

No. 25-

IN THE
Supreme Court of the United States

CLIFFORD A. LOWE AND SPOTA LLC,
FKA INSITE SOLUTIONS, LLC,

Petitioners,

v.

SHIELDMARK, INC., ADVANCED PLASTICS, INC.
AND CROWN EQUIPMENT CORPORATION,

Respondents.

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

PETITION FOR A WRIT OF CERTIORARI

RAY L. WEBER

Counsel of Record

LAURA J. GENTILCORE

RENNER, KENNER, GREIVE, BOBAK,
TAYLOR & WEBER Co., L.P.A.

Huntington Tower

106 S. Main Street, Suite 400

Akron, OH 44308

(330) 376-1242

rlweber@rennerkenner.com

Attorneys for Petitioners

*Clifford A. Lowe and Spota, LLC,
fka InSite Solutions, LLC*

384111



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

QUESTIONS PRESENTED

The questions presented are:

- (1) Whether a district court, after first deciding it lacks subject matter jurisdiction and dismissing with prejudice a cause of action, retains the power to declare an “alternative” decision on the merits despite the apparent “advisory” character of any such “alternative” decision; and
- (2) Whether a court of appeals has the power to affirm a decision of a district court issued “in the alternative” after that district court first decided it lacked subject matter jurisdiction to hear the cause of action on the merits?

PARTIES TO THE PROCEEDING

Petitioners Clifford A Lowe (“Lowe”) and Spota LLC (fka InSite Solutions, LLC) (“Spota”) (collectively “Petitioners”) were plaintiffs in the District Court below and appellants before the Federal Circuit.

Respondents ShieldMark, Inc. (“ShieldMark”), Advanced Plastics, Inc. and Crown Equipment Corporation (“collectively “Respondents”) were defendants in the District Court below and appellees before the Federal Circuit.

**RULE 29.6 CORPORATE
DISCLOSURE STATEMENT**

Pursuant to Rule 29.6, Petitioner states as follows:

Petitioner Spota, LLC (fka InSite Solutions, LLC) is a limited liability company, that has no parent company, nor does any publicly held company have any ownership interest therein.

RELATED PROCEEDINGS

United States District Court for the Northern District
of Ohio Case No. 1:19-00748-JSG

United States Court of Appeals for the Federal Circuit
Case No. 21-2164

United States Court of Appeals for the Federal Circuit
Case No. 2022-2273

United States Court of Appeals for the Federal
Circuit Case Nos. 2023-1786, 2023-1871 and 2023-1893
(Consolidated)

United States Court of Appeals for the Federal Circuit
Case No. 2025-1913.

TABLE OF CONTENTS

	<i>Page</i>
QUESTIONS PRESENTED	i
PARTIES TO THE PROCEEDING	ii
RULE 29.6 CORPORATE DISCLOSURE STATEMENT	iii
RELATED PROCEEDINGS	iv
TABLE OF CONTENTS	v
TABLE OF APPENDICES	vii
TABLE OF CITED AUTHORITIES	ix
PETITION FOR A WRIT OF CERTIORARI	1
OPINIONS BELOW	1
JURISDICTION	3
CONSTITUTIONAL AND STATUTORY PROVISIONS	3
STATEMENT OF THE CASE	6
I. Legal Background	6
II. Factual Background	9

Table of Contents

	<i>Page</i>
III. Procedural Background	10
REASONS FOR GRANTING THE PETITION.....	17
CONCLUSION	29

TABLE OF APPENDICES

	<i>Page</i>
APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MARCH 24, 2025	1a
APPENDIX B — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED NOVEMBER 28, 2022	28a
APPENDIX C — DECISION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MARCH 4, 2022	34a
APPENDIX D — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED APRIL 21, 2023	58a
APPENDIX E — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED MARCH 16, 2023	78a
APPENDIX F — OPINIONS AND ORDERS OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED AUGUST 26, 2022, AND SEPTEMBER 19, 2022	87a

Table of Appendices

	<i>Page</i>
APPENDIX G — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED AUGUST 23, 2022	95a
APPENDIX H — ORDER FOR REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MAY 12, 2025	124a

TABLE OF CITED AUTHORITIES

	<i>Page</i>
Cases	
<i>Balkalian v.</i> <i>Central Bank of the Republic of Turkey,</i> 932 F.3d 1229 (9th Cir. 2019)	20
<i>Center for Reproductive Law and Policy v. Bush,</i> 304 F.3d 183 (2d Cir. 2002)	20
<i>Chambers v. NASCO, Inc.,</i> 501 U.S. 32, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991).	26
<i>Ex parte McCardle,</i> 7 Wall 506, 514, 19 L.Ed.264 (1868)	4, 17, 18
<i>Friends of the Everglades v. EPA,</i> 699 F.3d 1280 (11th Cir. 2012).	21
<i>Jordon v. Attorney General of U.S.,</i> 424 F.3d 320 (3d Cir. 2005)	20
<i>Minesen Co. v. McHugh,</i> 671 F.3d 1332 (Fed. Cir. 2012)	20
<i>Montague v. NLRB,</i> 698 F.3d 307 (6th Cir. 2012).	20
<i>Owen Equip. & Erection Co. v. Kroger,</i> 437 U.S. 365, 98 S. Ct. 2396 (1978).	23

Cited Authorities

	<i>Page</i>
<i>Riley v. Bondi</i> , 606 U.S. ___, 145 S. Ct. 2190 (2025) . . .	5, 17, 18, 19, 20
<i>Rhode Island v. Massachusetts</i> , 37 U.S. 657 (1838)	18
<i>Ruhrgas AG v. Marathon Oil Co.</i> , 526 U.S. 574, 119 S. Ct. 1563 (1999)	4, 5, 19
<i>Seale v. INS</i> , 323 F.3d 150 (1st Cir. 2002)	20
<i>Sheldon v. Sill</i> , 49 U.S. (8 How.) 441 (1850)	23
<i>Sinochem Intern. Co. Ltd. v.</i> <i>Malaysia Intern. Shipping Corp.</i> , 549 U.S. 422, 127 S. Ct. 1184 (2007)	4, 5, 19
<i>Starkey v. Boulder Cty Soc. Servs.</i> , 569 F.3d 1244 (10th Cir. 2009)	20
<i>Steel Co. v. Citizens for a Better Environment</i> , 523 U.S. 83, 118 S. Ct. 1003 (1998)	3, 4, 5, 6, 17, 18, 19, 20, 22, 23, 28
<i>Waleski v. Montgomery, McCracken,</i> <i>Walker & Rhoads, LLP</i> , 599 U. S. ___, 144 S. Ct. 53, 216 L.Ed. 1309 (2023)	21

Cited Authorities

Page

Statutes and Rules

28 U.S.C. § 1254(1).....3

Lanham Act, § 42(a)(1)(B)11

Fed. R. Civ. P. 12(h)(3).....4

Fed. R. Civ. P. 25(c)14

Other Authorities

R. Bork, *Neutral Principles and Some First
Amendment Problems*, 47 Ind. L. J. 1 (1971) . . .25-26

PETITION FOR A WRIT OF CERTIORARI

Petitioners respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit affirming the “alternative” judgment invalidating U.S. Patent No. 10,214,664 and additional subsequent orders of the District Court for the Northern District of Ohio issued after first dismissing the case/action with prejudice for lack of Article III subject matter jurisdiction.

OPINIONS BELOW

Judgment of the Federal Circuit finding one of the two Petitioners (Spota) to have had Article III standing as the patentee entitled to sue for infringement and affirming the District Court’s alternative decision finding the patent-in-issue to be invalid as anticipated by prior art. Finding that the other Petitioner (“Lowe”) had lost standing to pursue his patent infringement claim, the Federal Circuit also affirming the sanctions award of the District Court against both Petitioners, accepting the District Court’s finding Petitioners [plural] had delayed the litigation with respect to Lowe’s patent infringement claim [notwithstanding the complaint as amended alleged but a single patent infringement claim common to both Petitioners]. This Judgment of the Federal Circuit is unreported but is reproduced as App. to Pet. for Cert. A.

Order of the Federal Circuit finding that it lacked subject matter jurisdiction to hear the first-filed appeal after the District Court for the Northern District of Ohio had dismissed the action/case with prejudice for lack of Article III subject matter jurisdiction. The Federal Circuit

found the appeal to be “premature” because, in Opinions & Orders subsequent to its dismissal of the case/action with prejudice for lack of subject matter jurisdiction, the District Court had clarified that it had not intended to do so. This Order of the Federal Circuit is unreported but is reproduced as App. to Pet. for Cert. B.

Judgment of the United States Court of Appeals for the Federal Circuit in part vacating the District Court’s Decision granting summary judgment of non-infringement and remanding for further proceeding consistent with Opinion, Dated March 4, 2022. This Judgment of the Federal Circuit is unreported but is reproduced as App. to Pet. for Cert. C.

Opinion & Order of the District Court for the Northern District of Ohio awarding Respondents damages in the amount of \$213,765 for Petitioners having continued to litigate Petitioners’ patent infringement claim after losing Article III standing. This Opinion & Order of the District Court is reproduced as App. to Pet. for Cert. D.

Opinion & Order of the District Court for the Northern District of Ohio granting Respondents’ motion for summary judgment on Petitioners’ claim for false advertising. This Opinion & Order of the District Court is reproduced beginning as App. to Pet. for Cert. E.

Opinion & Order of the District Court for the Northern District of Ohio dismissing the action/case with prejudice for lack of Article III subject matter jurisdiction, and in the alternative, granting Respondents’ patent invalidity summary judgment motion. This Opinion & Order of the District Court is reproduced as App. to Pet. for Cert.

G. The Opinions & Orders of the District Court for the Northern District of Ohio issued subsequent to its having dismissed the action/case with prejudice for lack of subject matter jurisdiction are reproduced as App. to Pet. for Cert. F.

Order of the United States Court of Appeals for the Federal Circuit denying Petition for Panel Rehearing and Rehearing En Banc, Dated May 12, 2025. This Order of the Federal Circuit is unreported but is reproduced as App. to Pet. for Cert. H.

JURISDICTION

On March 24, 2025, the Federal Circuit filed its decision in relevant part (1) vacating the District Court's decision that both Petitioners lacked subject matter jurisdiction which could not be cured by joinder of the real party in interest and thereby dismissing the case with prejudice; and (2) affirming the District Court's alternative ruling that the patent-in-issue is invalid as anticipated by prior art. (App. to Pet. for Cert. A). On May 12, 2025, the Federal Circuit denied Petitioners' combined petition for rehearing and rehearing en banc. (App. to Pet. for Cert. H). This petition is therefore timely, and the Court has jurisdiction under 28 U.S.C. §1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS

In *Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83, 94 (1998), delivering the opinion for this Court, Justice Scalia wrote that should a district court find it is without subject matter jurisdiction it cannot proceed at all

in any cause. He further wrote that lacking the power to declare the law, the only function remaining to a district court is to announce that fact and dismiss the cause. As acknowledged by Justice Scalia in *Steel Co.*, these principles are rooted in case law dating back to at least 1868. *Ex parte McCardle*, 7 Wall 506, 514, 19 L.Ed.264 (1868). Since *Steel Co.* these principles have been affirmed in both *Ruhrgas AG v. Marathon Oil Co.*, 526 U.S. 574, 584, 119 S.Ct. 1563 (1999) and *Sinochem Intern. Co. Ltd. v. Malaysia Intern. Shipping Corp.*, 549 U.S. 422, 127 S.Ct. 1184, 1191-92 (2007).

In *Ruhrgas*, this Court unanimously reaffirmed the core of Justice Scalia's opinion:

Steel Co. held that Article III generally requires a federal court to satisfy itself of its jurisdiction over the subject matter before it considers the merits of a case. 'For a court to pronounce upon [the merits] when it has no jurisdiction to do so,' *Steel Co.* declared, 'is ... for a court to act ultra vires. 523 U.S., at 101-102, 118 S.Ct. 1003.'

In *Sinochem*, this Court again held that "[j]urisdiction is vital only if the court proposes to issue a judgment on the merits."

Both *Ruhrgas* and *Sinochem* affirm that courts are powerless to reach the merits without subject-matter jurisdiction, while refusing to distinguish between jurisdiction's statutory and constitutional components.

Consistent with this Court's holding in *Steel Co.*, is Fed. R. Civ. P. 12(h)(3) which provides:

Lack Of Subject-Matter Jurisdiction. If the court determines at any time that it lacks subject matter jurisdiction, the court must dismiss the case.

On June 25, 2025, while said to have abrogated *Steel Co.* with its decision in *Riley v. Bondi*, 606 U.S. ___, 145 S.Ct. 2190 (2025), this Court not only left intact but reiterated these fundamental principles while holding that a district court may, after first assuring itself that an issue is jurisdictional, address it prior to the merits. In his concurring opinion (*Riley*, 606 U.S. at 2206) citing *Steel Co.*, Justice Thomas once again expressly recognized that while a district court can address various jurisdictional issues in any order it chooses, it must assure itself of jurisdiction before proceeding to the merits.

The lower courts here misapplied that which remains Supreme Court precedent after this Court's decision in *Riley*. After first holding that it lacked Article III subject matter jurisdiction and dismissing the case/action with prejudice, the District Court below opined in the alternative entering judgment on the merits invalidating the patent owned by Petitioner Spota LLC, formerly InSite Solutions LLC. (App. to Pet. for Cert. G). It addressed the merits despite finding it lacked jurisdiction—a course of action clearly not adopted much less endorsed by this Court in *Riley*. The Federal Circuit, without considering this Court's decision in *Steel Co.*, or the precedent cited therein dating back to at least 1838, or subsequent decisions in *Ruhrgas Ag* and *Sinchem*, affirmed the District Court's alternative decision on the merits. (App. to Pet. for Cert. A).

In *Steel Co.*, Justice Scalia embraced an absolute prohibition against “hypothetical jurisdiction.” Instead of adopting that absolute prohibition as has the Eleventh Circuit, the lower courts here appear to have followed those circuits (First, Second, Third, Sixth, Ninth, and Tenth) carving out yet another exception. The exception carved out by the lower courts herein, however, if allowed to stand, “will have swallowed the rule.” A district court finding it is without subject matter jurisdiction must not proceed to issue an alternative decision on the merits. Nor should an appellate court give any credence to such an alternative decision on the merits, which an appellate court does even when classifying its decision as “non-precedential.” Rather, such only demonstrates the failure to appreciate that which was at stake in this case: as acknowledged by Justice Scalia, core constitutional principles under Article III. Such does not promote “judicial efficiency” but rather creates confusion and encourages improper judicial behavior, as can be seen from the record of the case below. Once a district court finds that it lacks subject matter jurisdiction, it has no power to declare in the alternative a case-ending decision on the merits. Nor does an appellate court have the power to affirm any such alternative decision.

STATEMENT OF THE CASE

I. Legal Background

Petitioners Lowe as patent owner and Spota (fka InSite Solutions LLC) (“Spota”) as exclusive licensee filed a First Amended Complaint for infringement of U.S. Patent No. 10,214,664 (“the ’664 patent”), as well as false advertising. The false advertising claim was tied to the

patent infringement claim in that if Respondents argued a patent claim element was absent in their product to avoid infringement but had advertised that it was present, any such advertising was literally false.

After receiving an order granting Respondents' summary judgment of non-infringement, Petitioners appealed to the Federal Circuit. In response to that appeal, the Federal Circuit vacated the judgment of non-infringement, finding it to have been based on erroneous claim construction. (App. to Pet. for Cert. C).

When the case was remanded to the District Court, rather than address the issue of patent infringement with proper claim construction, the District Court instructed Respondents to file additional briefing on the issue of patent invalidity. At or about that same time, having found an assignment document on the public record, Respondents raised the question of subject matter jurisdiction due to a transfer of ownership of the '664 patent from Petitioner Lowe to Petitioner Spota. Petitioners admitted to the District Court that the transfer occurred during the pending appeal as well as the fact that Petitioner Spota had granted a non-exclusive license under the '664 patent to a non-party. The Fourth Amended Complaint had been refiled upon remand as the parties previously agreed it would be. Petitioners sought leave to correct Petitioner Spota's changed position to owner and Petitioner Lowe's changed position to that of an exclusive licensee, but the District Court denied their request.

After briefings, based on the admitted transfer and grant of the non-exclusive license, the District Court found both Petitioners had lost subject matter jurisdiction and

issued an order dismissing the case/action with prejudice. (App. to Pet. for Cert. C). The District Court thereafter awarded damages to Respondents in the amount of \$213,765, Respondents' attorneys' fees associated with Petitioners having litigated their patent infringement claim. (App. to Pet. for Cert. D). The District Court reasoned that because Petitioners had failed to properly identify the change in ownership interest in the refiled complaint and failed to provide the assignment and patent license document to the Respondents in December of 2021 while the case was pending on appeal, Petitioners caused an unnecessary extension of the case. (App. to Pet. for Cert. D).

Petitioners appealed. The first appeal was rejected by the Federal Circuit as premature due to the additional false advertising claim which had not been heard. (App. to Pet. for Cert. B). In that first appeal, the Federal Circuit found that although the District Court had with prejudice dismissed the action/case for lack of subject matter jurisdiction, the District Court had, in orders issued subsequent to the dismissal entry, clarified that it had not intended to do so. (App. to Pet. for Cert. F).

After remand, the District Court granted summary judgment to Respondents on Petitioner InSite's false advertising claim, and Petitioners again appealed. (App. to Pet. for Cert. E). The second appeal resulted in the finding that Petitioner Spota did not lose Article III subject matter jurisdiction by its grant of a non-exclusive license to the non-party. (App. to Pet. for Cert. A). Finding however that Petitioner Lowe had lost Article III and statutory subject matter jurisdiction, the Federal Circuit affirmed the damages award. (App. to Pet. for Cert. A). In

so holding, the Federal Circuit did not address whether, contrary to the District Court, the case would necessarily have and did continue to finality because Petitioner Spota never lost either Article III or statutory subject matter jurisdiction. (App. to Pet. for Cert. A).

Petitioners filed for rehearing which was denied. (App. to Pet. for Cert. H).

Petitioners thereafter have timely filed this petition for certiorari.

II. Factual Background

Petitioner Lowe is the inventor and original patentee of U.S. Patent No. 10,214,664 (“the ’664 patent”), as well as additional patents. All of his intellectual property remained in his name until December 9, 2021. Up until December 9, 2021, Petitioner Lowe licensed his patents to Petitioner Spota, a limited liability company for which he is the Managing Director. His license of the ’664 patent to Spota was oral and exclusive.

During the first-filed appeal to the Federal Circuit, Petitioner Lowe decided to sell to a non-party (“Insite DE”) all but two of his patents, one being the ’664 patent. Instead of selling the ’664 patent, (1) Petitioner Spota would be assigned ownership of the ’664 patent; (2) Petitioner Spota would grant a non-exclusive license in the ’664 patent (“PLA”) to InSite DE; (3) under the terms of the PLA, Petitioner Lowe, along with Petitioner Spota, “ would retain the exclusive rights to elect to maintain, control, and settle” the present litigation with Respondents; (4) Petitioner Lowe, along with Petitioner

Spota, would have the right to the proceeds of the litigation, if any, whether by lump sum settlement or through the collection of royalties; and (5) Petitioner Lowe along with Petitioner Spota would also have the same rights of enforcement with respect to others found to have infringed the '664 patent prior to the date of execution of the PLA (December 16, 2021). While Insite DE would receive an option to acquire all right, title, and interest in and to the Licensed Patents, it would have no present rights of enforcement. The option would be subject to an option commencement date subsequent to the resolution of the ShieldMark litigation and any Further Litigation brought by Petitioners Lowe and Spota.

On December 9, 2021, Petitioner Lowe assigned his intellectual property assets to Petitioner Spota. The assignment of the '664 patent was filed on the public record. On December 16, 2021, Petitioner Spota gave the above-described non-exclusive license under the '664 patent to nonparty InSite DE.

III. Procedural Background

When the original Complaint was filed on April 4, 2019, Petitioner Lowe was the patentee by virtue of his ownership of the "664 patent" and he was identified as such therein.

On May 14, 2019, Petitioner Spota was added as a plaintiff in a First Amended Complaint. At that time, under an exclusive oral license from Petitioner Lowe, Petitioner Spota was engaged in the manufacture and distribution of floor marking tape under the '664 patent.

On July 8, 2019, Petitioners Lowe and Spota filed a Second Amended Complaint, Count II of which claimed false advertising under the Lanham Act, § 42(a)(1)(B). The Lanham Act claim was expressly pleaded in the alternative based on the belief, to avoid a District Court's finding of patent infringement, Respondents would argue the absence in the accused floor marking tape of certain elements claimed in the '664 patent despite their advertising expressly touting those very elements:

Pleading in the alternative, if ShieldMark's Mighty Line floor marking tape product does not comport with the pictorial illustration of its advertising in a manner so as to avoid infringement of the '664 patent, then such advertising is false as to both the pictorial illustration and the representations that the beveled edges "increase durability for fork lift traffic;" "beveled edge tape can take a beating from industrial wheel traffic;" and "Mighty Line floor tape withstands..., forklifts...."

The basis for the count was Respondent ShieldMark's advertising and promotion of Mighty Line ® floor marking tape, the accused product, as having "beveled edges" and that such "beveled edges increase durability for forklift travel;" that "beveled edge tape can take a beating from industrial wheel traffic;" and that "Mighty Line ® floor tape would withstand...forklifts...."

The case proceeded through patent claim construction and summary judgment practice, with the District Court entering summary judgment of non-infringement in favor of Respondents. Petitioners Lowe and Spota appealed the

District Court's claim-construction-order and attendant summary judgment of non-infringement to the Federal Circuit. With the District Court's approval, the parties agreed Petitioner Spota would dismiss without prejudice its Lanham Act claim, with the right to reinstate it if the Federal Circuit found the District Court's claim constructions to be erroneous and reversed the grant of summary judgment.

On March 4, 2022, the Federal Circuit vacated the District Court's non-infringement summary judgment based on erroneous claim constructions, adopted the claim constructions of Petitioners Lowe and Spota, and remanded for further proceedings consistent with its opinion. (App. to Pet. for Cert. C). The mandate was entered on April 20, 2022.

On May 25, 2022, the District Court held its first status conference after remand. The District Court judge began the status conference by stating he was going to "reverse the Federal Circuit." He queried Respondents' counsel whether Respondents would renew their motion for invalidity and unenforceability, whereupon he made the statement that "all flat marking tapes have edges." The District Court signaled that it had no intention to follow the "remand for further proceedings consistent with this opinion" as directed by the Federal Circuit. (App. to Pet. for Cert. C).

After that "status conference," Petitioners Lowe and Spota filed a Motion to Recuse or Disqualify. After first suggesting that Respondents should file their opposition as to that motion, the District Court judge determined, on his own, to deny it. In his opinion, he did not deny having made the statements accredited to him.

On June 7, 2022, Petitioners Lowe and Spota filed their Fourth Amended Complaint, reinstating as had been set out in the Third Amended Complaint, Petitioners' counts for patent infringement, and, in the alternative, false advertising.

On June 29, 2022, based on a publicly filed assignment, Respondents questioned Petitioner Lowe's standing. That document discloses the assignment of the '664 patent between Petitioners, with Petitioner Lowe as assignor and Petitioner Spota as assignee. That same day, Petitioners Lowe and Spota confirmed to the District Court that there had been an assignment of the '664 patent between Petitioners (from Lowe to Spota), and that Petitioner Spota had accommodated Petitioner Lowe's continuing rights, along with Petitioner Spota, to maintain, control and settle the present litigation, pursue additional infringers for the period during which Petitioner Lowe owned the '664 patent, with settlement in each instance including the possibility of licensing. This accommodation is acknowledged in the non-exclusive PLA subsequently entered between Petitioner Spota and non-party to the litigation, InSite DE.

On June 30, 2022, Respondents again questioned the continuing standing of Petitioner Lowe. The District Court ordered Respondents to supplement their briefing.

Respondents filed an Updated Standing Brief on July 25, 2022. Petitioners responded on July 28, 2022, again advising the District Court (1) that the only assignment of the '664 patent was between Petitioners; (2) admitting that the Fourth Amended Complaint was in error to the extent Petitioner Spota was now the owner of the '664

patent and Petitioner Lowe, an exclusive licensee by virtue of retaining exclusionary rights as recited in the PLA and acknowledged by non-party InSite DE by its execution of the PLA; and (3) requesting leave to amend under Fed.R.Civ.P.25(c) because of the exchange of interests between Petitioners. The District Court denied Petitioners' request for leave to amend.

