

No. 21-438

IN THE
Supreme Court of the United States

OLAF SÖÖT DESIGN, LLC,

Petitioner,

v.

DAKTRONICS, INC., *et al.*,

Respondents.

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

REPLY BRIEF

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RULE 29.6 STATEMENT

There are no amendments to Petitioner's corporate disclosure statement as set forth in the Petition for a Writ of Certiorari at page ii.

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I. Review Is Necessary to Address the Federal Circuit’s Erroneous Interpretation of *Markman* as Allowing It to Set Aside Jury Verdicts When No Claim Construction Is Warranted

This Court’s decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), sets out the constitutional balance that must be navigated between the court’s obligation to construe patent claims (including terms of art) as a matter of law and the jury’s role to make a factual determination as to whether a device infringes a patent. Over a decade ago in *O2 Micro Int’l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351 (Fed. Cir. 2008), the Federal Circuit held that a word that has a commonly understood meaning, that does not constitute a term of art, and that has not been clarified or defined by the technical patent record must nevertheless be construed by the court simply if the parties make different arguments with respect to the application of the plain language of the patent claim. *But see Bank of Am. Nat’l Trust & Sav. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 461 (1999) (“mere disagreement among litigants” over meaning “does not prove ambiguity”) (Thomas, J., concurring).

O2 Micro, as well as its progeny, is inconsistent with *Markman* and has plagued district courts since its inception. The Federal Circuit’s application of *O2 Micro* has resulted in district courts “struggl[ing] to find a consistent approach for resolving *O2 Micro* issues.” *Nobelbiz, Inc. v. Global Connect, L.L.C.*, 876 F.3d 1326, 1329 (Fed. Cir. 2017) (O’Malley, J., dissenting). Consequently, *O2 Micro* has created a “trap” for district courts and litigants – depriving litigants of their rights to trial by jury and creating great inefficiencies in patent

trials. *Id.* at 1328. This disturbing trend in the Federal Circuit weakens a fundamental constitutional right that requires zealous protection by this Court. *See Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1200 (2021) (Seventh Amendment “requires that the right of trial by jury be preserved and forbids courts to re-examine any fact tried by a jury”) (quotations omitted).

The petition presents this Court with the opportunity to bring the Federal Circuit back in line with the *Markman* decision. *Markman* provides that the construction of a patent claim is exclusively within the province of the court. It does not permit the Federal Circuit, under the guise of claim construction, to circumvent the jury’s factual findings. The problem is pervasive. The Federal Circuit’s application of *O2 Micro* to undermine factual findings by a jury has come before the Court by writs of certiorari on impacted constitutional rights in the past and will continue to arise. *See, e.g.*, Petition for Writ of Certiorari, *Every Penny Counts, Inc. v. American Express Co.*, No. 09-425 (*petition for cert. filed* Oct. 5, 2009), 2009 WL 3236351; *see also* Petition for Writ of Certiorari, *Wisconsin Alumni Research Found. v. Apple, Inc.*, No. 18-1508 (*petition for cert. filed* June 5, 2019), 2019 WL 2418982 (setting out Federal Circuit’s practice of supplanting factual findings of the jury that a device infringes the plain language of a patent claim). In fact, the Federal Circuit’s reliance on *O2 Micro* to supplant factual findings of the jury has become so commonplace that the Federal Circuit, as was the case here, now does so in unpublished decisions. Petition for Writ of Certiorari (“Pet.”) at 10, *Olaf Soot Design, LLC v. Daktronics, Inc. et al.*, No. 21-438 (Sept. 16, 2021). The Federal Circuit’s willingness to take factual issues away from the jury has become “run of the mill.” Brief in

Opposition to Petition for Writ of Certiorari (“Br. in Opp.”) at 3, *Olaf Soot Design, LLC v. Daktronics, Inc. et al*, No. 21-438 (2021) (Nov. 12, 2021). Accordingly, intervention by this Court is warranted.¹

In defense of *O2 Micro* and the decision below, Respondent asserts that *Markman* itself construed a commonly used word (“inventory”). This argument misses the mark. *Markman* requires review of disputed terms presented by the parties that, on their face, appear ordinary and those terms that are facially more exotic. Pet. 13-14. Similarly, *Markman* applies when the disputed term was used in a special way during the patent application process or has a special meaning in the art. Where the disputed term is found to be a term of art under *Markman*, the court must step in and provide the proper meaning. With respect to the claim term “inventory,” the lower court noted the special meaning that term acquired based on intrinsic evidence including the patent, and this governed its meaning for infringement. *See Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 983 (Fed. Cir. 1995).

