

No. ____

IN THE
Supreme Court of the United States

WPEM, LLC

Petitioner,

v.

SOTI, INC.,

Respondent.

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

PETITION FOR WRIT OF CERTIORARI

Ramey & Schwaller, LLP
William P. Ramey, III
Texas Bar No. 24027643
wramey@rameyfirm.com
5020 Montrose Blvd., Ste. 800
Houston, Texas 77006
(713)426-3923
(832)900-4941 (fax)

QUESTION PRESENTED

1. Does a patent's presumption of validity afforded by 35 U.S.C. §282 limit a district court's discretion to find a case exceptional under 35 U.S.C. §285 when it is only later discovered the accused technology is prior art?
2. Given the clear and convincing evidence standard to invalidate a patent, does a district court have the discretion to find a case exceptional under 35 U.S.C. §285 based upon asserted but unproven grounds of invalidity and unenforceability?

PARTIES TO THE PROCEEDINGS

The parties to the proceeding in the court whose judgment is sought to be reviewed (the Federal Circuit Court of Appeals) are:

Petitioner

- WPEM, LLC

Respondent

- SOTI, Inc.

RULE 29.6 STATEMENT

WPEM, LLC has no parent corporations or publicly held corporation that owns 10% or more of the stock of WPEM, LLC.

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Statutes

28 U.S.C. § 1254(1)	1
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Other Other Authorities

Gregory Dolin and Irena Manta, <i>Taking Patents</i> , 73 Wash. & Lee L. Rev. 719, 775-96 (2016).	1
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OPINIONS BELOW

The Federal Circuit's opinion is reprinted at App. A, and is reported at *WPPEM, LLC v. SOTI Inc.*, No. 2020-1483, 2020 U.S. App. LEXIS 38440 (Fed. Cir. 2020). The Federal Circuit's unpublished order denying full court rehearing is reprinted at App. B.

JURISDICTION

The Federal Circuit entered judgment on December 9, 2020 (App. A), and denied a timely petition for rehearing en banc on January 27, 2021. (App. B) This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

**CONSTITUTIONAL AND STATUTORY
PROVISIONS**

The Question Presented involves 35 U.S.C. §282 and 35 U.S.C. §285 that state:

35 U.S.C. §282

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

35 U.S.C. §285

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

STATEMENT OF THE CASE

This is a patent case seeking the limits of a district court's discretion to find a case exceptional, namely whether such discretion allows the court to ignore the statutory presumption of validity in finding a case exceptional. The underlying case involves a district court's finding of exceptionality under 35 U.S.C. §285 because the accused technology was only later discovered to be prior art. The District Court determined that Petitioner failed to conduct any pre-suit investigation into the validity or enforceability of the patent-in-suit.¹

In performing its analysis, the District Court determined Petitioner's case to be frivolous because the accused technology was prior art, but the District Court did not make an invalidity determination, as such would require clear and convincing evidence. Rather the District Court viewed the the fact that the accused technology was prior art as affecting the evaluation of Petitioner's litigation position and coupled Respondents other asserted but unproven grounds of unenforceability and invalidity as evidence supporting the unreasonable manner in which the case was litigated to support its finding of exceptionality.

¹ App. 0001-15 at 10.

REASONS FOR GRANTING THE PETITION

Review is warranted to resolve issues of significant national and legal importance, specifically:

(1) Whether a patent's presumption of validity afforded by 35 U.S.C. §282 can limit a district court's discretion to find a case exceptional under 35 U.S.C. §285.

(2) Whether the clear and convincing evidence standard to invalidate a patent limits a district court's discretion to find a case exceptional under 35 U.S.C. §285 based upon asserted but unproven grounds of invalidity and unenforceability.

A. THE FEDERAL CIRCUIT COURT OF APPEALS ERRED IN NOT APPLYING THE PRESUMPTION OF VALIDITY UNDER §282 TO LIMIT A DISTRICT COURT'S DISCRETION TO AWARD FEES UNDER §285.

This Court's holding in *Octane Fitness* did not empower a district court's discretion under §285 above the statutory presumption of validity.² In fact, this Court specifically directed the lower courts to consider the governing law and the facts when making its determination on whether a case was so exceptional as to award fees³ and there is no support in the law for awarding fees when a party relies on that statutory presumption of validity in filing a patent infringement action, absent a reason to question that presumption.⁴ A

² *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014).

³ *Octane Fitness, LLC*, 134 S. Ct. 1749, 1755, 188 L. Ed. 2d at 825.

⁴ *Vehicle Interface Techs., LLC v. Jaguar Land Rover N. Am., LLC*, Civil Action No. 12-1285-RGA, 2015 U.S. Dist. LEXIS 171964 (D. Del. 2015); The underlying case provided no reason to question validity or enforceability, but rather evidence supporting Respondent copied Petitioner's system, which will be presented in briefing before this Court.

contrary holding renders meaningless the presumption of validity.

