

No. 20-1545

IN THE
Supreme Court of the United States

TCL COMMUNICATION TECHNOLOGY HOLDINGS, LIMITED,
TCT MOBILE LIMITED,
TCT MOBILE (US) INC.,

Petitioners,

v.

GODO KAISHA IP BRIDGE 1,

Respondent.

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

REPLY BRIEF FOR PETITIONERS

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INTRODUCTION

The Federal Circuit's decision violates the Supreme Court's precedent in *Markman*, which requires *the district court* to decide claim construction issues, not the jury. Respondent argues that no violation of *Markman* occurred because it presented evidence (primarily in the form of expert testimony) showing that its patents were essential to the LTE standard and that the accused products complied with that

standard. Respondent contends that, for standard-essential patent cases, it is permitted to present its case in this way. It is not. This Court *has never* permitted a party to prove patent infringement solely by showing through expert testimony that a patent is essential to a standard and that the accused product complies with that standard. Indeed, such an analysis results in the jury—not the judge—construing patent claims, which is a plain violation of *Markman*.

At bottom, Respondent’s argument allows *the jury*, through the guidance of an expert witness, to conclude that the patent claims are coextensive with an industry standard. But the court—not the jury—must determine if the industry standard is coextensive with the patent claims because this issue involves claim construction and is thus squarely within the province of the court. The same policies that this Court relied on when assigning claim construction duties to the district court judge in *Markman* apply here. For example, in *Markman*, this Court explained that issues involving document interpretation or interpretation of technical terms (e.g., construing patent claims or a contract) are within the purview of judges, while issues involving “product identification” and the ultimate issue of patent infringement are best left for juries. The *Markman* Court explained that it reached this conclusion because judges are better suited than juries to determine the construction of written instruments and technical terms, and because allowing judges to construe patent terms provides more uniformity than if terms were construed by the jury (since a single patent can be asserted against several different competitors).

Determining whether patent claims are encompassed within an industry standard necessarily

involves analyzing a contract (e.g., a patent) and interpreting technical terms (in both the patent and the standard). Such an analysis—by its very nature—is the same type of analysis that this Court committed to district court discretion in *Markman*. If juries are allowed to perform this analysis, the uniformity described above will be compromised, and there will be a severe risk that a jury’s lack of expertise with interpreting legal and technical terms will result in scenarios where patent claims are found coextensive with a standard when they are not and vice versa. These concerns are magnified by the fact that there are tens of thousands of patents alleged to be standard essential. For these reasons, not only was *Markman* violated, but this violation was significant. Accordingly, TCL’s petition for certiorari should be granted.

A. This Case Squarely Presents a Scenario Where the Jury Impermissibly Performed Claim Construction in Violation of *Markman*

Proving literal infringement at trial requires the patentee to compare the accused product to the elements of the claim. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 374 (1996). There can only be literal infringement if the accused product practices every element in the patent claim. *Texas Instruments, Inc. v. U.S. Int’l Trade Comm’n*, 805 F.2d 1558, 1562 (Fed. Cir. 1986). Here, Respondent sought to satisfy this legal requirement by using the LTE standard as a go-between. That is, the Respondent argued that the asserted patents are coextensive with the LTE standard, and that there is infringement because the accused products practice that LTE standard. It is undisputed that the Federal Circuit allowed Respondent to present its case this way, that the LTE

standard is necessary to Respondent's infringement theory, and that the accused TCL products practice the LTE standard. The dispute here involves the first part of Respondent's infringement theory—i.e., whether the claims in the asserted patents are coextensive with the LTE standard. Performing this analysis necessarily involves construing the scope of the patent claims and determining whether they are encompassed by the industry standard. This is—by definition—a claim construction analysis, which means the district court must conduct it (not the jury).

There is no dispute that, in this case, the determination that the asserted patents were coextensive with the industry standard was made by the jury and not the court. Thus, the district court and Federal Circuit bypassed *Markman*'s requirement that “the construction of a patent, including terms of art within its claim, is exclusively within the province of the court.” *Markman*, 517 U.S. at 372. Getting claim construction correct is essential because the scope of the patent claim defines for the patentee “all to which he is entitled” while “appris[ing] the public of what is still open to them.” *Id.* at 373 (citation and quotations omitted).

Respondent acknowledges that this case involves standard essentiality but argues there was no *Markman* violation because the Federal Circuit blessed the two-step process it purports to apply here. But two wrongs do not make a right. Respondent cannot avoid the simple, yet highly material fact that the district court never determined whether the asserted claims covered each possible implementation of the standard. This is why *Markman* was violated.

