
IN THE
Supreme Court of the United States

PERSONALIZED MEDIA COMMUNICATIONS,

Petitioner,

v.

APPLE INC.,

Respondent.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Petitioner entered a docket-management agreement with the Patent and Trademark Office (PTO) establishing a process for examination of petitioner’s patent applications. Over the next two decades, petitioner complied with that agreement and the PTO issued petitioner nearly 100 patents, including a patent petitioner successfully asserted against respondent in an infringement action. But in a 2-1 decision, the Federal Circuit held that the patent was unenforceable under the equitable doctrine of prosecution laches, reasoning that the PTO’s docket-management decisions had allowed “unreasonable” delays during examination.

Where an applicant has complied with statutory deadlines, this Court has refused to find patents unenforceable on the basis of laches. *Overland Motor Co. v. Packard Motor Car Co.*, 274 U.S. 417 (1927); *SCA Hygiene Prods. v. First Quality Baby Prods.*, 580 U.S. 328 (2017). And Congress has given the PTO authority to set rules “govern[ing] the conduct of proceedings in the Office.” 35 U.S.C. §2(b)(2)(A). Thus, the Federal Circuit has held elsewhere that compliance with PTO instructions during examination affords an applicant “the opportunity to avoid prosecution laches.” *Hyatt v. Hirshfeld*, 998 F.3d 1347, 1366 (2021).

The questions presented are:

1. Whether prosecution laches can be based on an applicant’s prosecution of a patent application in compliance with the PTO’s docket-management decisions.
2. Whether the doctrine of prosecution laches, as articulated by the Federal Circuit, is a valid patent-infringement defense in light of *SCA Hygiene*.

PARTIES TO THE PROCEEDING

All parties appear in the caption of the case on the cover page.

CORPORATE DISCLOSURE STATEMENT

Petitioner Personalized Media Communications, LLC, has no parent corporations and no publicly held company owns 10% or more of its stock.

RELATED PROCEEDINGS

U.S. District Court for the Eastern District of Texas:

Personalized Media Communications, LLC v. Apple Inc., No. 2:15-cv-1366 (Aug. 6, 2021)

U.S. Court of Appeals for the Federal Circuit:

Personalized Media Communications, LLC v. Apple Inc., No. 2021-2275 (Jan. 20, 2023)

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Personalized Media Communications, LLC (PMC), respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

INTRODUCTION

PMC proved to a jury that Apple knowingly infringed U.S. Patent No. 8,191,091 ('091 patent), and the jury awarded PMC \$308.5 million in damages. Apple presented no invalidity defenses to the jury and no inequitable-conduct defense to the district court. But the district court threw out the verdict and, in a 2-1 decision, the Federal Circuit affirmed.

To reach this outcome, the courts below relied on the judge-made doctrine of prosecution laches, under which a patent is unenforceable if the applicant committed “an egregious misuse of the statutory patent system” by engaging in “unreasonable and unexplained delay in prosecution” while others were investing in the patented technology. *Hyatt v. Hirshfeld*, 998 F.3d 1347, 1359-1360 (Fed. Cir. 2021). The Federal Circuit thought PMC had caused such delays because, in 1999, PMC and the Patent and Trademark Office (PTO) entered a docket-management agreement under which PMC consolidated its pending claims into half as many applications and then sequenced the remaining applications’ prosecutions. Following years of effort by both PTO examiners and PMC’s prosecution counsel, the PTO issued PMC nearly 100 patents, including the '091 patent in 2011.

To the Federal Circuit, the PMC-PTO docket-management agreement *was* the problem; the court disparaged the agreement as a “scheme” that improperly allowed PMC to “extend out prosecution” of the '091

patent from 1999 until 2011. Pet. App. 5a. In that court’s view, even though the PTO’s docket-management decisions caused the prosecution of the ’091 patent to last as long as it did, PMC should be proscribed from enforcing that indisputably valid patent.

The Federal Circuit’s decision represents a radical departure from settled case law and a dramatic intrusion into the PTO’s management of its own docket. This Court repeatedly has explained that laches, as an equitable doctrine, can only fill gaps and so does not apply when a patentee complies with statutory deadlines. *See Overland Motor Co. v. Packard Motor Car Co.*, 274 U.S. 417, 424 (1927); *SCA Hygiene Prods. v. First Quality Baby Prods.*, 580 U.S. 328, 334-335 (2017). Likewise, the Federal Circuit has held elsewhere that an applicant’s compliance with the PTO’s instructions during prosecution affords the applicant “the opportunity to avoid prosecution laches.” *Hyatt*, 998 F.3d at 1366. The Federal Circuit’s reasoning below casts aside these settled limits on equity, allowing judges to find patents unenforceable based on a course of prosecution that the PTO expressly allowed.

That reasoning defies Congressional design and separation-of-powers principles in the manner this Court rejected in *SCA Hygiene*. Congress directed the PTO to “establish regulations” to “govern the conduct of proceedings in the Office.” 35 U.S.C. §2(b)(2)(A). That delegated power includes the authority to “set reasonable deadlines and requirements for the prosecution of applications.” *In re Bogese*, 303 F.3d 1362, 1368 (Fed. Cir. 2002). Exercising this authority, the PTO can itself invoke laches as a basis to reject an application if it finds that an applicant has been egregiously delaying prosecution. *See, e.g., id.* at 1367.

Here, the PTO exercised its docket-management authority by entering an agreement with PMC to sequence the examination of PMC's applications. There was no finding or evidence that PMC tricked the PTO into entering that agreement (as with the patent-law defense of inequitable conduct), and the district court specifically found that PMC's sequenced prosecution of the '091 patent through 2011 was allowed by the PMC-PTO agreement. The Federal Circuit gave no weight to the fact the PTO did not reject any of PMC's applications on the basis of laches. Indeed, another PTO docket-management decision caused much of the delay between 1999 and 2011: over PMC's objections, the PTO stayed examination of PMC's pending applications from 2003 to 2009 while it reexamined PMC's previously-issued patents. By nonetheless finding that laches should apply to the '091 patent, the Federal Circuit usurped docket-management authority that Congress granted to the PTO.