A hearing was held on August 15, 2022, on the issues of Petitioners' continued standing and invalidity of the '664 patent. At that hearing, counsel for Respondents responded to inquiry by the District Court as follows:

I think you have to rule on standing first. It's the gatekeeping. You have to make a decision on that, and we think the case should be over and ended based on that ruling. But we would not object if Your Honor wanted to then kind of provisionally go forward to the substance, if Your Honor concluded that would be appropriate.

It was in that hearing that the District Court acknowledged such a ruling would be "to some degree" "dicta" or "an advisory opinion."

On August 23, 2022, the District Court docketed the Opinion & Order finding: (1) Petitioner Lowe no longer had any exclusionary rights in the '664 patent and therefore lacked Article III standing; (2) Petitioner Spota lacked Article III standing for having transferred all substantial rights in the '664 patent to non-party Insite DE; and (3) the lack of standing could not be corrected because, holding only a non-exclusive license, non-party InSite DE could not sue. (App. to Pet. for Cert. G).

Prior to issuing this order, the District Court had twice instructed Respondents to file a summary judgment motion on their counterclaim of invalidity. Thus, included in the District Court's order was an "alternative" opinion and judgment in favor of Respondents that the '664 patent is invalid. (App. to Pet. for Cert. G).

In its August 23, 2022 Opinion & Order, the District Court further stated that "...in light of the Court's conclusion that Plaintiffs lack standing, the Court declines to address the Lanham Act summary judgment issue in this opinion." (App. to Pet. for Cert. G). As arising from and dependent upon resolution of the same nucleus of facts as Petitioners' patent infringement claim, this language was consistent with the District Court having dismissed with prejudice the action/case for lack of subject matter jurisdiction as further stated in its August 23, 2022, Opinion & Order. (App. to Pet. for Cert. G).

Notwithstanding its dismissal of the action/case with prejudice for lack of subject matter jurisdiction, the District Court went on to issue its August 26, 2022 and September 19, 2022, Opinions & Orders which the Federal Circuit would later refer to as "clarifying" orders. (App. to Pet. for Cert. F). In the latter Opinion & Order, the District Court stated it did not intend to moot Petitioners' Lanham Act claim.

The District Court having stated it was dismissing the action/case with prejudice for lack of subject matter jurisdiction, on September 22, 2022, Petitioners Lowe and Spota filed a Notice of Appeal with the Federal Circuit. The Federal Circuit dismissed the appeal as "premature," stating that the August 23, 2022, Opinion & Order did not resolve all of Petitioners' claims. (App. to Pet. for Cert. B).

On March 16, 2023, the District Court granted summary judgment to Respondents on Petitioner Spota's claim for literal false advertising finding the alleged false statements to be "nonactionable puffery," while denying the motion of Petitioner Spota for summary judgment on that claim. (App. to Pet. for Cert. E). It rejected Petitioner Spota's argument that Respondents, in arguing in defense of Petitioner Spota's claim for patent infringement, had argued the absence of patent claim elements in the accused floor marking tape advertised as being present therein.

On April 14, 2023, Petitioners Lowe and Spota again filed a Notice of Appeal. With the entry of an order/judgment by the District Court on April 21, 2023, finding under its inherent powers Petitioners' conduct in opposing Respondents' claims of loss of subject matter jurisdiction had delayed them from earlier filing for summary judgment of invalidity and awarding Respondents \$213,765 in sanctions, Petitioners amended its April 14, 2023 Notice of Appeal on April 26, 2023.

On March 24, 2025, the Federal Circuit issued its opinion. (App. to Pet. for Cert. A). The Federal Circuit (1) held that Petitioner Lowe had lost standing by assigning his patent to Petitioner Spota based on the lack of evidence that Petitioner Spota had accommodated Petitioner Lowe's retention of exclusionary rights by oral license, the statements in the PLA being insufficient proof; (2) reversed the District Court's finding that Petitioner Spota lost standing—the patent license agreement it gave to non-party InSite DE being non-exclusive; (3) accepting the District Court's factual finding of delay with respect to Petitioner Lowe's patent infringement claim, affirmed the District Court's sanctions award; and (4) having found that the District Court never lost Article III standing,

held it would consider and did affirm the District Court's alternative ruling that the '664 patent is invalid.

Petitioners filed a petition for rehearing and rehearing en banc, which was denied on May 12, 2025. (App. to Pet. for Cert. H).

Consideration was not given to Petitioners' argument before the District Court or before the Federal Circuit, that the District Court, having found it lacked Article III subject matter jurisdiction and having dismissed with prejudice the action/case, could not proceed to decide the validity of the '664 patent on the merits. Notably, Petitioners' citation to *Steel Co.* went without comment from the Federal Circuit.

REASONS FOR GRANTING THE PETITION

As addressed by Justice Scalia in *Steel Co.* (523 U.S. at 94-95), it has been the substantial precedent of this Court that the first and fundamental question in every case is that of jurisdiction. "Jurisdiction is power to declare the law..." *Steel Co.*, 523 U.S. at 94, citing *Ex parte McCardle*, 7 Wall 506, 514, 19 L.Ed. 264 (1868).

And, as further expressed by Justice Scalia and most recently acknowledged by Justice Thomas in his concurrence in *Riley* (606 U.S. at 2206), it is inflexible without exception. Without jurisdiction a court cannot proceed at all in any cause. *Steel Co.*, 523 U.S. at 9, citing *McCardle*, 7 Wall at 514.

[W]hen [jurisdiction] ceases to exist, the only function remaining to the court is that of

announcing the fact and dismissing the cause.
Id.

Both the rule that the first and fundamental question is that of subject matter jurisdiction, and its corollary that without subject matter jurisdiction a court cannot proceed on the merits, provide certainty to the law in a clear and simple fashion.

Jurisdiction is the power to hear and determine the subject matter in controversy between parties to a suit, to adjudicate or exercise any judicial power over them; the question is whether on the case before a court, their action is judicial or extrajudicial, with or without the authority of law, to render a judgment or decree upon the rights of the litigant parties. They provide certainty in the law. *Steel Co. at 94*, citing *Rhode Island v. Massachusetts*, 37 U.S. 657, 718 (1838)

Both the rule and corollary remain after the abrogation of *Steel Co.* by *Riley*, in which this Court held that a district court, after assuring that an issue is jurisdictional, may address it prior to the merits.

Prior to *Steel Co.*, some lower courts finding (a) the merits question to be the more readily resolved, and (b) the prevailing party on the merits to be the same as the prevailing party were jurisdiction denied, would determine a case on the merits without regard to subject matter jurisdiction. Writing for this Court in *Steel Co.* Justice Scalia rejected this concept of “hypothetical jurisdiction,” as compelled by Article III’s cases or controversies requirement:

Hypothetical jurisdiction produces nothing more than a hypothetical Judgment—which comes to the same thing as an advisory opinion, disapproved by the Supreme Court from the beginning.

Steel Co. 523 U.S. at 98.

Justice Scalia's concern was that deciding a case on the mere assumption of subject matter jurisdiction can lead to the rendering of advisory opinions in violation of Article III.

Indeed, that is exactly what happens when a district court, first finding it lacks subject matter jurisdiction, engages in the practice of issuing an alternative decision on the merits—the mere assumption of jurisdiction and the rendering of an advisory opinion in violation of Article III. Per the very acknowledgement of the District Court herein, it is the rendering of an advisory opinion.

While this Court's subsequent decisions in *Ruhrgas* and *Sinochem* appear at first to have softened *Steel Co.*'s impact by permitting various non-merits issues to be decided before determining subject matter jurisdiction, they nonetheless reaffirm and strengthen *Steel Co.*'s absolute prohibition on reaching merits issues before confirming subject matter jurisdiction, as does the concurrence of Justice Thomas in *Riley*:

On remand, the Fourth Circuit must assure itself of its jurisdiction before it can proceed to the merits of Riley's petition. See *Steel Co. v. Citizens for Better Environment*, 523 U.S. 83, 101-012, 118 S.Ct. 1002, 140 L.Ed.2d 210 (1998).

Notably, while *Riley* may have introduced flexibility for non-merits procedural rulings, it did nothing to authorize courts to render advisory opinions or proceed on the merits without jurisdiction. It did not disturb the core constitutional principle that courts cannot decide the merits of a case without subject matter jurisdiction. Indeed, *Riley* reaffirmed the importance of resolving jurisdictional questions before proceeding to the merits.

While the black-letter rule of *Steel Co.*, that subject matter jurisdiction be decided first, has not been overruled, the “foreordained” exception adopted by the circuits have whittled away at it, no doubt leading to yet another exception by the lower courts herein. In its opinion in *Center for Reproductive Law and Policy v. Bush*, 304 F.3d 183, 194 (2d Cir. 2002), the Second Circuit explained that, should the outcome in a case be foreordained by that in another, then the jurisdictional question could have no effect and need not be first addressed. The Second Circuit so held notwithstanding recognizing in the same opinion, the danger of allowing such an exception—the rendering of an advisory opinion in violation of Article III. *Id.* at 195. The “foreordained exception” has since been relied on by at least the First Circuit in *Seale v. INS*, 323 F.3d 150, 155 (1st Cir. 2002); the Third Circuit in *Jordon v. Attorney General of U.S.*, 424 F.3d 320, FN 8 (3rd Cir. 2005); the Sixth Circuit in *Montague v. N.L.R.B.*, 698 F.3d 307, 313 (6th Cir. 2012); the Ninth Circuit in *Balkalian v. Central Bank of the Republic of Turkey*, 932 F.3d 1229, 1236 (9th Cir. 2019); and the Tenth in *Starkey v. Boulder Cty Soc. Servs.*, 569 F.3d 1244, 1260-61 (10th Cir. 2009), as well as the Federal Circuit in *Minesen Co. v. McHugh*, 671 F.3d 1332, 1337 (Fed. Cir. 2012). Only the Eleventh Circuit has held fast to *Steel Co.*’s absolute prohibition against “hypothetical jurisdiction:”

[E]ven if the resolution of the merits were foreordained—an issue we do not decide—the Supreme Court has explicitly rejected the theory of ‘hypothetical jurisdiction.’ *Friends of the Everglades v. EPA*, 699 F.3d 1280, 1288 (11th Cir. 2012).

In dissenting from the denial of certiorari in *Waleski v. Montgomery, McCracken, Walker & Rhoads, LLP*, 599 U. S. ___, 144 S.Ct. 53, 216 L.Ed. 1309 (2023), Justice Thomas recognized the continued use of “hypothetical jurisdiction” as the subject of a longstanding split of authority, while referencing the decision of the Eleventh Circuit in *Friends of the Everglades*. Justice Thomas was joined in his dissent by Justices Gorsuch and Barrett. Therein Justice Thomas wrote:

Although ‘[s]ome cases might cry out for decision on the merits,’ and sometimes it is convenient to assume away difficult jurisdictional questions to decide a case on easier merits grounds, courts’ ‘threshold duty to examine [their] own jurisdiction is no less obligatory in’ such cases.

It is what was feared by the Second Circuit in adopting the “foreordained exception”—the rendering of an advisory opinion in violation of Article III—and what was rejected by the Eleventh Circuit—the resort to “convenience”—that occurred in the lower courts herein.

What then is the duty of a district court that determines it lacks subject matter jurisdiction? Is not proceeding to determine the merits after first finding the absence of subject matter jurisdiction, not just an

exception to, but rather, a blatant disregard of the absolute prohibition against “hypothetical jurisdiction”? That is what occurred in the lower courts herein.

The District Court took it upon itself to opine on the merits as if it had jurisdiction, despite first finding that it did not. The District Court understood it was not deciding in the alternative a non-merits issue. The merits question had not been decided in a companion case with the consequence that the jurisdictional question could have no effect on the outcome. Nor was the merits-outcome predetermined by the District Court’s previous rulings. Indeed, the District Court relied on the absence of Article III jurisdiction in dismissing with prejudice the patent infringement cause of action. It did not assume statutory standing for the purposes of deciding whether Petitioners otherwise had a viable cause of action because it found the question of Article III standing to be too difficult to resolve. Rather, the District Court here went a step further than even the prior cases adopting the “foreordained exception,” creating yet another exception akin to that prohibited under *Steel Co.*—a district court, despite first determining it lacks jurisdiction, can nonetheless assume that it has jurisdiction and thereby dispose of a case by ruling that the claim fails on the merits. But, an alternative ruling on the merits after determining the absence of subject matter jurisdiction clearly violates Article III and therefore cannot be countenanced.

Although raised on appeal, the Federal Circuit did not address the issue of whether the District Court, after first finding that it lacked Article III subject matter jurisdiction, could proceed. Instead, the Federal Circuit accepted that it could and affirmed the District Court’s

“alternative” opinion on the merits that the ’664 patent is invalid. While classifying its opinion as “nonprecedential,” the Federal Circuit accepted the District Court’s newly created exception only compounding the error and encouraging its continuance into the future.

For a court to reach the merits in the absence of either Article III or statutory jurisdiction is for it to act beyond its authority—to act *ultra vires*.

A federal court acts ‘*ultra vires*’ regardless of whether its jurisdiction is lacking because of the absence of a requirement specifically mentioned in Article III, such as standing. *Steel Co.* at 101-102.

A federal court must possess both constitutional and statutory authority to reach the merits of a case. *Sheldon v. Sill*, 49 U.S. (8 How.) 441, 449 (1850).

As this Court has cautioned,

The limits upon federal jurisdiction, whether imposed by the Constitution or by Congress must be neither disregarded nor evaded. *Owen Equip. & Erection Co. v. Kroger*, 437 U.S. 365, 374 (1978)

Steel Co. abrogated the defense of “hypothetical jurisdiction” as promoting judicial minimalism and judicial economy. 523 U.S. at 93-94. Allowing the District Court herein to ignore its own preliminary finding of the absence of subject matter jurisdiction and provide an “alternative” decision on the merits did nothing to promote either

judicial minimalism or judicial economy, instead having the effect of introducing chaos into the proceedings which should have ended in dismissal without prejudice. The record below exposes the problems inherent in “hypothetical jurisdiction”—unnecessary litigation on appeal (i.e., inefficiency), and confusion and inconsistency as to the scope of rulings.

Upon appeal, taking up the standing issue, the Federal Circuit agreed with the District Court as to the loss of standing of one of the two Petitioners (Lowe) but disagreed as to the loss of standing by the other (Spota). Yet, the Federal Circuit went on to affirm the District Court’s sanction award which was based upon the extension of the case by *both* Petitioners having lost standing. In so doing, the Federal Circuit found Petitioner Lowe’s loss of standing delayed the case with respect to *his* patent infringement claim, notwithstanding there was only a single patent infringement claim jointly asserted by Petitioners which had to be adjudicated to conclusion given that Petitioner Spota never lost standing.

The Federal Circuit did not consider either the impact of the statements made by or the conduct of the District Court Judge leading up to his deciding to issue what he himself characterized as an “advisory opinion,” invalidating not just the patent claims asserted, but the *entire* ’664 patent. Not considered were the statements by the District Court Judge: prior to the appeal of his non-infringement summary judgment order, that any attorney having more than six weeks experience knew better than to threaten a judge with an appeal, when Petitioners’ counsel simply stated that Respondents’ patent claim constructions would not withstand an appeal—which

they did not; after his summary judgment order of non-infringement was vacated by the Federal Circuit for erroneous patent claim construction, that he would reverse the Federal Circuit; extraneously upon remand in an order granting Respondents' expert substitution motion, that "the Federal Circuit disregarded the accompanying rule that interpreting courts should consider specifications when interpreting the claim language;" to Respondents immediately upon remand, instructing them to file a motion for summary judgment on the issue of invalidity; not satisfied with Respondents' briefing, instructing them to supplement that motion; and at the same time as he was so instructing Respondents, that all flat marking tapes have edges—a blatant over simplification of the invalidity argument. These statements and actions of the District Court Judge were with the understanding that he lacked subject matter jurisdiction—he found he lacked subject matter jurisdiction and dismissed the action/case with prejudice. All were based on his "assuming" he had jurisdiction. All were "hypothetical jurisdiction." All went unaddressed by the Federal Circuit.

Does not the ability to issue an alternative judgment despite first finding it lacks subject matter jurisdiction permit a district court judge to direct the outcome of a case? Does it not encourage improper judicial behavior? Is this not a problem inherent in "hypothetical jurisdiction"?

[J]udges must act like umpires. To be an umpire, the judge 'must stick close to the text and the history, and their fair implications,' because there 'is no principled way' for a neutral judge 'to prefer any claimed human value to any other.' R. Bork, *Neutral Principles and*

Some First Amendment Problems, 47 Ind. L. J. 1, 8 (1971).

Also not considered by the Federal Circuit was the insufficiency of the factual basis upon which the District Court Judge awarded damages to support an award of sanctions against both Petitioners—particularly after its own finding that Petitioner Spota never lost subject matter jurisdiction and thus the case was not delayed but had to continue on the very same issues in any event. In *Chambers v. NASCO, Inc.*, 501 U.S. 32, 44, 45-46, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991), this Court held that “A court’s inherent power is not a broad reservoir of power...but a limited source; an implied power squeezed from the need to make the court function.;;” that Federal courts “may assess attorney[s]’ fees when a party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons;” and that the inherent power to award attorneys’ fees should be invoked only when a court finds that “fraud has been practiced upon it or the very temple of justice has been defiled.” *Chambers*, 501 U.S. at 45-46 (internal quotation marks and citation omitted).

Is the grant of attorneys’ fees based upon the delay of litigation attributed to the withholding of two documents, one of which was found by the Federal Circuit (the non-exclusive PLA) to have clearly established retained subject matter jurisdiction requiring continuation of the litigation, sufficient evidence of a fraud having been perpetrated on the District Court? If the answer is “no,” what does that say about the danger associated with the exercise of “hypothetical jurisdiction.” Was the case over in December of 2021 due to the loss of subject matter jurisdiction with the assignment of the ’664 patent and execution of the PLA

and only extended by Petitioners having hidden that fact? Did not the Federal Circuit answer that question in the negative, yet fail to vacate the sanctions award?

Was not the district court's grant of sanctions and award of attorney fees expressly grounded solely upon and quantified by the loss of jurisdiction by *both* Petitioners, as was the grant of dismissal with prejudice? Did not the Federal Circuit reverse the district court on the loss of jurisdiction by both Petitioners, yet leave intact both the grant of sanctions and quantified attorney fees and leave unaddressed the dismissal with prejudice when the grounds for such were abated, rather than remand for further proceedings which would have accommodated (1) the amended complaint that the district court summarily refused and (2) the reassessment of sanctions and damages which were expressly based on the fiction of a total loss of jurisdiction by both Petitioners – when in fact jurisdiction over the case was never lost.

Upon taking up the alternative decision of patent invalidity, the Federal Circuit further failed to recognize the '664 patent could not be invalidated in its entirety but only as to claims asserted against Respondent by the Petitioners in their complaint and asserted by Respondents to be invalid in their answer, counterclaim and motion. Also, without the benefit of having all information before it (in its opinion the Federal Circuit acknowledges that it went into the district court docket to review the "28-page long chart" presented by Respondents to the District Court but makes no reference to having similarly reviewed the counter of Petitioners to that chart filed earlier), the Federal Circuit applied a new patent claim construction. This was notwithstanding that the case had previously

gone up on appeal and the constructions of Petitioners prevailed.

Here, efficiency was not achieved by the District Court dismissing with prejudice the case/action for lack of subject matter jurisdiction and providing an alternative judgment of invalidity. What ensued was only confusion, and thereby injustice. The first question posed by the Court of Appeals at oral argument during the second appeal was “why” the large number of issues presented. But, the multitude of issues was necessitated by the District Court’s dismissal with prejudice for lack of subject matter jurisdiction coupled with an alternative holding. The confusion which occurred would never have occurred if, when first brought up on appeal, the Federal Circuit had followed the precedential rule and corollary of *Steel Co.*, vacated the dismissal with prejudice, and remanded with instruction to dismiss without prejudice. There would have been no confusion had the Federal Circuit initially determined that the District Court could not issue subsequent opinions correcting its dismissal of the case/action with prejudice for lack of subject matter jurisdiction. There would have been no issue as to the District Court Judge’s overreach. If dismissed at that stage of the proceedings, there would have been no confusing sanctions award. Full and unbiased consideration would have been given to the issue of patent validity with the refiling of the case/action. Allowing a district court the ability to offer an alternate opinion on the merits after first finding the absence of subject matter jurisdiction is anything but a permissible exception to the rule against “hypothetical jurisdiction,” it is “hypothetical jurisdiction” with all its inherent problems—inefficiency, confusion of issues, and the undermining of judicial legitimacy. It is

a violation of Article III which should not be given any credence by this Court in allowing the decisions of the lower courts to stand.

CONCLUSION

Based upon the foregoing, the petition for a writ of certiorari should be granted to abide by the precedent of this Court rejecting the concept of “hypothetical jurisdiction” and requiring that a court must, without exception, assure itself of its jurisdiction before it can proceed to the merits, thereby unifying the Circuits as to these principles and effecting justice.

Respectfully submitted,

RAY L. WEBER

Counsel of Record

LAURA J. GENTILCORE

RENNER, KENNER, GREIVE, BOBAK,

TAYLOR & WEBER Co., L.P.A.

Huntington Tower

106 S. Main Street, Suite 400

Akron, OH 44308

(330) 376-1242

rlweber@rennerkenner.com

Attorneys for Petitioners

Clifford A. Lowe and Spota, LLC,

fka InSite Solutions, LLC

August 8, 2025

APPENDIX

TABLE OF APPENDICES

	<i>Page</i>
APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MARCH 24, 2025	1a
APPENDIX B — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED NOVEMBER 28, 2022	28a
APPENDIX C — DECISION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MARCH 4, 2022	34a
APPENDIX D — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED APRIL 21, 2023	58a
APPENDIX E — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED MARCH 16, 2023	78a
APPENDIX F — OPINIONS AND ORDERS OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED AUGUST 26, 2022, AND SEPTEMBER 19, 2022	87a

Table of Appendices

	<i>Page</i>
APPENDIX G — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, FILED AUGUST 23, 2022	95a
APPENDIX H — ORDER FOR REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MAY 12, 2025	124a

1a

**APPENDIX A — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED MARCH 24, 2025**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Nos. 2023-1786, 2023-1871, 2023-1893

CLIFFORD A. LOWE, SPOTA LLC, FKA INSITE
SOLUTIONS, LLC,

Plaintiffs-Appellants,

v.

SHIELDMARK, INC., CROWN EQUIPMENT
CORPORATION, ADVANCED PLASTICS, INC.,

Defendants-Cross-Appellants.

United States Court of Appeals, Federal Circuit.

Decided: March 24, 2025

OPINION

NOTE: This disposition is nonprecedential.

Appeals from the United States District Court for the
Northern District of Ohio in No. 1:19-cv-00748-JG, Judge
James S. Gwin.

Before LOURIE, BRYSON, and REYNA, *Circuit Judges.*

Appendix A

BRYSON, *Circuit Judge*.

This patent case is before us following remand proceedings in the district court. The parties have raised numerous issues on appeal. We affirm the district court's decision on the issues of patent invalidity and false advertising under the Lanham Act, and on most of the procedural issues raised by the parties. We vacate and remand on one of the issues bearing on the sanctions imposed against the plaintiffs.

I

Clifford A. Lowe is the inventor on U.S. Patent No. 10,214,664 ("the '664 patent"), which is directed to floor marking tape of the sort used in industrial facilities. Independent claim 1 of the '664 patent recites:

1. A floor marking tape adhered to a floor wherein the floor marking tape establishes a boundary on the floor; the combination comprising:

...

The upper surface of each lateral edge portion comprising an extension of the upper surface of the body;

The lower surface of each lateral edge portion being a flat coplanar extension of the lower surface of the body;

Appendix A

The entire body of each lateral edge portion being tapered with the upper surface of the first lateral edge portion extending to the lower surface of the first lateral edge portion and the upper surface of the second lateral edge portion extending to the lower surface of the second lateral edge portion. . . .

'664 patent, col. 5, ll. 2-32.

Independent claim 11 recites:

11. A floor marking tape adhered to a floor wherein the floor marking tape establishes a boundary on the floor; the combination comprising:

. . .

