

No. 21-

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IN THE  
**Supreme Court of the United States**

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APPLE INC.,

*Petitioner,*

*v.*

QUALCOMM INCORPORATED,

*Respondent.*

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ON PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

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**PETITION FOR A WRIT OF CERTIORARI**

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## QUESTION PRESENTED

This case presents the same question as *Apple Inc. v. Qualcomm Inc.*, No. 21-746 (U.S.) (“*Apple I*”), in which the Court recently called for the views of the Solicitor General.

In *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), this Court held that, under Article III, a patent licensee may challenge the validity of a patent covered by a license agreement even where the licensee pays royalties that eliminate any imminent threat of suit. The Court recognized that royalty payments are coerced when, considering all the circumstances, the licensee makes those payments to avoid the threat of an infringement suit.

In this case, just as in *Apple I*, Apple makes payments to respondent Qualcomm under a license agreement that covers a portfolio of patents. Applying its precedent in *Apple I*, the U.S. Court of Appeals for the Federal Circuit nevertheless held that Apple lacks Article III standing to challenge the validity of three of those patents in appeals from inter partes reviews—a mechanism that Congress created precisely to facilitate challenges to questionable patents, including through appeal—because the license agreement covers multiple patents, such that invalidation of the three patents-in-suit would not by itself alter Apple’s payment obligations under the license agreement.

The question presented is:

Whether a licensee has Article III standing to challenge the validity of a patent covered by a license agreement that covers multiple patents.

## **PARTIES TO THE PROCEEDING**

Petitioner Apple Inc. was the petitioner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals in Nos. 20-1683, 20-1763, 20-1764, 20-1827.

Respondent Qualcomm Incorporated was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellee in the court of appeals in Nos. 20-1683, 20-1763, 20-1764, 20-1827.

## **CORPORATE DISCLOSURE STATEMENT**

Apple Inc. has no parent company, and no publicly held corporation owns 10% or more of its stock.

## RELATED PROCEEDINGS

United States Court of Appeals for the Federal Circuit:

A. *Apple Inc. v. Qualcomm Incorporated*, No. 20-1683 (Fed. Cir.) (consolidated with Nos. 20-1763, 20-1764, and 20-1827; judgment issued November 10, 2021)

B. *Apple Inc. v. Qualcomm Incorporated*, No. 20-1763 (Fed. Cir.) (consolidated with Nos. 20-1683, 20-1764, and 20-1827; judgment issued November 10, 2021)

C. *Apple Inc. v. Qualcomm Incorporated*, No. 20-1764 (Fed. Cir.) (consolidated with Nos. 20-1683, 20-1763, and 20-1827; judgment issued November 10, 2021)

D. *Apple Inc. v. Qualcomm Incorporated*, No. 20-1827 (Fed. Cir.) (consolidated with Nos. 20-1683, 20-1763, and 20-1764; judgment issued November 10, 2021)

Patent Trial and Appeal Board:

A. *Apple Inc. v. Qualcomm Incorporated*, Case IPR2018-01276 (P.T.A.B.) (final written decision entered February 3, 2020)

B. *Apple Inc. v. Qualcomm Incorporated*, Case IPR2018-01281 (P.T.A.B.) (final written decision entered February 24, 2020)

C. *Apple Inc. v. Qualcomm Incorporated*, Case IPR2018-01282 (P.T.A.B.) (final written decision entered February 24, 2020)

D. *Apple Inc. v. Qualcomm Incorporated*, Case IPR2018-01460 (P.T.A.B.) (final written decision entered March 12, 2020)

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**PETITION FOR A WRIT OF CERTIORARI**

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Apple Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in these consolidated appeals.

**INTRODUCTION**

This case presents the same question of Article III standing and involves the same parties and materially identical circumstances as *Apple Inc. v. Qualcomm Inc.*, No. 21-746 (U.S.) (“*Apple I*”), in which the Court recently called for the views of the Solicitor General. The Federal Circuit’s continued adherence to its erroneous standing rule in this case—over Judge Newman’s dissent—reinforces the need for this Court’s review. The

Court should hold this petition and then dispose of it in a manner consistent with the disposition of *Apple I*.

In 2007, this Court made clear that, under Article III, a party who takes a license to a patent and makes ongoing payments under the license agreement to avert costly and risky litigation may nonetheless challenge the patent's validity in court and need not breach the license to do so. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007). In this case, however, the Federal Circuit applied the incorrect standing rule that it had established in *Apple I* and held that a party loses Article III standing to challenge a patent if it enters into a license agreement to settle litigation, merely because the agreement covers multiple patents in addition to the ones being challenged and the licensee's payment obligations would not change based on the invalidity of the specific patents-in-suit. Just as in *Apple I*, that holding presents an exceptionally important question warranting this Court's review.

In 2017, respondent Qualcomm Incorporated ("Qualcomm") brought multiple suits against Apple for allegedly infringing several patents, including the three at issue here. While those suits were pending, Apple challenged many of those patents in inter partes reviews ("IPRs")—a mechanism that Congress created to allow parties to challenge patents before the Patent Trial and Appeal Board ("Board") with a right of appeal to the Federal Circuit. The parties ultimately settled Qualcomm's infringement suits in 2019, while agreeing that Apple's IPRs would continue through any appeal. Apple and Qualcomm also entered into a license agreement under which Apple would make ongoing payments for a portfolio of patents, including the patents-in-suit, in exchange for Qualcomm's promise not to sue Apple while the agreement was in force. The license

agreement is temporary and will expire years before the three patents-in-suit do, because Qualcomm refused Apple's proposal of a license extending for the life of the patents.

After the Board issued decisions in Apple's IPRs finding some of the patents' challenged claims not unpatentable, Apple appealed, but the Federal Circuit dismissed the appeals for lack of Article III standing, over Judge Newman's dissent. The panel majority stated that it does "no more than follow in the wake of *Apple I*," as it is confronted with "identical operative facts." App. 2a. The court thus relied on *Apple I*, in which the court distinguished *MedImmune* on the ground that Apple's ongoing payments under the portfolio license would not change even if the three patents at issue were invalidated. *Id.*; see *Apple I*, 992 F.3d 1378, 1383 (Fed. Cir. 2021). Judge Newman disagreed, explaining that Apple's "concern is with the patents here on appeal, not a portfolio of patents for which no infringement charge has been made," and in that situation "extensive precedent" shows that "a patent licensee has standing to challenge validity of the patents to which it is licensed, including challenge in federal court on appeal from [IPR] decisions." App. 16a.