The decision below requires this Court's attention. There is nothing equitable about finding a patent unenforceable for procedural reasons where the PTO agreed to the process and did not itself deny the patent application on the basis of laches. Left unchecked, the Federal Circuit's holding will introduce unpredictability and unfairness into the patent-examination process. Now, even if the PTO expressly agrees to a process for the prosecution of a patent application, the applicant must worry that, years later, a judge will second-guess the PTO and find an issued patent unenforceable. The Court should grant certiorari either to realign doctrine of prosecution laches with precedent and sound policy, or to hold that the doctrine in the form articulated by the Federal Circuit did not survive *SCA Hygiene*.

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-37a) is reported at 57 F.4th 1346. The opinion of the district court (Pet. App. 38a-87a) is reported at 552 F. Supp. 3d 664.

JURISDICTION

The judgment of the court of appeals was entered on January 20, 2023. A timely petition for rehearing was denied on May 10, 2023 (Pet. App. 88a-89a). On June 22, 2023, the Chief Justice extended the time to file a petition for a writ of certiorari to September 7, 2023. *See* No. 22A1105. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

STATEMENT

A. PMC files separate patent applications on a number of discrete inventions.

The technology behind PMC's inventions stems from the vision and efforts of the company's founder and chair, John Harvey. Mr. Harvey gained experience in the encryption and decryption of radio broadcasts as a communications officer in the Navy and later studied computer functionality and programming in business school. C.A. App. 5607-5608. Drawing on this experience, Mr. Harvey and a friend invented a communications system that uses signals embedded in broadcast programming. C.A. App. 5582, 5608-5609. The two men drafted a patent application themselves, which they filed in November 1981. Pet. App. 41a-42a. After six years of examination, their first patent issued on September 15, 1987. Pet. App. 42a.

The applicants filed a second patent application in September 1987. Pet. App. 42a-43a. Between 1987 and 1994, PMC prosecuted a number of “continuation” applications, all of which issued as patents within one to three years of filing. See C.A. App. 8075-8077. PMC also began licensing its technology to other companies, including Sony and StarSight Telecast. See C.A. App. 5583. PMC ultimately licensed its patents to dozens of companies. C.A. App. 5583-5584.

In late 1994, Congress enacted legal changes stemming from the Uruguay Round of the General Agreement on Tariffs and Trade. See Uruguay Round Agreements Act, Pub. L. 103-465, 108 Stat. 4809. Those changes included adjusting the statutory patent term from 17 years from the issuance of a patent to 20 years from the filing of the earliest priority application that led to the patent. See 35 U.S.C. §154(a)(2). Congress chose not to give these new rules immediate effect. Instead, it provided that any new patent applications filed by June 8, 1995—six months from the date of enactment—could benefit from the old issuance-based patent term. See §154(c)(1); 37 C.F.R. §1.129.

This grandfather period created a well-documented incentive for inventors to file applications before the period ended. After the law’s passage, the PTO “prepared a series of contingency plans to effectively respond” to the expected influx. C.A. App. 8078. The agency “received and processed over 50,000 applications for patents during the nine days prior to the June 8th deadline”—an “increase of approximately 45,000 applications above what normally would have been filed during the period.” *Id.*

In the run-up to the June 1995 deadline, PMC conducted a study of the specifications¹ of its 1981 and 1987 applications and concluded that they “disclosed many separate and distinct inventions which had not yet been patented.” C.A. App. 38488. Because then-applicable PTO rules for post-GATT prosecution generally required each unique invention to be examined in a separate application, PMC filed 328 applications—one for each invention it identified—between March and June of 1995. C.A. App. 8077, 9537; Pet. App. 48a; *see* 37 C.F.R. §1.129(b).

B. The PTO enters into an agreement with PMC to streamline prosecution and subsequently issues PMC nearly 100 patents.

Beginning shortly after it filed its applications in June 1995, PMC experienced a number of delays in examination that were the result of the PTO’s docket-management decisions. To start, PMC met with examiners in August 1995 to discuss the agency’s plan for examining its applications. C.A. App. 16687. The PTO told PMC that examination would not begin until “late October” at the earliest because the agency needed to complete “employee performance ratings” and “other end of fiscal year assignments.” C.A. App. 16688.

After this initial agency-imposed delay, the PTO’s examinations got underway. PMC offered the PTO a subject-matter “categorization of the inventions and the patent applications that were claiming each ...

¹ The specification is the portion of a patent or patent application providing “written description of the invention.” 35 U.S.C. §112(a); *see generally Amgen Inc. v. Sanofi*, 598 U.S. 594, 605 (2023).

group.” C.A. App. 9543. The PTO elected not to make use of PMC’s categorizations at that time. C.A. App. 9544.

Another set of agency actions then stalled examination. In 1996 and 1997, the PTO rejected many of the claims in PMC’s applications based on a theory of “non-obviousness non-statutory type double patenting.” C.A. App. 8078; *see* Pet. App. 52a; *In re Schneller*, 397 F.2d 350 (C.C.P.A. 1968) (case relied upon by the PTO for this theory). PMC appealed the agency’s rejections and, after considering PMC’s points, the agency withdrew the rejections “[i]n view of further analysis and [PMC]’s arguments.” C.A. App. 20404; *see* C.A. App. 9545-9546, 16739-16754, 16761-16783. In short, examination was delayed based on substantive objections by the PTO that the agency then dropped, crediting PMC.

Once examination resumed, PMC met with the examiners to see if an agreement could be reached on a plan for examination. In November 1998, PMC gave the PTO a document grouping all of its applications into 56 subject-matter categories and providing a priority date (either 1981 or 1987) for each application. Pet. App. 5a, 54a.

What happened next lies at the heart of this petition. Based on the subject-matter grouping PMC gave the PTO in 1998, PMC and the PTO entered into a “consolidation agreement” in 1999. *See* Pet. App. 5a. The agreement reduced the number of PMC’s applications from 328 to 157, with PMC consolidating the applications based on their subject-matter category and priority date. *See* Pet. App. 54a; C.A. App. 27711-27735. The agreement further called for PMC to des-

ignite each application either an “A” or “B” application. PMC and the PTO agreed that the agency would focus first on the “A” applications, which could issue more quickly with the claims the PTO and PMC could more easily agree were patentable, after which the PTO would consider more difficult claims in the “B” applications. *See* Pet. App. 54a. “B” patents would be terminally-disclaimed to their “A” counterparts where PMC and the PTO agreed that the “B” applications contained matter patentably indistinct from what had been allowed in the “A” applications. This would ensure that, in appropriate circumstances, the trailing issuance of the “B” patents would not extend the patent coverage of any particular invention. *See* C.A. App. 47925-47929.² Thus, by no later than 1999, PMC was engaged in cooperative efforts with the PTO to keep the examination process moving and to expedite the issuance of some patents, to which any subsequently-issued patents would be terminally disclaimed as appropriate.