The entire body of each lateral edge portion being tapered with the upper surface of the first lateral edge portion extending to the lower surface of the first lateral edge portion to meet at a first junction and the upper surface of the second lateral edge portion extending to the lower surface of the second lateral edge portion to meet at a second junction;

The first and second junctions disposed on the uppermost surface of the floor such that the floor marking tape limits unintentional lifting of the floor marking tape from the floor. . . .

Id. at col. 6, ll. 1-32.

Appendix A

Briefly summarized, the complex procedural history of this case is as follows:

In 2019, Lowe and Spota LLC filed a patent infringement action against the three defendants, which are involved in manufacturing, distributing, and selling floor marking tape under the trade name “Mighty Line.” Dkt. No. 1 (Original Complaint). The plaintiffs alleged that Lowe was the owner of the ’664 patent and that Spota (which at that time was known as InSite Solutions LLC, a North Carolina limited liability company) was the exclusive licensee of the patent. Spota later added a claim against ShieldMark, one of the defendants, for false advertising in violation of the Lanham Act. The defendants counterclaimed, alleging that the ’664 patent was invalid and was unenforceable due to inequitable conduct.

Based on its claim construction rulings, the district court granted the defendants’ motion for summary judgment of non-infringement. On appeal, we vacated the district court’s claim construction order and remanded the case for further proceedings. *Lowe v. ShieldMark, Inc.*, No. 2021-2164, 2022 WL 636100 (Fed. Cir. March 4, 2022).

On remand, the district court entered several significant orders. First, in light of intervening events, the court held that neither Lowe nor Spota had standing to sue on the patent. In the alternative, the court held that the asserted claims of the ’664 patent were anticipated by a prior art reference, U.S. Patent No. 6,120,395 (“Dorenbusch”). The court also granted the defendants’ motion for summary judgment on the plaintiffs’ false advertising claim under the Lanham Act.

Appendix A

The court awarded attorney's fees and costs to the defendants under 35 U.S.C. § 285 as well as its inherent power to sanction. The court, however, declined to award fees based on inequitable conduct. The plaintiffs have appealed from the court's dismissal order, and the defendants have appealed from the court's order denying fees for inequitable conduct.

II**A**

The defendants' standing argument is based on two transactions executed while this case was pending before this court on the plaintiffs' first appeal. On December 9, 2021, Lowe and Spota executed an agreement referred to as the Patent Rights Assignment, in which Lowe transferred to Spota his "entire right, title and interest" in the '664 patent, including "any cause(s) of action and damages accruing prior to this assignment." App. 1803.

A week later, on December 16, 2021, Spota and InSite Solutions, LLC, a Delaware limited liability company ("InSite DE") executed a Patent License Agreement ("PLA"). Under the PLA, Spota granted InSite DE a nonexclusive license to practice the '664 patent, as well as the right to sublicense the patent. App. 1809. In addition, Spota granted InSite DE an exclusive option to acquire the '664 patent and agreed not to transfer any ownership right in the patent or any claims of infringement of the patent to any third party. App. 1810.

Appendix A

Section 2.3 of the PLA provided that “Lowe as owner, and [Spota] as exclusive licensee, of the Licensed Patents prior to [December 16, 2021], retain the exclusive rights to elect to maintain, control, and settle the ShieldMark Litigation,” and that “Lowe and [Spota] shall bear all costs associated therewith and enjoy any recovery therefrom.” *Id.* The clause further provided that “Lowe and [Spota] also retain the exclusive rights to enforce the Licensed Patents for recovery of damages for infringement prior to [December 16, 2021].” *Id.*

B

To establish standing under Article III of the Constitution, a plaintiff must have “(1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct of the defendant, and (3) that is likely to be redressed by a favorable judicial decision.” *Spokeo, Inc. v. Robins*, 578 U.S. 330, 338 (2016).

It is undisputed that Lowe and Spota had Article III standing when they first filed their claim of patent infringement. The question is whether they lost standing to pursue that claim in December 2021 when Lowe assigned his patent rights to Spota and Spota granted a non-exclusive license to InSite DE with the right to sublicense.

“[T]he touchstone of constitutional standing in a patent infringement suit is whether a party can establish that it has an exclusionary right in a patent that, if violated by another, would cause the party holding the exclusionary

Appendix A

right to suffer legal injury.” *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1265 (Fed. Cir. 2010). “A patent owner has exclusionary rights as a baseline matter unless it has transferred all exclusionary rights away.” *Intell. Tech LLC v. Zebra Techs. Corp.*, 101 F.4th 807, 816 (Fed. Cir. 2024). A “shared ability to license” does not divest the patent owner of all exclusionary rights. *Id.*

The Article III standing inquiry is distinct from analyzing whether a plaintiff is a “patentee” under 35 U.S.C. § 281 that is entitled to sue for infringement. *See id.* at 814. The term “patentee,” as defined in 35 U.S.C. § 100(d), includes not only the patentee to whom the patent was issued but also the successors in title to the patentee. It does not include mere licensees. *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1229 (Fed. Cir. 2019). “[W]hether a party possesses all substantial rights in a patent does not implicate [Article III] standing or subject-matter jurisdiction.” *Id.* at 1235-36.

Because Article III standing is a threshold jurisdictional issue, we first address whether Spota has retained an exclusionary right. It is undisputed that Spota currently owns the ’664 patent and that InSite DE is a nonexclusive licensee. *See* Blue Br. at 21; Red Br. at 19, 28. Spota did not give InSite DE an “express or implied promise that others shall be excluded from practicing the invention,” meaning that Spota remains free to license other parties. *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1552 (Fed. Cir. 1995) (en banc). Contrary to the defendants’ argument, Spota’s right to license has not

Appendix A

been rendered illusory by its agreement not to “assign or transfer to any third party any ownership right or interest” in the ’664 patent. *See* App. 1810. A nonexclusive license is not an ownership right, but merely “a promise by the licensor not to sue the licensee.” *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1577 (Fed. Cir. 1997); *see also Ulead Sys., Inc. v. Lex Comput. & Mgmt. Corp.*, 351 F.3d 1139, 1147 (Fed. Cir. 2003) (“It is well settled that a non-exclusive licensee of a patent has only a personal and not a property interest in the patent.”).

Spota has an exclusionary right sufficient to establish Article III standing even if InSite DE has an unrestricted right to sublicense. *See Intell. Tech.*, 101 F.4th at 816 (“IT still suffers an injury in fact from infringement even if IT and Main Street can both license the patent.”). As stated in Judge Lourie’s additional views in *Uniloc USA, Inc. v. Motorola Mobility LLC*, 52 F.4th 1340, 1351 (Fed. Cir. 2022), the fact that a “licensee could preempt . . . a suit by granting a sublicense . . . is a far cry from holding that the patent owner, simply by having granted a non-exclusive license with the right to sublicense, loses the power to sue an unlicensed infringer.”

In addition to having Article III standing, Spota, as the assignee of the ’664 patent, may sue in its own name. As an initial matter, we reject the defendants’ argument that neither Spota nor InSite DE has all substantial rights in the ’664 patent and that those rights “are in a state of suspension.” Red Br. at 28. Under the facts of this case, if Spota did not transfer all substantial rights to InSite DE, then Spota has necessarily retained those rights. Patent rights do not exist in the ether.

Appendix A

That Spota did not transfer all substantial rights to InSite DE is evident from the fact that InSite DE received only a non-exclusive license. “[A] nonexclusive licensee suffers no legal injury from infringement.” *Sicom Sys. Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971, 976 (Fed. Cir. 2005). The PLA makes clear that InSite DE does not have the right to sue for any infringement that occurred prior to December 16, 2021, and that its right to sue for any infringement occurring after that date is conditioned on its exercise of the option to acquire the ’664 patent. *See* App. 1809-10. Because InSite DE has not yet exercised that option, the fact that it may one day acquire the right to sue is irrelevant for purposes of assessing whether it has all substantial rights as of the present. *See Intell. Tech.*, 101 F.4th at 817 (“[I]t is clear that assignment must be evaluated based on the actual transfer of rights, not mere ability” to obtain those rights).

The defendants nevertheless argue that Spota lacks all substantial rights, contending that Spota has only a “hunting license” that “does not equate to a right to enforce.” Red Br. at 20. The defendants further argue that any right to enforce the patent is rendered illusory by InSite DE’s right to sublicense, citing *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1251 (Fed. Cir. 2000) and *Lone Star*, 925 F.3d at 1231. *Id.*¹

1. Citing the Asset Purchase Agreement, the defendants argue that Lowe and Spota no longer have the right to practice the ’664 patent. Red Br. at 21. Specifically, the defendants assert that Lowe, on behalf of himself and Spota, “agreed that he and his company would not manufacture or sell floor markers or floor tape.” *Id.* The defendants, however, made no argument related to

Appendix A

The defendants' arguments are not persuasive. First, Spota does not have a mere "hunting license," i.e., a contractual arrangement that grants only the right to sue for infringement without any proprietary interest in the patent. *See Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1381 (Fed. Cir. 2000); *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1034 (Fed. Cir. 1995). To the contrary, Spota has the "entire right, title and interest" in the '664 patent through the Assignment on December 9, 2021, as acknowledged by the PLA. *See* App. 1811 (Spota's representation that "it is the owner of all right, title and interest in and to the Licensed Patents and has all legal rights necessary to grant the licenses provided for in this Agreement"). Second, neither *Speedplay* nor *Lone Star* suggests that Spota lacks the right to sue because of InSite DE's right to sublicense.

In *Speedplay*, we concluded that all substantial rights had been transferred to an exclusive licensee, which had received the right to enforce the asserted patent as well as the right to sublicense. *See* 211 F.3d at 1250-51. The licensors, however, had retained the right to enforce the patent if the exclusive licensee did not. *Id.* at 1251. Regarding the licensors' right to sue, we held that the right was "illusory, because [the exclusive licensee]

the Asset Purchase Agreement before the district court. *See* App. 1786-1801. In any event, the Asset Purchase Agreement simply defines Lowe (not Spota) as a "Restricted Party" and provides that Lowe will not engage or participate in a competing business for a limited number of years. *See* App. 2811-12. A prohibition against practicing the patent in the future does not deprive a party of its right to sue on the patent.

Appendix A

can render that right nugatory by granting the alleged infringer a royalty-free sublicense.” *Id.* That may also be true of Spota’s right to enforce, given InSite DE’s unrestricted right to sublicense. However, unlike the licensee in *Speedplay*, InSite DE has only a non-exclusive license and lacks any right to enforce the ’664 patent. *Speedplay* therefore does not support finding that Spota has transferred all substantial rights to InSite DE.

In *Lone Star*, the agreement at issue purported to transfer “all right, title and interest” in the asserted patents while imposing several limits on the transferee. 925 F.3d at 1227. The transferee received the right to sue entities specifically listed in the agreement, but the transferor retained the right to sublicense the patents to unlisted entities, among other rights. *Id.* at 1228. In concluding that the transferor retained the right to sue under the patents, we noted that the transferee’s enforcement rights were “illusory, at least in part” because of the transferor’s right to sublicense. *Id.* at 1231. However, the transferor in *Lone Star* had rights in addition to the right to sublicense that ensured that it “will always control how the patents are asserted.” *Id.* at 1233. InSite DE lacks any such rights.

Accordingly, Spota has Article III standing and remains the “patentee,” entitled to sue for infringement.

C

“Generally, one seeking money damages for patent infringement must have held legal title to the patent at

Appendix A

the time of the infringement.” *Rite-Hite Corp.*, 56 F.3d at 1551; *see also Moore v. Marsh*, 74 U.S. 515, 522 (1868) (“[A] subsequent assignee or grantee can neither maintain an action in his own name, or be joined with the patentee in maintaining it for any infringement of the exclusive right committed before he became interested in the patent.”). But “[a] party may sue for past infringement transpiring before it acquired legal title if a written assignment expressly grants the party a right to do so.” *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1367 (Fed. Cir. 2010).

Because Lowe owned the ’664 patent until December 9, 2021, any infringement of the patent before that date harmed Lowe as the patent owner. *See Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 41 (1923) (“[T]he injury inflicted by an act of infringement falls upon the individual who owns the monopoly at the date of the infringement.”). On December 9, 2021, however, Lowe expressly conveyed to Spota his “entire right, title and interest” in the ’664 patent, including “any cause(s) of action and damages accruing prior to this assignment.” App. 1803. That express and unambiguous transfer of the right to sue for infringement prior to December 9, 2021, has deprived Lowe of Article III standing in this case.

Before the district court, the plaintiffs sought to overcome the clear implication of the Assignment by arguing that “[w]ith Lowe’s assignment of ownership of the ’664 patent to [Spota], [Spota] granted Lowe the exclusive right to continue to assert infringement against alleged infringers of the ’664 patent during his ownership of the ’664 patent, expressly including against ShieldMark.”

Appendix A

App. 2703. According to the plaintiffs, “[t]he grant of the exclusive right to sue ShieldMark for patent infringement did not have to be in writing because the law does not require licenses to be in writing – only assignments.” *Id.* Although the district court agreed that the license agreement did not have to be in writing, the court found that “Lowe has not presented adequate evidence that an exclusive license agreement exists.” App. 11.

There is no clear error in that finding of jurisdictional fact. *See Abraxis Bioscience*, 625 F.3d at 1363 (“To the extent any jurisdictional facts are in dispute . . . the findings of fact are reviewed for clear error.” (cleaned up)). The record contains no evidence of when the alleged oral agreement took place; there is only attorney argument on appeal that it was “subsequent[]” to the Assignment on December 9, 2021. Blue Br. at 29. Moreover, the only evidence that the plaintiffs point to for both the existence and the substance of the oral agreement is the PLA. In particular, the plaintiffs rely on Section 2.3 of the PLA, which recites that InSite DE “acknowledges and agrees that Lowe as owner, and [Spota] as exclusive licensee, of the Licensed Patents prior to the Effective Date,² retain the exclusive rights to elect to maintain, control, and settle the ShieldMark Litigation.” App. 1810. That statement, however, makes no reference to an oral licensing agreement. If anything, its reference to Lowe as simply the prior “owner” of the patent cuts against the

2. Section 2.3 does not accurately reflect the dates of the transfer of rights. The Effective Date of the PLA is December 16, 2021. The Assignment, however, was executed on December 9, 2021, so that Lowe was no longer the owner past that date.

Appendix A

existence of an oral licensing agreement that has changed his status to an exclusive licensee.

Because the district court did not clearly err by finding inadequate evidence of an oral licensing agreement, we need not address whether any agreement that returned Lowe's right to sue for infringement prior to December 9, 2021, would have constituted a mere "hunting license." Lowe lost standing on December 9, 2021, when he transferred his "entire right, title and interest" in the '664 patent, including the right to sue for past infringement during the time he owned the patent.

III

Because we hold that Spota has Article III standing and qualifies as a "patentee" that may sue in its own name, we turn to the district court's alternative ruling that the '664 patent is anticipated by the Dorenbusch patent.

Claim 1 of Dorenbusch recites:

1. A rearrangeable marking system for temporarily marking a defined area on a hard floor or ground surface without interfering with use of the surface, said rearrangeable marking system comprising a set of individual spot markers with each said individual spot marker made of a synthetic polymeric material, each said individual spot marker further having (i) a substantially flat low profile with a thickness of from about 100 mils to about 300 mils, (ii) peripheral edges beveled downwardly at an

Appendix A

about 30 degree to about 60 degree angle to the horizontal, (iii) a non-slip bottom surface for resisting lateral forces, and (iv) a textured top surface, whereby each said individual spot marker when placed on the surface resists lateral forces to remain in place yet is readily lifted from the surface for movement to another area or to storage.

App. 66, col. 4 ll. 2-16.

The plaintiffs' argument to the district court that Dorenbusch does not disclose every limitation of the '664 patent was based solely on two limitations. *See* App. 1042-43 (the plaintiffs' initial briefing on anticipation), App. 1676-77 (the plaintiffs' post-remand briefing, which is identical to the initial brief). First, the plaintiffs argued that Dorenbusch does not disclose that "the upper surface of each lateral edge portion [comprises] an extension of the upper surface of the body," as claimed in independent claim 1 (the "extension of the upper surface" limitation). App. 1676. Second, the plaintiffs argued that Dorenbusch does not disclose that the tape "limits unintentional lifting of the floor marking tape from the floor," as claimed in independent claim 11 (the "limits unintentional lifting" limitation). App. 1677. The plaintiffs made no argument about the "securing" limitation found in claims 1 and 11 or any limitation found in the dependent claims. They have therefore waived any argument that Dorenbusch does not disclose those limitations.³

3. The plaintiffs' waiver is clear in light of the 28-page long chart that the defendants filed as an exhibit to their brief, which

Appendix A

As to the two limitations in dispute, the plaintiffs first argue that Dorenbusch does not disclose the “extension of the upper surface” limitation because “[a]s apparent from the drawing of Fig. 4 of [Dorenbusch] . . . the edges 13 are sharply cut and are separate and distinct from the top surface of the marker, not an extension of the top surface as required by the claims of the ’664 patent.” Blue Br. at 40. The plaintiffs, however, do not explain the basis for their assertion that “separate and distinct side surfaces” do not constitute an “extension of the top surface.”⁴ *Id.*; *see also* Yellow Br. at 20 (arguing that the surfaces of the walls of a room are “clearly not” extensions of the surface of the ceiling and that the four distinct sides of a trapezoid are not “an extension of the other”). At most, the plaintiffs argue that “[a] smooth transition at the edge is required for sliding or dragging pallets, skids, and the like across a factory floor as with the invention of the ’664 Patent.” Blue Br. at 40-41.

Next, the plaintiffs argue that Dorenbusch does not disclose the “limits unintentional lifting” limitation

goes through each claim of the ’664 patent and asserts why each limitation is anticipated by Dorenbusch. *See* App. 1347 (“Exhibit C clearly and convincingly demonstrates that each and every restriction, element, and limitation of the asserted claims of the ’664 patent is present in the Dorenbusch patent.”); Dkt. No. 148-3 (Exhibit C). The defendants filed their brief a week before the plaintiffs, but the plaintiffs chose not to address any limitation other than the “extension of the upper surface” limitation and the “limits unintentional lifting” limitation.

4. The parties’ joint proposed claim construction to the district court did not include the term “extension.” *See* App. 1486-95.

Appendix A

because the title and abstract of Dorenbusch characterize the spot markers as “temporarily marking a surface” and being “readily lifted from the surface” on which they are placed. *Id.* at 41. The plaintiffs also point out that Dorenbusch uses an adhesive as merely an option and that the Dorenbusch specification states that “[a]n adhesive with a low degree of adhesion is used so as not to unduly make difficult the spot marker’s removal from the surface.” *Id.* (quoting App. 66, col. 3, ll.18-20).

We find no error in the district court’s grant of summary judgment of anticipation by Dorenbusch. Based on the disputed limitations, no reasonable jury could find that Dorenbusch does not anticipate the ’664 patent.

“[A]n independent claim should not be construed as requiring a limitation added by a dependent claim.” *Curtiss-Wright Flow Control Corp. v. Velan, Inc.*, 438 F.3d 1374, 1380 (Fed. Cir. 2006). We therefore do not read claim 1 of the ’664 patent as requiring the “upper surface of the body [to be] smoothly curved between the lateral edge portions” (claim 3) or “the upper surfaces of the lateral edge portions [to be] smoothly tapered” (claim 5). ’664 patent, col. 5, ll. 40-41, 46-47. Based on that differentiation, a lateral edge that is an “extension of the upper surface” in claim 1 simply means a lateral edge that is connected to the upper surface. And Dorenbusch recites a spot marker that has “peripheral edges beveled downwardly at an about 30 degree to about 60 degree angle to the horizontal.” App. 66, col. 4, ll. 9-11. No reasonable jury could find that those peripheral edges of Dorenbusch are not “an extension of the upper surface” of the spot markers.

Appendix A

Dorenbusch further recites a spot marker that has “a non-slip bottom surface for resisting lateral forces,” *id.* at col. 4, ll. 11-12, and the Dorenbusch specification states that the “non-slip bottom surface . . . resists lateral forces to remain in place during use,” App. 65, col. 1, ll. 55-57. By its terms, limiting unintentional lifting does not foreclose intentional lifting of the floor marking tape. No reasonable jury could find that Dorenbusch fails to disclose the “limits unintentional lifting” limitation.

Accordingly, the district court did not err in granting summary judgment for the defendants on their counterclaim of patent invalidity.

IV

The plaintiffs next object to the district court’s dismissal of their claim of false advertising under the Lanham Act. The Lanham Act prohibits any person from using in commerce any “false or misleading description of fact” in commercial advertising or promotion that misrepresents the nature, characteristics, or qualities of that person’s goods. 15 U.S.C. § 1125(a)(1)(B). Liability arises under the Lanham Act if the commercial message “is either (1) literally false or (2) literally true or ambiguous but has the tendency to deceive consumers.” *Innovation Ventures, LLC v. N.V.E., Inc.*, 694 F.3d 723, 735 (6th Cir. 2012) (cleaned up). As it did below, Spota argues that ShieldMark’s statements regarding its “Mighty Line” tape were literally false.

“Only an unambiguous message can be literally false.” *Id.* at 737 (cleaned up). “[R]easonable consumers know

Appendix A

that marketing involves some level of exaggeration – what the law calls ‘puffery.’” *Wyson Corp. v. APN, Inc.* (17-1975), 889 F.3d 267, 271 (6th Cir. 2018). “Courts thus view Lanham Act claims challenging hyperbolic advertising with a skeptical eye.” *Id.*; see also *Interactive Prods. Corp. v. a2z Mobile Off. Sols., Inc.*, 326 F.3d 687, 699 (6th Cir. 2003) (“[M]ere puffery . . . is not actionable under the Lanham Act.”).

The three advertising statements at issue in this case are: (1) Mighty Line Floor Tape’s “[b]eveled edge tape can take a beating from industrial wheel traffic”; (2) “Mighty Line Floor Tape withstands industrial brush scrubbers, forklifts, and heavy industrial wheel traffic”; and (3) Mighty Line Floor Tape’s “[b]eveled edges increase durability for forklift traffic.” App. 26-27.

Spota argues that those statements are literally false because ShieldMark “necessarily admitted . . . its product unintentionally lifts from the floor.” Blue Br. at 44. That is, Spota points out that ShieldMark asserted non-infringement on the basis that the Mighty Line tape does not satisfy the claim limitation requiring that the product “limits unintentional lifting of the floor marking tape from the floor.” *Id.* Spota also points out that ShieldMark argued that the Mighty Line tape was no different from its previous product, DuraStripe, and that DuraStripe had a disclaimer that it was “not warranted against damage caused by items pushed or dragged across the product, such as skids or pallets.” *Id.* at 45.

Even assuming that the Mighty Line floor tape can be unintentionally lifted from the floor, no reasonable jury

Appendix A

could find that statements about “increase[d] durability” or “withstand[ing]” or “tak[ing] a beating” from industrial wheel traffic were unambiguously false.⁵ Each of those terms accommodates variations in degrees. As the district court put it, “Defendant’s statements make no measurable promises other than that Mighty Line Floor Tape probably falls somewhere between tape that disintegrates at the lightest touch and tape strong enough to survive a nuclear bomb.” App. 28. Moreover, “[t]hose terms can just as easily refer to a tape’s ability to resist abrasion, discoloration, or deformation when forklifts and other machines pass over it.” *Id.*

The district court did not err in granting summary judgment on Spota’s false advertising claim.

V

Following the 2022 remand to the district court, Lowe and Spota filed a motion to recuse or disqualify Judge

5. Spota suggests in its reply brief that those statements are literally false because the Mighty Line tape does not even have “beveled edges” to begin with. *See* Yellow Br. at 25. But that argument is waived. In addition to being raising it only in the reply brief, Spota asserted below that “Plaintiffs have never alleged that the accused tape does not have ‘beveled edges’; rather, Plaintiffs have always alleged the accused tape does not have the claimed edges.” App. 2096.

Spota also makes an argument based on *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharm. Co.*, 290 F.3d 578, 586 (3d Cir. 2002), for the first time in the reply brief. Because that argument was not raised in Spota’s opening brief, it has been waived.

Appendix A

Gwin. App. 1238. The court denied the motion, and the plaintiffs have appealed.

The Sixth Circuit “reviews decisions denying . . . motions to recuse under the abuse of discretion standard.” *Youn v. Track*, 324 F.3d 409, 422 (6th Cir. 2003) (cleaned up). The court “must have a definite and firm conviction that the trial court committed a clear error of judgment before reversing under the abuse of discretion standard.” *Id.* (cleaned up).