The Federal Circuit's incorrect standing rule conflicts with this Court's precedent by allowing patent owners to negotiate themselves out of Article III jurisdiction by licensing patents in bulk, rather than one-by-one—an obvious end-run around *MedImmune* that has no doctrinal basis. Indeed, there is unquestionably a threat of infringement litigation sufficient to support standing because Qualcomm has *already* asserted the patents against Apple and has not disclaimed its intention to do so again—either right now, if Apple were to stop making payments, or in the future after the license

agreement terminates. Meanwhile, under the Federal Circuit’s approach, a challenger like Apple who settles a suit would lose the right to appeal an unfavorable IPR decision, and—due to statutory estoppel—might not be able to reassert invalidity in the event the patent owner sues again. Thus, under the Federal Circuit’s approach, the only certain way for a licensee to challenge patent validity in comparable situations is to repudiate the entire portfolio license agreement and face the serious consequences of a likely infringement suit—a result that this Court expressly rejected in *MedImmune*.

The question presented has broad impact. The Federal Circuit has exclusive jurisdiction over patent appeals, and portfolio licensing is a common practice. Moreover, the Federal Circuit has already applied its erroneous standing rule repeatedly, in *Apple I*, in this case, and in *ModernaTx, Inc. v. Arbutus Biopharma Corp.*, 18 F.4th 1352 (Fed. Cir. 2021). That rule would undermine important public interests in encouraging challenges to questionable patents, particularly by licensees, and in ensuring that settlement of litigation does not unfairly deprive patent challengers of the ability to demonstrate patent invalidity. This Court’s review is warranted.

#### **OPINIONS BELOW**

The Federal Circuit’s opinion resolving consolidated appeals in Nos. 20-1683, 20-1763, 20-1764, and 20-1827 (App. 1a-23a) is reported at 17 F.4th 1131. The Patent Trial and Appeal Board’s final written decision regarding U.S. Patent 8,971,861 (App. 25a-80a) is available at 2020 WL 582388. The Board’s final written decisions regarding U.S. Patent No. 8,768,865 (App. 81a-139a; App. 141a-192a) are available at 2020 WL 890787

and 2020 WL 890792. The Board’s final written decision regarding U.S. Patent No. 9,024,418 (App. 193a-234a) is available at 2020 WL 1644478.

### **JURISDICTION**

The Federal Circuit entered judgment in the consolidated appeals on November 10, 2021. App. 235a. On February 1, 2022, the Chief Justice granted Apple’s application to extend the time within which to file a petition for a writ of certiorari to and including April 8, 2022. This Court has jurisdiction under 28 U.S.C. § 1254(1).

### **CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

Article III of the U.S. Constitution and the relevant statutory provisions, 35 U.S.C. §§ 141, 315(e), 319, and 28 U.S.C. § 1295(a)(1), (4) are reproduced in the appendix to this petition.

### **STATEMENT**

#### **A. The Patents And Qualcomm’s Infringement Suit**

Apple makes mobile electronic devices such as iPhones. Qualcomm produces chips that go into some Apple devices and, as relevant here, owns U.S. Patent 8,971,861 (the ’861 patent”), U.S. Patent No. 8,768,865 (the ’865 patent”), and U.S. Patent No. 9,024,418 (the ’418 patent”).

The ’861 patent claims a way to provide targeted information to a user based on data collected about that

user. *See, e.g.*, 20-1683 A68 (1:33-54).<sup>1</sup> The '865 patent recites a process in which, upon some conditions or events occurring relating to the user, a phone “fixes” and stores a subset of “varying parameters” containing patterns corresponding to the condition. *See, e.g.*, 20-1763 A201 (8:12-18). And the '418 patent recites various arrangements of semiconductor structures that (according to the patent) promote increased transistor density. *See, e.g.*, 20-1827 A56 (5:51-54).

In 2017, Qualcomm brought six district court and International Trade Commission actions accusing Apple of infringing several patents.<sup>2</sup> In one such suit, Qualcomm alleged that Apple’s mobile devices infringed the '861, '865, and '418 patents. *See Qualcomm Inc. v. Apple Inc.*, No. 17-cv-02402, ECF No. 1 (S.D. Cal. Nov. 29, 2017) (“*Qualcomm*”). Qualcomm sought a declaration of infringement, damages no less than a reasonable royalty, a permanent injunction against infringement, attorney’s fees, and costs. *Id.* at 45-46. Apple counterclaimed that the '861, '865, and '418 patents are invalid and that Apple did not infringe them. *See id.*, ECF No. 47, at 44-48, 50-52, 56-59.

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<sup>1</sup> “20-1683 A,” “20-1763 A,” and “20-1827 A” refer to appendices filed in the corresponding Federal Circuit dockets. Patents are cited in parentheses as “[column]:[line].”

<sup>2</sup> *See Qualcomm Inc. v. Apple Inc.*, No. 17-cv-02402 (S.D. Cal. Nov. 29, 2017); No. 17-cv-02403 (S.D. Cal. Nov. 29, 2017); No. 17-cv-02398 (S.D. Cal. Nov. 29, 2019); No. 17-cv-01375 (S.D. Cal. July 6, 2017); *In re Certain Mobile Elec. Devices and Radio Frequency Components Thereof*, Investigation No. 337-TA-1093 (Nov. 30, 2017) (Int’l Trade Comm’n); *In re Certain Mobile Elec. Devices and Radio Frequency Components Thereof*, Investigation No. 337-ITC-1065 (July 7, 2017) (Int’l Trade Comm’n); *see also* First Amended Complaint ¶¶102-125, 137-142, *Apple Inc. v. Qualcomm Inc.*, No. 17-cv-00108 (S.D. Cal. June 20, 2017), ECF No. 83.

While that suit was ongoing, Apple filed petitions for IPR to challenge certain claims of the '861, '865, and '418 patents as invalid.<sup>3</sup> IPR is an administrative process that allows any person other than the patent owner to challenge the validity of a patent for obviousness or lack of novelty. *See Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 361, 265 (2016). The United States Patent and Trademark Office may institute an IPR if it finds “a reasonable likelihood that the petitioner would prevail with respect to” at least one of the challenged claims. 35 U.S.C. § 314(a); *see Cuozzo*, 579 U.S. at 288. Once an IPR is instituted (and not dismissed), the Board must “issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner.” 35 U.S.C. § 318(a); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1359-1360 (2018). The statute provides that, after a final written decision, the IPR petitioner is estopped from challenging the same patent claims in a subsequent IPR, in court, or before the International Trade Commission “on any ground that the petitioner raised or reasonably could have raised during that” IPR. 35 U.S.C. § 315(e).