The *Markman* Court recognized that patents are highly technical and that judges are trained to construe written instruments. *Markman*, 517 U.S. at 388. As a result, “judges, not juries, are the better suited to find the *acquired* meaning of patent terms.” *Id.* (emphasis added). Under *Markman*, the court – not the jury – must define

1. A framework exists without *O2 Micro* where verdicts can be tested by applying traditional rules requiring substantial evidence under Rule 50, with appropriate *Daubert* based safeguards on expert testimony. *See* Fed. R. Civ. P. 50(a); *Daubert v. Merrell Dow Pharm., Inc.*, 509 U.S. 579 (1993).

specialized terms based on their acquired meaning. Here, however, the Federal Circuit has extended *Markman* to supplant a jury's factual determination even though the claim element at issue has no specialized terms or terms that have acquired new meaning. In fact, Respondent argued at the *Markman* hearing held for this case that no construction of the claim element was necessary because the words were plain and ordinary. Pet. App. 73a-74a, 80a.

For common terms under *Markman*, the district court remains responsible to ensure that these terms have not acquired a specialized meaning; but once this determination has been made, the instruction that the term should be applied by the jury with its plain and ordinary meaning is a construction fully consistent with the dictates of *Markman*. Simply stated, a "plain and ordinary" meaning for a commonly understood term is no less a claim construction than supplying a specific definition for a term of art. Respondent has not cited any aspect of *Markman* that undermines this conclusion.

Respondent contends that no *O2 Micro* problem exists because *Markman* authorizes unrestricted appellate review of disputed claim terms. Br. in Opp. 12-13. In doing so, Respondent largely parallels the argument presented by Sandoz and rejected by this Court in *Teva v. Sandoz*, 574 U.S. 318, 328 (2015). In *Teva*, the respondent, Sandoz, argued that the Federal Circuit, pursuant to *Markman*, was authorized to ignore the Federal Rules of Civil Procedure and review all claim constructions *de novo*, even where the construction was premised on underlying factual determinations and evidence. This Court properly rejected the proposed expanded authority as beyond *Markman*. *Id.* at 328-329, 330.

Respondent is repeating this same theory in arguing that the panel may supplant the jury's factual findings with its own determination of noninfringement. Respondent contends that the panel was authorized by *Markman* to rewrite the district court's properly determined "plain meaning" claim construction and to reject the jury's infringement findings under the guise of a newly minted "plain meaning" claim construction. Br. in Opp. 12-13. As with *Teva*, this Court's *Markman* decision provides no such blanket authority. Nothing in *Markman* permits the Federal Circuit to recast a jury's infringement factual determination into a claim construction question for *de novo* review.

Moreover, in contrast to *Teva*, this case does not involve a rule of procedure that was ignored by the Federal Circuit. Here, it is the *Seventh Amendment* that is at stake. The panel decision is part of a mosaic of decisions stemming from *O2 Micro* that are inconsistent, troubling and improperly diminish the constitutional role of juries. *See* Pet. 10-11. Even more so than in *Teva*, the expanded Federal Circuit reach here mandates review by this Court, not just because it is wrong, but because it is causing significant disruptions in district courts and erodes fundamental constitutional rights. *See* Pet. 8-11.

As *O2 Micro* and the decision below reflect, the Federal Circuit has taken *Markman* far beyond what this Court intended. The decision below was wrongly decided and has far-reaching consequences on the right to trial by jury in patent infringement actions.

II. Respondent's Arguments that the Petition Is Not a Good Vehicle to Resolve this Important Issue Are Without Merit.

Respondent's assertion that the petition is not a good vehicle for resolving the issue presented is without merit. The decision below unambiguously holds that the district court's "failure" to resolve the parties' conflicting arguments as to whether the accused device infringes the patent's plain language "violates *O2 Micro*." Pet. App. 7a. This makes the current case ideal for resolving the long simmering problems now disrupting district courts and their struggles in addressing the common use of plain and ordinary patent claim terms at trial. In fact, the panel in this case has now stretched *O2 Micro* so as to provide near unlimited authority to review plain meaning constructions *sua sponte* and recast the infringement questions as a new claim construction.

Respondent asserts that because the parties made contrary arguments as to whether the accused device violated the plain language of the patent claim, the Federal Circuit correctly set aside the jury's verdict under the authority of *O2 Micro*. Br. in Opp. 13. That, however, is the very problem with *O2 Micro* and its progeny – a jury verdict may be set aside under the guise of construction of a commonly understood patent claim term well within the ambit of the jury.