In *Liteky v. United States*, 510 U.S. 540 (1994), the Supreme Court set out the pertinent principles that apply to judicial recusal. “First, judicial rulings alone almost never constitute a valid basis for a bias or partiality motion,” and “[a]lmost invariably, they are proper grounds for appeal, not for recusal.” *Id.* at 555. “Second, opinions formed by the judge on the basis of facts introduced or events occurring in the course of the current proceedings, or of prior proceedings, do not constitute a basis for a bias or partiality motion unless they display a deep-seated favoritism or antagonism that would make fair judgment impossible.” *Id.* “Thus, judicial remarks during the course of a trial that are critical or disapproving of, or even hostile to, counsel, the parties, or their cases, ordinarily do not support a bias or partiality challenge.” *Id.*

The facts alleged in Lowe’s affidavit (as well as in the affidavits of plaintiffs’ counsel, Ray L. Weber and Laura J. Gentilcore) focus on various statements the court made in proceedings, in addition to orders the court entered regarding scheduling, supplemental briefing, and the

Appendix A

substitution of an expert witness. *See* App. 1254-65, 2714-20. Those facts fail to support a “definite and firm conviction that the trial court committed a clear error of judgment.” *Youn*, 324 F.3d at 422. Accordingly, there was no abuse of discretion in the district court’s denial of the plaintiffs’ recusal motion.

VI**A**

The district court awarded the defendants fees and costs incurred in litigating the plaintiffs’ patent infringement claim from December 2021 onwards, in the amount of \$213,765.⁶ App. 43. The district court cited both 35 U.S.C. § 285 and its inherent power to sanction as independent grounds for the award. *See id.* at 37-39. We affirm the award under the district court’s inherent power to sanction, which we review for an abuse of discretion. *Youn*, 324 F.3d at 420. It is therefore unnecessary to address the parties’ arguments regarding section 285.

A district court has inherent power to “assess attorney’s fees when a party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.” *Chambers v. NASCO, Inc.*, 501 U.S. 32, 45-46 (1991) (cleaned up). The court may

6. Although the district court awarded fees and costs beginning in December 2021, the defendants submitted fee tables only from May 2022 because the case was inactive at the district court level until April 2022, when we remanded the case from the first appeal. App. 41 n.46. The district court accepted the defendants’ fee calculation.

Appendix A

assess attorney's fees against a party that "shows bad faith by delaying or disrupting the litigation." *Id.* at 46. "The imposition of inherent power sanctions requires a finding of bad faith, or conduct tantamount to bad faith." *Youn*, 324 F.3d at 420 (cleaned up).

The district court found that the plaintiffs' actions from December 2021 onwards "strongly support an inference of bad faith." App. 38. Specifically, the court found that early on in discovery, the defendants had "requested production of any documents relating to ownership and licensing of the '664 patent" and that the only response the plaintiffs made in July 2019 was that there were "no responsive documents." App. 37. The district court further found that by December 16, 2021, after both the Assignment and the PLA were executed, the plaintiffs knew that they now had documents responsive to the request and that they had a duty to supplement their discovery responses under Federal Rule of Civil Procedure 26(e)(1)(A). *Id.* The district court found that, despite such knowledge, "Plaintiffs (1) took no initiative to supplement their productions; (2) refused to produce the ownership and license documents when confronted by Defendants; and (3) filed a Fourth Amended Complaint in which Plaintiffs explicitly misrepresented to Defendants and to this Court the status of the patent." *Id.*

The plaintiffs argue that they did not "hide" the change in ownership since a copy of the Assignment was publicly available. Blue Br. at 55. The plaintiffs also argue that the Assignment and the PLA had "no impact" on Lowe or Spota's "Article III or prudential standing,"

Appendix A

suggesting that the non-disclosure of those documents was therefore harmless or not in bad faith. *Id.* Finally, the plaintiffs point to the fact that they produced the PLA to the defendants in July 2022, “within 14 days after the issue was first raised by Defendants.” *Id.* at 56. The plaintiffs, however, do not dispute that they did not take the initiative to supplement their discovery responses, nor do they deny that they misrepresented the state of ownership in the Fourth Amended Complaint, which was filed nearly six months after the transactions in December 2021, and in which the plaintiffs identified Lowe as the patent owner and Spota as the exclusive licensee.

In their reply brief, the plaintiffs assert that they admitted in the district court that they had mischaracterized the status of Lowe and Spota in their Fourth Amended Complaint. Yellow Br. at 36. They also assert that discovery “was over before the transfer” and that after remand, they were “not looking at supplementation” because “they were knee-deep in addressing allegations of invalidity, as the district court directed briefing on the issue.” *Id.* at 36-37.

Factual findings underlying sanctions based on the district court’s inherent powers are reviewed for clear error. *Youn*, 324 F.3d at 420. Applying that standard, we defer to the district court’s implied finding that the plaintiffs’ misrepresentation in the Fourth Amended Complaint was not merely an honest mistake. Moreover, the duty to supplement discovery responses under Rule 26(e) continues even after the discovery period has closed. *See L.A. Terminals, Inc. v. United Nat’l Ins. Co.*, 340 F.R.D. 390, 396 (C.D. Cal. 2022) (collecting cases).

Appendix A

We discern no clear error in the district court’s finding of bad faith conduct by the plaintiffs that prejudiced the defendants. Lowe lost Article III standing after the Assignment, and the plaintiffs’ conduct delayed litigation with respect to Lowe’s patent infringement claim. We therefore affirm the district court’s award under its inherent power to sanction.

B

The district court also invoked its inherent power to sanction in awarding the defendants fees and costs they incurred when they moved to seal an expert report that the plaintiffs filed. App. 39.⁷ Local Patent Rule 2.2 for the Northern District of Ohio provides that “[p]ending entry of a protective order, discovery and disclosures deemed confidential by a party shall be produced to the adverse party for the eyes of outside counsel of record only, marked ‘Attorney’s Eyes Only Subject to Protective Order[]’ . . . and shall not be disclosed to the client or any other person.” The district court found that the plaintiffs violated that rule by filing on the court’s public docket an expert report that “disclosed information Defendants had marked as Attorney’s Eyes Only.” *Id.* at 40. At the time of the filing, no protective order had been entered by the court.

7. The district court held that although Federal Rule of Civil Procedure 37(b) ordinarily governs discovery sanctions, the rule “does not appear to encompass sanctions for violations of local discovery rules.” App. 39. The court thus relied on its inherent power to sanction, which exists to “fill in the interstices” not covered by sanction statutes and rules. *Id.* at 39-40 (quoting *Chambers*, 501 U.S. at 46).

Appendix A

The district court, however, made no finding that the plaintiffs acted in bad faith when filing that expert report. *See id.* at 39-40. Nor did the district court make a finding that Spota and Lowe’s conduct was tantamount to bad faith. *Id.* Because the district court did not make the necessary findings to invoke its inherent power to sanction, *see Youn*, 324 F.3d at 420, we vacate the district court’s award of \$4,750 for fees and costs arising from the plaintiffs’ violation of Local Patent Rule 2.2 and remand for the required findings.

VII

The defendants also sought fees for Lowe’s inequitable conduct before the PTO, pointing to a photograph that Lowe submitted during the prosecution of the ’664 patent. The photograph shows two floor tapes side by side with no other information than the statement that one was on sale prior to 2004 and the other on sale in 2018. *See App.* 1988. The defendants assert that Lowe was not forthcoming about the prior-art DuraStripe tape and submitted the photograph of DuraStripe floor tape “without identifying it as the prior-art DuraStripe floor tape with ‘unique beveled edges’ that Lowe had advertised, distributed, and sold through Insite Solutions more than one year before the . . . priority date of the ’664 Patent.” Gray Br. at 4-5.

“Inequitable conduct includes affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive.” *Bd. of Educ. Ex rel. Bd. of Trs. of Fla. State Univ. v. Am. Bioscience, Inc.*, 333 F.3d 1330, 1343 (Fed. Cir. 2003). We

Appendix A

review for clear error the district court's determination of "whether the conduct meets a threshold level of materiality" and "whether the evidence shows a threshold level of intent to mislead the PTO." *Id.*; see also *Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1365 (Fed. Cir. 2008) (holding that the accused infringer must prove both materiality and intent to deceive by clear and convincing evidence). It is only after the threshold levels of materiality and intent have been established that the district court is required to weigh them and "determine whether the applicant's conduct is so culpable that the patent should be held unenforceable." *Am. Bioscience*, 333 F.3d at 1343. "We review the district court's ultimate determination of inequitable conduct under an abuse of discretion standard." *Id.*

The district court found that "Lowe did not hide the existence of DuraStripe or the possibility of prior art entirely" and that "[b]ecause there was some limited effort to disclose, Defendants have not established by clear and convincing evidence that Lowe intended to and did withhold material information." App. 36. We find no clear error to those threshold determinations made by the district court, even considering the defendants' expert report and the defendants' argument on the difference that further information would have been material to the prosecution. We therefore affirm the district court's finding on inequitable conduct.

Each party shall bear its own costs for this appeal.

**AFFIRMED IN PART, VACATED
AND REMANDED IN PART**

28a

**APPENDIX B — ORDER OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED NOVEMBER 28, 2022**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2022-2273

CLIFFORD A. LOWE, INSITE SOLUTIONS, LLC,
NKA SPOTA LLC,

Plaintiffs-Appellants

v.

SHIELDMARK, INC., ADVANCED PLASTICS,
INC., CROWN EQUIPMENT CORPORATION,

Defendants-Appellees

Appeal from the United States District Court for the
Northern District of Ohio in No. 1:19-cv-00748-JG, Judge
James S. Gwin.

ON MOTION

Before LOURIE, TARANTO, and STARK, *Circuit Judges*.

STARK, *Circuit Judge*.

Decided: November 28, 2022

*Appendix B***ORDER**

ShieldMark, Inc., Advanced Plastics, Inc., and Crown Equipment Corporation (collectively, “ShieldMark”) move to dismiss this appeal as premature and for sanctions pursuant to Rule 38 of the Federal Rules of Appellate Procedure. Clifford A. Lowe and InSite Solutions, LLC, nka Spota LLC, (collectively, “Lowe”) oppose. We grant the motion to dismiss the appeal as premature and deny the motion for sanctions.

I

The background of this case was described in our opinion in an earlier appeal. *Lowe v. Shieldmark, Inc.*, No. 2021-2164, 2022 U.S. App. LEXIS 5745, 2022 WL 636100 (Fed. Cir. Mar. 4, 2022). We focus here on the facts necessary to resolve ShieldMark’s motions. In its complaint, Lowe asserted that “this is an action for patent infringement” and “[t]his is also an action for false advertising . . . pursuant to the Lanham Act.” Dkt. No. 127 at 2.¹ More particularly, Lowe alleged that if the accused Mighty Line floor marking tape product “comports with the pictorial illustration of [ShieldMark’s] advertising, that product infringes;” and “[i]n the alternative, if ShieldMark’s [product] does not comport with the pictorial illustration of its advertising in a manner so as to avoid infringement . . . then such advertising is false” and in violation of the Lanham Act. Dkt. No. 127 at 12-13.

1. All references to “Dkt. No.” herein refer to entries in the underlying district court docket.

Appendix B

After various proceedings, ShieldMark moved to dismiss the patent infringement claim for lack of subject matter jurisdiction (based on a change in patent ownership) and for summary judgment of invalidity. Dkt. Nos. 148, 169. For the Lanham Act claim, ShieldMark moved for summary judgment based on a lack of evidence. Dkt. No. 95. In an August 23, 2022, order, the district court concluded that Lowe could not maintain its patent infringement claim (based on a change in patent ownership during the course of the proceedings) and therefore “**DISMISSE[D]** this action for lack of subject matter jurisdiction with prejudice,” and, “[i]n the alternative . . . **GRANT[ED]**” the motion for summary judgment of invalidity. Dkt. No. 191 at 19 (emphases in original). The court’s order further stated that “in light of the Court’s conclusion that Plaintiffs lack standing, the Court declines to address the Lanham Act summary judgment issue in this opinion.” Dkt. No. 191 at 2 n.1.

On August 26, 2022, the court issued an order noting that “Plaintiffs asserted a Lanham Act false advertising claim” and “[h]aving resolved Plaintiffs’ patent infringement claim in favor of Defendants,” the court directed “the parties to discuss between themselves what claims survive and the status of trial preparation on any remaining claims.” Dkt. No. 192 at 1. Lowe then moved for reconsideration, which the district court denied on September 19, 2022. In doing so, the court considered and rejected Lowe’s argument that the August 23, 2022, order dismissed the entirety of the action, explaining that “[t]he Court did not rule on Plaintiffs’ Lanham Act claim” and did not sever “the patent infringement claims from the

Appendix B

rest of the action,” and therefore its decision on the patent claims “is not yet final and appealable and amounts only to a grant of partial summary judgment.” Dkt. No. 200 at 2.

Lowe’s counsel subsequently contacted ShieldMark’s counsel to propose that the parties make a joint request for entry of partial judgment under Federal Rule of Civil Procedure 54(b) so Lowe could immediately appeal. *See* Dkt. No. 206 at 1-3. ShieldMark declined and “reiterated their view on an appropriate way forward and discouraged Plaintiffs from filing a notice of appeal” based on the lack of an appealable final decision. *Id.* at 2. On September 21, 2022, Lowe filed its notice of appeal seeking review of the court’s August 23, 2022, order and other orders that Lowe does not dispute are otherwise interlocutory.

II

Typically, we only have jurisdiction over a “final decision of a district court,” 28 U.S.C. § 1295(a)(1). “For a ruling to be final, it must end the litigation on the merits and the judge must clearly declare his intention in this respect.” *FirsTier Mortg. Co. v. Investors Mortg. Ins. Co.*, 498 U.S. 269, 273-74, 111 S. Ct. 648, 112 L. Ed. 2d 743 (1991) (cleaned up). “Whether an order is final does not depend on the specific ‘form of words’ that it uses but instead on whether the order evinces the district court’s clear intent to end the case.” *PlasmaCAM, Inc. v. CNCElectronics, LLC*, 24 F.4th 1378, 1383 (Fed. Cir. 2022) (citation omitted). We discern no such intent by the district court here; to the contrary, the district court has made clear that its August 23, 2022, order was not an attempt to end the entirety of the case on the merits.

Appendix B

In the August 23, 2022, order itself, the district court noted that it “decline[d] to address the Lanham Act summary judgment issue *in this opinion*.” Dkt. No. 191 at 2 n.1 (emphasis added). And even if the later statement in the order dismissing “this action for lack of subject matter jurisdiction with prejudice,” Dkt. No. 191 at 19, was ambiguous in isolation, the district court issued another order three days later clarifying that it had only “resolved Plaintiffs’ patent infringement claim in favor of Defendants.” Dkt. No. 192. And then, after Lowe disputed whether the court resolved its Lanham Act claim (but before it filed its notice of appeal), the district court issued another order confirming that it “did not rule on Plaintiffs’ Lanham Act claim” so “its decision on [the patent infringement] claims is not yet final.” Dkt. No. 200 at 2. These orders make clear that the court had not issued a “final decision” that “en[d]ed] the litigation on the merits,” by the time Lowe filed its notice of appeal, *FirsTier*, 498 U.S. at 273-74.

Lowe’s arguments to the contrary are not persuasive. Lowe contends that the Lanham Act claim “is necessarily mooted by the district court’s finding of the lack of subject matter jurisdiction” for the patent infringement claim because the Lanham Act claim was “pleaded in the alternative” and “arises from the same nucleus of fact,” ECF No. 11 (Response) at 3-4. But that issue, among others, is currently pending before the district court, and the district court has made clear that its August 23, 2022, order did not resolve all of Lowe’s claims and therefore is not immediately appealable. We have considered Lowe’s other arguments and find them to be without merit.

Appendix B

For at least these reasons, we lack jurisdiction over this premature appeal.² Although we may award just damages and single or double costs to the appellee when an appeal is frivolous, *see* Fed. R. App. P. 38, because this is a close case (given the district court's clarifying orders), we ultimately decline to impose such sanctions under the particular circumstances of this case.

Accordingly,

IT IS ORDERED THAT:

(1) The motion to dismiss is granted. Appeal No. 2022-2273 is dismissed for lack of jurisdiction.

(2) The motion for sanctions is denied.

(3) Each side shall bear their own costs.

FOR THE COURT

November 28, 2022
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

ISSUED AS A MANDATE: November 28, 2022

2. Because we conclude that we lack jurisdiction, we do not address ShieldMark's alternative arguments challenging finality.

**APPENDIX C — DECISION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, FILED MARCH 4, 2022**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2021-2164

CLIFFORD A. LOWE, INSITE SOLUTIONS, LLC,

Plaintiffs-Appellants

v.

SHIELDMARK, INC., ADVANCED PLASTICS,
INC., CROWN EQUIPMENT CORPORATION,

Defendants-Appellees

Appeal from the United States District Court for the
Northern District of Ohio in No. 1:19-cv-00748-JG, Judge
James S. Gwin.

Decided: March 4, 2022

Before LOURIE, BRYSON, and CUNNINGHAM,
Circuit Judges.

LOURIE, *Circuit Judge.*

Clifford A. Lowe and InSite Solutions, LLC (“Lowe”) appeal from the decisions of the United States District

Appendix C

Court for the Northern District of Ohio (1) granting summary judgment following claim construction that ShieldMark, Inc. et al. (“ShieldMark”) does not infringe claims 1-6, 10-16, and 20-21 of U.S. Patent 10,214,664 (“the ’664 patent”), (2) dismissing Lowe’s claim for a declaratory judgment of invalidity and unenforceability of U.S. Patent 10,738,220 (“the ’220 patent”), and (3) denying attorney fees. *Lowe v. ShieldMark, Inc.*, No. 1:19-CV-748, 2021 U.S. Dist. LEXIS 115091, 2021 WL 2530219 (N.D. Ohio June 21, 2021) (“*Noninfringement Decision*”); *Lowe v. ShieldMark, Inc.*, No. 1:19-CV-748, ECF No. 87 (N.D. Ohio May 19, 2021) (“*Claim Construction Order*”), J.A. 1-18; *Lowe v. ShieldMark, Inc.*, No. 1:19-CV-748, ECF No. 104 (N.D. Ohio July 16, 2021) (“*Dismissal*”), J.A. 27-31.

Because the district court erred in its claim construction, we *vacate* its decision granting summary judgment of noninfringement and remand for further proceedings consistent with this opinion. We *affirm* the court’s dismissal of Lowe’s declaratory judgment claim and denial of attorney fees.

BACKGROUND

Lowe and ShieldMark both sell floor marking tape, a product used to mark boundaries on a floor. Each party owns a patent that covers its tape product. Lowe owns the ’664 patent and sells its tape under the name “Superior Mark.” J.A. 99. ShieldMark owns the ’220 patent and sells its tape under the name “Mighty Line.” J.A. 383, 411. We begin with a brief overview of both patents.

*Appendix C***I**

Lowe's '664 patent is directed to an improved floor marking tape. The specification explains that existing tape was "prone to being caught on floor cleaning devices or skids." '664 patent, col. 1 ll. 28-30. The patented invention purports to solve that problem by disclosing tape with features that prevent it from "unintentional lifting and delamination" from the floor. *Id.* Abstract. The "[t]ape 10 generally includes a body 20 having an upper surface 22 and a lower surface 24." *Id.* col. 2 ll. 19-24. The body has a "pair of lateral edges" that are "smoothly beveled," thus "prevent[ing] tape 10 from being unintentionally lifted." *Id.* col. 1 ll. 42-43; col. 2 ll. 23-27.

The specification further explains that "[i]n one embodiment," the tape has shoulders "that define[] a recess" to "hold[] the bulk of the adhesive." *Id.* col. 1 ll. 56-59; *see id.* Abstract. The shoulders "prevent[] the adhesive from flowing out to the outer edge of the tape." *Id.* col. 1 ll. 57-59. Figure 1, below, shows the tape (10) with shoulders (32), a recess (30), and a lower surface (24). *Id.* col. 2 ll. 28-33.



37a

Appendix C

Claims 1 and 11 are the only independent claims.
Claim 1 reads as follows:

1. A floor marking tape adhered to a floor wherein the floor marking tape establishes a boundary on the floor; the combination comprising:

a floor having an uppermost surface; the uppermost surface of the floor configured to support personnel and equipment thereupon;

a floor marking tape having a body that has an upper surface and a lower surface; the lower surface facing the uppermost surface of the floor to which the floor marking tape is adhered such that the body of the floor marking tape is disposed above the uppermost surface of the floor;

the body of the floor marking tape having a longitudinal direction;

the body of the floor marking tape having first and second ***lateral edge portions*** disposed in the longitudinal direction; each of the first and second ***lateral edge portions*** having an upper surface and a lower surface;

each of the first and second ***lateral edge portions*** having a width defined in a direction perpendicular to the longitudinal direction;

Appendix C

the upper surface of each ***lateral edge portion*** comprising an extension of the upper surface of the body;

the lower surface of each ***lateral edge portion being a flat coplanar extension*** of the lower surface of the body;

the entire body of each ***lateral edge portion*** being tapered with the upper surface of the first ***lateral edge portion*** extending to the lower surface of the first ***lateral edge portion*** and the upper surface of the second ***lateral edge portion*** extending to the lower surface of the second ***lateral edge portion***;

each of the first and second ***lateral edge portions*** having a maximum height that is less than its width; and

an adhesive securing the lower surface of the body to the uppermost surface of the floor to establish a boundary.

Id. col. 5 ll. 2-36 (emphases added).

Claim 11 similarly recites a “a floor marking tape adhered to a floor” with a “body” and tapered “***lateral edge portions***.” *Id.* col. 6 ll. 1-36 (emphasis added).

Claims 10 and 20 depend from claims 1 and 11, respectively. They each recite that the tape has “a ***central***

Appendix C

body portion disposed between the first and second lateral edge portions.” *Id.* col. 5 ll. 61-67 (emphasis added); col. 6 ll. 61-67 (emphasis added).

All of the remaining asserted claims depend from one of the above noted independent claims.

This appeal concerns one aspect of the claims: whether they require the tape to have “shoulders” and a “recess” such that it does not lie flat.

II

ShieldMark’s ’220 patent is directed to “a polymeric adhesive tape” with features that purport to prevent “wearing, tearing, cracking and breakage from heavy and repeated traffic.” ’220 patent, col. 1 ll. 21-39.

The tape “usually comprises a layer of polymeric material and at least one layer of adhesive material.” *Id.* col. 1 ll. 58-60. It “may optionally have an additional layer, such as a laminating substrate on an outermost side of the above adhesive layer.” *Id.* col. 1 ll. 63-65. The tape’s composition allegedly provides “superior ductility, strength, tear resistance[,] and abrasion resistance.” *Id.* col. 1 ll. 35-38.

Claim 1 of the ’220 patent is representative and reads as follows:

1. A roll of an adhesive tape aisle marking system comprising:

40a

Appendix C

a layer of polyvinyl chloride having a Shore A Hardness between 92 and 100 and a thickness between 20 mil and 65 mil;

a layer of adhesive physically contacting the layer of polyvinyl chloride, where the layer of adhesive has a thickness less than the thickness of the polymer layer; and

a laminating substrate contacting the layer of adhesive, where the adhesive tape aisle marking system comprises a peel adhesion greater than 2.0 pounds per inch width when the laminating substrate is removed and a sample of the adhesive tape aisle marking system is adhered, the peel adhesion measured under a test method including peeling the sample of the adhesive tape aisle marking system at a 90 degree angle after application to a stainless steel panel.

Id. col. 4, ll. 34-52.

III

On April 4, 2019, Lowe sued ShieldMark, alleging that ShieldMark's Mighty Line tape infringes claims 1-6, 10-16, and 20-21 of the '664 patent. J.A. 70-80. In response, ShieldMark raised a defense of noninfringement. J.A. 137. According to ShieldMark, the '664 patent claims require the tape to have shoulders and a recess and thus cannot

Appendix C

cover its Mighty Line tape, which has a single, flat lower surface without shoulders.¹

On August 11, 2020, ShieldMark’s own floor marking tape patent issued—the ’220 patent. Accordingly, ShieldMark amended its answer to Lowe’s complaint, adding a counterclaim against Lowe for infringing “at least claims 1-3, 9, 10 and 17-19” of the ’220 patent through sale of Superior Mark tape. J.A. 362, 425. In response, Lowe amended its complaint to include a declaratory judgment claim for invalidity and unenforceability of the ’220 patent. J.A. 662.