The district court stayed Qualcomm’s suit, *see Qualcomm*, ECF No. 188, at 6-7, and the Board instituted IPRs, including the IPRs challenging the '861, '865, and '418 patents, finding a reasonable likelihood that Apple’s challenges would succeed, *see id.*, ECF Nos. 195, 196.

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<sup>3</sup> Apple’s IPR petitions challenged claims 1-34 of the '861 patent, claims 1-30 and 46-53 of the '865 patent, and claims 1-5, 8-10, and 12-20 of the '418 patent. After the Board found certain challenged claims not unpatentable, claims 1-25 of the '861 patent, claims 4 and 23 of the '865 patent, and claims 1, 2, 4, 8, 12, 13, 15-19, and 20 of the '418 patent are at issue in these appeals.

Qualcomm's suit was ultimately dismissed with prejudice when, in April 2019, the parties entered into a global settlement of all litigation between them. *See* App. 2a; *Qualcomm*, ECF No. 198. As explained below, the settlement did not resolve Apple's IPRs challenging the '861, '865, and '418 patents.

### **B. The Parties' License Agreement**

As part of the settlement, the parties executed a six-year license agreement with a possible two-year extension. App. 2a; *Apple I*, 992 F.3d at 1382. Sometimes called a "license" or a "covenant not to sue," *TransCore, LP v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271, 1276 (Fed. Cir. 2009), a license agreement is in essence "a promise by the licensor not to sue the licensee," *Macom Tech. Sols. Holdings, Inc. v. Infineon Techs. AG*, 881 F.3d 1323, 1329 (Fed. Cir. 2018); *see also United States v. Studiengesellschaft Kohle, m.b.H.*, 670 F.2d 1122, 1127 (D.C. Cir. 1981) ("A license is an agreement by the patentee, usually for a consideration, not to sue the licensee of the patent for infringement of the patent."). In exchange, the licensee typically makes payments to the licensor, often called royalties. *See Kimble v. Marvel Entm't, LLC*, 576 U.S. 446, 451 (2015) (patent owner may "sell or license [its exclusive rights] for royalty payments").

The license agreement in this case is, in effect, a temporary and conditional covenant not to sue. The agreement covers a portfolio of "tens of thousands" of patents, including the '861, '865, and '418 patents, and requires Apple to make ongoing payments. App. 2a; *Apple I*, 992 F.3d at 1383. In exchange, Qualcomm promised not to sue Apple for infringement of the covered patents during the term of the license agreement,

so long as Apple makes the required payments. *See* App. 2a; *Apple I*, 992 F.3d at 1382-1383.

Apple had proposed an irrevocable license or other permanent rights to the '861, '865, and '418 patents, with a covenant by Qualcomm not to sue Apple for the life of the licensed patents. *See* 20-1683 A2254; *Apple I*, 992 F.3d at 1385. Such an agreement would have settled Apple's IPRs in addition to Qualcomm's infringement suits and the International Trade Commission cases. But Qualcomm refused. *See Apple I*, 992 F.3d at 1385. It agreed only to a license agreement that will expire in 2025 (or 2027 if extended)—years before the '861, '865, and '418 patents expire. *See* App. 14a; *Apple I*, 992 F.3d at 1382. The parties therefore carved the IPRs out of the settlement, agreeing that Apple's IPRs challenging the '861, '865, and '418 patents would continue through final resolution, including appeal, despite the settlement and the license agreement. *See* 20-1683 A2254; *see also* App. 3a-4a.

### **C. Federal Circuit Proceedings**

In February and March 2020, the Board issued final written decisions in Apple's IPRs finding certain challenged claims of the '861, '865, and '418 patents not unpatentable. App. 25a-80a; App. 81a-139a; App. 141a-192a; App. 193a-234a. Apple timely appealed. *See* 28 U.S.C. § 1295(a)(4).

The patent statute provides that a party to an IPR “who is dissatisfied with” the Board's final written decision “may appeal” that decision to the Federal Circuit. 35 U.S.C. § 141(c); *see also id.* § 319 (“Any party to the inter partes review shall have the right to be a party to the appeal.”). Despite that statutory right to appeal the Board's final written decision, the Federal

Circuit has held that the IPR petitioner must independently demonstrate Article III standing to pursue such an appeal. *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1171-1172, 1175 (Fed. Cir. 2017). Under Federal Circuit precedent, an IPR petitioner may establish the necessary injury in fact if “it is engaged or will likely engage ‘in an[] activity that would give rise to a possible infringement suit,’” *JTEKT Corp. v. GKN Auto. Ltd.*, 898 F.3d 1217, 1220 (Fed. Cir. 2018), or “has contractual rights that are affected by a determination of patent validity,” *id.* (citing *MedImmune*, 549 U.S. at 137), such as under a patent license.

Apple argued that it has standing to pursue its appeals because Qualcomm has already sued Apple for allegedly infringing the ’861, ’865, and ’418 patents, and under *MedImmune*, the settlement and the license agreement—under which Apple makes ongoing payments to avoid the threat of an infringement suit and the consequences it could impose—supported Article III jurisdiction. *See, e.g.*, 20-1683 C.A. Opening Br. 55-63; *see also Apple I*, 992 F.3d at 1383. Apple explained that the threat of Qualcomm’s infringement suit remains, despite the license agreement, because Qualcomm refused Apple’s proposal of a license for the life of the patents or other permanent rights to the three patents, and because Qualcomm has enforced its patents against Apple after other agreements expired. *See, e.g.*, 20-1683 C.A. Opening Br. 61 & n.10; *see also Apple I*, 992 F.3d at 1383. Apple also cited the risk that, if Apple could not appeal now, Apple would potentially be statutorily estopped under 35 U.S.C. § 315(e) from ever again challenging the validity of the ’861, ’865, and ’418 patents on any ground that it raised or reasonably could have raised in the IPRs at issue here—even though Qualcomm is likely to sue Apple

again for infringement. *See, e.g.*, 20-1683 C.A. Opening Br. 62-63.