But examination was delayed once again in 2001 when patent examiner William Luther issued a “notice of abandonment” in several of PMC’s then-pending applications. Pet. App. 54a-55a. Mr. Luther appended a memorandum to the notice evincing blatant hostility toward nonpracticing entities like PMC and attacking the conduct of PMC and its counsel both inside and outside of examination. *See* Pet. App. 54a-55a; C.A. App. 8081, 20512-21138, 20526. Mr. Luther

² A “terminal disclaimer” allows a patentee to give up “any terminal part” of a patent’s lifespan. 35 U.S.C. §253(b); 37 C.F.R. §1.321. Among other things, this mechanism allows a patentee to ensure that the expiration date of a later-issuing patent is the same as that of an earlier-issuing patent.

also asserted that prosecution laches should apply to PMC's applications. C.A. App. 20535-20538.

PMC petitioned the PTO to withdraw the notice of abandonment and the agency agreed. Pet. App. 55a; *see* C.A. App. 8081-8082, 21139-21274. PMC's petition recounted PMC's negotiations with the PTO and the terms of the consolidation agreement and responded to the substance of Mr. Luther's attacks. C.A. App. 8081, 21142-21143, 21158-21181. Following an interview between PMC and the supervisory patent examiner, the PTO vacated the office action—and even apologized to PMC. The agency's interview summary stated that:

[T]he Supervisory Patent Examiner has determined that the allegations made in and the conclusions drawn from the attachments are unrelated to the issue of patentability of the subject matter claimed in applicants' pending applications and were not made pursuant to a duty of the Examiner imposed by law. *Any inconvenience to applicants is regretted.* No further action is required to the Notice of Abandonment in this application.

C.A. App. 8081, 21282 (emphasis added). The PTO formally withdrew the notice of abandonment in April 2002. C.A. App. 8082, 21283-21285 (“[T]he notice of Abandonment is hereby **vacated** and the holding of

abandonment withdrawn.”). The agency also removed Mr. Luther from examining PMC’s applications. C.A. App. 9566.³

Prosecution then resumed, and a 2002 communication from the PTO recognized PMC’s “bona fide attempt to advance” the application that later became the ’091 patent. C.A. App. 16845. But progress was stalled again in 2003, when the PTO suspended examination of all of PMC’s pending applications while it reexamined certain of PMC’s previously-issued patents. *See* PMC C.A. Br. 20-22. PMC strenuously objected to this suspension, emphasizing that a number of its applications were nearly ready to be granted, and it repeatedly asked the PTO to resume the examinations. C.A. App. 19554-19560. But the PTO did not lift the suspension until 2009—after it had reaffirmed the patentability of a number of PMC’s claims. *See* PMC C.A. Br. 22; *see also* C.A. App. 9568. Thus, once again, examination of PMC’s applications was delayed—this time for about six years—over PMC’s objections for substantive reasons that PMC overcame on the merits.

Once examination finally resumed, the PTO began issuing patents to PMC almost immediately. The agency issued PMC 41 patents in 2010 and another 14 patents in 2011, with dozens more in the years that followed. *See* C.A. App. 8526, 9569. At no point did the PTO ever invoke prosecution laches as the basis for denying any of PMC’s applications.

³ Mr. Luther was subsequently removed from his position as a patent examiner for misconduct. *See Luther v. Dep’t of Commerce*, 107 M.S.P.R. 616 (M.S.P.B. 2008); *Luther v. Gutierrez*, 618 F. Supp. 2d 483 (E.D. Va. 2009).

C. The PTO issues the '091 patent with claims directed to decryption.

The patent claims at issue in this lawsuit—claims 13-17 of the '091 patent—are directed to “[a] method of decrypting programming at a receiver station” using information embedded in an encrypted digital information transmission. C.A. App. 243. The claimed invention is particularly useful for controlling access to paid programming by prohibiting access to persons lacking the necessary digital key. C.A. App. 5655-5658

The claims of the '091 patent have their origin in two of PMC's 1995 applications: U.S. Patent Application No. 08/474,145 ('145 application) and U.S. Patent Application No. 08/485,507 ('507 application). In November 1998, PMC identified both applications as “relat[ing] to decryption of broadcast information” in the subject-matter grouping PMC provided to the PTO. C.A. App. 27711 (identifying “DECR” as the abbreviation for the category that “relates to decryption of broadcast information”); C.A. App. 27720 (placing both the '145 application and the '507 application in the “DECR” category); *see* Pet. App. 31a-32a (Stark, J., dissenting); *supra*, pp. 6-7.

After the PTO and PMC entered the consolidation agreement, the '145 application was designated as an “A” application and the '507 application as the companion “B” application. Pet. App. 59a; *see also* C.A. App. 27734. In keeping with the consolidation agreement, both PMC and the PTO understood that examination of the '145 application would proceed first. *See supra*, pp. 7-8. The PTO expressly acknowledged this arrangement in correspondence with PMC, noting that, “per the consolidat[ion] agreement between

[PMC] and the PTO, the prosecution on merits of the instant B application [*i.e.*, the '507 application] [was] suspended and held in abeyance pending the outcome of the corresponding 'A' application 08/474,145." C.A. App. 16848.

By 2003, in response to an examiner's rejection of what became the claims-in-suit on the ground that they were obvious over the prior art, PMC narrowed the claims by amending "disabled" information to only "encrypted" information and amending an "enabling" step to more specifically a "decrypting" step. *E.g.*, Pet. App. 63a-64a. This narrowing amendment was consistent with PMC's explanation to the PTO in 1997 that "encrypted" information is one type of "disabled" information. C.A. App. 40139; *see also* Pet. App. 32a (Stark, J., dissenting) ("These amendments narrowed and limited the scope of the claims to ... elements that were present in the claims at least as far back as 1997."). As a result of this narrowing amendment, the claims-in-suit were present in the '145 application in essentially final form by 2003, within just a few years of the 1999 PTO-PMC consolidation agreement—as the district court expressly recognized. *See* Pet. App. 80a-81a; *see also* Pet. App. 7a-8a, 63a-64a, 85a. But as recounted above, examination of those claims was then delayed from 2003 until 2009 while the PTO reexamined PMC's previously-issued patents. *See supra*, p. 10.