Subsequently, Lowe decided to alter the design of its Superior Mark tape such that “it arguably no longer infringes” the ’220 patent claims. *Dismissal*, slip. op. at 2; J.A. 1413-14. In turn, ShieldMark provided Lowe with a covenant not to sue. The signed covenant provided that:

ShieldMark . . . hereby ***unconditionally covenants not to file or maintain any lawsuit*** anywhere in the world against Clifford A. Lowe or Insite Solutions, LLC for the infringement or alleged infringement of the ’220 patent for any past or present manufacture, use, sale, offer for sale, or importation by Clifford A. Lowe or Insite Solutions, LLC of floor marking tape currently marketed as Superior Mark floor marking tape.

J.A. 1409 (emphasis added).

1. Neither party disputes that ShieldMark’s Mighty Line tape has a flat lower surface.

Appendix C

On March 8, 2021, in view of the covenant, ShieldMark moved to (1) voluntarily dismiss with prejudice its '220 patent infringement suit against Lowe under Federal Rule of Civil Procedure 41(a), and (2) dismiss Lowe's corresponding declaratory judgment claim for lack of subject matter jurisdiction. *Dismissal*, slip. op. at 2. Lowe, however, opposed both motions. It also continued to pursue its declaratory judgment claim, filing a motion for summary judgment of invalidity and unenforceability of the '220 patent. J.A. 1762.

The district court reviewed the parties' motions and issued two decisions. The first decision addressed the '664 patent claims and the second addressed the '220 patent claims.

With respect to the first decision, the district court granted summary judgment that ShieldMark does not infringe the '664 patent claims. The court's judgment was based on its construction of the terms "lateral edge portion," "coplanar extension," and "central body portion."

The district court construed the term "lateral edge portion" to mean "the portion of the floor marking tape from the *shoulder* to the edge of the tape when viewed in cross section." *Claim Construction Order*, slip. op. at 9 (emphasis added). The court acknowledged that "the term 'shoulder' is not present in the '664 [p]atent[] claims," but explained that it "appears repeatedly in the patent [s]pecification[]." *Id.*, slip. op. at 8.

Appendix C

The district court construed the limitation “the lower surface of each lateral edge portion being a flat coplanar extension of the lower surface of the body” to mean “a planar relationship exists between two or more things [that] *does not allow the entire lower surface of the tape body to be one flat or planar surface.*” *Id.*, slip. op. at 10 (emphasis added) (internal quotation marks omitted). Again, in support of its construction, the court pointed out that the tape cannot have a flat lower surface because the specification repeatedly describes “a [l]ower surface 24 [that] defines a recess 30 bounded by a pair of shoulders 32.” *Id.*, slip. op. at 11.

Finally, the district court construed “central body portion” to mean “the portion of the tape body between the *shoulders* of the two lateral edge portions.” *Id.*, slip. op. at 10 (emphasis added).

In view of its claim construction, the district court granted summary judgment of noninfringement. *Noninfringement Decision*, 2021 U.S. Dist. LEXIS 115091, 2021 WL 2530219, at *4. The court explained that, because the claims require the tape to have shoulders and a recess, they cannot encompass ShieldMark’s Mighty Line tape, which has a completely “flat lower surface” and no shoulders. 2021 U.S. Dist. LEXIS 115091, [WL] at *3-4. For the same reasons, the district court also held that ShieldMark’s Mighty Line tape does not infringe the remaining asserted dependent claims. *Id.*

With respect to the second decision, the district court dismissed all claims concerning the ’220 patent.

Appendix C

First, the district court granted ShieldMark's motion to dismiss its '220 patent infringement suit pursuant to Federal Rule of Civil Procedure 41. *Dismissal*, slip. op. at 5. The court conditioned its dismissal on ShieldMark's continuing consent to abide by the covenant. *Id.* The court also dismissed Lowe's declaratory judgment claim for invalidity and unenforceability of the '220 patent. The court did not expressly state on what ground it was dismissing the declaratory judgment claim. *Id.*

Second, the court denied as moot ShieldMark's motion to dismiss Lowe's '220 patent declaratory judgment claim for lack of subject matter jurisdiction. The court also held that each party should bear its own attorney fees. *Id.*

Lowe appealed the district court's decisions concerning the '664 and '220 patents. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

Lowe raises three arguments on appeal. Specifically, Lowe argues that the district court erred (1) in granting summary judgment that ShieldMark does not infringe the '664 patent, (2) in dismissing Lowe's declaratory judgment claim for invalidity and unenforceability of the '220 patent, and (3) in denying attorney fees. We address each argument in turn.

*Appendix C***I**

We turn first to Lowe’s argument that the district court erred in granting summary judgment of noninfringement. According to Lowe, the court’s judgment stemmed directly from its erroneous construction of the terms “lateral edge portion” (claims 1 and 11), “coplanar extension” (claim 1), and “central body portion” (claims 10 and 20). We thus focus our analysis on the court’s construction of those three terms.

We review a district court’s grant of summary judgment according to the law of the regional circuit. *Lanard Toys Ltd. v. Dolgencorp LLC*, 958 F.3d 1337, 1341 (Fed. Cir. 2020) (citing *Kaneka Corp. v. Xiamen Kingdomway Grp. Co.*, 790 F.3d 1298, 1303 (Fed. Cir. 2015)). The Sixth Circuit reviews a grant of summary judgment *de novo*. *ETW Corp. v. Jireh Publ’g, Inc.*, 332 F.3d 915, 919 (6th Cir. 2003).

Claim construction is ultimately an issue of law, which we review *de novo*. *Shire Dev., LLC v. Watson Pharm., Inc.*, 787 F.3d 1359, 1364 (Fed. Cir. 2015). We review *de novo* the district court’s findings of fact on evidence “intrinsic to the patent,” and review for clear error all other subsidiary findings of fact. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841, 190 L. Ed. 2d 719 (2015). Although infringement is a question of fact, *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1309 (Fed. Cir. 2009), we review *de novo* the district court’s grant of summary judgment of noninfringement, *Unwired Planet, LLC v. Apple Inc.*, 829 F.3d 1353, 1356 (Fed. Cir. 2016).

Appendix C

A

Lowe first asserts that the district court erred in construing the term “lateral edge portion” to mean “the portion of the floor marking tape from the *shoulder* to the edge of the tape when viewed in cross section.” *Claim Construction Order*, slip. op. at 9 (emphasis added). Lowe contends that the court erroneously imported the term “shoulder” from the specification into the claim language. According to Lowe, the claimed invention does not *require* the tape to have shoulders. Rather, the shoulders are merely part of one embodiment. Thus, Lowe argues, the lateral edge portions are simply “a portion of the tapered edges of the tape body.” Appellants’ Br. 19. ShieldMark responds that the court correctly construed the term “lateral edge portion.” According to ShieldMark, because the specification uniformly describes the claimed invention as requiring a tape with shoulders, the court correctly included the term “shoulders” in its construction.

We agree with Lowe that the district court erred in construing the term “lateral edge portions.” We have repeatedly “cautioned against limiting the claimed invention to preferred embodiments or specific examples in the specification.” *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1328 (Fed. Cir. 2002) (quoting *Comark Communs. v. Harris Corp.*, 156 F.3d 1182, 1186 (Fed. Cir. 1998)). Here, the court did just that. Specifically, it determined that, because the term “shoulders” “appears repeatedly in the patent specification[,]” the claimed invention must include shoulders. *Claim Construction Order*, slip. op. at 8. But, as is clear from the claim

Appendix C

language and the specification, the asserted claims are not so limited.

Starting with the claim language, neither claim 1 nor claim 11 recites that the tape has shoulders demarcating a recess. In fact, neither claim even mentions the word “shoulders.” Moreover, claim 7, which depends from claim 1, *does* recite that the tape has a recess and (by implication) shoulders that demarcate the recess. ’664 patent, col. 5 ll. 50-52. Thus, if we were to construe the claims as ShieldMark proposes, claim 7 would be superfluous. *See Wi-LAN USA, Inc. v. Apple Inc.*, 830 F.3d 1374, 1391 (Fed. Cir. 2016) (“A construction that would cause two differently worded claims to cover exactly the same claim scope would render one of the claims superfluous, so we apply a presumption against such constructions.”).

The specification provides further evidence that the asserted claims are not as narrow as ShieldMark contends. For example, it states that tape with shoulders and a recess is just “*one embodiment*” of the claimed invention. ’664 patent, Abstract; col. 1 ll. 56-59 (emphasis added). It further explains that “[*o*]ther structures combined with body 20 may also be used in place of . . . shoulders 32.” *Id.* col. 2 ll. 33-36 (emphasis added). The specification goes on to describe additional “embodiments” or “configurations” of tape, several without shoulders. *Id.* col. 1 ll. 38-46; col. 1 ll. 60-64; col. 2 ll. 64-67; *see Poly-Am., L.P. v. API Indus., Inc.*, 839 F.3d 1131, 1136 (Fed. Cir. 2016) (“[T]he standard for disavowal is exacting, requiring clear and unequivocal evidence that the claimed invention includes or does not include a particular feature.” (citing *Openwave Sys., Inc. v. Apple Inc.*, 808 F.3d 509, 513-14 (Fed. Cir. 2015))).

Appendix C

The parent of the '664 patent, U.S. Patent 8,883,290, also supports our determination. Both the '664 and '290 patents share a specification and recite claims directed to floor marking tape. Importantly, however, unlike the '664 patent claims, the '290 patent claims expressly recite that the tape has “shoulders” and “a recess.” '290 patent, col. 4 l. 62-col. 5 l. 15. Accordingly, the patentee knew how to claim tape with shoulders and a recess when specifically intended. Thus, as is clear from the evidence, the claimed invention is not as narrow as ShieldMark asserts.

ShieldMark makes several additional arguments, all unpersuasive.

First ShieldMark contends that, because every figure of the '664 patent shows an embodiment of tape with shoulders, the claimed invention must have shoulders.

We disagree. ShieldMark is correct that every figure in the specification depicts tape with shoulders. Importantly, however, that does not necessarily require us to narrowly limit the claimed invention to those figures. As explained above, the specification *describes* various embodiments of the tape, several without shoulders.

Second, ShieldMark asserts that Lowe’s proposed construction, which omits the word “shoulders,” would violate 35 U.S.C. § 112. Specifically, ShieldMark contends that, without the word “shoulders” in the construction, it is unclear “where the lateral edge portions begin and other parts of the tape end.” Appellees’ Br. 28.

Appendix C

We disagree with ShieldMark that construing the claims without reference to the word shoulders would render them invalid. The claim language itself details the position of the lateral edge portions: they are at the *tapered* edges of the floor marking tape, without reference to shoulders. More specifically, claim 1 recites that the lateral edge portions (1) are tapered²; (2) are disposed in the longitudinal direction; (3) have an “upper surface” “comprising an extension of the upper surface of the body;” and (4) have a “maximum height that is less than [their] width.” ’664 patent, col. 5 ll. 2-36. That description speaks for itself. We thus reject ShieldMark’s argument.

B

Lowe next asserts that the district court erred in construing the limitation “lower surface of each lateral edge portion being a flat coplanar extension of the lower surface of the body” to mean “a planar relationship exists between two or more things [that] does not allow the entire lower surface of the tape body to be one flat or planar surface.” *Claim Construction Order*, slip. op. at 10 (internal quotation marks omitted). First, Lowe argues that the court should have construed the limitation to mean “the bottom surfaces of the lateral edge portions

2. We decline to consider Lowe’s argument that the district court erroneously construed the term “tapered.” Lowe fails to explain how the court’s construction would affect our infringement analysis. *See Jang v. Bos. Sci. Corp.*, 532 F.3d 1330, 1336 (Fed. Cir. 2008) (resolving claim construction issues “that do not actually affect the infringement controversy between the parties” would result in an impermissible advisory opinion).

Appendix C

are flat, lie in the same plane, and define an extension of the lower surface of the body.” Appellants’ Br. 20. In other words, Lowe contends that “coplanar” refers to the relationship between the two lateral edge portions. Second, Lowe argues that the court again limited the claimed invention to one embodiment in the specification: tape with shoulders and a recess. Specifically, Lowe points out that if the tape cannot lie flat, then by implication, it must have shoulders and a recess. *Id.* at 23.

ShieldMark responds that the court’s construction was correct. It first asserts that, “‘coplanar extension’ necessarily implies a reference to two distinct points that a continuous flat line does not have.” Appellees’ Br. 29. It also asserts that, because the claimed invention is limited to tape with shoulders and a recess, the tape cannot have one flat lower surface. Moreover, according to ShieldMark, in an earlier decision denying institution of post-grant review for the ’664 patent, the U.S. Patent and Trademark Office Patent Trial and Appeal Board (the “Board”) allegedly determined that the term “coplanar extension” cannot encompass a single, flat lower surface.

We agree with Lowe that the district court’s construction was incorrect. Claim 1 simply recites that the lateral edge portions are (1) flat, (2) coplanar with each other, and (3) extensions of the lower surface of the body. Contrary to ShieldMark’s assertion, claim 1 does not “necessarily impl[y] a reference to two distinct points that a continuous flat line does not have.” Appellees’ Br. 29 (internal quotations marks omitted). Moreover, in construing the term “coplanar extension,”

Appendix C

the district court erroneously imported limitations from the specification into the claims. For example, it observed that “the specification language” “weighs heavily against [Lowe’s] proposed construction” because it “describe[s] ‘a [l]ower surface 24 [that] defines a recess 30 bounded by a pair of shoulders 32.’” *Claim Construction Order*, slip. op. at 11. But for the reasons explained above, the asserted claims are not so limited.

Nor are we persuaded by ShieldMark’s argument regarding the post-grant review. ShieldMark misreads the Board’s decision. The Board did not, as ShieldMark argues, construe the claims to exclude a single, flat lower surface. Rather, it simply held that the claims do not *require* “the lower surface of the lateral edge portions to be coplanar with the lower surface of the tape body defined by recess 30.” J.A. 1109. The Board further explained that the lower surfaces of the first and second lateral edge portions “1) are flat, 2) are coplanar with each other, and 3) define an ‘extension of the lower surface of the body.’” *Id.* Thus, the Board’s construction did not speak to whether the tape must have shoulders with a recess.

C

Finally, Lowe asserts that the district court erred in construing the term “central body portion” to mean “the portion of the tape body between the *shoulders* of the two lateral edge portions.” *Claim Construction Order*, slip. op. at 10 (emphasis added). According to Lowe, the court should have construed the term “central body portion” to mean the “portion of the tape that extends along and

Appendix C

on each side of the body's centerline." Appellants' Br. 22. ShieldMark responds, as it did before, that the court's construction was correct because the claimed invention requires shoulders.

We agree with Lowe. Again, the court's construction improperly imported the term "shoulders" into the claims. For the reasons explained above, that construction was erroneous. Except for claims 7 and 17 and the claims that depend from them, the claims are not so limited.

In summary, because the district court erred in construing "lateral edge portion," "coplanar extension," and "central body portion," we vacate its claim construction order and adopt Lowe's construction of those terms. Additionally, because the court granted summary judgment of noninfringement based on its claim construction, we vacate its summary judgment decision involving all of the asserted claims of the '664 patent and remand for further proceedings consistent with this opinion.

II

We turn next to Lowe's argument that the district court erred in dismissing the declaratory judgment claim for invalidity and unenforceability of the '220 patent.

As an initial matter, the district court did not expressly state on what ground it dismissed the declaratory judgment claim. *Dismissal*, slip. op. at 5. However, "an appellate court may affirm a judgment of a district court

Appendix C

on any ground the law and the record will support [as] long as that ground would not expand the relief granted.” *Glaxo Grp. Ltd. v. TorPharm, Inc.*, 153 F.3d 1366, 1371 (Fed. Cir. 1998). Because the record shows that the district court lacked subject matter jurisdiction over Lowe’s declaratory judgment claim, we affirm on that ground.

“Subject matter jurisdiction in a declaratory judgment suit depends upon the existence of ‘a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.’” *Dow Jones & Co. v. Abblaise Ltd.*, 606 F.3d 1338, 1345 (Fed. Cir. 2010) (quoting *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127, 127 S. Ct. 764, 166 L. Ed. 2d 604 (2007)). Whether the district court had subject matter jurisdiction is a question we review de novo. *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1335 (Fed. Cir. 2008).

Here, Lowe fails to show that there remains a substantial controversy between the parties.

First, ShieldMark voluntarily dismissed its infringement suit against Lowe *with prejudice*. It did so after learning that Lowe had sold few Superior Mark products and then created a noninfringing redesign.

Second, there was (and still is) only a speculative possibility that ShieldMark will sue Lowe again for infringing the ’220 patent claims through sale of Superior Mark tape; ShieldMark provided Lowe with a covenant not to sue for past and present infringement of the ’220

Appendix C

patent claims. J.A. 1409. And the district court conditioned its dismissal on ShieldMark’s continuing consent to the covenant. *Dismissal*, slip. op. at 5. *See Dow Jones*, 606 F.3d at 1348 (“In the case at bar, [patentee’s] covenant not to sue avowed that” it would not sue “for any acts of infringement. . . . The covenant therefore extinguished any current or future case or controversy between the parties and divested the district court of subject matter jurisdiction.”).

Still, Lowe emphasizes that, because the covenant covers only past and present acts, if Lowe decides to keep selling or manufacturing its original Superior Mark tape in the future, ShieldMark will likely sue again for infringement of the ’220 patent claims. Lowe also points out that “ShieldMark has yet another continuation application pending,” and that it is “more probable than not” that ShieldMark will sue Lowe for infringement once that patent issues. Appellants’ Br. 33.

Lowe’s arguments are unpersuasive. With respect to the ’220 patent, ShieldMark has expressly stated that it will not sue Lowe for future manufacture, sale, or use of the original Superior Mark tape design. *Oral Argument*, at 23:06-26:40. With respect to the continuation application, other than mere speculation, Lowe fails to point to any evidence that ShieldMark intends to sue Lowe for infringement if and when the patent issues. Accordingly, Lowe does not satisfy the “sufficient immediacy” requirement of *MedImmune*. At best, Lowe has shown only that there is a “a *hypothetical* ‘prospect of a second lawsuit.’” *See Dismissal*, slip. op. at 4 (emphasis added).

Appendix C

That is insufficient. A “case or controversy must be based on a real and immediate injury or threat of future injury . . . an objective standard that cannot be met by a purely subjective or speculative fear of future harm.” *Asia Vital Components Co. v. Asetek Danmark A/S*, 837 F.3d 1249, 1253 (Fed. Cir. 2016) (quoting *Prasco*, 537 F.3d at 1339). Because the record shows that there was no remaining live controversy, we affirm the district court’s dismissal of Lowe’s declaratory judgment claim on the ground of lack of subject matter jurisdiction.³

III

Finally, we address Lowe’s third argument that the district court abused its discretion in denying attorney fees following dismissal of the ’220 patent infringement suit.

We review a district court’s denial of attorney fees under 35 U.S.C. § 285 for abuse of discretion. *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559, 564, 134 S. Ct. 1744, 188 L. Ed. 2d 829 (2014). “Abuse of discretion is a highly deferential standard of appellate review.” *Bayer CropScience AG v. Dow AgroSciences LLC*, 851 F.3d 1302, 1306 (Fed. Cir. 2017). “Because the district court lives with the case over a prolonged period

3. Because we affirm the district court’s dismissal of Lowe’s declaratory judgment claim for invalidity and unenforceability of the ’220 patent, we need not address Lowe’s request that we reverse the district court’s decision and remand with an instruction to grant summary judgment of invalidity and unenforceability of the ’220 patent.

Appendix C

of time, it is in a better position to determine whether a case is exceptional, and it has discretion to evaluate the facts on a case-by-case basis.” *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1308-09 (Fed. Cir. 2018) (quoting *SFA Sys., LLC v. Newegg Inc.*, 793 F.3d 1344, 1351 (Fed. Cir. 2015)).

Lowe asserts that it was entitled to attorney fees because ShieldMark engaged in a variety of allegedly exceptional behavior. Specifically, Lowe contends that ShieldMark voluntarily dismissed its ’220 patent infringement suit “only after being confronted with significant invalidity and unenforceability contentions.” Appellants’ Br. 55. In other words, according to Lowe, ShieldMark “ran from the fight.” *Id.* at 36. ShieldMark responds that it acted reasonably throughout the litigation and that Lowe’s allegations are factually unsupported.

We agree with ShieldMark that the district court did not abuse its discretion in denying attorney fees. Here, the court considered the record and the parties’ conduct and reasonably concluded that ShieldMark’s behavior did not warrant attorney fees. As the court explained, ShieldMark had a “compelling” reason to voluntarily dismiss its infringement suit: it learned that Lowe altered the design of its Superior Mark tape so that it “arguably no longer infringes” ShieldMark’s ’220 patent. *Dismissal*, slip. op. at 2, 4. The court further explained that ShieldMark did not delay seeking a dismissal. *Id.*, slip. op. at 4. Accordingly, Lowe fails to persuade us that the court abused its discretion in denying attorney fees.

57a

Appendix C

CONCLUSION

We have considered the parties' remaining arguments but find them unpersuasive. For the foregoing reasons, we *vacate* the district court's decision granting summary judgment of noninfringement and remand for further proceedings consistent with this opinion. We *affirm* the court's dismissal of Lowe's declaratory judgment claim and denial of attorney fees.

**VACATED-IN-PART, REMANDED-IN-PART, AND
AFFIRMED-IN-PART**

COSTS

No costs.

**APPENDIX D — OPINION AND ORDER OF
THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF OHIO,
FILED APRIL 21, 2023**

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

[Resolving Doc. 199, 203, 218, 223]

CLIFFORD A. LOWE, *et al.*,

Plaintiffs,

vs.

SHIELDMARK, INC., *et al.*,

Defendants.

OPINION & ORDER

JAMES S. GWIN, UNITED STATES DISTRICT
JUDGE:

This Court previously granted summary judgment for Defendants ShieldMark Inc., Advanced Plastics, Inc., and Crown Equipment Corporation on Plaintiffs Lowe and Spota LLC's patent infringement and Lanham Act false advertising claims.¹ Defendants counterclaim for attorneys' fees and costs under § 285 of the Patent Act of the Patent Act, and alternatively move for fees and costs under both Fed. R. Civ. P. 37 for discovery sanctions and the Court's inherent power to impose sanctions.²

1. Doc. 191, 219.

2. Doc. 203, 218.

Appendix D

Defendants seek fee awards on three grounds. First, Defendants say they should receive all fees and costs for litigating Plaintiffs’ patent infringement claim because Plaintiff Lowe engaged in inequitable conduct before the Patent and Trademark Office (“PTO”). Second, in the alternative, Defendants seek costs and fees incurred in the patent infringement portion of this action from December 2021 onwards. In seeking costs and fees, Defendants argue that Plaintiffs prolonged litigation of the infringement claim by concealing that in December 2021, they transferred away their exclusionary rights in the patent and thereby relinquished their Article III standing. Third, Defendants ask for fees and costs incurred when in July 2022, Defendants had to move to seal a Plaintiff expert report that contained information Defendants had marked as highly confidential.³

The Court finds that Plaintiffs acted in bad faith to hide their loss of standing, and that they violated their obligation to protect Defendants’ confidential information. Accordingly, the Court will **GRANT IN PART** Defendants’ motion as to fees and costs incurred after December 2021 for the patent litigation and for the motion to seal and will **DENY IN PART** Defendants’ motion as to patent litigation fees incurred before December 2021.⁴

3. *Id.*

4. After the Court granted summary judgment for Defendants on Plaintiffs’ Lanham Act claim, Plaintiffs on April 14, 2023, filed a Notice of Appeal to the Federal Circuit. (Doc. 222). Then, on April 20, 2023, Plaintiffs asked the Court to clarify whether their appeal was premature or whether the Court’s Lanham Act order, in combination with the Court’s previous patent-infringement summary judgment

*Appendix D***I. BACKGROUND**

The Court has already summarized the background of this case in other orders.⁵ Briefly, Plaintiffs Lowe and Spota LLC compete with Defendants in the industrial floor-tape market. Plaintiffs sued Defendants alleging that Defendants' floor tape infringed on Plaintiffs' tape patent and that Defendants' tape did not conform to how Defendants described the tape in their advertising.