While briefing was ongoing in this case, the Federal Circuit issued *Apple I*, which addressed two other patents covered by the same portfolio license at issue here and which Apple subsequently acknowledged would be dispositive of Apple’s standing in this case. App. 4a. In *Apple I*, the Federal Circuit held that *MedImmune* did not apply to Apple’s appeals because Apple had not raised a “contractual dispute”—i.e., “Apple has not alleged that the validity of the patents at issue will affect its contract rights (i.e., its ongoing royalty obligations),” *Apple I*, 992 F.3d at 1383-1384; *see* App. 6a—even though this Court had stated that the presence of a contractual claim “probably makes no difference to the ultimate issue of subject-matter jurisdiction,” *MedImmune*, 549 U.S. at 123.

As the Federal Circuit saw it, *MedImmune* involved a dispute over royalties paid for a single asserted patent. *Apple I*, 992 F.3d at 1383. By contrast, the license agreement here “involves tens of thousands of patents,” and there was no evidence that “the validity of any single patent, including the [patents at issue], would affect [Apple’s] ongoing payment obligations” or that “certain Apple product sales trigger additional royalty payments.” *Id.* at 1383-1384. The Federal Circuit held in *Apple I* that this difference—the use of a so-called portfolio license that “involves tens of thousands of patents” rather than a single-patent license such that a licensee’s payment obligations would not change on account of the patent invalidity at issue—was “fatal to establishing standing under the reasoning of *MedImmune*.” *Id.* at 1383.

The Federal Circuit also dismissed other factors that contribute to Apple’s standing to sue. The court stated, for example, that “Qualcomm’s refusal to grant Apple an irrevocable license or other permanent rights in the [patents at issue] and Qualcomm’s history of asserting patents against Apple after certain royalty agreements expired” were “not enough.” *Apple I*, 992 F.3d at 1385. Likewise, the court held that the risk of Section 315 estoppel did not provide “an independent basis for standing.” *Id.* The Federal Circuit considered these factors in isolation but did not analyze their cumulative effect.

In a published decision in this case, the Federal Circuit applied *Apple I* and dismissed Apple’s appeals for lack of standing, noting that this case and *Apple I* “are on all fours” and that the court could not “defy *Apple I* by dealing differently with its double.” App. 6a-7a. Judge Newman dissented, explaining that “the filing of infringement suits by Qualcomm, and the temporary license taken by Apple, support Apple’s standing to pursue ... appeals, reinforced where, as here ‘Congress has accorded a procedural right to a litigant, such as a right to appeal an administrative decision,’” and the patent statute has an estoppel provision. App. 18a-19a. Accordingly, she concluded that “Apple has standing to appeal these [IPR] decisions to the Federal Circuit, and the Federal Circuit has jurisdiction to receive and decide these appeals,” irrespective of other patents in the licensed portfolio. App. 23a.

### **REASONS FOR GRANTING THE PETITION**

This follow-on case highlights the urgency of the Court’s review in *Apple I*, in which this Court recently called for the views of the Solicitor General. The Federal Circuit’s incorrect standing rule, which the court of

appeals has now applied repeatedly, allows patent owners to evade judicial scrutiny of questionable patents simply by negotiating portfolio licenses under which they receive royalty payments en masse. There is no constitutional basis for such a rule, not in *MedImmune* or anywhere else, and it is bad public policy. The petition in this case should be held and disposed of in a manner consistent with *Apple I*.

**I. THE DECISION BELOW CONFLICTS WITH THIS COURT'S ARTICLE III PRECEDENT**

Just as in *Apple I*, Apple unquestionably faces a threat of suit by Qualcomm for allegedly infringing the '861, '865, and '418 patents. Qualcomm already filed that very suit, which supports Apple's standing to challenge the patents' validity. Moreover, there is no dispute that, had the parties entered into three individual licenses with separate royalties for the three asserted patents, Apple would have had Article III standing to maintain its appeals under *MedImmune*. The question, accordingly, is whether the fact that Qualcomm negotiated a short-term *portfolio* license agreement—covering not just the three patents at issue but also many others, and which will run out before the patents expire—somehow extinguishes Apple's standing to challenge the patent claims. This Court's precedent makes clear that the answer is a resounding “no.”

**A. *MedImmune*, *Cardinal Chemical*, And *Altwater* Make Clear That Patents Subject To A License Agreement May Be Challenged Regardless Of Any Contractual Dispute Over Payment Obligations**

1. In *MedImmune*, this Court held that a patent licensee need not breach or terminate the license agree-

ment in order to seek a declaratory judgment that a licensed patent is invalid. 549 U.S. at 137.<sup>4</sup> MedImmune entered into a license agreement with Genentech, under which MedImmune would pay royalties for products that, without the license, would infringe Genentech's patents. *See id.* at 121. MedImmune believed that it did not owe royalties for its product Synagis because (among other reasons) Genentech's asserted patent was invalid. *Id.* at 121-122. Nonetheless, MedImmune paid royalties "under protest" because it feared that if it failed to do so, Genentech would terminate the license agreement and sue for infringement, which could result in "treble damages and attorney's fees," as well as an injunction against selling Synagis. *Id.* at 122.

As this Court explained, if MedImmune "had taken the final step of refusing to make royalty payments," thereby repudiating the license agreement, no one would have disputed the presence of an Article III case or controversy: Genentech was threatening patent enforcement and demanding royalties, whereas MedImmune asserted the patent was invalid and that therefore no royalties were owing. 549 U.S. at 128. And although MedImmune's continued royalty payments rendered "what would otherwise be an imminent threat at least remote, if not nonexistent," the Court held that those payments did not remove the controversy "within the meaning of Article III" because it held, contrary to Federal Circuit precedent at the time, that reasonable apprehension of imminent suit was not required. *Id.*; *id.* at 132 & n.11.

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<sup>4</sup>The Declaratory Judgment Act requires that the plaintiff satisfy Article III's case-or-controversy requirement. *See MedImmune*, 549 U.S. at 126-127. Thus, this Court explained that the jurisdictional issue in *MedImmune* "can be described in terms of standing." *Id.* at 128 n.8.

