

No. 22-298

IN THE
Supreme Court of the United States

JUMP ROPE SYSTEMS, LLC,

Petitioner,

v.

COULTER VENTURES, LLC, dba Rogue Fitness,

Respondent.

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

**BRIEF OF DIVX LLC AS *AMICUS CURIAE*
IN SUPPORT OF NEITHER PARTY**

Kenneth J. Weatherwax

Counsel of Record

LOWENSTEIN & WEATHERWAX LLP

1016 Pico Boulevard

Santa Monica, California 90405

(310) 307-4500

weatherwax@lowensteinweatherwax.com

Counsel for Amicus Curiae

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INTEREST OF *AMICUS CURIAE*

DivX LLC (“DivX”) and its customers and licensees are heirs to a legacy of innovation. DivX technology, particularly the renowned DivX video codec, helped transform the way video is delivered to consumers, and led the way to today’s world of ubiquitous streaming video on smart devices. DivX’s innovations, practiced and licensed around the world for many years, have been protected by patents, and DivX has relied on its patents to enforce and protect its intellectual property.

As an innovator who enforces and protects its rights, DivX has litigated many patent proceedings in *inter partes* review (“IPR”) before the Office’s Patent Trial and Appeal Board (“PTAB”), in federal court, before the U.S. International Trade Commission, and in other forums. These experiences allow DivX to bring a perspective on the real impact of rules governing how these proceedings, involving the same rights but before different tribunals, can affect one another and the rights of the parties before them.¹

¹ Pursuant to Supreme Court Rule 37.6, counsel listed on the cover states that no counsel for a party in this case authored this brief in whole or in part, nor did any such counsel or party or anyone other than *amicus curiae* make a monetary contribution intended to fund the preparation or submission of the brief. The parties received timely notice through their counsel of record of *amicus*’s intention to file this brief as provided by Supreme Court Rule 37.2 and have provided blanket written consents to filing.

SUMMARY OF ARGUMENT

The Court should grant the petition to provide needed guidance on common-law preclusion in patent cases in which different tribunals, applying different standards, address the same patent rights.

As this Court has repeatedly reaffirmed, patent law is governed by the same common-law principles and procedural rules as other areas of civil litigation. Preclusion doctrine, including issue preclusion or “collateral estoppel,” is a fundamental building block of American law governing how different courts’ rulings can affect, or preclude, parties’ rights to rulings on requested questions in future proceedings. While such doctrines are always important for keeping litigation orderly and fair when related questions come before different judges on a single court, they can become much more important when, as in patent law today, such questions can arise before different tribunals that have different procedures, apply different standards, and have different binding precedent. The public interest is served when these rules are logical, clear, and predictable, so that parties in patent litigation can know their rights in advance and so unnecessary and harassing litigation can be prevented. And these rules should not have ill-advised departures from general principles based on “patents-only” exceptions, like the exception at issue here.

The petition for a writ of certiorari in this case provides a summary of the question presented and the legal context in which the issue arises. It

explains that the Federal Circuit has departed here from well-settled collateral estoppel (or “issue preclusion”) principles by creating a patents-only rule under which a determination of invalidity by an administrative tribunal under a preponderance-of-the-evidence standard categorically gives rise to collateral estoppel on that issue in courts that are bound to evaluate that same issue under the clear-and-convincing-evidence standard. To assist the Court in its consideration of the petition, this brief seeks to bring to the attention of the Court additional information about relevant points involving patent preclusion doctrine that the petition does not already address, and to explain how, in the wake of recent innovations in patent procedure, the stability of these preclusion doctrines merits this Court’s review more than ever.

The petition for writ of certiorari should be granted.

ARGUMENT

I. The Proper Scope Of Preclusion Is An Important And Recurring Procedural Issue In The Patent Context, Particularly Given The Recent Creation Of New Types Of Proceedings For Litigating Patent Validity Other Than The Federal Courts.