After examination of the claims-in-suit resumed in 2009, PMC agreed in an examiner interview to further narrow the 2003 versions of the claims in the '145 "A" application so that the claims could issue without delay. Pet. App. 33a-34a. Pursuant to the consolidation agreement, PMC then continued prosecuting the

broader 2003 versions of the claims in the '507 "B" application. C.A. App. 16863-16864. The district court expressly found that the consolidation agreement allowed this approach, and PMC fully disclosed to the PTO what it was doing at the time. *See* Pet. App. 80a-81a (finding that "the agreement permitted PMC in 2011 to present to the PTO [its] claim [as] initially presented in 2003"); C.A. App. 16864 (explaining to examiners that PMC was seeking "subject matter within the scope of the 'A' claims ... that was not patented in the 'A' application"). With minor amendments, the 2003 versions of the claims issued as the claims-in-suit in the '091 patent in 2012. Pet. App. 67a-68a. That was just one year after the corresponding "A" patent issued in 2011, and the two patents were terminally disclaimed to the same date. C.A. App. 40528, 48289.

D. A jury finds that Apple's FairPlay technology infringes the '091 patent.

1. In the "early 2000s"—after the 1999 PMC-PTO consolidation agreement—Apple began developing software it named "FairPlay," a "digital rights management" system that stops piracy of content delivered to customers through Apple's iTunes and App Stores. Pet. App. 68a-69a.

Starting in 2008, PMC and Apple engaged in several years of discussions and meetings concerning PMC's patent portfolio. Pet. App. 70a. PMC sent Apple information about its existing patents and pending applications and, starting in 2010, its newly issuing patents. *See* C.A. App. 8086-8089. PMC stressed to Apple that its applications and patents covered the encryption and decryption of programming using transmitted decryption keys, and PMC indicated that

Apple's technology practiced the claims of PMC's patents. *See* C.A. App. 8088-8089.

The parties failed to reach a deal to license PMC's patents and stopped talking in August 2014. C.A. App. 15045-15046. Apple, however, continued to use the FairPlay technology.

2. PMC brought suit against Apple in the Eastern District of Texas in 2015, accusing FairPlay of infringing the '091 patent. Pet. App. 2a-3a. As the case approached trial in February 2017, the district court stayed proceedings in light of an inter partes review of the '091 patent for which Apple had petitioned. Pet. App. 40a. The Patent Trial and Appeal Board initially invalidated the '091 patent's claims, but the Federal Circuit reversed as to several claims in a 2020 decision. Pet. App. 40a; *see Personalized Media Commc'ns v. Apple Inc.*, 952 F.3d 1336. The district court then lifted the stay. Pet. App. 40a. Once again, PMC endured a delay of several years for substantive reasons that PMC ultimately overcame on the merits.

The district court held a week-long jury trial in March 2021. Pet. App. 41a. Apple did not present a single invalidity defense at trial—it did not argue that PMC's invention was obvious or anticipated or that the patent's written description was inadequate or failed to enable the invention. C.A. App. 8089; *see* 35 U.S.C. §§102, 103, 112 (2011). The jury unanimously found that Apple knowingly infringed the '091 patent and awarded PMC \$308.5 million in damages. Pet. App. 41a.

E. The district court invokes prosecution laches to wipe out the jury's verdict.

Before the jury trial, the district court had struck most of Apple's affirmative defenses because Apple had identified them nearly nine months late under the court's scheduling order. Pet. App. 40a; *see* C.A. App. 3479. The court left in place, however, Apple's defenses of prosecution laches, unclean hands, and inequitable conduct, reasoning they were too "important" to strike from the case. Pet. App. 40a; C.A. App. 3484.

Following the jury's infringement verdict, the district court scheduled a one-day bench trial on Apple's equitable defenses. Apple dropped its inequitable-conduct defense less than 48 hours before the bench trial, but it proceeded with the other two defenses. Pet. App. 41a. With respect to prosecution laches, Apple offered no expert testimony at the bench trial to show, for example, that PMC's prosecution of the '091 patent after 1999 was unreasonably delayed due to PMC's conduct or that PMC's conduct during prosecution of the '091 patent after 1999 departed from the norm. Instead, Apple mainly relied on the allegations in Examiner Luther's vacated office action from 2001. *See supra*, pp. 8-10.

The district court held the '091 patent unenforceable under the doctrine of prosecution laches, concluding that PMC had engaged in unreasonable delay during prosecution of the '091 patent, including after 1999. Pet. App. 74a-83a. The district court acknowledged that PMC had "met with the PTO to develop a consolidation agreement and demarcated its applications by subject matter." Pet. App. 79a. But the court concluded that "[t]he consolidation agreement *it-*

self ... contributed to delays.” Pet. App. 80a (emphasis added). “By holding ‘B’ applications in abeyance,” the court reasoned, “the consolidation agreement guaranteed PMC the opportunity to prosecute rejected claims far into the future.” Pet. App. 80a. The court also concluded that the resulting delay prejudiced Apple because Apple “began developing FairPlay in 2003” and because “FairPlay had matured into the version accused of infringement” by 2005. Pet. App. 84a-85a; *see Hyatt*, 998 F.3d at 1362 (holding that an accused infringer may avail itself of prosecution laches only if it also shows prejudice though “evidence of intervening rights ... during the period of delay”).

Based on these conclusions, the district court entered a final judgment deeming the ’091 patent unenforceable, wiping out the jury verdict of infringement in PMC’s favor. Pet. App. 87a.

F. The Federal Circuit affirms the district court’s judgment over a dissent.

A panel of the Federal Circuit affirmed, over a dissent. The majority acknowledged that the district court’s laches determination could stand only if Apple suffered prejudice because Apple “invested in, worked on, or used the claimed technology during the period of delay.” Pet. App. 17a (quoting *Hyatt*, 998 F.3d at 1362). That required showing that PMC engaged in egregious conduct through at least “the early 2000s,” when Apple began work on FairPlay. The majority affirmed because it saw “no clear error in the district court’s determination that PMC engaged in conduct causing delays at least through 2011.” Pet. App. 18a.