This Court explained that, in *Altvater v. Freeman*, 319 U.S. 359 (1943), it had held that “a licensee’s failure to cease its payment of royalties did not render nonjusticiable a dispute over the validity of the patent,” where “the only other course” was to “risk not only actual but treble damages in infringement suits.” *MedImmune*, 549 U.S. at 130-131. The Court determined that the circumstances of MedImmune’s continued payments were similarly coercive because MedImmune was paying royalties “for fear of treble damages and an injunction fatal to [its] business.” *Id.* at 132 & n.11. It did not matter that MedImmune was “voluntarily” paying royalties in the “loose[.]” sense of the word (i.e., if one “ignor[es] the consequences of the [patentee’s] threatened action,” such as “actual [and] treble damages in infringement suits”). *Id.* at 132, 134 n.12. Given the “serious consequences” of a patent-infringement suit, which Genentech was threatening, the “coercive nature of the exaction preserve[d] the right ... to challenge the legality of the claim.” *Id.* at 122, 131 (quoting *Altvater*, 319 U.S. at 365).

The Court also emphasized that, although MedImmune alleged a contractual dispute over the license agreement (e.g., whether royalties were owing in light of patent invalidity), the contractual claim “probably makes no difference to the ultimate issue of subject-matter jurisdiction.” 549 U.S. at 123. The “relevant coercion” supporting jurisdiction was “not compliance with the claimed contractual obligation, but rather the consequences of failure to do so,” meaning the potential infringement suit and its remedies. *Id.* at 130 n.9 & 132. So long as a licensee faces coercion stemming from such consequences, the Court held, the “rule that a plaintiff must ... bet the farm, or (as here) risk treble damages” by forsaking the license agreement before seeking “a

declaration of its actively contested legal rights finds no support in Article III.” *Id.* at 134.

2. Just like *Apple I*, this case is not meaningfully different from *MedImmune*. There is no reasonable dispute that, had the license agreement not existed or had Apple “taken the final step” of repudiating the agreement, Apple would have standing to pursue its appeals challenging the patents’ validity. Much like the parties in *MedImmune*, Apple and Qualcomm have a concrete controversy—Qualcomm believes its patents are valid and infringed, whereas Apple does not. If anything, Apple’s standing is even stronger than *MedImmune*’s was, because Qualcomm has already sued Apple for allegedly infringing the ’861, ’865, and ’418 patents, rather than merely threatening to sue as in *MedImmune*. See 549 U.S. at 121-122 (*MedImmune* interpreted Genentech’s letter “expressing its belief that Synagis was covered by the ... patent and its expectation” of royalty payment as threatening litigation). As this Court elsewhere stated, “[i]f, in addition to th[e] desire [to avoid patent enforcement], a party has actually been charged with infringement of the patent, there is, *necessarily*, a case or controversy adequate to support jurisdiction.” *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 96 (1993).

Also as in *MedImmune*, the parties’ license agreement (and the litigation settlement) do not eliminate that controversy because Apple makes ongoing payments under coercive circumstances: namely, to avoid Qualcomm’s infringement suits. Indeed, Qualcomm made sure that such a threat would loom despite the settlement and the license agreement, because not only did Qualcomm sue, but it also refused to grant Apple a license through the life of the patents or other permanent rights to the patents, despite Apple’s proposal.

See 20-1683 A2254; *Apple I*, 992 F.3d at 1385. Qualcomm has not denied that it would sue Apple again for infringement if Apple were to repudiate the license agreement. This is not a situation, in other words, where an “unconditional and irrevocable” covenant not to sue removed “any fear” of a legal claim. *Already, LLC v. Nike, Inc.*, 568 U.S. 85, 93, 96 (2013).

What is more, Qualcomm has a history of aggressively enforcing its patents. After other agreements expired, Qualcomm filed six complaints against Apple alleging infringement of 22 patents in the United States alone. See *supra* n.2. Any argument that the license agreement eliminated the threat of a future infringement suit by Qualcomm thus blinks reality.

### **B. The Federal Circuit’s Decision Conflicts With This Court’s Precedent**

1. The Federal Circuit reached a contrary conclusion by attaching dispositive significance to the fact that the license agreement covers multiple patents in addition to the patents-in-suit. That erroneous standing rule contravenes this Court’s precedent in multiple respects.

First, even though this Court has held that “the relevant coercion” supporting jurisdiction is “not compliance with the claimed contractual obligations, but rather the consequences of failure to do so”—namely, the risk of treble damages, attorney’s fees, and an injunction, *MedImmune*, 549 U.S. at 130 n.9—the Federal Circuit has held exactly the opposite. In *Apple I* (and thus here), the Federal Circuit reasoned that *MedImmune* recognized jurisdiction only insofar as the parties “disputed [their] contract rights.” *Apple I*, 992 F.3d at 1383. According to the court, the fact that the

license agreement covers a portfolio of patents is “fatal” to Apple’s standing because “Apple has not alleged that the validity of the patents at issue will affect its contract rights (i.e., its ongoing royalty obligations).” *Id.*

This Court made clear, however, that Article III jurisdiction in this situation does not turn on, much less require, a contractual dispute. For example, the Court noted in *MedImmune* that whether or not there is a contractual dispute “probably makes no difference to the ultimate issue of subject-matter jurisdiction.” 549 U.S. at 123.<sup>5</sup> Indeed, had jurisdiction hinged on a contract dispute, the Court presumably would not have needed to discuss the threat of infringement suit and its “serious consequences” at length, *id.* at 122; *see also id.* at 132, because the contractual dispute would likely have supported jurisdiction by itself. *See Aetna Life Ins. Co. of Hartford, Conn. v. Haworth*, 300 U.S. 227, 242 (1937) (jurisdiction existed where “legal rights and obligations arising from the contracts of insurance” were disputed, even though the insured had not sued when the insurance company had refused to recognize his claim); *Lake Carriers’ Ass’n v. MacMullan*, 406 U.S. 498, 507 (1972) (stating “if appellants are now under [a legal] obligation, that in and of itself makes their

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<sup>5</sup> Certainly, the parties in *MedImmune* disagreed about “the nature of the dispute at issue”—“whether it involves only a free-standing claim of patent invalidity or rather a claim that, both because of patent invalidity and because of noninfringement, no royalties are owing under the license agreement.” 549 U.S. at 123. But the Court addressed that question only because it is “well to be clear about the nature of the case before” it, and determined that *MedImmune* had a contractual claim, in addition to the claim of patent invalidity. *Id.*

attack on the validity of the law a live controversy, and not an attempt to obtain an advisory opinion”).