For years, Congress’s unusual structure for processing patent appeals in a single appellate court has motivated this Court to regularly grant certiorari

to keep patent law consistent with the law applicable to other areas. More recently, Congress created another unusual structure for litigating patent law questions—creating new adjudicative proceedings, in particular “inter partes reviews” or “IPRs,” that are litigated before the Patent Office’s Patent Trial and Appeal Board (PTAB), and now allow challenges to the validity of patents to be litigated before the PTAB and not just in infringement actions in an Article III court. The novelty of these new PTAB procedures, and the new multiple-tribunal situation, raise new legal questions, which have repeatedly occupied this Court’s attention.

This case presents another example of the Federal Circuit departing from generally-applicable principles on an important question that has arisen under an unusual system for litigating patent questions.

A. Congress’s Novel Structure For Patent Appeals First Heightened The Need For This Court’s Error Correction.

In 1982 Congress created a novel structure for appealing patent cases, routing them to a new court with a subject matter-based jurisdiction, the Court of Appeals for the Federal Circuit. Since the creation of that unusual structure, in which the relegation of patent questions to a single court of appeals generally forecloses circuit splits on patent law issues, this Court has often stepped in to keep patent law from diverging from other areas of law.

As this Court has repeatedly explained, “[p]atent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation.” *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods.*, 137 S. Ct. 954, 964 (2017). This Court has repeatedly stepped in to review and overturn Federal Circuit decisions that have fashioned special procedural rules in patent cases that depart from generally-applicable doctrine. *See, e.g., id.* at 964-966 & n.5 (reversing Federal Circuit *en banc* decision establishing “special laches rule in the patent context” that departed from “the traditional common-law rule”); *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 324-325, 336 (2015) (holding that “the Federal Circuit was wrong” to depart in the patent context from general principles governing appellate review of district court determinations); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 193-194 (2014) (reversing Federal Circuit decision that had made “a change in the ordinary rule” assigning the burdens of proof in declaratory judgment actions); *eBay v. MercExchange, LLC*, 547 U.S. 388, 391-392, 394 (2006) (overturning Federal Circuit decisions that had departed in the patent context from the “traditional . . . framework that governs the award of injunctive relief”); *Dickinson v. Zurko*, 527 U.S. 150, 165 (1999) (similar to *Teva*, except that Federal Circuit had departed from general principles of review of agency instead of court determinations).

The Federal Circuit’s special rules, like the special collateral estoppel rule presented in this case, are, naturally, mostly limited to patents. That

limitation on their scope, however, does not make their departure from generally-applicable principles any more correct. *See Medtronic*, 571 U.S. at 202. Patents are an important part of the Nation's constitutional design, *see, e.g.*, U.S. Const., art. I, sec. 8, cl. 8, and patent rights can only be enforced in the same federal court system that hears non-patent cases. This Court's function of keeping patent law consistent with other areas of law is critical to keeping the enforcement of patent rights clear and predictable and avoiding wasteful and unnecessary litigation.

The fact that the system of reviewing patent appeals has an unusual structure has proved to be no reason for this Court to reduce scrutiny of patent cases. Rather, if anything, it has only made this Court's scrutiny even more important. If the Federal Circuit answers a question incorrectly, only this Court, or at times Congress, has the power to correct the Federal Circuit.

B. Congress's New System Under Which Courts And The Patent Office May Litigate Patent Rights Is Now Also Raising New And Vital Questions.