Respondent also argues that the panel's decision to set aside the jury verdict based on *O2 Micro* was not made *sua sponte*. No other conclusion is possible. Before the panel, neither Respondent nor Petitioner relied on or even cited *O2 Micro*. Br. in Opp. 20. Respondent's issues on appeal

to the Federal Circuit did not include any argument based on *O2 Micro. Olaf Soot Design, LLC v. Daktronics, Inc. et al*, No. 20-1009, (Fed. Cir. Dec. 3, 2019), ECF No. 21 at 5-6. In fact, Respondent emphasized to the panel that its appeal did not involve a claim construction. *See* Pet. 4. Despite Respondent's failure to brief, argue, or in any way raise *O2 Micro*, the Federal Circuit on its own decided to supplant the jury's finding of infringement based on a new claim construction. The panel relied on *O2 Micro* for doing so.²

The fact that the panel supplanted the jury's factual finding based on a claim construction that was never

2. In crafting its new claim construction *sua sponte*, the panel remarkably turned to excerpts of the parties' briefing at the *Markman* hearing – because the parties had not briefed or argued whether the district court's *Markman* ruling in favor of Respondent should be reversed. *See* Pet. App. 7a; *see Olaf Soot Design, LLC v. Daktronics, Inc. et al*, No. 20-1009, (Fed. Cir. June 1, 2020), ECF No. 40-1 at 2 (index showing that only three pages of Petitioner's Opening *Markman* brief were included in the Joint Appendix). The Federal Circuit's new claim construction (that the term “drum” excludes the drum hub as a matter of law) is flat wrong. The patent claim expressly provides “said drum having at a first end a hollow hub,” (Pet. App. 5a) (claim 27 element e) which is required for the “drum” to “receive the screw” i.e., the screw's full length. The patent itself clearly defines “drum 11” as including its end cap/hub. *See* Pet. App. 11a. The Federal Circuit's new claim construction has no basis in the patent language or record. The larger issue that merits this Court's intervention, however, is not the technical aspects of the patent claim (or even whether the Federal Circuit may *sua sponte* supplant a district court's claim construction without briefing), but whether the Federal Circuit has distorted this Court's decision in *Markman* and thereby supplanted factual findings of juries in violation of the Seventh Amendment.

requested or briefed by the parties emphasizes that the petition raises an important constitutional issue that merits review.

The decision below stands as a prime example of the Federal Circuit's propensity to set aside the factual determinations of juries under the pretext of construing a patent claim even though the infringer has conceded that the language of the claim is plain and requires no construction. The panel's new plain meaning construction of *hollow drum* as applied to element (h) invaded jury factfinding on the infringement dispute on this issue. It is a point essentially conceded by Respondent by its repeated assertion that it was this *infringement question* that was "front and center" throughout the history of this case. Br. in Opp. 15 n.11.

Untethered to its arguments in opposition to the petition, Respondent attempts to undermine the jury's verdict because it is based on the doctrine of equivalents. Respondent essentially argues that the right to trial by jury is somehow less of a fundamental constitutional right when the jury finds infringement under the doctrine of equivalents. Br. in Opp. 1-2.

Under the doctrine of equivalents, a device that does not literally infringe a patent claim may be found to be infringing if the elements of the accused device are "insubstantially different" from the elements of the patent. *See Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997). The doctrine of equivalents prevents a valuable patent from being rendered worthless as a result of an infringer circumventing a patent claim by means of an insubstantial deviation from its literal language. *See id.*

As this Court has recognized, “there is no basis for treating an infringing equivalent any differently than a device that infringes the express terms of the patent.” *Warner-Jenkinson*, 520 U.S. at 35. A jury’s finding of infringement under the doctrine of equivalents “is akin to determining literal infringement.” *Id.* Notwithstanding the views of the panel below, certain judges on the Federal Circuit, or Respondent, the Seventh Amendment is violated when a court supplants the role of the jury to make factual determinations in a patent infringement case – regardless of whether the dispute involves literal infringement or infringement under the doctrine of equivalents.

Until this Court addresses the *O2 Micro* trap, the Federal Circuit will continue to conduct post hoc construction of patent language which has no special meaning, does not require construction in light of the history of the patent application, and does not stand as a term of art. The Federal Circuit is using *Markman* as a pretext for setting aside jury verdicts in which patent terms require no further construction – beyond informing the jury that they are to apply the plain language of the patent claim to determine if a device is infringing. Taking factual finding away from the jury under the facts here, as has become the trend in the Federal Circuit, violates the Seventh Amendment, undermines valuable patent rights and allows infringers to wrongfully profit from the inventions of others.

CONCLUSION

For the reasons set forth herein and the petition, the petition for writ of certiorari should be granted.

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