In *Altwater*, moreover, the patents at issue were no longer subject to any license agreement by the time the case reached the Court because the lower courts had determined that the prior license agreement had terminated. *See* 319 U.S. at 362, 364. Nonetheless, the Court upheld declaratory judgment jurisdiction, noting a “controversy was raging” over “the validity of the ... patents,” “even apart from the continued existence of the license agreement.” *Id.* at 364. If even the existence of a license agreement is not necessary for a patent validity challenge, surely a contractual claim under the license agreement is not necessary, either.

Second, the Federal Circuit has further disregarded this Court’s precedent in holding that there is no standing unless the licensee’s patent invalidity challenge could change its payment obligations. Because the license agreement here “involves tens of thousands of patents,” and there was no “evidence that the validity of any single patent, including the [patents at issue], would affect [Apple’s] ongoing payment obligations,” the Federal Circuit concluded in *Apple I* that “the reasoning of *MedImmune* does not apply.” 992 F.3d at 1383-1384; *see* App. 2a.

That ruling is likewise contrary to this Court’s case law. This Court has never held that jurisdiction depends on how many other barriers there may be to the relief sought. And that makes sense; Apple is not any less injured under Article III because it also has rights to other patents under the license agreement. Nor does the inclusion of other patents in the licensed portfolio mitigate the coercion that supports jurisdiction under *MedImmune*.

To the contrary, this Court has upheld Article III jurisdiction over a dispute that would remove one legal barrier to obtaining ultimate relief, notwithstanding potential independent barriers to that result, as long as there is a “substantial probability” of obtaining the relief with the removal of the barrier at issue. *Village of Arlington Heights v. Metropolitan Hous. Dev. Corp.*, 429 U.S. 252, 264 (1977) (quoting *Warth v. Seldin*, 422 U.S. 490, 504 (1975)). As Judge Newman noted in dissent, even the Federal Circuit has elsewhere recognized that “a licensee has standing to challenge validity even though other barriers to commercial activity remain in place.” App. 16a (citing *Apotex, Inc. v. Daiichi Sankyo, Inc.*, 781 F.3d 1356, 1364-1365 (Fed. Cir. 2015); *Arkema Inc. v. Honeywell Int’l, Inc.*, 706 F.3d 1351, 1358 (Fed. Cir. 2013)). That rule makes particular sense in this context because a party may challenge only one patent at a time in IPR. See 35 U.S.C. § 311(b) (“A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent”). Under the Federal Circuit’s view, a portfolio licensee would seemingly lack standing to appeal any unfavorable final IPR decision—which will necessarily involve only a single patent covered by the license—unless the licensee has also challenged a substantial number of other covered patents and happens to be appealing other unfavorable final IPR decisions around the same time.

Under *Arlington Heights*, therefore, nothing prevents Apple from removing one barrier (or one patent) at a time, in order to obtain the ultimate relief of eliminating the threat of Qualcomm’s suit. After all, the Federal Circuit’s invalidation of the ’861, ’865, and ’418 patents *would* remove a significant barrier to eliminating Qualcomm’s threat, since that would reduce the

magnitude of Apple’s potential liability and the scope of any potential injunction. Indeed, Qualcomm *chose* to assert those patents against Apple among the “tens of thousands” in the portfolio. *See Apple I*, 992 F.3d at 1383.<sup>6</sup> Qualcomm offered no response to *Arlington Heights* in *Apple I*.

To be sure, the contract dispute in *MedImmune* affected royalty payments—i.e., MedImmune alleged that it did not have to pay a royalty for its product if it did not infringe Genentech’s asserted patent or if that patent was invalid. 549 U.S. at 123-124. But that happenstance is not a legal requirement, nor was it essential to this Court’s reasoning. Indeed, there is no constitutional difference between licensing the same group of patents in one portfolio license and doing so through a multitude of single-patent licenses. And it would be highly impractical to require that a licensee show how the patent invalidity “would affect its ongoing payment obligations” to support standing (*Apple I*, 992 F.3d at 1383), since patent owners often negotiate or even require a portfolio license involving numerous patents. *See infra* Part II. There is no reason to limit *MedImmune* to the single-patent license context, thereby allowing patent owners to unilaterally defeat Article III jurisdiction by structuring their license agreements at the portfolio level. Yet the Federal Circuit’s standing rule provides patent owners a roadmap for shielding

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<sup>6</sup> The Federal Circuit in *Apple I* stated nonetheless that “Apple fails to explain why the [patent at issue] creates a significant barrier, and we see no evidence that the cancellation of the [patent at issue] is *likely* to affect Apple’s ongoing payment obligations.” 992 F.3d at 1384 n.4. But the relevant barrier need not concern “Apple’s ongoing payment obligations” for the same reasons that a contract dispute over royalties was not necessary for jurisdiction under *MedImmune*.

invalid patents from judicial scrutiny: bundle them into a portfolio license.

2. Nor is the rest of the Federal Circuit’s reasoning compatible with this Court’s precedent. In *MedImmune*, this Court reiterated the long-held principle that Article III’s case or controversy requirement requires courts to determine “whether the facts alleged, under *all the circumstances*, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality.” 549 U.S. at 127 (quoting *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941) (emphasis added)). Nonetheless, the Federal Circuit evaluated each of the factors relevant to standing separately and in isolation, rather than considering them together.

In *Apple I*, the Federal Circuit concluded in a cursory analysis that each of Apple’s asserted standing factors was by itself insufficient to “provide standing”: (1) “Qualcomm’s previous suit for infringement of the [patents at issue]”; (2) “Qualcomm’s refusal to grant Apple an irrevocable license or other permanent rights in the [patents at issue] and Qualcomm’s history of asserting patents against Apple after certain royalty agreements expired”; and (3) “the likelihood that 35 U.S.C. § 315(e) would estop [Apple] from arguing that the [patents at issue] would have been obvious in future disputes.” *Apple I*, 992 F.3d at 1385. With respect to the risk of estoppel, the court even stated that estoppel does not provide “an *independent* basis for standing,” even though, as it recognized earlier, Apple argued that “its injury is *compounded* by” the risk of estoppel. *Id.* (emphases added). That is not a consideration of “all the circumstances” that this Court requires.