When this litigation commenced, Plaintiff Lowe owned the relevant '664 patent.⁶ But in early December 2021, Lowe sold his patent to Plaintiff Spota LLC (then d/b/a Insite Solutions North Carolina).⁷ Then, on December 16, 2021, Spota LLC granted nonparty Insite Delaware a permanent, irrevocable, non-exclusive and royalty-free license under the patent. Crucially, because the license was both "fully transferable" and "fully sub-licensable," it eliminated Spota's power to exclude Defendants under the patent. Thus, by December 2021, both Lowe and Spota had relinquished their exclusionary power under the patent and their standing to enforce the patent.⁸

order, created a final, appealable judgment. (Doc. 223). Because this order disposes of the final, outstanding counterclaim at issue in this case, the Court DENIES Plaintiffs' motion to clarify as moot.

5. Doc. 191, 219.

6. Doc. 191 at PageID #: 6282.

7. *Id.* at PageID #: 6287.

8. *Id.* at PageID #: 6285.

Appendix D

In discovery, Defendants had previously requested Plaintiffs produce all '664 patent ownership and licensing materials.⁹ But despite Plaintiffs' Rule 26 obligation to supplement discovery, Plaintiffs did not amend their discovery responses or production to disclose the ownership and licensing changes.¹⁰ In fact, Plaintiffs filed a Fourth Amended Complaint that specifically misrepresented the ownership and licensing status of the patent.¹¹ As a result, Plaintiffs' standing issue did not come to light until around seven months later, when Defendants independently discovered the ownership change.

When Defendants discovered the sale and confronted Plaintiffs about it, Plaintiffs initially refused to produce the new ownership and licensing agreements. Defendants were forced to move to compel production, and in July 2022, the Court ordered Plaintiffs to file *inter alia* all available documents related to any ownership transfer of the '664 patent; all documents related to any licensing of the '664 patent; and all documents related to Plaintiff Lowe's authority to prosecute '664 patent claims.¹² These productions culminated in Defendants moving for and the Court granting summary judgment on Plaintiffs' patent infringement claim. Because they had transferred the '664 patent right to exclude, the Court found they lost standing.

9. *Id.* at PageID #: 6284.

10. *Id.*

11. Doc. 127 at PageID #: 5259.

12. Doc. 154.

Appendix D

Separately, in July 2022, Plaintiffs publicly filed an expert report that cited to information from documents that Defendants had marked as highly confidential and for Attorneys' Eyes Only. Defendants moved to seal the expert report and to implement a protective order,¹³ and on July 27, 2022, the Court granted the protective order motion.¹⁴

II. DISCUSSION

A. Jurisdiction

As a preliminary matter, the Court notes that it has subject matter jurisdiction to decide Defendants' fees counterclaim.

Plaintiffs argue to the contrary, contending that the Court lost jurisdiction over Defendants' § 285 counterclaim when it dismissed Plaintiffs' patent infringement claim.

But a § 285 counterclaim confers subject matter jurisdiction independent of an initial patent infringement claim. Indeed, in *H.R. Technologies, Inc. v. Astechnologies, Inc.*, the Federal Circuit held that a district court that dismissed a plaintiff's patent infringement suit for lack of standing had erred in also dismissing the defendant's counterclaims for § 285 attorneys' fees.¹⁵

13. Doc. 162, 172.

14. Doc. 174.

15. 275 F.3d 1378, 1386 (Fed. Cir. 2002).

Appendix D

The panel in *Astechnologies* wrote:

The standing defect, however, had no effect on the remaining counterclaims. Regardless of patent ownership, it was not improper for [defendant] to assert the counterclaims of unfair competition, tortious interference with business relations, and section 285 attorney fees against [plaintiff].¹⁶

Thus, the Court keeps jurisdiction to hear Defendants' fees counterclaim.¹⁷

16. *Id.* Several district courts have found that they cannot award fees under § 285 to a party who obtains a dismissal *without* prejudice, because dismissal without prejudice is not final and does not render the moving party a “prevailing party.” *See, e.g., Waterblasting Techs., Inc. v. Blasters, Inc.*, 2018 U.S. Dist. LEXIS 20262, 2018 WL 791263 (M.D. Fla. Feb. 7, 2018); *Polyzen, Inc. v. Radiadyne, LLC*, 2017 U.S. Dist. LEXIS 181680, 2017 WL 5005990 (E.D.N.C. Nov. 2, 2017). These cases are not relevant here because the Court’s patent summary judgment order dismissed Plaintiffs’ patent infringement claim *with* prejudice after finding their standing issue incurable.

17. Plaintiffs bafflingly have repeatedly cited to *Astechnologies* to support their argument that the Court lacks jurisdiction over Defendants’ fees claim. (Doc. 208 at PageID #: 6704; Doc. 223 at PageID #: 7012, n. 1). As demonstrated above, *Astechnologies* directly contradicts Plaintiffs’ position. *See also Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1032-33 (Fed. Cir. 2006) (“Highway Equipment first argues that the district court erred in retaining jurisdiction over FECO’s request for attorney fees under 35 U.S.C. § 285 because, once Highway Equipment gave FECO a pre-verdict covenant not to sue on the patent infringement issues, the court lost Article III subject matter jurisdiction over the patent-based fee request. We disagree. Under our precedent, the district court

*Appendix D***B. Timeliness**

The Court also finds that Defendants' fees motion was timely filed.

Fed. R. Civ. P. 54(d)(2)(B) directs parties to file motions for attorneys' fees no later than 14 days after entry of judgment. Plaintiffs argue that Defendants' motion is untimely because Defendants should have moved for fees within 14 days of the Court granting partial summary judgment for Defendants on Plaintiffs' patent claim on August 23, 2022.

But unless a court has severed its order under Rule 54(b), an order granting only partial summary judgment is not a final judgment that triggers the 14-day window.¹⁸ Plaintiffs repeat an argument that this Court and the Federal Circuit have both already rejected, namely that the Court severed the patent issue and that its summary judgment order was a final order. Because this was not the case, Defendants' motion is not untimely.

C. Defendants' § 285 Counterclaim**1. Legal Standard**

"An award of attorneys' fees under § 285 is intended to compensate the prevailing party for costs that it would

correctly retained jurisdiction over FECO's claim for attorney fees under 35 U.S.C. § 285.").

18. *DeShiro v. Branch*, 183 F.R.D. 281, 284 (M.D. Fla. 1998).

Appendix D

not have incurred but for the conduct of the losing party and is within the sound discretion of the district court.”¹⁹ Awarding fees is a two-step inquiry: the district court must determine “whether there is clear and convincing evidence that a case is exceptional,” and if so, “whether an award of attorney fees is justified.”²⁰

A prevailing party may prove that a case is exceptional “by showing: inequitable conduct before the PTO; litigation misconduct; vexatious, unjustified, and otherwise bad faith litigation; a frivolous suit or willful infringement.”²¹

2. Inequitable Conduct

Defendants argue that from the outset, Plaintiff Lowe’s inequitable conduct before the PTO tainted this litigation.

“Inequitable conduct occurs when a patent applicant intentionally does not disclose to the PTO information that is material to their patent application.”²² Material information includes “any information that a reasonable

19. *Campbell v. Spectrum Automation Co.*, 601 F.2d 246, 251 (6th Cir. 1979).

20. *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, 563 F.3d 1358, 1372-73 (Fed. Cir. 2009).

21. *Brasseler, U.S.A. I., L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1380 (Fed. Cir. 2001).

22. *M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co.*, 439 F.3d 1335, 1339 (Fed. Cir. 2006).

Appendix D

examiner would be substantially likely to consider important in deciding whether to allow an application to issue as a patent.”²³ At the summary judgment stage, courts evaluate inequitable conduct based on whether a patent applicant (1) knew of highly material information, (2) knew or should have known that the information was material, and (3) has not credibly explained why they withheld that information from the PTO.²⁴

Here, Defendants argue that Plaintiff Lowe knew and did not disclose to the PTO that Defendant ShieldMark used to make a patented, prior art floor tape called DuraStripe. DuraStripe, like the '664 tape, is an industrial floor tape with unique beveled edges.²⁵ Lowe was indisputably familiar with DuraStripe when he applied for the '664 patent in 2015: he worked as a DuraStripe distributor from 2004-2011.²⁶

Despite his familiarity with DuraStripe, Lowe submitted minimal information about the tape to the PTO. He provided a photograph depicting DuraStripe and Defendant ShieldMark's current floor-tape product, Mighty Line, sitting side by side, and he provided a description of that photograph which read: “Photograph

23. *GFI, Inc. v. Franklin Corp.*, 265 F.3d 1268, 1274 (Fed. Cir. 2001).

24. *Ferring B.V. v. Barr Lab'ys, Inc.*, 437 F.3d 1181, 1191 (Fed. Cir. 2006).

25. Doc. 203 at PageID #: 6502.

26. *Id.*

Appendix D

showing profiles of two floor-tapes; the left-hand tape was on sale in the United States prior to April 2004; the right-hand tape is on sale in 2018.”²⁷ Nothing he submitted identified DuraStripe by name or patent number.

Lowe argues that he satisfied his obligation to disclose DuraStripe when he submitted the photograph, and that he was not required to “interpret” the photograph for the examiner. He cites to cases finding that a “patent examiner is capable of independently evaluating the material before him, so the representations as to how to interpret that material cannot be the basis for a finding of inequitable conduct.”²⁸ The Court is skeptical of the extent to which these cases apply, as they all appear to involve scenarios where the Patent Office had enough information to identify the prior art at issue.

Although a close question, the Court nevertheless does not find that Lowe engaged in inequitable conduct rising to a level that merits a fee award. Lowe did not hide the existence of DuraStripe or the possibility of prior art entirely—he noted to the patent office that the photograph contained a tape on sale since 2004. Because there was some limited effort to disclose, Defendants have not established by clear and convincing evidence that Lowe intended to and did withhold material information.

27. *Id.* at PageID #: 6501. Although Lowe first applied for the ’664 patent in 2015, it was not issued until 2019—hence Lowe’s submission of a photograph noting that there was a floor tape on sale as late as 2018.

28. *See, e.g., Exergen Corp. v. Brooklands Inc.*, 290 F. Supp. 3d 113, 124 (D. Mass. 2018) (cleaned up).

*Appendix D***3. Litigation Misconduct**

Even if the Court declines to award Defendants fees based on inequitable conduct, the Court still has discretion under § 285 to award Defendants fees based on other litigation misconduct that the Court finds to be “exceptional.”

The Court will not repeat the entirety of its previous summary judgment order. Suffice to say that by December 16, 2021, the day that Plaintiff Spota LLC licensed the '664 patent to Insite Delaware, Plaintiffs knew that Defendants had previously requested production of any documents relating to ownership and licensing of the '664 patent.²⁹ They knew that back in July 2019, their only responses to Defendants' requests for production on ownership had been that there were “no responsive documents.”³⁰ Plaintiffs knew that there now were, in fact, responsive documents. Finally, Plaintiffs knew that under Fed. R. Civ. P. 26(e)(1)(A), they had a duty to supplement their prior discovery responses in a “timely manner.”

Instead, Plaintiffs (1) took no initiative to supplement their productions; (2) refused to produce the ownership and license documents when confronted by Defendants; and (3) filed a Fourth Amended Complaint in which Plaintiffs explicitly misrepresented to Defendants and to this Court the status of the patent.

29. Doc. 169-3 at PageID #: 6089.

30. *Id.*

Appendix D

Indeed, the Fourth Amended Complaint, filed six months after the ownership and licensing transfers occurred, blatantly misrepresented that “Lowe is the owner of all rights, title, and interest in and to the ’664 patent. InSite is an exclusive licensee under the ’664 patent [...]. Lowe and InSite share rights of enforcement and recovery under the ’664 patent.”³¹

Plaintiffs argue that they did not “hide” Lowe’s sale of the patent to Spota LLC because the agreement was publicly available, as evidenced by the fact that Defendants eventually discovered it.³²

To quote a fellow district court:

How absurd! The Federal Rules do not shield publicly available documents from discovery merely because of their accessibility. A limitation of this nature would lead to patently absurd consequences. Indeed, it would require litigants to scour the public domain for nuggets of information [...]—a task that is as Herculean as it is nonsensical.³³

31. Doc. 127 at PageID #: 5259.

32. Doc. 220 at PageID #: 6992.

33. *Shatsky v. Syrian Arab Republic*, 312 F.R.D. 219, 223-24 (D.D.C. 2015). *See also Martino v. Kiewit New Mexico Corp.*, 600 F. App’x 908, 911 (5th Cir. 2015) (“[E]ven if a document is publicly available or in the opposing party’s possession, a party must still disclose it under Rule 26(a)(1)(A) to provide notice of evidence central to its claims or defenses.”).

Appendix D

And Plaintiffs' argument is particularly unconvincing considering Plaintiffs' explicit misrepresentations. Plaintiffs not only failed to disclose information that they had a duty to disclose, but actively misrepresented to Defendants and to the Court the '664 patent's status.

Finally, Plaintiffs argue that it should not have mattered whether they disclosed the ownership and licensing transfers because the transfers would have had no impact on the litigation had this Court not erroneously determined that Plaintiffs now lack standing.³⁴ In other words, Plaintiffs lament that the transfers would have been irrelevant if only the Court had not found them dispositive. But the transfers did prove dispositive, and Plaintiffs' failure to timely disclose those transfers prevented Defendants from moving for summary judgment sooner.

Thus, Plaintiffs' actions strongly support an inference of bad faith and a finding of litigation misconduct. The Court finds that there is a direct "causal connection"³⁵ between Plaintiffs' conduct and the fees and costs that Defendants incurred in litigating Plaintiffs' patent claim from December 2021 onwards, and it will award those expenses to Defendants.

D. The Court's Inherent Power to Sanction

The Court notes that its inherent power to craft sanctions also serves as an alternative basis to award

34. Doc. 220 at PageID #: 6993.

35. *In re Rembrandt Techs. LP Pat. Litig.*, 899 F.3d 1254, 1280 (Fed. Cir. 2018).

Appendix D

Defendants the above patent litigation fees. The “assessment of attorney’s fees is undoubtedly within a court’s inherent power,” particularly “when a party has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.”³⁶ These inherent powers are not displaced by a statute’s sanctions scheme, and likewise “can be invoked even if procedural rules exist which sanction the same conduct.”³⁷

E. Fees for Defendants’ Motion to Seal

Defendants ask for the fees and costs they incurred when they needed to seek the sealing of an expert report that they say Plaintiffs should have filed under seal in the first instance. At the time that Plaintiffs filed the report, there was no protective order in place. But the parties were subject to—and Defendants say Plaintiffs violated—the confidentiality-designation and disclosure provisions in this district’s Local Patent Rule 2.2.

Ordinarily, Fed. R. Civ. P. 37(b) governs discovery sanctions. But Rule 37(b)(2)(C) only addresses awarding attorneys’ fees when a party violates a “discovery order.” The plain language of Rule 37 does not appear to encompass sanctions for violations of local discovery rules. Nevertheless, the Court’s inherent power to craft sanctions “extends to a full range of litigation abuses,” in part because that power exists to “fill in the interstices”

36. *Chambers v. NASCO, Inc.*, 501 U.S. 32, 45-46, 111 S. Ct. 2123, 115 L. Ed. 2d 27 (1991).

37. *Id.* at 46-48.

Appendix D

that sanctions statutes and rules do not cover.³⁸ Thus, the Court will consider whether sanctions under that inherent power are merited here.

Local Patent Rule 2.2 instructs:

Pending entry of a protective order, discovery and disclosures deemed confidential by a party shall be produced to the adverse party for the eyes of outside counsel of record only, marked “Attorney’s Eyes Only Subject to Protective Order.” The discovery and disclosures so marked shall be used solely for purposes of the pending case and shall not be disclosed to the client or any other person.

Despite L.P.R. 2.2’s restrictions on disclosure, Plaintiffs publicly filed an expert report that disclosed information Defendants had marked as Attorney’s Eyes Only.³⁹

Plaintiffs argue that filing the report did not violate L.P.R. 2.2 because the information disclosed was already in the public domain. Plaintiffs are correct that some—but not all—of the information disclosed could be found in public records.⁴⁰

38. *Id.* at 46.

39. Doc. 218 at PageID #: 6911-6912.

40. The Court agrees that a previous litigation had already disclosed certain of Defendant ShieldMark’s royalty rate terms. But that earlier filing did not identify the specific licensee who had agreed to those rates. And, contrary to Plaintiffs’ assertions, ShieldMark does not appear to have publicly disclosed its exact sales figures.

Appendix D

But parties are not automatically free to disclose information marked confidential simply because that information can also be found in the public domain.⁴¹ And the plain language of L.P.R. 2.2 makes no such exception.

So, the Court will award Defendants fees and costs arising from litigating Plaintiffs' disclosure.

F. Reasonableness of Fee Awards

Once a court determines that a party is entitled to a fee award, it must determine a reasonable amount to award.⁴² The court starts with a strong presumption that the proper amount is the “number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate.”⁴³ But the “product of reasonable hours times a reasonable rate does not end the inquiry. There remain other considerations that may lead the district court to adjust the fee upward or downward,”⁴⁴ including the attorneys’ “customary fee[s]”; “the amount involved and

41. *See e.g., Doherty v. State Farm Gen. Ins. Co.*, 2020 U.S. Dist. LEXIS 87400, 2020 WL 2510642, at *4 (C.D. Cal. Mar. 4, 2020) (Defendant violated protective order because the order did not explicitly permit Defendant to disclose information marked Highly Confidential when that information “might be available in some form on the Internet.”).

42. *Bldg. Serv. Loc. 47 Cleaning Contractors Pension Plan v. Grandview Raceway*, 46 F.3d 1392, 1401 (6th Cir. 1995).

43. *Id.*

44. *Hensley v. Eckerhart*, 461 U.S. 424, 434, 103 S. Ct. 1933, 76 L. Ed. 2d 40 (1983).

Appendix D

the results obtained”; and “the experience, reputation, and ability of the attorneys.”⁴⁵

Here, Defendants are entitled to reasonable fees and costs incurred in defending against Plaintiffs’ patent infringement claim from December 2021 onwards. Likewise, the Court awards Defendants the reasonable fees and costs incurred in seeking redress for Plaintiffs’ improper disclosures. So, the Court will examine whether Defendants’ requested amounts are based on a reasonable number of hours and reasonable rates.

Based on the fee tables Defendants submitted, they seek:

1. \$213,765 for litigating Plaintiffs’ patent infringement claim.⁴⁶
2. \$4,750 for the disclosure issue.

The Court finds that Defendants have provided sufficient detail in their fee tables to establish reasonable

45. *Paschal v. Flagstar Bank*, 297 F.3d 431, 435 (6th Cir. 2002). See *id.* for additional factors generally considered.

46. Defendants’ fee tables only list patent litigation fees for May 2022, rather than December 2021, onwards. This is because in June 2021, this Court granted summary judgment for Defendants. Plaintiffs still had standing at that time, and they appealed the summary judgment decision. The case remained inactive at the district-court level until April 2022, when the Federal Circuit reversed that initial summary judgment decision and remanded the case to this Court.

Appendix D

hours. The entries identify specific tasks, specific people with whom Defendants' attorneys conferred (such as co-counsel) and their topics of conversation, etc.⁴⁷ Defendants have also removed from the tables time deemed duplicative and time spent on other claims, such as Plaintiffs' Lanham Act claim and Defendants' inequitable conduct counterclaim.

As to the reasonableness of Defendants' attorneys' rates, Defendants have submitted a report from the American Intellectual Property Law Association to establish that their attorneys' \$400/hour rate is below the average for intellectual property lawyers in the Midwest with similar levels of experience.⁴⁸ Of the four lawyers claiming fees, one has 10 years of experience in intellectual property, while the other three each have between 23 - 29 years of experience.⁴⁹

Looking at the report, Defendants correctly identify \$421/hour as the mean billing rate for IP lawyers in the Midwest across all experience levels.⁵⁰ But the median is only \$390.⁵¹ On the other hand, if the Court looks at billing

47. *See, e.g.*, Doc. 218-1 at PageID #: 6932 (6/17/22 entry for 2.8 hours describing attorney's work reading court order, conferring with co-counsel by phone, reading and drafting emails, researching possible experts, etc.)

48. *Id.* at PageID #: 6922, 6971. Defendants rely on the rates for the "Other Central" category, which provides rates for the Midwest excluding the Chicago and Minneapolis-St. Paul metro areas.

49. *Id.* at PageID #: 6922-25.

50. The Court uses the term Midwest here to refer to the "Other Central" category.

51. *Id.* at PageID #: 6971.

Appendix D

rates based on years of practice, the proposed \$400/hour rate is well below the national median (\$500) for attorneys with 25-34 years of experience, and nearly identical to the national median (\$398) for attorneys with 10-14 years of experience.⁵² Reasonable billing rates in this case thus fall within a range from \$390-\$500. Accordingly, the Court finds Defendants' \$400/hour rate reasonable.

Finally, Plaintiffs did not object to Defendants' proposed rates, and the only objection that they raised to the reasonableness of Defendants' hours calculation was that Defendants also protracted this action by staying it for over a year while the parties proceeded before the PTO's Patent Trial and Appeal Board.⁵³ Since Defendants have not sought to recover fees for those proceedings, the Court finds this objection beside the point.

III. CONCLUSION

The Court **GRANTS IN PART** Defendants' motion as to fees and costs incurred after December 2021 for the patent litigation and for the motion to seal and **DENIES IN PART** Defendants' motion as to patent litigation fees incurred before December 2021. Defendants are awarded \$213,765 for litigating Plaintiffs' patent infringement claim and \$4,750 for fees and costs arising from Plaintiffs' violation of L.P.R. 2.2.⁵⁴

52. *Id.*

53. Doc. 220 at PageID #: 6998-7000.

54. Unrelatedly, the Court also *DENIES* as moot Plaintiffs' motion to strike Defendants' response to the Court's August 26, 2022 Opinion and Order. (Doc. 199). Plaintiffs moved to strike Defendants'

77a

Appendix D

IT IS SO ORDERED.

Dated: April 21, 2023

/s/ James S. Gwin

JAMES S. GWIN

UNITED STATES DISTRICT JUDGE

response on the grounds that the Court's partial summary judgment order deprived it of jurisdiction to order Defendants to file a response. This argument was rejected by the Federal Circuit when it dismissed Plaintiffs' appeal. (*See* Doc. 212). As previously stated above, the Court also DENIES as moot Plaintiffs' recent motion to clarify. (Doc. 223).

**APPENDIX E — OPINION AND ORDER OF
THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF OHIO,
FILED MARCH 16, 2023**

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

[Resolving Doc. 213, 215, 216, 217]

CLIFFORD A. LOWE, *et al.*,

Plaintiffs,

vs.

SHIELDMARK, INC., *et al.*,

Defendants.

OPINION & ORDER

JAMES S. GWIN, UNITED STATES DISTRICT
JUDGE:

Plaintiffs Lowe and Spota LLC (formerly Insite Solutions, LLC) sue Defendants ShieldMark Inc., Advanced Plastics, Inc., and Crown Equipment Corporation for patent infringement and, in the alternative, false advertising under the Lanham Act.¹ Defendants counterclaim, arguing that Plaintiffs' inequitable conduct has made their patent invalid.²

1. Doc. 127.

2. Doc. 147.

Appendix E

On August 23, 2022, the Court granted Defendants' motion for summary judgment on Plaintiffs' patent infringement claim after finding that Plaintiffs lack standing and that the patent forming the basis of Plaintiffs' infringement claim is invalid.³ The Court did not rule on either Plaintiffs' Lanham Act claim or Defendants' inequitable conduct counterclaim.

Now, each side moves for summary judgment on Plaintiff's Lanham Act false advertising claim.⁴

Because Plaintiff's Lanham Act claim fails as a matter of law, the Court **DENIES** Plaintiff Spota LLC's summary judgment motion and **GRANTS** summary judgment for Defendants as to Plaintiff's false advertising claim.

I. LEGAL STANDARD

a. Summary Judgment Standard

"Summary judgment is appropriate when the court is satisfied 'that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.'"⁵ "The burden of showing the absence

3. Doc. 191.

4. Doc. 213; 215. While Plaintiff Lowe is also listed as a movant on Doc. 213, Plaintiff Spota LLC clarified in its reply brief that it included Lowe's name in error and that it moved alone for summary judgment. *See* Doc. 216 at PageID #: 6739, n.2.