To find egregious conduct after 1999, the majority relied largely on PMC's entry into the consolidation agreement with the PTO. Pet. App. 12a, 18a-19a. Like the district court, the majority concluded that the consolidation agreement was *itself* a source of "unreasonable and inexcusable" delay—"PMC's compliance with the Consolidation Agreement supports, rather than refutes, a finding of unreasonable and inexcusable delay." Pet. App. 12a. Specifically, the majority reasoned that:

[The] Consolidation Agreement with the PTO ... permitted PMC in 2011 to re-file the same decryption claim in the '507 "B" application that was not allowed in the corresponding '145 "A" application. By taking a second bite at the examination apple through the "B" application, PMC further lengthened the examination process beyond normal prosecution procedure, creating improper delay during prosecution.

Pet. App. 18a-19a. The majority also cited PMC's supposedly "delayed presentation of the decryption claim in 2003" as a source of delay and prejudice, rejecting PMC's explanation that these amendments were ordinary narrowing amendments to overcome an examiner's rejection. Pet. App. 19a.

Judge Stark dissented. He disagreed with the majority's conclusion that the 1999 consolidation agreement could itself be deemed a cause of unreasonable delay. Pet. App. 33a-35a. Among other things, Judge Stark explained that the majority's conclusion was "in tension with [the Federal Circuit's] holding in *Hyatt*." Pet. App. 36a. As he observed, the court in *Hyatt* held

that “decades into the prosecution, when the PTO notified Hyatt of its own obligations and requirements and thereby gave him the opportunity to *avoid prosecution laches*, Hyatt’s subsequent cooperation with the PTO could, even then, have saved his patents.” *Id.* (citations and quotation marks omitted) (quoting *Hyatt*, 998 F.3d at 1366). The majority in this case, in sharp contrast, held PMC’s cooperation with the PTO against PMC. Judge Stark also rejected the majority’s reliance on PMC’s 2003 claim amendments, finding that the amendments plainly “narrowed and limited the scope of the claims,” and so amounted to ordinary prosecution conduct—not an egregious abuse of the patent system. Pet. App. 32a. Notably, Apple had introduced no expert testimony that the 2003 amendments introduced new subject matter.

REASONS FOR GRANTING THE WRIT

The Federal Circuit’s decision disregards applicable precedent and federal statutes to upend settled separation-of-powers principles, under which the PTO—not the judiciary—has discretion in managing its own docket. The result: uncertainty and unfairness for patent owners, who may now find themselves losing their intellectual-property rights based on a judge’s second-guessing of the PTO’s procedural decisions years after a patent has issued. This Court should grant certiorari and return clarity and predictability to the law of laches. In addition or in the alternative, the Court should consider whether the judge-made doctrine of prosecution laches should be eliminated in light of the Court’s elimination of the post-issuance laches defense in *SCA Hygiene*.

I. The Court should consider whether prosecution laches can be based on the PTO’s docket-management decisions.

A. The Federal Circuit’s holding conflicts with this Court’s decisions.

According to the decision below, a judge can invoke the equitable doctrine of prosecution laches and declare a patent unenforceable based on the mere pace of prosecution, even where the PTO expressly approved the applicant’s approach. That holding defies this Court’s decisions in *Overland Motor Co. v. Packard Motor Car Co.*, 274 U.S. 417 (1927), and *SCA Hygiene Products v. First Quality Baby Products*, 580 U.S. 328 (2017). Both decisions recognized separation-of-powers principles that are inconsistent with the Federal Circuit’s reasoning and the result below.

1. Congress has granted the PTO the power to issue patents, as well as the power to “establish regulations, not inconsistent with law,” to “govern the conduct of proceedings in the Office.” 35 U.S.C. §2(a), (b)(2)(A). That broad delegation of authority includes an “inherent authority to govern procedure before the [office]” and to “set reasonable deadlines and requirements for the prosecution of applications.” *In re Bogese*, 303 F.3d 1362, 1368 (Fed. Cir. 2002). In the exercise of that authority to manage its own docket, the PTO itself can invoke laches to reject a patent application. *See, e.g., id.* at 1367 (“[T]he PTO has the authority to reject patent applications for patents that would be unenforceable under [the doctrine of laches.]”); *Ex Parte Hull*, 191 U.S.P.Q. 157, 160 (P.T.O. Bd. App. 1975) (recognizing the PTO’s ability to invoke laches to deny a patent application).

Consistent with that broad delegation of authority, this Court recognized almost a century ago in *Overland* that the doctrine of laches does not apply when a patent applicant complies with statutory deadlines and the PTO issues a patent. The facts of *Overland* show how robust this principle is. The owner of the patent in that case originally filed his patent application in September 1901, but the Patent Office “repeatedly” rejected various claims. 274 U.S. at 419. The applicant was exceedingly slow to respond to these rejections: “on seven different occasions he delayed more than 11 months before filing his response to the Patent Office ruling.” *Id.* His patent finally issued in July 1914—thirteen years after the initial filing.

Despite these lengthy delays, the Court held that the doctrine of laches did not apply. The Court observed that, under the then-applicable governing statute, an inventor had up to a year to respond to Patent Office rulings. *Id.* at 424. And the applicant had “complied with the[se] requirements.” *Id.* at 419 (citing Rev. Stat. §4894). Writing for the Court, Chief Justice Taft explained that he “d[id] not know on what principle [the Court] could apply the equitable doctrine of abandonment by laches in a case where the measure of reasonable promptness is fixed by statute, and no other ground appears by reason of which laches could be imputed to the applicant.” *Id.* at 424.

2. The Court’s more recent decision in *SCA Hygiene* reaffirmed the strict limits on equitable doctrines such as laches in the patent context.