When the factors (and their surrounding circumstances) are considered together, they support Apple’s standing. As an initial matter, the court of appeals in *Apple I* incorrectly disregarded Qualcomm’s prior suit merely because it was dismissed with prejudice, without considering the broader significance of the suit. As this Court explained in *MedImmune*, a licensee need not have a reasonable apprehension of imminent suit *at all* in order to support jurisdiction. 549 U.S. at 132-134 & n.11. Indeed, in *Cardinal Chemical*, “appellate affirmance of a judgment of noninfringement, eliminating any apprehension of suit, d[id] not moot a declaratory judgment counterclaim of patent invalidity.” *Id.* at 132 n.11 (citing *Cardinal Chem.*, 508 U.S. at 98). The dismissal of Qualcomm’s suit with prejudice is no more consequential than the affirmance of a judgment of noninfringement because it suggests, at most, that Apple may not have a reasonable apprehension of imminent suit, which is no longer required. Accordingly, Qualcomm’s prior suit, even with the dismissal, still “*necessarily*” supports the case-or-controversy requirement by showing that the parties have a live disagreement about the patents’ validity and infringement. *Cardinal Chem.*, 508 U.S. at 96.

In any event, suit undoubtedly would be imminent if Apple were to breach the license or the license were to expire—as evidenced by Qualcomm’s prior suit—particularly because Qualcomm refused to grant Apple any permanent rights to the ’861, ’865, and ’418 patents and because Qualcomm has frequently and aggressively enforced its patents after other agreements expired.<sup>7</sup>

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<sup>7</sup> The dismissal with prejudice of the prior suit would not preclude Qualcomm from bringing a future infringement suit if, as is likely, the future suit involved some facts or conduct that postdated the earlier action. See *Aspex Eyewear, Inc. v. Marchon Eye-*

By focusing on these factors in isolation, however, the Federal Circuit gave short shrift to Qualcomm’s suit and dismissed Qualcomm’s past practice as mere “speculation and conjecture about Qualcomm’s proclivity to assert its patent rights generally.” *Apple I*, 992 F.3d at 1385. That approach to standing is irreconcilable with *MedImmune* and *Maryland Casualty*.

Likewise, the risk of estoppel reinforces Apple’s injury, even if it would not independently establish standing under Federal Circuit precedent. Section 315(e) provides that an IPR petitioner may not challenge patent claims “on any ground that the petitioner raised or reasonably could have raised during” the earlier IPR. 35 U.S.C. § 315(e)(1)-(2). Apple does not believe Section 315(e) estoppel should apply where the IPR petitioner had no ability to appeal the Board’s adverse decision. Nonetheless, the Federal Circuit has left this issue open, *see AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1363 (Fed. Cir. 2019), and Qualcomm has expressed its intent to assert estoppel against Apple in a future infringement suit, Oral Arg. 20:20-22:36 (Fed. Cir. Aug. 2, 2021) (Qualcomm’s counsel stating at oral argument in this case that, if a future suit were to be brought, “the statute does say that es-

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*wear, Inc.*, 672 F.3d 1335, 1343 (Fed. Cir. 2012) (a “claim’ that gives rise to preclusion ... encompass[es] only the particular infringing acts or products that are accused in the first action or could have been made subject to that action.”). As a practical matter, moreover, if Apple ceased its ongoing payments, Qualcomm likely could seek vacatur of the order dismissing its prior infringement suit with prejudice. *See Keeling v. Sheet Metal Workers Int’l Ass’n, Local Union 162*, 937 F.2d 408, 410 (9th Cir. 1991) (“Repudiation of a settlement agreement that terminated litigation pending before a court constitutes an extraordinary circumstance, and it justifies vacating the court’s prior dismissal order” under Federal Rule of Civil Procedure 60(b)(6).).

toppel is mandated”). As a result, although Qualcomm will likely accuse Apple again of infringement, Apple may be prevented from defending on grounds of invalidity that it raised or reasonably could have raised during the IPRs here, including after the license agreement expires. Under the totality-of-the-circumstances analysis that this Court requires, such risk of estoppel strongly supports Apple’s standing to challenge the validity of the patents now. *See* App. 20a (Newman, J., dissenting) (“The estoppel provision of itself provides Apple with standing to appeal the [Board’s] decisions, and provides this court with jurisdiction to receive the appeals.”).

## **II. THE QUESTION PRESENTED IS EXCEPTIONALLY IMPORTANT**

A. As Apple explained in *Apple I*, the Federal Circuit’s narrow approach to standing has “special importance to the entire Nation” because the Federal Circuit has exclusive jurisdiction over appeals from district court patent litigation and appeals from IPRs. *Cardinal Chem.*, 508 U.S. at 89; *see* 28 U.S.C. § 1295(a)(1), (4). This case reinforces that broad importance. Standing to challenge patent validity, particularly by a licensee and especially on appeal from an IPR, is critically important to ensuring that patent monopolies are properly restrained and that Congress’s statutory provision for appellate review of IPR decisions is not unduly constrained.

1. Standing allows parties a foot in the door to challenge questionable patents in court. This Court has repeatedly emphasized the strong federal policy of liberally allowing such challenges because “our competitive economy” depends on “keeping open the way for interested persons to challenge the validity of patents which

might be shown to be invalid.” *Edward Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394, 400-401 (1947). After all, society progresses through “full and free competition in the use of ideas which are in reality a part of the public domain.” *Lear, Inc. v. Adkins*, 395 U.S. 653, 670 (1969).

Congress was keenly aware of that public interest in designing the IPR system. As this Court noted, Congress was “concerned about overpatenting and its diminishment of competition” and thus “sought to weed out bad patent claims efficiently” through IPR. *Thryv, Inc. v. Click-To-Call Techs., LP*, 140 S. Ct. 1367, 1374 (2020); *see also* H.R. Rep. No. 112-98, pt. 1, pp. 39-40 (2011). To that end, Congress provided broadly that a party to an IPR “who is dissatisfied with” the Board’s final written decision “may appeal the Board’s decision” to the Federal Circuit, 35 U.S.C. § 141(c), in contrast to the previously existing administrative procedure that provided no right to appeal and thus was “a much less favored avenue” than litigation, S. Rep. No. 110-259, at 18-19 (2008). An IPR petitioner’s right to appeal, in other words, achieves the very purposes for which Congress created IPR—to “protect the public’s ‘paramount interest in seeing that patent monopolies ... are kept within their legitimate scope,’” as well as to “resolve concrete patent-related disputes among parties.” *Cuozzo*, 579 U.S. at 279-280 (quoting *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806, 816 (1945)).

