, *Parker Drilling Mgmt. Servs., Ltd. v. Newton*, 139 S. Ct. 914 (2019) (granting certiorari to resolve split between Fifth and Ninth Circuits). But here, the case for review is especially clear in light of the practical problems the split will create.

For any litigant within the Fifth Circuit who seeks to file an appeal in a standalone *Walker Process* suit, there is now no way to file an appeal without violating circuit precedent. If an appeal is filed in the Fifth Circuit, the court will be bound by its precedential decision to transfer the appeal to the Federal Circuit. If an appeal is filed in the Federal Circuit, the court will be bound by its precedential decision to transfer the case to the Fifth Circuit. The Fifth Circuit will be bound by its precedential decision to hold that the transfer order is so implausible that the case must be transferred back to the Federal Circuit. Only then, assuming a future Federal Circuit panel follows the panel's unpublished order here finding that the Fifth

Circuit's order is "plausible," can the case be decided. The result will be ironic. In the interest of respecting the Federal Circuit's expertise over patent litigation, cases will be transferred to the Federal Circuit—which, according to the Federal Circuit's own expert judgment, should not be decided in the Federal Circuit.

KLA-Tencor does not dispute this. Instead, it argues that certiorari should be denied because the class of litigants affected by this quandary is too narrow. BIO 9-10. This is a strikingly weak basis for opposing certiorari. There is a clear circuit split, there are no vehicle problems, and the circuit split will make it impossible for future litigants to file an appeal that complies with circuit precedent. KLA-Tencor merely quibbles with how *many* litigants will find themselves in that quandary.

And contrary to KLA-Tencor's assertions, there will be many. KLA-Tencor claims that this case is "unusual" (BIO 9), but it identifies nothing "unusual" about it other than that it is a stand-alone *Walker Process* claim—*i.e.*, it is not conjoined to a patent claim that would vest the Federal Circuit with jurisdiction. BIO 9-10. Thus, KLA-Tencor does not dispute that the circuit split applies to *all* stand-alone *Walker Process* claims filed within the Fifth Circuit. There is nothing unusual about such claims. They arise whenever a patentee's illegal obtaining of a patent prevents the patentee's competitors from marketing a competing product. In that scenario, there is no infringing product, so there no reason for a patent infringement case; the competitor's sole remedy is a *Walker Process* claim.

Notably, the Fifth Circuit's transfer order observed that "[f]ollowing *Christianson*, the Federal Circuit has regularly exercised jurisdiction over *Walker Process* claims." Pet. App. 22a. It also collected cases from the Second, Third, and Ninth Circuits deciding appeals in stand-alone *Walker Process* cases. *Id.* Similarly, the premise of Judge Newman's dissent from denial of rehearing en banc is that the Federal Circuit had frequently exercised jurisdiction over such claims: she objected to the "panel's discard of decades of precedent." Pet. App. 63a. While Xitronix disagrees with the Fifth Circuit and Judge Newman's view of the merits, Xitronix agrees with the Fifth Circuit and Judge Newman that this is not an idiosyncratic type of case. Indeed, it is considerably less idiosyncratic than *Christianson*, where the patent issue was a defense in a trade secrets case.

Even worse, the split between the Fifth Circuit and Federal Circuit goes beyond *Walker Process* claims. The two courts disagree on the fundamental question of whether *Gunn v. Minton*, 568 U.S. 251 (2013), establishes the test for appellate jurisdiction. The Federal Circuit held that *Gunn*'s analysis applies to the appellate jurisdiction inquiry. Pet. App. 47a. By contrast, the Fifth Circuit found "compelling reasons to think that [*Gunn*] did not" change the "scope of the Federal Circuit's jurisdiction." Pet. App. 32a. KLA-Tencor does not dispute this split—to the contrary, it doubles down on the Fifth Circuit's conclusion that *Gunn* does not apply. BIO 18-20.

Thus, the Federal Circuit thinks that *Gunn* provides the test for appellate jurisdiction, while the

Fifth Circuit does not. Consequently, in *any* non-patent case raising an embedded patent-law question—whether a *Walker Process* claim, or otherwise—the Fifth Circuit and Federal Circuit disagree on what test to apply to determine appellate jurisdiction.