SCA eliminated the defense of post-issuance laches, which allowed an infringer to seek dismissal of claims for pre-suit damages on the ground that the patent owner waited too long to sue. *See* 580 U.S. at 334-

335. The Court held that “[l]aches cannot be interposed as a defense against damages where the infringement occurred within the period prescribed by [statute].” *Id.* at 346. The Court explained that applying laches in the face of an express statutory deadline was contrary to “separation-of-powers principles and the traditional role of laches in equity.” *Id.* at 334. The Patent Act sets forth a six-year limitations period within which the owner of a patent may bring an infringement suit. *See id.* at 336; 35 U.S.C. §286. A doctrine that allows dismissal of a claim that otherwise complied with the statutory deadline, the Court explained, “would give judges a ‘legislation-overriding’ role that is beyond the Judiciary’s power.” 580 U.S. at 335. It “would also clash with the purpose” of the doctrine: “Laches is a gap-filling doctrine, and where there is a statute of limitations, there is no gap to fill.” *Id.*

3. The Federal Circuit’s decision in this case cannot be reconciled with *Overland* and *SCA Hygiene* or the separation-of-powers principles they recognized and reinforced. The PTO’s entry into the consolidation agreement with PMC in 1999—and its decision not to invoke laches against PMC over the decade that followed, but instead to issue PMC nearly 100 patents starting in 2010—was a paradigmatic exercise of the PTO’s congressionally-delegated docket-management authority. As recounted above, PMC was in possession of scores of novel and separately patentable inventions in 1995—a fact the PTO recognized by issuing PMC nearly 100 patents. *See supra*, pp. 6, 10. PMC filed separate applications for these inventions in the run-up to the Uruguay Round deadline, exactly as Congress and the PTO had anticipated. *See supra*, pp. 5-6. Faced with this large number of applications,

the PTO took reasonable steps to manage its docket: it entered into an agreement with PMC that both reduced the overall number of applications and provided an orderly process for the sequential examination of related claims, with the easier claims first and the harder claims to follow. Terminal disclaimers would ensure that no patentable subject matter received an extended patent term.

There was no evidence or finding that PMC tricked the PTO into entering the 1999 consolidation agreement, no evidence the PTO ever complained about the “A”/“B” process, and no evidence PMC violated the agreement. Yet the Federal Circuit still derided the agreement as a “scheme” and held it against PMC. In complaining that examination of the ’091 patent lasted until 2011, the Federal Circuit also held another PTO docket-management decision against PMC: the PTO’s decision to suspend examination of PMC’s pending applications between 2003 and 2009 while the PTO reexamined PMC’s previously issued patents. PMC objected to that suspension and repeatedly asked the PTO to lift it; the decision to impose and continue the suspension was a docket-management decision by the PTO and the PTO alone. *See supra*, p. 10. By failing to credit PMC’s compliance with the 1999 consolidation agreement and condemning PMC for the PTO’s docket-management decisions, the Federal Circuit flagrantly intruded into the province of the other branches. Congress gave the PTO control of its own docket. The PTO exercised that authority to set the pace of examinations starting in 1999. That should have foreclosed Apple’s laches defense.

Judges exceed their proper role when they override an agency's docket-management decisions and retroactively impose their own procedural preferences. This Court should grant review because the Federal Circuit's decision opens the door for other district courts to intrude on the PTO's management of its own docket, in a manner that is inconsistent with this Court's precedents and entirely unfair to intellectual-property owners.

B. The Federal Circuit's decision departs from previous decisions of that court.

In addition to conflicting with this Court's precedents, the decision below has left the Federal Circuit's own case law in disarray.

1. As Judge Stark noted in dissent, the panel majority's holding conflicts with the Federal Circuit's decision in *Hyatt*. See Pet. App. 36a. That case involved an applicant who also filed a large number of applications in 1995 but who, unlike PMC with its 1999 consolidation agreement, *ignored* the PTO's docket-management instructions for decades. 998 F.3d at 1353. To manage Hyatt's applications, the PTO gave Hyatt "instructions to demarcate [his] applications." *Id.* at 1366. But Hyatt "did precisely the opposite to an extreme degree." *Id.* at 1369. When Hyatt eventually challenged the PTO's denial of his applications, the PTO itself invoked the doctrine of laches. *Id.* at 1355-1356.

As relevant here, the Federal Circuit held that Hyatt could have avoided laches if he had cooperated with the PTO:

Here, the PTO's instructions to, for example,
... demarcate the applications ... demonstrate

that the PTO did not stand back and do nothing, but rather it notified Hyatt of its own obligations and requirements *and thereby gave him the opportunity to avoid prosecution laches.*

998 F.3d at 1366 (emphasis added). The court specifically “remand[ed] to the district court” to “afford[] Hyatt the opportunity to present evidence on the issue of prosecution laches.” *Id.* at 1371. The clear import of that decision: an applicant who cooperates with the PTO during examination has not engaged in the “egregious” conduct necessary to support a laches defense.

In the decision below, however, the Federal Circuit held precisely the opposite. Not only was PMC’s entry into the consolidation agreement in 1999 insufficient to avoid laches, the majority condemned the PMC-PTO examination plan as a “scheme” to “extend out prosecution.” Pet. App. 5a. That conclusion was remarkable given the absence of any evidence or finding by the district court that PMC tricked the PTO into entering the agreement (as would be necessary, for example, to establish a defense under the patent-law doctrine of inequitable conduct, *see, e.g., Avid Identification Sys., Inc. v. Crystal Imp. Corp.*, 603 F.3d 967, 972 (Fed. Cir. 2010)). Nor was there any evidence that PMC violated or abused the consolidation agreement. To the contrary, in 2002 the PTO recognized PMC’s good-faith efforts to advance prosecution of the ’507 application, and the district court specifically found that the agreement permitted PMC’s claim amendments with respect to the “A”/“B” applications in 2011. *See supra*, pp. 10, 12-13.

As Judge Stark observed, the majority’s holding is “in tension with [the Federal Circuit’s] holding in *Hyatt*, in which [the court] suggested that, even decades into the prosecution, when the PTO ‘notified Hyatt of its own obligations and requirements and thereby gave him the opportunity to *avoid prosecution laches*,’ Hyatt’s subsequent cooperation with the PTO could, even then, have saved his patents.” Pet. App. 36a (citation omitted). The panel majority’s decision was also inconsistent with the *Hyatt* court’s decision to remand, “which [the court] would not have done had the ongoing impact of Hyatt’s delays already conclusively established that his patents were unenforceable.” *Id.*

2. In addition to this specific conflict with *Hyatt*, the decision below conflicts more generally with the Federal Circuit’s application of the doctrine of laches in other cases.

