No.

IN THE

Supreme Court of the United States

APPLE INC.,

Petitioner,

v.

INTERNATIONAL TRADE COMMISSION, MASIMO CORPORATION, and CERCACOR LABORATORIES, INC.,

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

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QUESTIONS PRESENTED

To protect American industry, Congress has granted the ITC the power to ban the importation of articles that infringe a patent. The statutory threshold for exercising this power is the patentee must show a "domestic industry" in articles protected by the patent.

The Federal Circuit has lowered the bar to meet that requirement. Here, it affirmed—based on a rationale the agency never provided—a ban on Apple Watches with pulse oximetry to protect a patentee that barely sold a consumer product that used the patents. In so doing, the court held the patentee could show "significant employment of labor or capital" under 19 U.S.C. §1337(a)(3)(B) by pointing to nascent R&D investments, even though R&D is expressly covered by §1337(a)(3)(C). The effect was to subject the R&D investments to less rigorous scrutiny than is required by §1337(a)(3)(C). Because few ITC cases result in an appellate decision, this case is a rare opportunity to resolve the scope of Subparagraph (B), which even the ITC has called an issue of exceptional importance.

The questions presented are:

1. Whether a patentee fails to establish "significant employment of labor or capital" "with respect to the articles protected by the patent" under 19 U.S.C. §1337(a)(3)(B) where the patentee's investment falls into one of three uses listed only in §1337(a)(3)(C).

2. Whether the Federal Circuit's affirmance of an agency decision where (1) the court's rationale does not appear in the agency's opinion and (2) the agency's result was not required by law is contrary to *SEC* v. *Chenery Corp.*, 318 U.S. 80 (1943), and its progeny.

PARTIES TO THE PROCEEDING

The following list provides the names of all parties to the proceedings below:

Petitioner Apple Inc. (AAPL)

Respondent United States International Trade Commission

Respondent Masimo Corporation (MASI)*

Respondent Cercacor Laboratories, Inc. (now doing business as Willow Laboratories).

RULE 29.6 STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, Petitioner Apple Inc. states that it has no parent corporation and no publicly held corporation owns 10% or more of its stock.

DIRECTLY RELATED PROCEEDINGS

The following cases are related to this proceeding under Rule 14.1(b)(iii):

Apple Inc. v. *International Trade Commission*, 169 F.4th 1363 (Fed. Cir. Mar. 19, 2026), *reh'g denied* July 21, 2026.

In re Certain Light-Based Physiological Measurement Devices and Components Thereof, No. 337-TA-1276. ALJ's Final Initial Determination (ITC Jan. 10, 2023); Commission Opinion (ITC Oct. 26, 2023).

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* While the underlying proceedings were pending, Danaher Corporation (DHR) acquired Masimo Corporation.

In re Certain Light-Based Physiological Measurement Devices and Components Thereof, No. 337-TA-1276 (ITC). ALJ's Recommended Determination on Modification and Enforcement Initial Determination (ITC Mar. 18, 2026); *determination not to review* (ITC Apr. 17, 2026); *appeal docketed* No. 26-1955 (Fed. Cir. June 22, 2026).

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PETITION FOR A WRIT OF CERTIORARI

INTRODUCTION

Congress has granted the International Trade Commission enormous power with asymmetric risks for the parties involved. The Commission can place a total ban on the importation of a product if it concludes that the product infringes a single U.S. patent—even without a finding that the patentee will suffer irreparable harm. *Spansion* v. *ITC*, 629 F.3d 1331, 1358-1359 (Fed. Cir. 2010). And a patentee risks little by seeking this relief from the Commission, as the Commission's rulings on patent issues have no preclusive effect in other forums. *Texas Instruments Inc.* v. *Cypress Semiconductor*

Corp., 90 F.3d 1558, 1569 (Fed. Cir. 1996). By contrast, a business threatened with exclusion from the U.S. market risks a great deal.