In the America Invents Act of 2011, Congress enacted a revision of the patent system that created a new structure with more moving parts than the one it replaced. Under the new system, courts continue to hold trials on patent validity, but patent challenges are now also filed and litigated before the Patent Trial and Appeal Board, in adjudications such as IPRs. This Court needs no introduction to this

unusual system, the novel structure of which is the subject of an ever-growing number of its decisions. See, e.g., *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021) (addressing unconstitutionality of PTAB’s novel statutory structure); *Thryv, Inc. v. Click-To-Call Techs. LP*, 140 S. Ct. 1367 (2020) (addressing bar on appealing certain IPR decisions); *Return Mail Inc. v. U.S. Postal Serv.*, 139 S. Ct. 1853 (2019) (addressing bar on U.S. government’s petitioning for IPR); *Oil States Energy Servs. LLC v. Greene’s Energy Group LLC*, 138 S. Ct. 1365 (2018) (addressing IPR’s compatibility with Article III and right to jury trial); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348 (2018) (overturning PTAB procedures departing from statutory design); *Cuozzo Speed Techs. v. Lee*, 136 S. Ct. 2131 (2016) (addressing IPRs’ partial appeal bar).

Once again, the fact that this new system for patent law cases is unusual is no reason for this Court to reduce its scrutiny. Rather, it spawns additional questions, and the Federal Circuit’s answers to those questions are virtually unreviewable except by this Court.

As has been widely reported, “[t]he unexpected popularity of” the new IPR system among patent challengers has led to fundamental changes and “a ‘new normal’” in the way most patent litigation is conducted. John R. Thomas, *Inter Partes Review Of Patents: Innovation Issues*, CONGRESSIONAL RESEARCH SERVICE (2017) (“*CRS IPR Rpt.*”), 2 (available at <https://crsreports.congress.gov/product/pdf/R/R44905> (last visited Oct. 26, 2022)). Those changes do not reduce the total number of patent

cases per patent, or the complexity of the relationship between cases involving a patent. Under the new system, each patent infringement action filed in Court is likely to spawn at least one, even “dozens,” of challenges filed in the PTAB. *Id.*, 20-21. The new law is having a dramatic impact upon patent litigation and the rights of parties to those litigations.

The new system has also been highly controversial. “Some observers believe that the creation of IPRs has had a significant deleterious impact upon the innovation environment of the United States.” *Id.*, 22.

As this new system, combining both Article III and Article I tribunals that may address challenges to the same patents, continues to spawn questions, this Court’s policing of the Federal Circuit’s answer to those questions is more important than ever lest patent litigation become more expensive, more chaotic, and more uncertain than ever.

C. Preclusion Doctrine Is Of Special Importance As Both Courts And The PTAB Review Patents’ Validity.

It is particularly important for this Court to pay close attention to the way preclusion is applied to the decisions of the federal courts and the PTAB when they may both analyze the same patent rights.

The law of preclusion “expresses essentially simple principles, even though the implications of those principles are often complex.” RESTATEMENT OF THE LAW, JUDGMENTS (SECOND) (“RESTATEMENT”), ch.

1, introduction. Preclusion doctrine “serves vital public interests” and “is not a mere matter of practice or procedure inherited from a more technical time than ours,” but “a rule of fundamental and substantial justice, ‘of public policy and of private peace,’ which should be cordially regarded and enforced by the courts.” *Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394, 401 (1981).

The question presented here concerns collateral estoppel, or “issue preclusion.” “The purpose of issue preclusion is to avoid costly relitigation of issues that have already been adequately determined.” *O’Shea v. Amoco Oil Co.*, 886 F.2d 584, 594-95 (3d Cir. 1989) (citing 1B MOORE’S FEDERAL PRACTICE ¶ 0.441[2] at 729 (1988)). Since the purpose of the changes to the patent law system was to reduce wasteful litigation, it is critical for issue preclusion to be applied correctly to such cases. That means that it should apply, but it also means that its well-established **exceptions** should also apply. Where, as here, judicial and administrative tribunals may become involved with litigation of a single patent, preclusion principles are applicable. See RESTATEMENT, ch. 1, introduction (stating that Restatement’s rules of preclusion “also apply, with certain qualifications, to the effects to be given a judgment when the subsequent proceeding is an adjudication before an administrative tribunal as distinct from a court.”); see also, e.g., *Young Eng’rs, Inc. v. U.S. Int’l Trade Comm’n*, 721 F.2d 1305, 1315 (Fed. Cir. 1983) (“the evils of vexacious litigation and waste of resources are no less serious because [a first proceeding involving a patent was before a federal court and] the

second proceeding is before an administrative tribunal.”). However, these doctrines’ carefully worked-out qualifications and exceptions should be equally carefully maintained and enforced.