For example, in *Symbol Technologies, Inc. v. Lemelson Medical, Education & Research Foundation*, 422 F.3d 1378 (Fed. Cir. 2005), *amended on reh’g in part*, 429 F.3d 1051 (2005), the Federal Circuit explained that the doctrine of prosecution laches is reserved for the worst abuses—truly “egregious cases of misuse of the statutory patent system.” *Id.* at 1385. The court observed that “[t]here are legitimate grounds for refiling a patent application which should not normally be grounds for a holding of laches,” such as filing divisional applications. *Id.* “Given one’s entitlement to claim an invention in various ways, and the PTO’s practice of limiting its examination of an application to only one of what it considers to be several inventions,” the court explained, “it cannot, without more, be an abuse of the system to file divisional

applications on various aspects that the PTO has considered to be separate and distinct from each other.” *Id.* At bottom, the court concluded, “the doctrine [of prosecution laches] should be used sparingly lest statutory provisions be unjustifiably vitiated.” *Id.*

The Federal Circuit’s treatment of the PMC-PTO consolidation agreement is in serious tension with all prior descriptions of the limits on the equitable doctrine of prosecution laches. A case in which a patent applicant complies with a PTO-approved agreement—and in which the PTO itself declines to invoke laches—is hardly an example of the most “egregious” behavior warranting invocation of a doctrine that ought to be used “sparingly.” *Id.* In short, the panel majority’s decision throws the Federal Circuit’s own case law into confusion.

C. The Federal Circuit’s decision introduces unpredictability and unfairness into the patent system.

1. Predictability is one of the “cornerstones of a well-functioning patent system.” Hon. Timothy B. Dyk, *Federal Circuit Jurisdiction: Looking Back and Thinking Forward*, 67 Am. U. L. Rev. 971, 977 (2018); see also, e.g., *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 927 F.3d 1333, 1358 (Fed. Cir. 2019) (Moore, J., dissenting from the denial of rehearing en banc) (collecting sources). The Federal Circuit’s approach to prosecution laches in the decision below erodes that cornerstone, with disruptive consequences for every stage of the patent process.

Most obviously, the Federal Circuit’s decision to hold the consolidation agreement *against* PMC will impede the orderly conduct of examination at the

PTO. Examination is supposed to be an iterative process characterized by cooperative back-and-forth between the applicant and the patent examiner. *See, e.g., In re Buszard*, 504 F.3d 1364, 1366-1367 (Fed. Cir. 2007) (“The patent examiner and the applicant, in the give and take of rejection and response, work toward defining the metes and bounds of the invention to be patented.”); Pet. App. 30a (Stark, J., dissenting) (same). But if an applicant can work out a prosecution plan with the PTO and *for that reason* see its patent rights wiped out years later—any time a judge perceives “delay” caused by the PTO-approved prosecution plan—there will be diminished incentive for applicants to cooperate with the PTO in the first place. That takes an important docket-management tool away from the PTO.

The Federal Circuit’s sweeping view of what constitutes egregious misconduct sufficient to trigger laches also will lead to an increase in litigation. “Parties considering production of patented products or licensing of rights to use patented inventions are deterred from doing so” if they “fear that their efforts will be duplicated at lesser cost by parties operating outside the relevant patents when the patents are later invalidated.” Richard Gruner, *Lost in Patent Wonderland with Alice: Finding the Way Out*, 72 Syracuse L. Rev. 1053, 1110 (2022). The jury here found that Apple knowingly infringed the ’091 patent starting the day the patent issued, yet Apple escaped any responsibility because the Federal Circuit did not like the PMC-PTO consolidation agreement. The decision below sows unpredictability that will loom for the entire life of a patent, encouraging infringers to try their hand challenging any patent whose prosecution lasted years.

It is not difficult to foresee the increased litigation and decreased licensing and settlements that this uncertainty will create. The prosecution laches defense is already being asserted in scores of answers to patent-infringement complaints each year, and has been addressed in numerous district court orders just since the district court's decision below. *See, e.g., Bridgestone Americas Tire Operations, LLC v. Speedways Tyres Ltd.*, 2023 WL 5105776, at *1, *5 (N.D. Tex. Aug. 9, 2023) (denying motion to strike defense); *Bos. Sci. Corp. v. Cook Med. LLC*, 2023 WL 3691113, at *4 (S.D. Ind. May 27, 2023) (denying motion to strike defense); *IT Casino Sols., LLC v. Transient Path, LLC*, 2022 WL 4913526, at *7-8 (N.D. Cal. Oct. 3, 2022) (granting motion to strike as inadequately pleaded); *Seagen Inc. v. Daiichi Sankyo Co.*, 2022 WL 2789901, at *1 (E.D. Tex. July 15, 2022) (rejecting defense after trial); *Godo Kaisha IP Bridge 1 v. Telefonaktiebolaget LM Ericsson*, 2022 WL 2055234, at *4-5 (E.D. Tex. June 6, 2022) (denying motion to strike defense); *Natera, Inc. v. Genosity Inc.*, 2022 WL 767602, at *6 (D. Del. Mar. 14, 2022) (denying motion to strike defense); *WSOU Invs. LLC v. Arista Networks, Inc.*, 2021 WL 6015526, at *4 (W.D. Tex. Nov. 5, 2021) (noting importance of testimony with respect to the defense in denying motion to transfer); *Natera, Inc. v. Archerdx, Inc.*, 2021 WL 4284580, at *3 (D. Del. Sept. 21, 2021) (compelling deposition witness with respect to the defense). This wave of litigation over the defense highlights the need for the Court to step in now, to clarify the defense's parameters (or, as discussed below, to eliminate it).

2. The Federal Circuit's approach to prosecution laches violates the principles of fundamental fairness

that lie at the heart of equity. *See, e.g., Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1291 (Fed. Cir. 2011) (en banc) (noting that equitable doctrines “hinge[] on basic fairness”). One of the fairness principles undergirding equitable doctrines such as prosecution laches is that “the remedy imposed by a court of equity should be commensurate with the violation ascertained.” *Columbus Bd. of Ed. v. Penick*, 443 U.S. 449, 465 (1979). Here, the remedy for prosecution laches is an otherwise valid patent being rendered entirely unenforceable.