Litigants from the Fifth Circuit in a wide range of cases raising patent-law issues will find themselves between rocks and hard places in deciding where to file an appeal. *Wherever* they file an appeal, circuit precedent will hold that their appeal is in the wrong place. This type of perverse result is precisely why this Court grants certiorari to resolve circuit splits.

III. THERE IS WIDESPREAD CONFUSION ON AN ISSUE OF NATIONAL IMPORTANCE.

Even beyond the split between the Fifth and Federal Circuit, there is widespread national confusion over appellate jurisdiction in non-patent cases presenting embedded issues of patent law.

Since *Gunn* was decided, the Third, Eleventh, and D.C. Circuits have resolved disputes over the scope of the Federal Circuit's jurisdiction. *See* Pet. 19-22. These decisions underscore that litigants in such cases will have no idea where to appeal. Contrary to KLA-Tencor's assertion (BIO 15-16 n.4), the circuits disagree on the basic question of whether *Gunn*'s test applies to appellate jurisdiction: The Federal, D.C., and Eleventh Circuit have answered yes, the Fifth Circuit has answered no, and the Third Circuit has deemed the issue "open to debate." *In re Lipitor Antitrust Litig.*, 855 F.3d 126, 146 (3d Cir. 2017); *see* Pet. 21-22. The

circuits also disagree on whether jurisdiction should turn on the nature of the patented technology; the Eleventh Circuit has indicated that it should, while no other circuit has deemed this to be a relevant factor. Pet. 22. Indeed, the Federal Circuit thought all three cases "confirm the correctness" of its decision to transfer the case to the Fifth Circuit, Pet. App. 47a-48a, while the Fifth Circuit cited all three cases in transferring the case back. Pet. App. 27a-28a. KLA-Tencor asserts that these cases are "fact-specific," BIO 15, but it ignores Xitronix's showing that these circuits have fundamental disagreements as to the applicable legal standard.

KLA-Tencor also fails to address Xitronix's showing that the circuit split will lead to appellate forum-shopping. Pet. 22-23. If a litigant in a *Walker Process* case, or similar non-patent case, wants to be in a regional circuit, then it has the incentive to notice its appeal to the Federal Circuit. Guided by its decision in this proceeding, the Federal Circuit may transfer the case to the regional circuit, and the regional circuit will be obliged to defer to that decision if it is "plausible." Conversely, a litigant who wants to be in the Federal Circuit should appeal to a regional circuit; if the case is transferred, then the Federal Circuit may deem the transfer order "plausible" despite its own precedent holding that the transfer order is wrong. Appellate forum-shopping is bad enough; this sort of bizarre reverse-psychology forum-shopping is even worse. *Id.*

Jurisdictional rules should be clear. This Court has granted certiorari to resolve such jurisdictional confusion even in cases without circuit splits. *See, e.g.*,

Perry v. Merit Sys. Prot. Bd., 137 S. Ct. 1975, 1983 (2017) (granting certiorari to resolve whether certain federal employee appeals should be filed in district court or Federal Circuit, but noting that D.C. Circuit and Federal Circuit had reached the same conclusion on that question). Indeed, even before the Fifth Circuit created the split, Judge Newman attested to "the importance of this decision to the judicial structure of patent adjudication, and the future of a nationally consistent United States patent law." Pet. App. 53a. Now that there is a split, the case for certiorari is even stronger.

IV. THE FIFTH CIRCUIT, NOT THE FEDERAL CIRCUIT, HAS JURISDICTION.

The Federal Circuit lacked jurisdiction to issue its final judgment on the merits. Under this Court's precedents, the Fifth Circuit has jurisdiction.[2]

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[2] Contrary to the BIO's statement (BIO 15 n.3), Xitronix did not engage in "mid-case forum-shopping." As the petition explained, before the Federal Circuit's initial transfer decision, Xitronix took the position that the Federal Circuit has jurisdiction in light of Federal Circuit cases that had exercised jurisdiction over *Walker Process* cases. Pet. 6. But after the Federal Circuit issued its transfer decision, Xitronix has consistently argued that the transfer decision is correct, and has consistently argued that the Fifth Circuit has jurisdiction. Thus, Xitronix opposed rehearing en banc in the Federal Circuit, accepting the Federal Circuit's analysis of its own jurisdiction. Pet. 8. In the Fifth Circuit, Xitronix likewise argued that the Fifth Circuit has jurisdiction. Pet. 8. After the Fifth Circuit issued its transfer decision—but before the Federal Circuit ruled on the merits—Xitronix filed this