Because the Commission is "fundamentally a trade forum, not an intellectual property forum," *John Mezzalingua Assocs., Inc.* v. *ITC*, 660 F.3d 1322, 1328 (Fed. Cir. 2011), the *sine qua non* for a patentee attempting to invoke the Commission's authority is to first establish that it has or is establishing a domestic industry—i.e., invested money or resources in the United States to put its patent to work. *See* 19 U.S.C. §1337(a)(2)-(3). For example, while a non-practicing entity can seek to vindicate its intellectual property rights in other fora, the Commission's doors are only open to patentees that have made a significant or substantial domestic investment in a patent-practicing article or in the patent itself.

As the Commission has explained, this domestic-industry requirement "serves a critical gate-keeping role in unfair trade practices … [that] ensures that th[e] exceptional relief [of excluding goods from the United States] is available to only domestic industries." ITC Petition for Rehearing at 3, *Lashify, Inc.* v. *ITC*, No. 23-1245 (Fed. Cir. 2025), Dkt. 117 ("ITC *Lashify* Pet."). Not only is the requirement essential for rationally allocating authority between a specialized international-trade tribunal and Article III courts that definitively resolve patent disputes, but at least one court has suggested that the domestic-industry requirement saves the Commission from violating Article III. *See NJOY, LLC* v. *ITC*, -- F.Supp.3d --, 2026 WL 1697073, at *5-*6 (E.D. Va. June 11, 2026).

The domestic-industry requirement contains two "prongs." The "technical" prong requires the patentee to identify a product that practiced the asserted patent at the time of the complaint. App.9a-10a. The "economic" prong requires the patentee to show it made certain kinds of meaningful investments or expenditures in the product that practices the patent—i.e., (A) "significant investment in plant and equipment" or (B) "significant employment of labor or capital"—or (C) "substantial investment" in the exploitation of the patent itself, including "research and development." App.20a-21a. Together, these two parallel requirements ensure that only patentees that have made a meaningful effort to contribute to American industry can enlist a specialized international-trade tribunal to ban a potential competitor's products.

Two recent Federal Circuit decisions have weakened the domestic-industry requirement (and the economic prong in particular) in ways that expand the Commission's remit and defy statutory text. In 2025, the Federal Circuit's *Lashify* decision interpreted Subparagraph (B)'s "labor or capital" provision to cover essentially ***any*** such investment with a loose connection to a patented article, no matter how tangential to American industry. *Lashify, Inc.* v. *ITC*, 130 F.4th 948, 958-960 (Fed. Cir. 2025). The Commission itself has criticized *Lashify* as "upend[ing] Congress's careful balance between U.S. industries and importers" and violating a "cardinal rule" of statutory interpretation. *See* ITC *Lashify* Pet. 2-3.

In this case, the Federal Circuit revealed that the interpretation it premiered in *Lashify* went even further than the facts of *Lashify* would suggest. Specifically, the court concluded that, under *Lashify*, Subparagraph (B) extends to "research and development" expenses, which are expressly (and only) covered by Subparagraph (C). *E.g.*, App.20a-21a. As the Commission itself explained last year, this interpretation of Subparagraph (B) is a natural (and wholly flawed) extension of *Lashify* itself—reading the provision to cover "***all*** labor and capital without any limitation … renders [Subparagraph C] superfluous." ITC *Lashify* Pet. 9-10 (quotation marks omitted; emphasis in original). Put simply, the decision below allows Subparagraph (B) to swallow Subparagraph (C) whole.

Subparagraph (B)'s scope is a pure question of law, was directly passed on by the Federal Circuit in this case, and is, in the Commission's own words, of "exceptional importance." ITC *Lashify* Pet. 3. Every entity seeking to invoke the Commission's exclusionary power must establish a domestic industry as a threshold matter—or resign themselves to filing their case solely in federal court and running the risks of collateral estoppel. It is undisputed in this case that (1) the Commission found the patentee satisfied the economic prong solely under the "labor or capital" provision, notwithstanding (2) the patentee's case relied entirely on research and development expenses. And respondents agree that the Federal Circuit's judgment rested solely on Subparagraph (B). *See* Masimo Resp. to Pet. for Reh'g 5; ITC Resp. to Pet. for Reh'g 15.