5. *Lincoln Elec. Co. v. Nat'l Standard, LLC, Corp.*, 2012 U.S. Dist. LEXIS 80912, 2012 WL 2130954, at *3 (N.D. Ohio June 12, 2012) (citing Fed. R. Civ. P. 56(c)).

Appendix E

of any such genuine issue rests with the moving party.”⁶ Indeed, “the plain language of Rule 56(c) mandates the entry of summary judgment, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.”⁷

b. False Advertising under the Lanham Act

A plaintiff has two avenues by which they can prove their Lanham Act false advertising claim: they must show that the defendant made commercial advertising statements that were either literally false, or that were true or ambiguous but misleading to actual consumers.⁸

Literally false. Showing that a “defendant’s advertising communicated a ‘literally false’ message to consumers [...] is the preferred route for Lanham Act claimants, since courts presume that consumers were actually deceived upon a showing of literal falsity.”⁹

Misleading. Alternatively, a plaintiff can “show that the defendant’s messaging was misleading, even if

6. *Id.* (quotation marks omitted).

7. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986).

8. *Wysong Corp. v. APN, Inc.* (17-1975), 889 F.3d 267, 270-71 (6th Cir. 2018) (citation omitted).

9. *Id.*

Appendix E

not literally false. To prevail on this theory, however, the claimant must prove that a significant portion of reasonable consumers were actually deceived by the defendant's messaging. Lanham Act claimants usually do so with consumer surveys.”¹⁰

Certain types of statements are too hyperbolic or vague to serve as the basis for a false advertising claim. Statements that amount to “non-actionable puffery come[] in at least two possible forms: (1) an exaggerated, blustering, and boasting statement upon which no reasonable buyer would be justified in relying; or (2) a general claim of superiority over comparable products that is so vague that it can be understood as nothing more than a mere expression of opinion.”¹¹

In evaluating whether a statement is false or misleading, courts take the context of the statement into account.¹²

10. *Id.* (citation and quotation marks omitted) (emphasis in original).

11. *Pizza Hut, Inc. v. Papa John's Int'l, Inc.*, 227 F.3d 489, 497 (5th Cir. 2000) (quotation marks omitted).

12. *Clorox Co. Puerto Rico v. Proctor & Gamble Com. Co.*, 228 F.3d 24, 39 (1st Cir. 2000) (finding that the statement “Whiter is not possible,” which by itself would be mere puffing, was a specific and measurable statement of fact when read in the context of other statements inviting consumers to compare defendant's product to competitor bleach and detergent products).

*Appendix E***II. DISCUSSION**

Plaintiff says that it is entitled to summary judgment because Defendant ShieldMark¹³ made advertising statements about ShieldMark’s Mighty Line Floor Tape that, when read in proper context, are literally false.

Specifically, Plaintiff argues that Defendant’s advertisements include three false statements. These statements are:

1. Mighty Line Floor Tape’s “[b]eveled edge tape can take a beating from industrial wheel traffic”;¹⁴
2. “Mighty Line Floor Tape withstands industrial brush scrubbers, forklifts, and heavy industrial wheel traffic”;¹⁵
3. Mighty Line Floor Tape’s “[b]eveled edges increase durability for forklift traffic.”¹⁶

Plaintiff views these statements as necessarily false because Defendant ShieldMark admitted earlier in this

13. Although this case and the instant motions involve multiple defendants, Plaintiff’s false advertising claim relates specifically to statements made by Defendant ShieldMark. Throughout the rest of this order, the Court uses the singular “Defendant” to refer to Defendant ShieldMark unless otherwise stated.

14. Doc. 127-4 at PageID #: 5290.

15. *Id.* at PageID #: 5291.

16. *Id.* at PageID #: 5292.

Appendix E

litigation that Mighty Line Floor Tape is susceptible to being “unintentionally lifted [off the floor] when a 2-by-4 block of wood is swept across the tape,” and that “[i]f a 2-by-4 lifts up the tape, then a cleaning device, forklift or skid would also do so.”¹⁷ In Plaintiff’s view, a tape that unintentionally lifts when passed over by a forklift or other industrial machinery cannot “take a beating” from or “withstand” such machinery, nor have “increase[d] durability.”

Although none of the Defendants raised the issue, the Court notes that Plaintiff does not allege that Defendants Advanced Plastics and Crown Equipment made any false advertising statements. Those Defendants are thus entitled to summary judgment. What’s more, the Court disagrees with Plaintiff’s characterization of Defendant ShieldMark’s statements as literally false and finds that ShieldMark’s statements were non-actionable puffery.

ShieldMark’s statements about its tape are too vague to be actionably false. Under the Lanham Act, defendants can never be liable for “[b]ald assertions of superiority or general statements of opinion” because these are mere puffery.¹⁸ Rather, a plaintiff must show that a defendant made a “specific and measurable claim[] capable of being proved false or of being reasonably interpreted as a statement of objective fact.”¹⁹

17. Doc. 213 at PageID #: 6728 (quoting Doc. 77-1 at PageID #: 3285).

18. *Pizza Hut*, 227 F.3d at 496 (cleaned up).

19. *Id.*

Appendix E

None of ShieldMark's statements are sufficiently specific or measurably false to be actionable.

How well must a floor tape perform to be considered capable of "taking a beating" or "withstand[ing]" industrial machinery? Surely a tape that disintegrates almost instantly is not one that has "increase[d] durability." But at the same time, no reasonable consumer would expect the tape to last forever, perfectly unaltered, in the face of any or every condition. Defendant's statements make no measurable promises other than that Mighty Line Floor Tape probably falls somewhere between tape that disintegrates at the lightest touch and tape strong enough to survive a nuclear bomb.

Nor is the Court persuaded by Plaintiff's argument that Defendant's statements become verifiably false when taking into account Defendant's admission that the tape unintentionally lifts. For one thing, there is no literal falsity because "take a beating," "durability," and "withstand[]" do not directly describe a tape's ability to resist unintentional lifting. Those terms can just as easily refer to a tape's ability to resist abrasion, discoloration, or deformation when forklifts and other machines pass over it.²⁰

And Plaintiff does not identify any instances of Defendant explicitly telling consumers that its tape does not unintentionally lift. If anything, Defendants' ads work against Plaintiff. The same ad that claims that Mighty Line Floor Tape "withstands" industrial machinery also

20. See Doc. 217 at PageID #: 6858.

Appendix E

touts: “Mighty Line Floor Tape is thick, tough, and the special Mighty Line formula helps resist abrasion.”²¹ That ad further states that Mighty Line Floor Tape can “change workflow area quickly and easily.”²² Thus, the ad itself suggests both that durability here means resistance to abrasion, and that Mighty Line tape can be easily lifted to configure different traffic patterns.

Finally, even if Defendant’s statements were actionable statements of fact rather than mere puffery, the statements are at most ambiguous but misleading, rather than literally false. A Plaintiff who bases a false advertising claim on statements that are ambiguous but misleading must show that consumers were actually deceived.²³ Plaintiff has submitted no such evidence.²⁴ Thus, Plaintiff “fails to make a showing sufficient to establish the existence of an element essential to [its] case.”²⁵

III. CONCLUSION

For the reasons stated above, the Court **DENIES** summary judgment to Plaintiff and **GRANTS** summary judgment to Defendants.

21. Doc. 127-4 at PageID #: 5291.

22. *Id.*

23. *Wysong*, 889 F.3d at 271.

24. *See* Doc. 215 at PageID #: 6743, n. 3.

25. *Celotex*, 477 U.S. at 323 (1986).

86a

Appendix E

IT IS SO ORDERED.

Dated: March 16, 2023

/s/ James S. Gwin
JAMES S. GWIN
UNITED STATES DISTRICT JUDGE

**APPENDIX F — OPINIONS AND ORDERS OF
THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF OHIO, FILED
AUGUST 26, 2022, AND SEPTEMBER 19, 2022**

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

Case No. 1:19-cv-748
[Related Doc. 127, 191]

CLIFFORD A. LOWE, *et al.*,

Plaintiffs,

vs.

SHIELDMARK, INC., *et al.*,

Defendants.

OPINION & ORDER

JAMES S. GWIN, UNITED STATES DISTRICT
JUDGE:

In this patent infringement and false advertising case, the Court granted Defendants' motion for summary judgment on Plaintiffs' patent infringement claims after finding that Plaintiffs lack standing and that the patent forming the basis of Plaintiffs' infringement claim is invalid.¹ In Plaintiffs' Fourth Amended Complaint, Plaintiffs asserted a Lanham Act false advertising

1. Doc. 191.

Appendix F

claim under 42(a)(1)(B) in the alternative to their patent infringement claim.² Having resolved Plaintiffs' patent infringement claim in favor of Defendants, the Court **ORDERS** the parties to discuss between themselves what claims survive and the status of trial preparation on any remaining claims. The Court further **ORDERS** the parties to file individual position papers by September 22, 2022 to advise the Court as to whether and how the parties intend to proceed with this action.

IT IS SO ORDERED.

Dated: August 26, 2022

/s/ James S. Gwin
JAMES S. GWIN
UNITED STATES DISTRICT JUDGE

2. Doc. 127.

89a

Appendix F

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

CASE NO.: 1:19-CV-748
[Resolving Doc. 194, 196, 197; Related Doc. 198]

CLIFFORD A. LOWE, *et al.*,

Plaintiffs,

vs.

SHIELDMARK, INC., *et al.*,

Defendants.

OPINION & ORDER

JAMES S. GWIN, UNITED STATES DISTRICT
JUDGE:

Plaintiffs Lowe and Spota LLC (formerly Insite Solutions, LLC) sue Defendants ShieldMark Inc., Advanced Plastics, Inc., and Crown Equipment Corporation for patent infringement and, in the alternative, false advertising under the Lanham Act.¹ Defendants counterclaim, arguing that Plaintiffs' inequitable conduct has made their patent invalid.²

1. Doc. 127.

2. Doc. 147.

Appendix F

On August 23, 2022, the Court granted Defendants' motion for summary judgment on Plaintiffs' patent infringement claim after finding that Plaintiffs lack standing and that the patent forming the basis of Plaintiffs' infringement claim is invalid.³ The Court did not rule on either Plaintiffs' Lanham Act claim or Defendants' inequitable conduct counterclaim.

On August 26, 2022, three days after issuing its summary judgment decision, the Court ordered the parties to discuss between themselves what claims survive and to file individual position papers by September 22, 2022 informing the Court whether and how the parties intended to proceed with this action.⁴ On September 7, 2022, Plaintiffs filed a motion asking the Court to vacate its August 26 Order and permit Plaintiffs to proceed to appeal on its summary judgment decision.⁵

For reasons detailed below, the Court **DENIES** Plaintiffs' motion to reconsider and further **ORDERS** the parties to submit position papers on the topics listed below by September 29, 2022.

I. MOTION TO RECONSIDER

Plaintiffs argue that the Court's summary judgment order dismissed this case and that this Court does not

3. Doc. 191.

4. Doc. 192.

5. Doc. 194.

Appendix F

have jurisdiction over any remaining claims.⁶ The Court disagrees.

“In the absence of certification as a final judgment under Fed. R. Civ. P. 54(b), an order disposing of fewer than all parties or claims in an action is not a final, appealable order.”⁷ The Court did not rule on Plaintiffs’ Lanham Act claim, and it found that it did not have patent infringement subject matter jurisdiction but did not say that the Lanham Act claims stopped.⁸ Because the Court has not severed the patent infringement claims from the rest of the action, its decision on those claims is not yet final and appealable and amounts only to a grant of partial summary judgment.

Plaintiffs’ motion for reconsideration is **DENIED**.

II. STATUS ORDER

As a supplement to the Court’s August 26 Order, the Court further **ORDERS** that the parties’ position papers should discuss the following:

A. Lanham Act claim

Plaintiffs have not yet informed the Court whether they intend to continue with their Lanham Act false advertising claim.

6. Id. at PageID #:6326.

7. *Bonner v. Perry*, 564 F.3d 424, 427 (6th Cir. 2009).

8. Doc. 191 at PageID #: 6283 n. 1 (“the Court declines to address the Lanham Act summary judgment issue in this opinion.”)

Appendix F

Plaintiffs' Fourth Amended Complaint stated:

If ShieldMark's Mighty Line floor marking tape product, when applied to a floor, comports with the pictorial illustration of its advertising, that product infringes the '664 patent as alleged in Count I. [...]

Pleading in the alternative, if ShieldMark's Mighty Line floor marking tape product does *not* comport with the pictorial illustration of its advertising in a manner so as to avoid infringement of the '664 patent, then such advertising is false[.]⁹

But Defendants admitted in their Answer that ShieldMark's Mighty Line floor marking tape does comport with the advertising that Plaintiffs referenced.¹⁰ Thus, the parties do not seem to dispute whether the tape differs from its advertising depictions.

If Plaintiffs indicate to Defendants and to the Court that they wish to continue with their false advertising claim, the Court **ORDERS** the parties to submit position papers explaining whether a basis for that claim exists. Plaintiffs should indicate in their position paper what advertising they allege to be false. Both parties should indicate whether they believe additional discovery will be necessary.

9. *Id.* at PageID #: 5268.

10. *See, e.g.*, Doc. 147 at PageID #: 5509-10.

*Appendix F***B. Inequitable conduct counterclaim**

Defendants have said that they wish to proceed with their inequitable conduct counterclaim against Plaintiffs.¹¹ “Inequitable conduct is an equitable defense to patent infringement that, if proved, bars enforcement of a patent.”¹²

But the Court has ruled that Plaintiffs do not have standing to enforce the patent and that, even if they did have standing, Plaintiffs’ patent is invalid and unenforceable.

The Court’s summary judgment decision seems to make Defendants’ inequitable conduct claim moot.¹³

Thus, the Court **ORDERS** the parties to explain in their position papers the basis on which the Court should or should not proceed with adjudicating Defendants’ counterclaim.

In their position papers, both parties should discuss whether an inequitable conduct claim can be brought against a party who no longer has an interest in the relevant patent—as is the case for Plaintiff Lowe—or

11. Doc. 198 at PageID #: 6338.

12. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir. 2011).

13. *See Malibu Media, LLC v. Ricupero*, 705 Fed. Appx. 402, 407 (6th Cir. 2017) (affirming dismissal of defendant’s declaratory judgment counterclaim as “redundant” to plaintiff’s claims.)

Appendix F

against a party who owns a patent but has no power to enforce it—as is the case for Plaintiff Spota LLC. Finally, the parties should state whether they believe any further discovery will be necessary.

IT IS SO ORDERED.

Dated: September 19, 2022

/s/ James S. Gwin
JAMES S. GWIN
UNITED STATES DISTRICT JUDGE

**APPENDIX G — OPINION AND ORDER OF THE
UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF OHIO,
FILED AUGUST 23, 2022**

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

Case No. 1:19-cv-748
[Resolving Docs. 148 & 169]

CLIFFORD A. LOWE, *et al.*,

Plaintiffs,

vs.

SHIELDMARK, INC., *et al.*,

Defendants.

Filed: August 23, 2022

OPINION & ORDER

JAMES S. GWIN, UNITED STATES DISTRICT
JUDGE:

With this opinion, the Court primarily considers whether Plaintiffs Clifford Lowe and InSite Solutions, LLC (“Insite North Carolina”) continue to have standing for this patent infringement lawsuit.

Appendix G

When Plaintiffs first brought this case, Lowe owned the relevant patent and InSite North Carolina owned an exclusive license. But in December 2021, and while Plaintiffs’ appeal was pending before the U.S. Court of Appeals for the Federal Circuit, Lowe sold his patent ownership to InSite North Carolina. Then, a week later, InSite North Carolina gave InSite Delaware—not a party in this case—a paid-up, permanent, and irrevocable, but non-exclusive, license.

InSite North Carolina’s license to InSite Delaware made no restrictions on InSite Delaware’s ability to sublicense the patent. While acknowledging that Lowe had earlier given InSite North Carolina all patent rights, Lowe alleges that InSite North Carolina granted Plaintiff Lowe a right to continue this litigation.

Because the Court finds that Plaintiffs Lowe and InSite Solutions, LLC (“InSite North Carolina”) do not have this patent’s exclusionary rights, they lack standing to continue this three-year-old patent infringement case, and the Court **DISMISSES** this action for lack of subject matter jurisdiction.

For alternative dismissal grounds, the Court **GRANTS** Defendants’ patent invalidity summary judgment motion.¹

1. *Cf. Golden Eye Media USA, Inc. v. Evo Lifestyle Prods. Ltd.*, No. 2021-2096, 2022 U.S. App. LEXIS 17145, 2022 WL 2232517, at *3 (Fed. Cir. June 22, 2022) (addressing additional argument “in the interest of thoroughness” and because court was “not the court of last resort”). However, in light of the Court’s conclusion that Plaintiffs lack standing, the Court declines to address the Lanham Act summary judgment issue in this opinion.

*Appendix G***I. Background**

The Plaintiffs and Defendants compete in the industrial floor marking tape field. This case began in 2019, when Plaintiffs Lowe and InSite North Carolina sued Defendants ShieldMark, Inc., Advanced Plastics, Inc., and Crown Equipment Corporation. Plaintiffs alleged the infringement of Patent No. 10,214,664 (“’664 Patent”). Defendants counterclaimed that the ’664 Patent is invalid. Defendants denied any infringement.

After issuing a *Markman* decision, this Court gave Defendants summary judgment after the Court construed the ’664 Patent as including elements that both sides acknowledged were not present in the alleged infringing products. Plaintiffs disagreed with the Court’s *Markman* construction of the ’664 Patent and took an appeal.

On appeal, the U.S. Court of Appeals for the Federal Circuit disagreed with this Court’s *Markman* construction.² The Federal Circuit found this Court’s patent interpretation incorrectly used the ’664 Patent’s specifications to put limits on the broader ’664 Patent’s claims. The Court of Appeals then vacated in part, remanded in part and affirmed in part this Court’s earlier rulings.³

2. Doc. 110.

3. Doc. 110.

Appendix G

Shortly after the Federal Circuit mandate issued, Plaintiffs filed a Fourth Amended Complaint⁴ that realleged an earlier-made Lanham Act claim that Plaintiffs had voluntarily dismissed before taking the appeal.⁵

On remand, the Court ordered supplemental summary judgement briefing on Defendants' unresolved patent invalidity counterclaim.

While that briefing was in progress, Defendants found that Plaintiff Lowe had arguably sold the '664 Patent. Defendants argued that the Court should dismiss this action because of a change in the '664 Patent's ownership.⁶

During earlier discovery, Defendants had requested discovery of all '664 Patent ownership materials.⁷ Despite its Rule 26 obligation to update discovery, Plaintiffs had not provided any amended discovery responses describing Lowe's ownership sale.⁸ The Court then ordered Plaintiffs to produce relevant ownership documents.⁹

In addition, although the documents revealed that there was a change in the '664 Patent's ownership while

4. Doc. 127.

5. Doc. 126.

6. Doc. 150.

7. Doc. 169 at 11.

8. *Id.*

9. Doc. 159.

Appendix G

Plaintiffs' appeal was pending before the Federal Circuit, Plaintiffs did not tell the Federal Circuit that there was an ownership change.

Now that the parties completed supplemental invalidity and standing briefing and the Court conducted oral argument,¹⁰ the Court resolves these issues below.

II. Article III Standing

Patents include various rights that can be divided and assigned, or retained in whole or part.¹¹ As the inventor, Lowe initially held all the rights but he alienated some or more of them through transfers, assignments, and licenses. However, “[w]hile parties are free to assign some or all patent rights as they see fit based on their interests and objectives, this does not mean that the chosen method of division will satisfy standing requirements.”¹²

In a patent infringement lawsuit, “[t]he touchstone of constitutional standing [. . .] is whether a party can establish that it has an exclusionary right in a patent that, if violated by another, would cause the party holding the

10. The Court conducted video oral argument on August 15, 2022.

11. *See Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1341 n.8 (Fed. Cir. 2007).

12. *Id.*

Appendix G

exclusionary right to suffer legal injury.”¹³ Exclusionary rights “involve the ability to exclude others from practicing an invention or to forgive activities that would normally be prohibited under the patent statutes.”¹⁴

The right to exclude needs be measured for each defendant.¹⁵ A plaintiff may have standing to sue some infringers but not others. If the accused infringer has or may obtain a license from a third party, the patent infringement plaintiff does not have exclusionary rights against that infringer, and does not have standing to sue that arguable infringer.¹⁶

The issue presented here is properly described as mootness: “[t]he question of whether the [c]ourt *loses* jurisdiction over a case where a plaintiff has standing at the outset.”¹⁷ Additionally, under Supreme Court precedent, “[t]he party invoking federal jurisdiction bears the burden of establishing [standing].”¹⁸

13. *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1265 (Fed. Cir. 2010).

14. *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1234 (Fed. Cir. 2019) (internal citations omitted).

15. *See WiAV Sols. LLC*, 631 F.3d at 1267.

16. *See Alfred E. Mann Found. For Sci. Rsch. v. Cochlear Corp.*, 604 F.3d 1354, 1361 (Fed. Cir. 2010) (citing *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1251 (Fed. Cir. 2000)).

17. *Pi-Net Int’l, Inc. v. Focus Bus. Bank*, 2015 U.S. Dist. LEXIS 44910, 2015 WL 1538259, at *2 (N.D. Cal. Apr. 6, 2015).

18. *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 561, 112 S. Ct. 2130, 119 L. Ed. 2d 351 (1992).

*Appendix G***A. Factual Background****i. Fourth Amended Complaint**

On June 6, 2022, Plaintiffs Lowe and InSite North Carolina filed the Fourth Amended Complaint.¹⁹ In that complaint, Plaintiffs alleged:

Lowe is the owner of all rights, title, and interest in and to the '664 Patent. [InSite North Carolina] is an exclusive licensee under the '664 Patent engaged in the manufacture, distribution and sales of floor marking tape pursuant to its license and under the name “Superior Mark.” Lowe and [InSite North Carolina] share rights of enforcement and recovery under the '664 Patent.²⁰

Plaintiffs now acknowledge that the Fourth Amended Complaint does not accurately reflect the June 6, 2022, patent-in-suit ownership.²¹

The Court describes the recently disclosed patent ownership documents below.

19. *See* Doc. 126.

20. Doc. 127 at 3.

21. Doc. 176 at 12.

*Appendix G***ii. The Patent Rights Assignment (Lowe to InSite North Carolina)**

On December 9, 2021, Lowe signed a contract with InSite North Carolina.²² In that contract, Lowe “[sold], assign[ed], convey[ed] and transfer[red]” to InSite North Carolina his “*entire right, title, and interest*” in the ’664 Patent.²³ Lowe also convey[ed] all of [his] rights arising under [. . .] any [. . .] United States laws [. . .], *including but not limited to any cause(s) of action and damages accruing prior to this assignment.*”²⁴

iii. The Patent License Agreement (InSite North Carolina to InSite Delaware)

One week later, on December 16, 2021, InSite North Carolina entered into a license agreement with InSite Solutions, LLC of Delaware (“InSite Delaware”).²⁵ InSite Delaware has never entered an appearance as a party in this case.

With the December 16, 2021 agreement, InSite North Carolina gave InSite Delaware:

[A] worldwide, *non-exclusive, fully transferable, fully sublicensable (through multiple tiers),*

22. Doc. 169-1.

23. *Id.* at PageID #: 6065.

24. *Id.* (emphasis added).

25. Doc. 169-2.

Appendix G

royalty-free, fully paid-up, perpetual, irrevocable, and non-terminable license under [’664 Patent] to practice any methods or systems described in or claimed by the [’664 Patent], and to make, have made, use, sell, and otherwise distribute, offer to sell, or import and export any technology, products or services described in or claimed, in whole or in part, by the [’664 Patent].²⁶

InSite North Carolina also granted to InSite Delaware an “exclusive option” to purchase the ’664 Patent for no additional cost.²⁷ If InSite Delaware exercises the option, InSite North Carolina agreed to give InSite Delaware “all causes of action (whether known or unknown or whether currently pending, filed, or otherwise).”²⁸

Also in the December 16, 2021 agreement between InSight North Carolina and InSight Delaware, InSite Delaware “acknowledges and agrees that Lowe [. . .] and [InSite North Carolina] retain the exclusive rights to elect to maintain, control, and settle [this litigation]. Lowe and [InSite North Carolina] also retain the exclusive rights to enforce the [’664 Patent] for recovery of damages for infringement prior to [December 16, 2021].”²⁹

26. *Id.* at PageID # 6071 (Section 2.1) (emphasis added).