Standing takes on special importance in the licensing context, moreover, because “[l]icensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor’s discovery.” *Lear*, 395 U.S. at 670. Accordingly, “[i]f they are muzzled, the public may continually be required to pay

tribute to would-be monopolists without need or justification.” *Id.* Such an outcome subverts the Court’s “consistent view” that “the holder of a patent should not be insulated from the assertion of defenses and thus allowed to exact royalties for the use of an idea that is not in fact patentable or that is beyond the scope of the patent monopoly granted.” *Blonder-Tongue Labs, Inc. v. University of Ill. Found.*, 402 U.S. 313, 349-350 (1971); *see also FTC v. Actavis, Inc.*, 570 U.S. 136, 151 (2013) (reiterating “the patent-related policy of eliminating unwarranted patent grants”).

2. The Federal Circuit’s restrictive standing rule unravels those fundamental public interests. It cripples licensees’ ability to challenge questionable patents, including on appeal from IPRs, solely because the patent holder has framed the license agreement as a portfolio license rather than a single-patent license. And it does so by improperly restricting Article III jurisdiction under *MedImmune* and *Altwater*, which only this Court can fix.

The stakes are significant. The Federal Circuit has repeatedly rejected attempts by patent challengers to appeal unfavorable IPR decisions where the challenger is not currently facing an infringement lawsuit. For instance, the Federal Circuit has held that an IPR petitioner’s statutory right to appeal does not, by itself, confer Article III standing. *See Phigenix*, 845 F.3d at 1175; *cf. Spokeo, Inc. v. Robins*, 578 U.S. 330, 342 (2016) (“the violation of a procedural right granted by statute” can sometimes “constitute an injury in fact”). The Federal Circuit has also held that the risk that a patent challenger might be estopped under § 315(e) from challenging the patent claims in a later infringement action does not, by itself, show an injury in fact. *See Phigenix*, 845 F.3d at 1175-1176. And the Federal Circuit has

held that patent challengers who compete with the patent owner in the market may nevertheless lack Article III standing to challenge their competitor’s patent. See *General Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1354 (Fed. Cir. 2019), *cert. denied sub nom. General Elec. Co. v. Raytheon Techs. Corp.*, 140 S. Ct. 2820 (2020); *cf. id.* at 1355 (Hughes, J., concurring) (criticizing “a patent-specific approach to the doctrine of competitor standing that is out of step with Supreme Court precedent”).

The Federal Circuit’s erroneous standing rule here amplifies the effect of that troubling trend. Patent licensing is a common practice—an estimated ten percent of patents are licensed, see Chien, *Software Patents as a Currency, Not Tax, on Innovation*, 31 Berkeley Tech. L.J. 1669, 1688-1689 (2016)—and reportedly generates tens of billions of dollars in annual licensing income for U.S. patent owners, Litan & Singer, *Unlocking Patents: Costs of Failure, Benefits of Success*, Economists Incorporated, at 12-15 (2014). And *MedImmune* “affects nearly every patent license and technology transfer agreement across the country.” Clayton, *‘MedImmune’ Ruling*, Nat’l L.J. (Feb. 19, 2007).

Moreover, patent owners often demand that potential infringers license entire portfolios, rather than on an individual patent basis. For example, in the related context of cross-licensing negotiations over complex technologies, “parties focus[] on the quantity rather than the quality of patents in a portfolio.” Chien, *From Arms Race to Marketplace: The Complex Patent Ecosystem and Its Implications for the Patent System*, 62 Hastings L.J. 297, 308 (2010). The economics of licensing support such practices. Negotiating patent licenses on a portfolio basis avoids “[t]he high cost of evaluating

which patents in a portfolio of thousands might apply to each product, the likelihood of the patents' validity, the appropriate royalty rate, and the appropriate base from which to calculate the royalty." *Id.* There are also "patent aggregators" who "collect many patents—sometimes tens of thousands"—and "demand royalties to license the portfolio and threaten to sue those that do not pay." Lemley & Melamed, *Missing the Forest for the Trolls*, 113 Colum. L. Rev. 2117, 2126-2127 (2013). "Scale is critical to this model," and "the quality and value of any given patent" matters little, "because defendants are reluctant to challenge an entire portfolio of patents." *Id.*

Yet the Federal Circuit's standing rule perversely insulates such common (and sometimes abusive) licensing practices from judicial review. Under the court's reasoning, a patent owner can eliminate a licensee's standing by refusing to license only the patents-in-suit individually and instead demanding that the counterparty license thousands of patents and pay for them as a whole. Indeed, if Apple had three license agreements that separately covered each of the '861, '865, and '418 patents and nothing else, the Federal Circuit would undoubtedly have found standing because that would present materially the same facts as *MedImmune*. It cannot be the law that Qualcomm can negotiate its way out of Article III jurisdiction simply by throwing tens of thousands of other untested patents into the mix.

B. This Court's review is also needed to restore the public policy of encouraging settlement of litigation without jeopardizing the ability to appeal unsettled claims. This Court has repeatedly recognized that settlement of litigation is "generally favored" because it saves everyone's resources. *St. Louis Mining & Milling Co. v. Montana Mining Co.*, 171 U.S. 650, 656

(1898); *see also* *Marek v. Chesny*, 473 U.S. 1, 10 (1985) (the Federal Rules of Evidence have a “clear policy of favoring settlement of all lawsuits”); *U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, 513 U.S. 18, 28 (1994) (recognizing the “judicial economies achieved by settlement”). Under the Federal Circuit’s approach, however, an IPR petitioner who enters into a settlement agreement covering the underlying district court suit but not the IPR could easily lose the ability to appeal, even where (as here) the parties agreed that the pending IPRs would continue through any appeal. Unless reversed, the Federal Circuit’s decision will significantly chill future settlements.

Where the parties do settle, the Federal Circuit’s standing rule gives the patent owner an unjustified procedural advantage. If the Board invalidates a patent, the patent owner has standing to appeal that decision regardless of the settlement or the license agreement. But if the Board upholds the patent, the Federal Circuit denies the challenger standing to appeal on account of the portfolio license. That asymmetry frustrates “the strong federal policy favoring the full and free use of ideas in the public domain,” *Lear*, 395 U.S. at 673-674, and Congress’s intent to broadly provide for appellate review of IPR decisions.

### CONCLUSION

The petition for a writ of certiorari should be held and resolved in a manner consistent with the certiorari petition in *Apple I*.

Respectfully submitted.

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APRIL 2022