Tellingly, Respondents Masimo Corporation and Cercacor Laboratories Inc. (collectively "Masimo") did not even attempt to raise an argument under Subparagraph (C) (and have never argued they could satisfy that provision's more demanding requirements)—likely because that provision carries a demanding nexus standard that would have required Masimo to link research and development expenditures to a specific patent claim. *See, e.g.*, *In re Certain Soft Projectile Launching Devices*, 2025 WL 4034246, at *21 (ITC Dec. 18, 2025).

Masimo could not have satisfied that requirement here, as it conceded that at least some of its investments were in products that "do not practice the patents." App.22a-23a; *see Certain Soft Projectile*, 2025 WL 4034246, at *21 (holding Subparagraph (C) not satisfied where "at least some of [patentee's] investments [we]re unrelated to the patent claims"). Accordingly, a ruling in Apple's favor would require reversal.

This Court should not wait any longer to resolve this fundamental question of agency power. The Federal Circuit's decision here is precedential, but future decisions likely will not be—and the Commission's rulings may be affirmed without explanation. *See* Fed. Cir. R. 36(a). Perhaps for that reason, this Court has taken up similar decisions addressing splitless statutory interpretation questions that implicate the Federal Circuit's exclusive jurisdiction. *E.g.*, *SAS Institute Inc.* v. *Iancu*, 584 U.S. 357 (2018); *Cuozzo Speed Techs. LLC* v. *Lee*, 579 U.S. 261 (2016); *Samsung Electronics Co.* v. *Apple Inc.*, 580 U.S. 53 (2016). Apple accordingly submits that this Court should grant certiorari.

At a bare minimum, this Court should summarily reverse the Federal Circuit for its failure to abide by *Chenery* principles. The Federal Circuit affirmed the Commission here based on facts never found—and reasoning never provided—by the agency, in violation of the principle that an appellate court may not affirm "based on a legal rationale different from the one adopted by the" agency. *Calcutt* v. *FDIC*, 598 U.S. 623, 624 (2023) (per curiam). Just as in *Calcutt*, this Court should summarily reverse the Federal Circuit for violating the *Chenery* principle if the Court does not grant review of the first question presented.

OPINIONS BELOW

The Federal Circuit's opinion (App.1a-38a) is reported at 169 F.4th 1363. The Federal Circuit's decision denying rehearing *en banc* (App.575a-576a) is unreported.

The ALJ's final initial determination (App.183a-574a) is unreported. The ITC's decision on review (App.39a-182a) is also unreported, but available at 2023 WL 8109999.[1]

JURISDICTION

The Federal Circuit issued its judgment on March 19, 2026. Apple timely filed a petition for rehearing, which was denied on July 21, 2026. This Court has jurisdiction pursuant to 28 U.S.C. §1254(1).

STATUTES INVOLVED

19 U.S.C. §1337(a)(2) provides: "Subparagraphs (B), (C), (D), and (E) of paragraph (1) apply only if an industry in the United States, relating to the articles protected by the patent … exists or is in the process of being established."

19 U.S.C. §1337(a)(3) provides: "For purposes of paragraph (2), an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles protected by the patent …—

(A) significant investment in plant and equipment;

[1] The ALJ's and ITC's rulings both contain redactions. Because nothing in this petition turns on the redacted material, the petition's appendix reproduces only the public versions of the two decisions (including typographical errors appearing in the original).

(B) significant employment of labor or capital; or

(C) substantial investment in its exploitation, including engineering, research and development, or licensing.