Events at trial demonstrated the substantial dangers associated with allowing a jury construe

patent claims. Both asserted patents were declared standard essential through a self-serving, uncontested interaction between Respondent and a third party. To be fair, these patents do contain some claim limitations that overlap with supposed “mandatory” provisions in the 3GPP LTE standard specification. But it became apparent during litigation—when the patents at issue were contested and under stricter scrutiny—that there were significant differences between the asserted patents and the LTE standard (i.e., the patent claims had features not present in the LTE standard). In the ’239 patent, for example, the underlying independent claim recites an additional requirement involving a second set of conditional checks that is nowhere in the LTE standard. Appellants’ Br. 21, 34-39. For the ’538 patent, the evidence showed that the products did not practice the LTE standard in the way described by the claims—instead, the accused products achieved a similar result in a different way. Appellants’ Br. 39-47. TCL argued these points at trial, and Respondent is wrong to argue that TCL failed to do so. Br. in Opp. 17.

Because neither the district court nor Federal Circuit determined whether the claims are fully subsumed within the industry standard, claim construction was never appropriately performed. Respondent blames TCL for this lapse (Br. in Opp. 15), but it is Respondent who has the burden of proof on infringement and who developed the infringement theory at issue here. Indeed, plaintiffs submitted their infringement contentions in this case well before the claim construction phase began, and it has no one to blame but itself for failing to argue that the claims cover every possible implementation of the industry standard and for failing to ask the district court to make this finding.

B. The Reasoning in *Markman* Applies with Equal Force to this Case and Justifies Overturning the Federal Circuit’s Error

Respondent argues that policy arguments do not support review of this case. Respondent ignores, however, that the most important policy arguments relating to this Petition—i.e., those described in *Markman*—strongly favor review. In *Markman*, this Court explained why it committed the claim construction issue to the discretion of the district court (and not the jury). It started by following its past precedent in *Bischoff v. Wethered*, 76 U.S. 812 (1870), where “the Court drew a line between issues of document interpretation and product identification, and held that expert testimony was properly presented to the jury on the latter, ultimate issue.” *Markman*, 517 U.S. at 386. Informed by *Bischoff*, this Court drew the same line in *Markman*, committing claim construction to the district court but letting the ultimate issue of infringement go to the jury. *Id.* at 391.

In doing so, the Court unambiguously stated that “[t]he construction of written instruments is one of those things that judges often do and are likely to do better than jurors unburdened by training in exegesis.” *Markman*, 517 U.S. at 388. Further, “there is no reason to weigh the respective strengths of judge and jury differently in relation to the modern claim; quite the contrary, for the claims of patents have become highly technical in many respects as the result of special doctrines relating to the proper form and scope of claims that have been developed by the courts and the patent Office.” *Id.* at 388-89 (citation and quotations omitted). Here, Respondent makes the same type of argument that the Court rejected in *Markman*: i.e., the jury is better suited than the

judge to make a credibility judgment. The Court in *Markman* rejected this argument because “any credibility determinations will be subsumed within the necessarily sophisticated analysis of the whole document, required by the standard construction rule that a term can be defined only in a way that comports with the instrument as a whole.” *Id.* at 389 (citations omitted).

The Court explained that a jury’s ability to assess the credibility of a witness’s demeanor is “much less significant” when compared to the aptitude of a judge, who has “a trained ability to evaluate the testimony in relation to the overall structure of the patent” and can “ascertain whether an expert’s proposed definition fully comports with the specification and claims and so will preserve the patent’s internal coherence.” *Id.* at 389-90. Accordingly, this Court found that there was “sufficient reason to treat construction of terms of art like many other responsibilities we cede to a judge in the normal course of trial, notwithstanding its evidentiary underpinnings.” *Id.* at 390.

Next, the Court in *Markman* recognized the “importance of uniformity in the treatment of a given patent as an independent reason to allocate issues of construction to the court.” *Id.* at 390. The Court determined that “[u]niformity would, however, be ill served by submitting issues of document construction to juries.” *Id.* at 391.

All of the policies described above from *Markman* apply with equal force here. Determining whether patent claims are coextensive with an industry standard necessarily involves analyzing a contract (e.g., a patent) and interpreting technical terms of art (in both the patent and the LTE standard). Such an analysis—by its very nature—is the same type of

analysis that this Court committed to district court's discretion in *Markman*. If juries are allowed to perform this analysis, the uniformity described above will be compromised, and there will be a severe risk that a jury's lack of expertise with interpreting legal and technical terms will result in scenarios where patent claims are found coextensive with a standard when they are not and vice versa. These concerns are magnified by the fact that there are tens of thousands of patents alleged to be standard essential. The holding of *Markman*, and the reasons for that holding, apply here and provide a sound basis for granting review.