The Federal Circuit decides many cases implicating general preclusion principles, and often faithfully applies those principles. But not always. Here, the question presented is whether the Federal Circuit should have departed from those principles by failing to apply a generally-applicable exception to collateral estoppel. This Court should review the Federal Circuit’s patents-only answer to that question.

II. This Court Should Grant Review To Preserve Settled Distinctions In Preclusion Doctrine.

As already noted, preclusion doctrine can be complex even though it arises from simple principles. This complexity only provides more reason for the Court’s review.

Even preclusion’s shifting terminology can be confusing. The term “res judicata” itself has varied in its meaning, sometimes being used to mean both claim preclusion and issue preclusion and sometimes meaning only the former. See *Lucky Brand Dungarees, Inc. v. Marcel Fashions Grp., Inc.*, 140 S. Ct. 1589, 1594 (2020); *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1323 n.2 (Fed. Cir. 2008) (“Although the term res judicata was once used primarily to denote the concept of claim preclusion, usage of the term res judicata has evolved to include ‘any

preclusion of litigation arising from a judgment, including collateral estoppel.”). Moreover, even the newer terms “claim preclusion” and “issue preclusion” use terms (“claim,” “issue”) that are already used to mean many different things in divergent legal contexts, especially in patent law. This Court should grant review and “maintain the analytical distinction between” different doctrines, including, in particular, “claim preclusion’ and ‘issue preclusion.” *Acumed*, 525 F.3d at 1323 n.2. These doctrines have different purposes, different scopes, and different exceptions, and those distinctions should be maintained, which did not occur here.

For example, “[u]nlike issue preclusion, claim preclusion prevents parties from raising issues that could have been raised and decided in a prior action—even if they were not actually litigated.” *Lucky Brand Dungarees*, 140 S. Ct. at 1594. And unlike issue preclusion, claim preclusion applies only where there is mutuality: that is, as between parties who have already litigated the question against one another. That is why it is recognized that “[t]here are a number of instances in which the policies against relitigation of an issue may be overcome” in issue preclusion, but not claim preclusion. RESTATEMENT, article E, introductory note. And that is why in issue preclusion, unlike claim preclusion, there is more “need for flexibility in the operating principles, and this recognition has served as the basis for the exceptions to the rule of issue preclusion set forth in § 28” of the Restatement. *Id.* Those

exceptions are the basis for the question presented. Petition, i.

The question presented is, in essence, whether a prior adjudication of a claim against a party requires application of the collateral estoppel (or issue preclusion) bar when a subsequent litigation involving the same party is governed by a different standard of proof than applied in the prior adjudication. The Federal Circuit determined that the answer is yes. *XY, LLC v. Trans Ova Genetics, L.C.*, 890 F.3d 1282, 1294-1295 (Fed. Cir. 2018). Under the common-law preclusion principles set forth in the Restatement of the Law, Judgments (Second), the Federal Circuit's answer might be correct in other circumstances. But it is incorrect for issue preclusion.

The ordinary rule in this regard is clear: "Issue preclusion, but not claim preclusion, may be defeated by shifts in the burden of persuasion or by changes in the degree of persuasion required." 18 Charles Alan Wright & Arthur R. Miller, FEDERAL PRACTICE AND PROCEDURE ("WRIGHT & MILLER") § 4422 (3d ed. 1998; 2022 update). The Federal Circuit's decision in *XY, LLC* failed to apply this well-settled exception. *Id.* To put it another way, the Federal Circuit fails to respect a long-recognized exception to issue preclusion, by applying collateral estoppel despite changes in the burden of persuasion or the degree of persuasion required between the two tribunals.