STATEMENT

A. Statutory Background And History

Section 1337 "is an enforcement statute enacted by Congress to stop at the border the entry of goods … that are involved in unfair trade practices." *Suprema, Inc.* v. *ITC*, 796 F.3d 1338, 1345 (Fed. Cir. 2015). As relevant here, the statute "makes unlawful the importation of articles that infringe a valid and enforceable United States patent, but only if a domestic industry 'relating to the articles protected by the patent … exists or is in the process of being established.'" *John Mezzalingua Associates, Inc.* v. *ITC*, 660 F.3d 1322, 1324 (Fed. Cir. 2011) (quoting 19 U.S.C. §1337(a)).

The domestic-industry requirement has two parts. Under the technical prong, "the complainant must establish that it practices at least one claim of the asserted patent," meaning the patentee must "identify actual articles protected by the patent." *Broadcom Corp.* v. *ITC*, 28 F.4th 240, 249-250 (Fed. Cir. 2022) (quotation marks omitted); *see* 19 U.S.C. §1337(a)(2). Under the economic prong, "the complainant must demonstrate that [the patentee's] investment in the protected article is significant or substantial," depending on the subparagraph involved. *See Broadcom*, 28 F.4th at 250 (quotation marks omitted); 19 U.S.C. §1337(a)(3).

The domestic-industry requirement is not just a statutory *sine qua non* but the justification for involving an international-trade tribunal in an intellectual property dispute. As the Commission has described it, the requirement "is an essential component" of a patentee's case and one that "is central to Section [1]337's purpose as a trade remedy statute." U.S. ITC, A CENTENNIAL HISTORY OF THE USITC 353 (2017). While the "industry" requirement is roughly a century old, the original statutory text "did not describe how a complainant could go about" meeting its burden. *John Mezzalingua*, 660 F.3d at 1327. It instead broadly "required proof that … the challenged importation of articles into the United States had the effect or tendency to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry." *InterDigital Commc'ns, LLC* v. *ITC*, 707 F.3d 1295, 1300 (Fed. Cir. 2013) (quotation marks omitted).

The Commission historically interpreted Section 1337's language to require "showing a significant investment in manufacturing facilities or a significant employment of labor or capital." *John Mezzalingua*, 660 F.3d at 1327. Under this view of the law, proving an "industry" generally required a showing that the patentee was engaged in "the domestic manufacture or production of the patented product by the patentee or his licensee." *Schaper Mfg. Co.* v. *ITC*, 717 F.2d 1368, 1372 (Fed. Cir. 1983), *abrogated by Lashify, Inc.* v. *ITC*, 130 F.4th 948 (Fed. Cir. 2025).

In the 1980s, "proposals were introduced in Congress to expand the coverage of section [1]337 so that it would provide protection for American industries that did not manufacture products but were engaged in engineering, research and development, or licensing of the technology that others used to make products." *InterDigital*, 707 F.3d at 1300. In 1988, Congress codified the

Commission's existing tests for "industry" in Section 1337(a)(3)(A)-(B) while adding a new category in Section 1337(a)(3)(C) that encompasses the "exploitation" of intellectual property with "proof of non-manufacturing activity, such as licensing and research." *See John Mezzalingua*, 660 F.3d at 1327-1328; *accord* ITC *Lashify* Pet. 16 (asserting that 1988 enactment of Subparagraphs (A) and (B) "codified the Commission's pre-existing meaning of 'industry'").[2] The new Subparagraph (C) instituted guardrails that prevent a patent owner with no other connection to the United States from invoking the Commission's powers—any investments must be both "substantial" and an "exploitation" of the patent itself. 19 U.S.C. § 1337(a)(3)(C).

The modern Section 1337(a)(3) thus includes three alternative ways a patentee can satisfy the economic prong. The patentee must show that "with respect to the articles protected by the patent," there has been:

(A) significant investment in plant and equipment;

(B) significant employment of labor or capital; or

(C) substantial investment in [the patent's] exploitation, including engineering, research and development, or licensing.