C. The Conflict Between the Federal Circuit's Decision and Supreme Court Precedent Should Be Resolved by this Court

Respondent acknowledges the Federal Circuit's *Fujitsu* decision held that an accused product can operate according to an accused product "if the asserted claims cover[] every possible implementation of [that] standard." Br. in Opp. 13 (citing *Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d 1321, 1327 (Fed. Cir. 2010)). Determining whether patent claims are coextensive with an industry standard requires claim construction by a court because "in many instances, an industry standard does not provide the level of specificity required to establish that practicing that standard would always result in infringement." *Fujitsu*, 620 F.3d at 1327-28. Moreover, a standard may include optional sections that need not be implemented by the devices on the network, in which case standards compliance does not automatically mean infringement. *Id.* Such was the case in *Fujitsu*, where the Federal Circuit affirmed a district court finding that certain sections of a standard were optional and thus

standards-compliance did not prove infringement. *Id.* at 1328. For reasons such as these, a thorough analysis comparing the claims to the standard is necessary to determine whether the claims and standard are coextensive, and whether the relevant standard section is optional. This analysis at its core invokes ascertaining the meaning and scope of the patent claims, which is why it must be performed by a court and not a jury. In this case, neither the district court nor Federal Circuit determined whether the asserted claims cover every possible implementation of the industry standard or whether the relevant sections of the LTE standard were optional. The jury performed this analysis, which is the violation that needs correcting.

Respondent cites to “long-standing Federal Circuit precedent,” but the cited precedent is inapposite. The Federal Circuit’s decision in *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263 (Fed. Cir. 2004), simply explained that, “[the trier of fact] must compare the properly construed claims to the allegedly infringing device.” *Id.* at 1273 (citing *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc)). TCL does not dispute that the trier of fact can compare the patent claims—once construed—to the accused product. TCL does dispute, however, that the jury can also perform the preliminary step of determining whether the relevant standard was coextensive with the patent claims. Notably, *the district court* made this determination in *Dynacore*, just as *Markman* requires, at the summary judgment stage. *Dynacore*, 363 F.3d at 1267-68. Additionally, the Federal Circuit in *Dynacore* affirmed that the claims did not cover each implementation of the standard. *Id.* This is the exact issue TCL raised in its post-trial

briefing—i.e., the asserted patents contain limitations that are not covered by the LTE standard.

The *Fujitsu* case is another case where the district court, and not the trier of fact, considered whether the asserted patents covered each implementation of the industry standard. *Fujitsu*, 620 F.3d at 1327-28. Where a standard includes optional sections, the *Fujitsu* court determined that “standards compliance alone would not establish that the accused infringer chooses to implement the optional section.” *Id.* The *Fujitsu* court found that certain sections of a standard were optional and thus standards-compliance did not prove infringement. *Id.*, at 1328. Only through a thorough analysis comparing the claims to the standard can one determine whether the claims and standard are coextensive, and whether the relevant standard section is optional. This analysis is properly undertaken by a court and not a jury because it necessarily requires the court to ascertain the scope of the claims and whether they cover mandatory or optional portions of the standard. This determination cannot be entrusted to a jury because, as discussed in Section B, the jury is ill-equipped to make a determination of whether the claims cover every implementation of a standard.

Here, the Federal Circuit deviated from its holdings in *Dynacore* and *Fujitsu*, leaving the jury to determine whether the standard is coextensive with the patent claims. No court determined whether the '239 and '538 patents cover every possible implementation of the LTE standard, or whether the relevant sections of the LTE standard are mandatory, and Respondent was allowed to present this question directly to the jury. This result contravenes prior Federal Circuit precedent, as well as this Court's precedent.

This case presents a new and important question that this Court has not addressed: whether standard-compliance alone may be relied on for an infringement theory when a court has not determined whether the industry standard covers each patented claim feature. At the root of this issue is a claim construction determination regarding whether the patent claims align with the industry standard. This case presents an exemplary vehicle for addressing this significant question. The rise in the number of standard essential patents demonstrates the importance of a decision on this issue crucial to prevent continued circumvention of this Court's *Markman* decision. Pet. 18.

CONCLUSION

For the above reasons, and in view of the importance of the questions presented herein, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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