It is “inequitable to strike down an entire patent” if “the patentee committed only minor missteps or acted with minimal culpability.” *Therasense*, 649 F.3d at 1292 (quoting *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008)). The Federal Circuit’s reasoning below allows a patent to be rendered unenforceable for what cannot even fairly be called missteps or culpable behavior: entering an agreement with the PTO and prosecuting an application consistent with the process set forth in that agreement. Even if the agreed process results in prosecution of a particular application lasting longer than what might be thought necessary in the abstract, if the applicant understood that the PTO had agreed to that process, then the applicant acted with *no* culpability. There is nothing fair or equitable about rendering a patent unenforceable when the applicant had every reason to think at the time that the PTO was satisfied with the pace of prosecution. Application of prosecution laches under those circumstances is the very worst kind of bait-and-switch, stripping the successful applicant of its vested intellectual-property rights without warning.

D. This case is a suitable vehicle to address the question presented.

There are several factors that make this case, in particular, an appropriate vehicle to address the Federal Circuit’s departure from precedent, principle, and sound policy.

To start, both the district court and the Federal Circuit considered and expressly addressed whether a patent applicant’s entry into a PTO-approved patent prosecution plan can constitute an egregious abuse of the patent system warranting prosecution laches. The district court complained that “[t]he consolidation agreement itself ... contributed to delays.” Pet. App. 80a. And the Federal Circuit reasoned that the consolidation agreement was a “scheme” that improperly allowed PMC to “extend out prosecution.” Pet. App. 5a. Thus, the issue is squarely presented, as the district court and Federal Circuit have condemned the PTO’s docket-management decisions, made in the agency’s exercise of its Congressionally-delegated authority.

The question presented is also essential to the outcome below. If the Court grants certiorari and holds (as it should) that PMC’s compliance with the consolidation agreement precludes a laches determination as a matter of law, *see* PMC C.A. Br. 39-41, then the Federal Circuit’s judgment must be reversed. But even if the Court were to reach an intermediate conclusion—if it were to hold, for example, that the consolidation agreement does not preclude a laches determination, but the courts below were wrong to use it as *evidence* of unreasonable delay—it would still need to vacate the judgment below. Under Federal Circuit precedent, “prosecution laches considers the totality

of circumstances.” *Hyatt*, 998 F.3d at 1366. Without improper reliance on the 1999 consolidation agreement, the Federal Circuit would need to determine whether the remaining post-1999 events support application of the doctrine.

In these circumstances, there is every reason to believe the Federal Circuit would reach a different result on remand. Laches must stem from dilatory conduct that occurred while Apple was “invest[ing] in, work[ing] on, or us[ing] the claimed technology.” Pet. App. 17a (quoting *Hyatt*, 889 F.3d at 1362). As Judge Stark observed, “[t]he earliest date by which Apple obtained intervening rights ... was January 2000.” Pet. App. 27a.⁴ Aside from conduct stemming from PMC’s adherence to the consolidation agreement, the Federal Circuit majority opinion identified just one instance of allegedly dilatory conduct after that date: PMC’s submission of a claim amendment in 2003, narrowing “enabling” to “decrypting” and “disabled” to “encrypted.” Pet. App. 13a-14a. But “[t]hese amendments narrowed and limited the scope of [PMC’s] claims,” Pet. App. 32a (Stark, J., dissenting), and Apple made no effort to show otherwise at trial. Regardless, routine claim amendment in response to an examiner’s rejection is not “egregious” conduct sufficient to support a laches determination.⁵

⁴ In fact, it was later, but the discrepancy does not matter for purposes of this Court’s review or the appropriate result on remand. See Pet. App. 27a n. 6 (Stark, J., dissenting).

⁵ Apple also alleged that PMC submitted a late response to a PTO office action in 2002. As Judge Stark observed, however, “the district court did not rely on or cite [that response] in explicating its conclusions of law on unreasonable and inexcusable delay or

In the end, this Court need not wade into these downstream questions. For purposes of this Court’s review, it is enough that the Federal Circuit’s judgment was premised on an erroneous view of the legal effect of the consolidation agreement, and that the Federal Circuit would need to reevaluate its determination on remand. This case is thus a good vehicle for the Court to decide whether a patent applicant’s prosecution of an application in accordance with the PTO’s docket-management decisions and other statutory and regulatory deadlines can constitute unreasonable delay and trigger the doctrine of laches.

II. The Court should consider whether the doctrine of prosecution laches survives this Court’s decision in *SCA Hygiene*.

For all the foregoing reasons, the Court should grant review to realign the doctrine of prosecution laches with precedent and sound policy. In addition or in the alternative, the Court should take this case to address whether this judge-made equitable doctrine remains a valid defense to a claim of patent infringement in light of *SCA Hygiene*.

As discussed above, this Court’s 2017 decision in *SCA Hygiene* rejected the defense of post-issuance laches—*i.e.*, laches based on a patent owner’s delay in filing an infringement suit asserting an issued patent. *See* 580 U.S. at 331-346; *see supra*, pp. 20-21. The principles underlying that decision apply equally to the defense of prosecution laches. Just like the post-issuance laches doctrine, the doctrine of prosecution

prejudice,” Pet. App. 30a, and PMC’s response was timely in any event, *see* Pet. App. 29a (discussing how PMC’s response complied with the six-month deadline in 37 C.F.R. §1.136(a)).

laches “give[s] judges a ‘legislation-overriding’ role that is beyond the Judiciary’s power.” *SCA Hygiene*, 580 U.S. at 335. And just like post-issuance laches, prosecution laches “clash[es] with the ... gap-filling” nature of the equitable doctrine. *Id.* When, as here, Congress has given the PTO authority to manage its own docket and the PTO has not itself invoked laches in response to delays in prosecution, “there is no gap to fill.” *Id.*

The Court should therefore examine the continued vitality of the prosecution laches doctrine. It has been decades since the Court has considered the defense of prosecution laches, and it has not passed on the defense since *SCA Hygiene*. Especially in light of the Federal Circuit’s sweeping conception of the defense in the decision below and the many cases in the district courts in which this defense is being raised, the time is ripe for the Court to revisit the issue.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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