27. *Id.* (Section 2.2).

28. *Id.*

29. *Id.* (Section 2.3).

*Appendix G***iv. InSite North Carolina’s Alleged Exclusive License to Lowe**

According to Plaintiffs’ brief, InSite North Carolina “granted Lowe the exclusive right to continue to assert infringement against alleged infringers of the ’664 Patent during his [InSight North Carolina’s] ownership of the ’664 Patent, expressly including against ShieldMark.”³⁰ Plaintiffs say that the InSite North Carolina-InSite Delaware agreement gives evidence of this license.³¹ Although Plaintiffs do not cite a specific provision, they presumably refer to the above-described section regarding the right to control this action. They also say that the license agreement was not in writing.³² They do not affirmatively state that there was an oral agreement.

B. Analysis**i. Plaintiff Lowe**

Plaintiff Lowe no longer has standing for this lawsuit. In the Lowe-InSite North Carolina agreement, Lowe gave up his entire interest in the ’664 Patent, including all causes of action. The Court finds Lowe’s arguments that he re-gained his ability to pursue this lawsuit unpersuasive. And, even if InSite North Carolina could transfer InSite

30. Doc. 176 at 7.

31. *Id.*

32. *Id.*

Appendix G

North Carolina's right to sue Defendants, the transfer would not give Lowe standing because InSite North Carolina had given Insite Delaware an unfettered ability to destroy InSite North Carolina's ability to exclude.

First, the Court finds that Lowe has not met his burden in proving that he is an exclusive licensee of the '664 Patent.³³ Although Lowe correctly notes that a license agreement need not be in writing,³⁴ Lowe has not presented adequate evidence that an exclusive license agreement exists.³⁵ He does not even affirmatively allege there was an oral exclusive license agreement. Lowe says that the InSite North Carolina-InSite Delaware agreement references Lowe's exclusive license, but it only references Lowe's purported ability to control this litigation, which is different from an exclusive license.

Additionally, the Court notes that InSite North Carolina's December 16, 2021 *non-exclusive license* grant to InSite Delaware would conflict with InSite Delaware's alleged earlier grant of an *exclusive license* to Lowe. This supports the Court's finding that Lowe's exclusive license

33. *Cf. W. Elec. Co. v. Pacent Reproducer Corp.*, 42 F.2d 116, 119 (2d Cir. 1930) (exclusive license agreement as including "the promise that the grantor will give no further licenses.").

34. *Waymark Corp. v. Porta Sys. Corp.*, 334 F.3d 1358, 1364 (Fed. Cir. 2003).

35. *Cf. Visioneer, Inc. v. KeyScan, Inc.*, 626 F. Supp. 2d 1018, 1025 (N.D. Cal. 2009) (finding insufficient evidence that license existed).

Appendix G

agreement does not exist or Plaintiffs' failed to sufficiently establish it to meet their burden here.³⁶

Second and more importantly, to the extent that Lowe maintained any right to continue this litigation, the right to sue—on its own—is not enough to satisfy the constitutional standing requirement. In *Morrow v. Microsoft Corp.*,³⁷ the Federal Circuit found that a plaintiff with a claimed “right to sue infringers” did not have standing when a different entity owned the patent and owned the “right to sell the patent, grant exclusive and nonexclusive licenses, grant the right to sublicense, or transfer any of the rights.”³⁸

Lowe sits in the same position as the *Microsoft* General Unsecured Creditors' Liquidating Trust (“GUCLT”). In *Microsoft*, the GUCLT had received “claims for . . . infringement of [the predecessor's] intellectual property rights.” As in *Microsoft*, a party loses standing where “the exclusionary rights have been separated from the right to sue for infringement.”³⁹ Since Lowe has kept no exclusionary rights in the '664 Patent, even if he did keep the right to prosecute this action, he does not have standing.

36. Because Lowe explicitly conveyed “any cause(s) of action,” Doc. 169-1 at PageID # 6065, this case is distinguishable from *MTS Sys. Corp. v. Hysitron, Inc.*, 2008 U.S. Dist. LEXIS 142850, 2008 WL 11463565, at *2 (D. Minn. Dec. 1, 2008)).

37. 499 F.3d 1332 (Fed. Cir. 2007).

38. *Id.* at 1342.

39. *Id.*

*Appendix G***ii. Plaintiff InSite North Carolina**

Since InSite North Carolina retained legal title to the '664 Patent, the question here is “whether the patent owner transferred away sufficient rights to divest it of any right to sue.”⁴⁰

As described in *Alfred E. Mann Found. for Sci. Rsch. v. Cochlear Corp.*,⁴¹ patent owners can give certain license rights away while keeping others. The *Mann* Court looked to an earlier Federal Circuit case establishing that when a patent owner gives up “all substantial rights” to an exclusive licensee, “the licensee becomes the owner of the patent for standing purposes and gains the right to sue on its own.”⁴² In that scenario, only the licensee has standing to sue; “the licensor may not.”⁴³

To determine whether the “licensor has transferred away sufficient rights to render an exclusive licensee the owner of a patent,” the *Mann* court gave a list of non-exhaustive factors that courts should consider. The Court wrote:

40. *Alfred E. Mann Found. For Sci. Rsch. v. Cochlear Corp.*, 604 F.3d 1354, 1359 (Fed. Cir. 2010).

41. 604 F.3d 1354 (Fed. Cir. 2010).

42. *Id.* at 1359-60 (discussing *Aspex Eyewear, Inc. v. Miracle Optics, Inc.*, 434 F.3d 1336 (Fed.Cir.2006)).

43. *Id.* at 1360.

Appendix G

Of course, transfer of the exclusive right to make, use, and sell products or services under the patent is vitally important to an assignment. [. . .]. We have also examined the scope of the licensee's right to sublicense, the nature of license provisions regarding the reversion of rights to the licensor following breaches of the license agreement, the right of the licensor to receive a portion of the recovery in infringement suits brought by the licensee, the duration of the license rights granted to the licensee, the ability of the licensor to supervise and control the licensee's activities, the obligation of the licensor to continue paying patent maintenance fees, and the nature of any limits on the licensee's right to assign its interests in the patent. [. . .]. Frequently, though, the nature and scope of the exclusive licensee's purported right to bring suit, together with the nature and scope of any right to sue purportedly retained by the licensor, is the most important consideration. [. . .]. It does not, however, preclude such a finding if the licensor's right to sue is rendered illusory by the licensee's ability to settle licensor-initiated litigation by granting royalty-free sublicenses to the accused infringers.⁴⁴

Even though the *Mann* court was considering a situation in which a patent owner gives an exclusive license,

44. *Id.* at 1360-1361.

Appendix G

unlike the non-exclusive license InSite North Carolina gave to InSite Delaware, the same logic applies. Here, the Court's determination (as discussed below) is that InSite North Carolina transferred "all substantial rights" to InSite Delaware.⁴⁵ And although InSite Delaware is positioned as the "owner" for standing purposes, InSite Delaware cannot sue because InSite Delaware holds only a non-exclusive license.

The Court finds that InSite Delaware would not have standing to sue after considering the factors described in the *Mann* decision.

To start, although InSite North Carolina or Lowe may control this litigation, that right is illusory since InSite North Carolina did not keep any authority over InSite Delaware's right to issue sublicenses. Multiple conditions of the InSite North Carolina-InSite Delaware agreement show that InSite Delaware could sublicense without restriction. Nothing in the agreement limits InSite Delaware's grant of sublicenses. And nothing limits InSite Delaware's ability to grant a license to Defendants.⁴⁶ Rather, InSite's Delaware sublicense is

45. *Cf. Uniloc 2017 LLC v. Google LLC*, 508 F. Supp. 3d 556, 565 (N.D. Cal. 2020) (quoting *Mann*, 604 F.3d at 1359) ("The determination of a 'patentee' is an all-or-nothing proposition: a patent has only one 'patentee' at a given time and cannot have 'multiple separate owners.'").

46. *Cf. Uniloc 2017 LLC*, 508 F. Supp. 3d at 568 (determining that non-party's ability to sublicense to defendants defeated standing).

Appendix G

“fully transferable, fully sublicensable [. . .], perpetual, irrevocable, and non-terminable.”⁴⁷

Furthermore, the InSite North Carolina-InSite Delaware agreement says that: “[InSite North Carolina] retain[s] the exclusive rights to enforce [the ’664 Patent] for recovery of damages for infringement *prior* to [December 16, 2021].”⁴⁸ By implication, this contract provision means that InSite North Carolina gave up its patent enforcement rights *after* December 16, 2021.

Lastly, the InSite North Carolina—InSite Delaware agreement gives InSite Delaware a paid-up license with no future financial obligations to InSite North Carolina. The unrecallable InSite Delaware license also goes against InSite North Carolina’s continued standing. The license is “royalty-free” and “fully-paid up.”⁴⁹ The agreement also provides InSite Delaware a no-cost option to purchase title to the ’664 Patent, upon which “all causes of action” would transfer to InSite Delaware.⁵⁰

C. Dismissal with Prejudice

The Federal Circuit has held that “dismissal with prejudice is generally inappropriate where the standing

47. Doc. 169-2 at 2 (Section 2.1).

48. Doc. 169-2 at 3 (Section 2.3) (emphasis added).

49. Doc. 169-2 at 2 (Section 2.1).

50. *Id.* at 2-3 (Section 2.2).

Appendix G

defect can be cured.”⁵¹ But here, the Court finds that both Plaintiffs lack standing—and pleading different facts will not change that result. This Court’s ruling flows from the Court’s analysis of the underlying patent ownership documents. And because InSite Delaware is third-party nonexclusive licensee, any amendment to include InSite Delaware would not cure the standing defect.⁵² Accordingly, the Court dismisses this case with prejudice.

III. Invalidity

In the alternative, the Court would grant summary judgment to Defendants on the grounds that the ’664 Patent is invalid as anticipated by U.S. Patent 6,120,395 (“Dorenbusch”).

A. ’664 Patent Construction

The Federal Circuit explained and construed the ’664 Patent as follows:

[The] ’664 Patent is directed to an improved floor marking tape. The specification explains that existing tape was “prone to being caught

51. *Sicom Sys., Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971, 980 (Fed. Cir. 2005); *see also Great Lakes Intell. Prop. Ltd. v. Sakar Int’l, Inc.*, 516 F. Supp. 2d 880, 893 (W.D. Mich. 2007).

52. *Cf. id.* at 976 (citing *Rite-Hite Corp. v. Kelley Co., Inc.*, 56 F.3d 1538, 1552 (Fed. Cir. 1995)) (“A nonexclusive license confers no constitutional standing on the licensee to bring suit or even to join a suit with the patentee because a nonexclusive licensee suffers no legal injury from infringement.”).

Appendix G

on floor cleaning devices or skids.” ’664 Patent, col. 1 ll. 28-30. The patented invention purports to solve that problem by disclosing tape with features that prevent it from “unintentional lifting and delamination” from the floor. *Id.* Abstract. The “[t]ape 10 generally includes a body 20 having an upper surface 22 and a lower surface 24.” *Id.* col. 2 ll. 19-24. The body has a “pair of lateral edges” that are “smoothly beveled,” thus “prevent[ing] tape 10 from being unintentionally lifted.” *Id.* col. 1 ll. 42-43; col. 2 ll. 23-27.

[. . .]

Claims 1 and 11 are the only independent claims. Claim 1 reads as follows:

1. A floor marking tape adhered to a floor wherein the floor marking tape establishes a boundary on the floor; the combination comprising:

a floor having an uppermost surface; the uppermost surface of the floor configured to support personnel and equipment thereupon;

a floor marking tape having a body that has an upper surface and a lower surface; the lower surface facing the uppermost surface of the floor to which the floor marking tape is adhered

113a

Appendix G

such that the body of the floor marking tape is disposed above the uppermost surface of the floor;

the body of the floor marking tape having a longitudinal direction;

the body of the floor marking tape having first and second ***lateral edge portions*** disposed in the longitudinal direction; each of the first and second ***lateral edge portions*** having an upper surface and a lower surface;

each of the first and second ***lateral edge portions*** having a width defined in a direction perpendicular to the longitudinal direction;

the upper surface of each ***lateral edge portion*** comprising an extension of the upper surface of the body;

the lower surface of each ***lateral edge portion*** ***being a flat coplanar extension*** of the lower surface of the body;

the entire body of each ***lateral edge portion*** being tapered with the upper surface of the first ***lateral edge portions*** extending to the lower surface of the first ***lateral edge portions*** and the upper surface of the second ***lateral edge portions*** extending to the lower surface of the second ***lateral edge portions***;

Appendix G

each of the first and second ***lateral edge portions*** having a maximum height that is less than its width; and

an adhesive securing the lower surface of the body to the uppermost surface of the floor to establish a boundary.

Id. col. 5 ll. 2-36 (emphases added).

Claim 11 similarly recites a “a floor marking tape adhered to a floor” with a “body” and tapered “***lateral edge portions***.” *Id.* col. 6 ll. 1-36 (emphasis added).

Claims 10 and 20 depend from claims 1 and 11, respectively. They each recite that the tape has “a ***central body portion*** disposed between the first and second ***lateral edge portions***.” *Id.* col. 5 ll. 61-67 (emphasis added); col. 6 ll. 61-67 (emphasis added).

All of the remaining asserted claims depend from one of the above noted independent claims.⁵³

The Federal Circuit “adopt[ed] Lowe’s construction” of three disputed claim terms.⁵⁴ Accordingly, this Court construes these claim terms consistent with the Federal Circuit construction:

53. Doc. 110 at 3-5.

54. *Id.* at 16.

Appendix G

- ***Lateral edge portion*** to mean “a portion of the tapered edges of the tape body[;]”⁵⁵
- ***Lower surface of each lateral edge portions being a flat coplanar extension of the lower surface of the body*** to mean “the bottom surfaces of the lateral edge portions are flat, lie in the same plane, and define an extension of the lower surface of the body[;]”⁵⁶ and
- ***Central body portion*** to mean the “portion of the tape that extends along and on each side of the body’s centerline.”⁵⁷

B. Legal Standard

A court will grant a motion for summary judgment “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.”⁵⁸ There is a genuine dispute as to a material fact when the “evidence is such that a reasonable jury could return a verdict for the nonmoving party.”⁵⁹

55. *Id.* at 11.

56. *Id.* at 14.

57. *Id.* at 16.

58. Fed. R. Civ. P. 56(a).

59. *Peffer v. Stephens*, 880 F.3d 256, 262 (6th Cir. 2018) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986)).

Appendix G

Patents are presumed valid.⁶⁰ This presumption can only be overcome by clear and convincing evidence.⁶¹ “Thus, a moving party seeking to invalidate a patent at summary judgment must submit such clear and convincing evidence of invalidity so that no reasonable jury could find otherwise.”⁶²

C. Anticipation

Under Federal Circuit precedent, “[a] patent is invalid for anticipation if a single prior art reference discloses each and every limitation of the claimed invention.”⁶³ “[A] prior art reference may anticipate without disclosing a feature of the claimed invention if that missing characteristic is necessarily present, or inherent, in the single anticipating reference.”⁶⁴ For prior art to anticipate a claim, “it must be sufficient to enable one with ordinary skill in the art to

60. *See* 35 U.S.C. § 282(a).

61. *Eli Lilly & Co. v. Barr Labs.*, 251 F.3d 955, 962 (Fed. Cir. 2001).

62. *Id.*

63. *Schering Corp. v. Geneva Pharms., Inc.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003); *see also Encyclopaedia Britannica, Inc. v. Alpine Elecs. of Am., Inc.*, 609 F.3d 1345, 1349 (Fed. Cir. 2010) (“While anticipation is a question of fact, it may be decided on summary judgment if the record reveals no genuine dispute of material fact.”).

64. *Id.*

Appendix G

practice the invention.”⁶⁵ And, Federal Circuit decisions acknowledge that a prior art reference need not use the same language as a patent claim.⁶⁶

D. Dorenbusch

Dorenbusch concerns a temporary spot marker used on a floor surface like a basketball court.⁶⁷

Dorenbusch purports to solve the problem of players tripping on the tape,⁶⁸ and accordingly, specifies that the makers have specific edges:

To further aid in making the sport marker non-interfering, all peripheral edges are beveled downwardly to present a gently rising edge area. Preferably, the peripheral edges are angled downwardly towards the floor to create an about 30 degree to about 60 degree angles to the horizontal.⁶⁹

65. *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002).

66. *See, e.g., In re Gleave*, 560 F.3d 1331, 1334 (Fed. Cir. 2009).

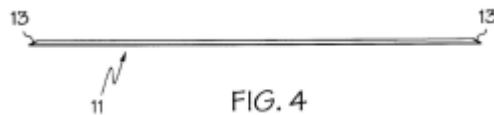
67. Doc. 77-2. col 1:11-28.

68. *Id.* col 2: 54-56.

69. *Id.* col. 2:60-65.

Appendix G

The Dorenbusch marker is depicted in the below Figure 4, which is “a side elevational view” of the Dorenbusch marker.⁷⁰



Additionally, Dorenbusch discusses using an adhesive on the underside of the marking tape but does not require an adhesive bottom surface. Dorenbusch teaches that: “[A] thin layer of adhesive can be applied to the underside of each spot marker.”⁷¹

And, the Dorenbusch claim 1 reads:

[E]ach said individual spot marker further having (i) a substantially flat low profile with a thickness of from about 100 mils to about 300 mils, (ii) peripheral edges beveled downwardly at an about 30 degree to about 60 degree angle to the horizontal, (iii) a non-slip bottom surface for resisting lateral forces, and (iv) a textured top surface, whereby each said individual spot marker when placed on the surface resists lateral forces to remain in place yet is readily lifted from the surface for movement to another area or storage.⁷²

70. *Id.* col. 2:3-4. Figure 6 similarly depicts the side-view of a differently shaped marker. *See id.* at col. 2:7-8.

71. *Id.* col. 3:15-16.

72. *Id.* col. 4:7-16. Claims 7 and 11 both include the same claim elements.

*Appendix G***E. Analysis**

Defendants argue that Dorenbusch anticipates the at-issue '664 Patent claims. In a chart, Defendants allege that every element of the asserted claims is found in Dorenbusch.⁷³

Both in the initial⁷⁴ and post-remand summary judgment briefing,⁷⁵ the only '664 Patent claim element Plaintiffs contend that Dorenbusch does not teach is: “the upper surface of each *lateral edge portions* [comprises] an extension of the upper surface of the body.”⁷⁶ Plaintiffs say this is evident from Dorenbusch Figure 4 (reproduced above), which shows that “the edges 13 are sharply cut and are separate and distinct from the top surface of the marker, rather than being an extension of the top surface as required by the claims of the '664 Patent.”⁷⁷ Plaintiff Lowe provides a declaration that offers the same observations based on Figure 4.⁷⁸ Plaintiffs argue that this is an important functional difference because the '664 Patent’s “smooth transition at the edge” keeps a tape in place when heavy industrial equipment is dragged over it.⁷⁹

73. Doc. 135-1.

74. Doc. 80 at PageID # 4121-4122.

75. Doc. 155 at PageID # 5906-07.

76. This element is in both independent claims 1 and 11.

77. Doc. 80 at PageID # 4121; Doc. 155 at PageID # 5906.

78. Doc. 80-10 at PageID # 4163 ¶ 7.

79. Doc. 155 at PageID # 5906.

Appendix G

The Court finds Plaintiffs' argument unpersuasive. Even accepting Plaintiffs' construction of the claim that "the upper surface of each ***lateral edge portions*** [comprises] an extension of the upper surface of the body," to mean that "the upper surface of each lateral edge portion is an extension of the upper surface of the body which is tapered such as to extend to the lower surface of the first ***lateral edge portions***,"⁸⁰ the Dorenbusch patent teaches the edge portion by clear and convincing evidence.

Put simply, nothing in Dorenbusch suggests that there are "four separate and distinct surfaces." To the contrary, Dorenbusch teaches that "all peripheral edges are beveled downwardly to present a *gently rising edge area*."⁸¹ In this context, the phrase "beveled downwardly" is synonymous with the Federal Circuit's construction of ***lateral edge portions***, meaning "the tapered edges of the tape body"—or even more simply, an edge that gets thinner as it approaches the floor.

Further, Plaintiffs' interpretation of Dorenbusch would require that the lateral edges be angled at roughly 90 degrees since Plaintiffs say Dorenbusch's edges are "sharply cut" and comprise a "distinct surface[]." However, this argument disregards Dorenbusch's specification and claim language. Dorenbusch says, "the peripheral edges are angled downwardly towards the floor to create an about 30 degree to about 60 degree

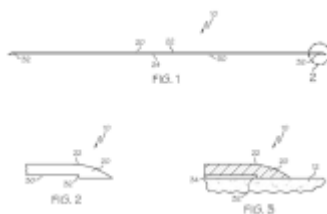
80. *Id.*

81. Doc. 77-2. col. 2:61-62 (emphasis added).

Appendix G

angle to the horizontal.”⁸² Dorenbusch also adds that “all peripheral edges are beveled downwardly to present a *gently rising edge area*.”⁸³ Plaintiffs provided no argument related to these Dorenbusch aspects.

It is true that Dorenbusch Figure 4 (reproduced above) does not depict the sloped '664 edge that is depicted below in '664 Patent Figures 1, 2 and 3.⁸⁴



But Dorenbusch Figure 4 does not depict a sharp slope as Plaintiffs allege; rather, the drawing does not zoom in on the edge portion.

Finally, Plaintiffs say that Dorenbusch is not prior art because of the different intended uses of the Dorenbusch markers and the '664 Patent floor tape. In particular, Plaintiffs point out that the Dorenbusch system is meant to be easily lifted after being used,⁸⁵ while the '664 specification describes a tape that is less

82. *Id.* col. 2:63-65.

83. *Id.* col. 2:62 (emphasis added).

84. Doc. 44-1. figs. 1-3.

85. Doc. 77-2. col. 1:29-34.

Appendix G

easily rearrangeable.⁸⁶ But this argument distracts from the proper anticipation inquiry, which turns on whether Dorenbusch discloses the claim elements and whether a person skilled in the art would infer the '664 Patent from Dorenbusch. And on that matter, the Court finds that Dorenbusch and the '664 Patent have similar intended uses: A marking that does not slip when in use but is nonetheless not permanent. The '664 Patent teaches a tape that is meant to avoid “unintentional lifting;”⁸⁷ this suggests that the '664 Patent tape may be lifted intentionally.

IV. Other Summary Judgment Issues and Sanctions

Having determined that Plaintiffs lack standing and that the '664 Patent is invalid based on Dorenbusch, the Court declines to address the remaining issues on summary judgment in this opinion. The Court also declines to impose sanctions on Plaintiffs at this time, but Defendants may later renew their motions.

V. Conclusion

The Court **DISMISSES** this action for lack of subject matter jurisdiction with prejudice. In the alternative, the Court **GRANTS** Defendants' patent invalidity summary judgment motion.

86. Doc. 155 at PageID #: 5907 (citing Doc. 44-1. *Abstract*).

87. Doc. 44-1. *Abstract*.

123a

Appendix G

IT IS SO ORDERED

Dated: August 23, 2022

/s/ James S. Gwin

JAMES S. GWIN

UNITED STATES DISTRICT JUDGE

**APPENDIX H — ORDER FOR REHEARING OF
THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT, FILED MAY 12, 2025**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2023-1786, 2023-1871, 2023-1893

CLIFFORD A. LOWE, SPOTA LLC,
FKA INSITE SOLUTIONS, LLC,

Plaintiffs-Appellants

v.

SHIELDMARK, INC., CROWN EQUIPMENT
CORPORATION, ADVANCED PLASTICS, INC.,

Defendants-Cross-Appellants

Appeals from the United States District Court for the
Northern District of Ohio in No. 1:19-cv-00748-JG, Judge
James S. Gwin.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

Before MOORE, *Chief Judge*, LOURIE, BRYSON¹, DYK,
PROST, REYNA, TARANTO, CHEN, HUGHES, CUNNINGHAM,
and STARK, *Circuit Judges*.²

1. Circuit Judge Bryson participated only in the decision on the petition for panel rehearing.

2. Circuit Judge Newman and Circuit Judge Stoll did not participate.

125a

Appendix H

PER CURIAM.

ORDER

Clifford A. Lowe and Spota LLC filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

FOR THE COURT

May 12, 2025
Date

/s/ Jarrett B. Perlow
Jarrett B. Perlow
Clerk of Court