The Federal Circuit erred in not constraining the District Court's discretion when it based its fee award upon Petitioner's "fail[ure] to conduct an invalidity and enforceability pre-filing investigation and ignored obvious issues that should have been readily apparent to it had it adequately them as part of its own preparation for litigation."⁵ Neither the Federal Circuit or the District Court cite any case law requiring a pre-suit validity and enforceability investigation, nor is there any as such would render meaningless the statutory presumption of validity.

The Federal Circuit's error allowed the District Court to find Petitioner's case frivolous because the Accused Technology was in fact prior art.⁶ A finding that the Accused Technology is prior art only matters if the District Court is also finding, even if not holding, that the Accused Technology is invalidating. However, the District Court's holding was that the Accused Technology was in fact prior art, but the Order further provided that the District Court did not consider the ultimate

⁵ Appx. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *18 (E.D. Tex. 2020).

⁶ Appx. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-11 (E.D. Tex. 2020).

merits of the prior art issues.⁷ Therefore, while the District Court uses this point to find Petitioner's case frivolous, the Order recognizes that it cannot cast this position as one of invalidity as such would require clear and convincing evidence. Then, the Order changes its assertion from one of frivolity to one of "evaluation of the strength of [Petitioner's] litigation position."⁸ Thus, without analysis, the District opined that the '762 patent is invalid. While District Court's have broad discretion, awarding fees through what is in essence vitiating the statutory presumption of validity is an abuse of that discretion.

Petitioner requests this Court instruct the Federal Circuit to apply the presumption of validity to the Patent-in-Suit⁹ and properly assess whether the District Court abused its discretion by awarding fees based on Petitioner's alleged failure to perform a pre-suit investigation of validity and enforceability. Either there is a presumption of validity or there is not a presumption of validity.

B. THE FEDERAL CIRCUIT COURT OF APPEALS ERRED IN NOT APPLYING

⁷ App. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-14 (E.D. Tex. 2020).

⁸ App. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-12 (E.D. Tex. 2020).

⁹ App. E.

THIS COURT'S CLEAR AND CONVINCING EVIDENCE STANDARD TO INVALIDATE A PATENT BY ALLOWING THE DISTRICT COURT DISCRETION TO AWARD FEES UNDER §285 BASED UPON ASSERTED BUT UNPROVEN GROUNDS OF INVALIDITY.

Clear and convincing evidence is required to invalidate a patent.¹⁰ However, the Federal Circuit allowed the District Court discretion to consider asserted but unproven grounds of invalidity and enforceability for supporting “the unreasonable manner in which the case was litigated.”¹¹ The District Court’s Order specifically found that Respondent’s other asserted grounds of invalidity and enforceability did not establish that Petitioner’s claims were clearly frivolous¹² but, the District Court used these other asserted, but unproven, grounds of invalidity and enforceability as evidence supporting “the unreasonable manner

¹⁰ *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 131 S. Ct. 2238 (2011)

¹¹ App. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-14 (E.D. Tex. 2020).

¹² App. C, *WPEM, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-14 (E.D. Tex. 2020).

in which the case was litigated.”¹³ If the asserted grounds of invalidity and unenforceability are unproven, what evidentiary standard was the District Court using?

The Federal Circuit erred by not requiring the District Court to use a clear and convincing evidence standard for asserted ground of invalidity and unenforceability when applying its discretion in awarding fees. Allowing a district court to award fees under §285 on asserted but unproven ground of invalidity and unenforceability renders meaningless this Court’s requirement of clear and convincing evidence. Under the District Court’s standard, a patent need not be invalidated to award fees for patent invalidity or unenforceability. This is a radical expansion of discretion. The District Court’s standard allows the invalidation of a patent without any analysis and based solely on untested asserted grounds of a defendant in litigation.

CONCLUSION

Because the Federal Circuit refused to limit the District Court’s discretion in awarding fees, in essence vitiating the statutory presumption of validity and changing the evidentiary standard to invalidate a

¹³ App. C, *WPEN, Inc. v. SOTI Inc.*, No. 2:18-CV-00156-JRG, 2020 U.S. Dist. LEXIS 17449, at *10-14 (E.D. Tex. 2020).

patent, Petitioner requests the Supreme Court grant review of this matter.

Respectfully Submitted,

/s/William P. Ramey, III
William P. Ramey, III
Ramey & Schwaller, LLP
5020 Montrose Blvd., Suite 800
Houston, Texas 77006
(713)426-3923
(832)900-4941 (fax)
wramey@rameyfirm.com

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