KLA-Tencor claims that Xitronix has issued a "call for this Court to overrule *Christianson*." BIO 11. It claims that *stare decisis* requires the Court to hold that the Federal Circuit has jurisdiction. BIO 11. This is a puzzling argument because the petition explained why *Christianson*'s holding establishes that the Fifth Circuit has jurisdiction. Pet. 24-26.

In *Christianson*, this Court held that a trade secrets claim that included a patent-law defense did not "arise under" the patent laws for jurisdictional purposes. It explained that if "on the face of a well-pleaded complaint there are … reasons completely unrelated to the provisions and purposes of the patent laws why the plaintiff may or may not be entitled to the relief it seeks, then the claim does not 'arise under' those laws." 486 U.S. at 810 (quotation marks and brackets omitted) (ellipsis in original).

In *Walker Process* cases, there are "reasons completely unrelated to the provisions and purposes of the patent laws why the plaintiff may or may not be entitled to the relief it seeks." *Id.* (quotation marks and brackets omitted). As the petition explained, *Walker Process* expressly holds that a plaintiff cannot obtain relief if it fails to show a relevant antitrust market[3]—a

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petition for certiorari, again arguing that the Fifth Circuit has jurisdiction.

[3] KLA-Tencor claims, in a footnote that did not appear in its prior BIO, that this interpretation would render *Christianson* "nonsensical." BIO 18 n.5. KLA-Tencor's theory is that *Christianson* could hypothetically have relied on this "relevant market" argument as a basis for holding that the claim under

concept completely unrelated to the provisions and purposes of the patent laws. Pet. 24-26; *see Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172, 177-78 (1965). Thus, under *Christianson*, stand-alone *Walker Process* claims go to the regional circuits.[4]

Indeed, it is KLA-Tencor, not Xitronix, that seeks to overrule *Christianson*. *Christianson* holds that an antitrust claim that may, or may not, be resolved based on an embedded patent question must go to the regional circuit. KLA-Tencor's position is the diametric opposite of that holding: it contends that an antitrust claim that may, or may not, be resolved based on an embedded patent question must go to the Federal Circuit.

Moreover, contrary to KLA-Tencor's assertion (BIO 17), this Court's decision in *Gunn* is not limited to the division of jurisdiction between federal district courts and state courts; it also governs the division of jurisdiction between the Federal Circuit and regional circuits. *Gunn* construed 28 U.S.C. § 1338(a), which provides, in relevant part, that federal district courts

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Section 2 of the Sherman Act goes to the regional circuit, and because it reached the same holding on a different basis, the argument must be wrong. *Id.* But *Christianson* also involved a claim under Section 1 of the Sherman Act, 486 U.S. at 810, so it is no surprise that the Court ruled on a ground common to both claims.

[4] Of course, this Court would have the option of modifying or clarifying *Christianson*'s test if it so chooses. Pet. 29. But if the Court applies *Christianson*'s test literally, Xitronix prevails.

have exclusive jurisdiction over "any civil action arising under any Act of Congress relating to patents." This case involves the construction of 28 U.S.C. § 1295(a)(1), which provides, in relevant part, that the Federal Circuit has exclusive jurisdiction over appeals from "any civil action arising under … any Act of Congress relating to patents." As the Federal Circuit correctly stated, the two statutes are "indistinguishable." Pet. App. 47a. Nothing in *Gunn* suggested that the Court was creating two different tests for these two identically-worded statutes. Indeed, *Gunn* cited *Christianson*'s discussion of the relevant legal standard with approval. 568 U.S. at 257.

KLA-Tencor barely disputes that under *Gunn*, Xitronix prevails. The subsidiary patent-law issues in *Walker Process* cases are no more "substantial" than the subsidiary patent-law issues in the malpractice cases at issue in *Gunn*. Pet. 27-29.

In sum, under both *Christianson* and *Gunn*, the Fifth Circuit has jurisdiction. The judgment below should be reversed.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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