This case presents an ideal opportunity for this Court to restore and reinforce these recognized distinctions, to ensure that generally-applicable rules of procedure continue to generally apply.

III. Congress Did Not Intend The Rules Of Collateral Estoppel To Be Different For Patents Than For Other Areas Of Law.

Congress is capable of setting preclusion rules that depart from the common law, but did not do so here. That is especially significant because Congress created IPRs just after this Court reaffirmed the standard of proof of patent invalidity in federal court. This Court should grant certiorari to reaffirm that exceptions to general preclusion rules are the job of Congress, not courts.

Preclusion doctrines, including collateral estoppel, are a fundamental building block of American law governing how different courts' rulings affect, and preclude, parties' rights to rulings on requested questions in future proceedings. While such doctrines are important when related questions come before different judges of *the same* court, they are even more important when, as in patent law today, such questions can arise before *different* tribunals having different procedures, different standards, and even different precedent. The public interest is served when these rules are logical and predictable, so that parties in patent litigation can know their rights in advance. And the rules should not have ill-advised departures from general

principles based on “patents-only” exceptions, like the one here.

As the petition for certiorari notes, “[t]his Court has repeatedly held that, absent a directive to the contrary in a federal statute or rule of procedure, federal courts should not (1) create issue- or claim-preclusion rules that are inconsistent with the Restatement (Second) of Judgments; or (2) create common-law procedural rules applicable in patent law cases that differ in application from federal cases generally.” Petition, i. When Congress created IPRs, it did not hint that it was changing (let alone expanding) common-law collateral estoppel against patent owners associated with the new proceedings.

Congress, when it passed the law that created IPRs, was undoubtedly aware of the ordinary rule, noted above, that “[i]ssue preclusion, but not claim preclusion, may be defeated by shifts in the burden of persuasion or by changes in the degree of persuasion required.” WRIGHT & MILLER § 4422.

Congress would likewise have been aware that “the burden of persuasion” (*id.*) was different in IPRs than in federal court, for this Court had just addressed the burden of persuasion in patent cases weeks earlier. The House version of the bill that became the America Invents Act of 2011 was passed by the House of Representatives on June 23, 2011, and the law was enacted in its final form on September 16, 2011. P.L. 112-29 (Sep. 16, 2011). Just two weeks before the House passed the bill, on June 9, 2011, this Court decided *i4i Limited*

Partnership v. Microsoft Corporation, 564 U.S. 91, 102 (2011), in which it was held that it had “long been a fixture of the common law” that “a defendant raising an invalidity defense” bears must “pro[ve] . . . the defense by clear and convincing evidence” because of the “presumption of validity” of patents in court.

Despite the fact that this Court had just unanimously reaffirmed the clear-and-convincing standard of proof of patent invalidity in federal court, when the House passed its version of the AIA two weeks later, H.R. 1249, it provided (just as the final law that would shortly be enacted into law does, 125 Stat. 303) that in IPR “[t]he challenger shall have the burden of proving unpatentability by a preponderance of the evidence.” And in the subsequent Senate floor debate, the clear-and-convincing standard was specifically criticized as inappropriate for the new Patent Office proceedings. 157 Cong. Rec. S5377 (Sep. 7, 2011) (remarks of Sen. Kyl).

In short, Congress was apprised of the difference between the standards it was setting for IPRs and the clear-and-convincing standard that had been reaffirmed weeks earlier for federal courts, yet did not disturb the common law rules governing how the two tribunals’ rulings affect each other. The courts should not disturb those rules when Congress chose not to.

CONCLUSION

This Court should grant review to correct the Federal Circuit's decision changing the rules of preclusion.

Respectfully submitted,

KENNETH J. WEATHERWAX

Counsel of Record

LOWENSTEIN & WEATHERWAX LLP

1016 Pico Boulevard

Santa Monica, California 90405

(310) 307-4500

weatherwax@lowensteinweatherwax.com

Counsel for Amici Curiae

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