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[2] Before the *Lashify* petition, the Commission's decisions relied on, *inter alia*, "legislative history" to take the position that "Congress did not intend to limit subsections (A) or (B) to manufacturing activities in the United States." *E.g.*, *In re Certain Solid State Storage Drives*, 2018 WL 4300500, at *5-*7 (ITC June 29, 2018) (considering "research and development" expenditures under Subparagraph (B)).

19 U.S.C. §1337(a)(3).[3]

For many years, the Commission interpreted Subparagraph (B) in accordance with its statutory precursor. In particular, while the Commission sometimes considered investments in marketing and sales as part of the domestic industry analysis under Subparagraph (B), it was "well-settled that evidence of sales and marketing investments alone are not sufficient to demonstrate the existence of a domestic industry." *In re Matter of Certain Collapsible Sockets*, 2018 WL 7680630, at *11 (ITC July 9, 2018). This interpretation of the domestic industry requirement relied at least in part on how the Commission had interpreted the word "industry" prior to the 1988 law. The Commission, for example, has cited *Schaper* for the proposition that "sales and marketing" expenses are "not typically credited … when determining whether a domestic industry exists." *In re Certain Bone Cements*, 2021 WL 287860, at *11-*12 (ITC Jan. 25, 2021); *cf. Lashify*, 130 F.4th at 958 (noting Commission's interpretation of Subparagraph (B) relied, *inter alia*, on *Schaper* and "the Commission's practice before" the 1988 amendment).

Last year, the Federal Circuit significantly relaxed the domestic-industry requirement by rejecting the Commission's longstanding view that Subsection (B) does not extend to, for example, sales and marketing investments and—in the process—interpreted Section 1337(a)(3)(B) to cover "significant use of labor and capital without any limitation on the use within an enterprise

[3] Section 1337 protects a range of intellectual property beyond patents, including trademarks and copyrights. *See* 19 U.S.C. §1337(a)(2). For simplicity, this petition focuses on the exploitation of patent rights when discussing Subparagraph (C)'s scope.

to which those items are put." *Lashify*, 130 F.4th at 958 (quotation marks omitted). In that case, the Federal Circuit focused on "sales, marketing, warehousing, quality control, [and] distribution" expenditures. *Id.* It did not expressly address whether Subparagraph (B)'s general language ***also*** covers the specific activities separately referenced in Subparagraph (C).

As commentators recognized, *Lashify* "significantly expand[ed] what activities can establish a 'domestic industry' under Section [1]337." *E.g.*, Crouch, *Federal Circuit Offers Another Important Expansion of the Domestic Industry Requirement*, PatentlyO (Mar. 6, 2025)[4]; *see also* Davis, *More ITC Patent Cases Expected After Fed. Circ. 'Sea Change'*, Law360 (Mar. 11, 2025).[5] That dramatic expansion was not lost on the Commission, which sought rehearing *en banc*, arguing that the Federal Circuit had overlooked "the statute's plain language and purpose to provide trade relief to only U.S. industries." ITC *Lashify* Pet. 1.

In its *Lashify* petition, the Commission explained that "the terms 'labor or capital' in section 337(a)(3)(B) [must] be read in light of section [1]337 as a whole." ITC *Lashify* Pet. 6. For example, the Commission explained, reading Subparagraph (B) to mean "'***all*** labor and capital …' related to the protected articles is within the scope of Section [1]337(a)(3)(B) … renders Section [1]337(a)(3)(C) superfluous." *Id.* at 9 (emphasis in original). The Commission further argued:

> If Congress had understood sections [1]337(a)(3)(A) and (B) to include ***all*** 'plant and

[4] https://tinyurl.com/4rs87jch

[5] https://tinyurl.com/4aw2f5tr

> equipment' and 'labor or capital,' there would have been no reason in 1988 for Congress to add section [1]337(a)(C), which credits 'engineering, research and development, or licensing' activities in an 'industry.' Those activities would already have been included under the decision's broad interpretation of sections [1]337(a)(3)(A) and (B). Therefore, the statutory structure and inclusion of section [1]337(a)(3)(C) further supports the conclusion that sections [1]337(a)(3)(A) and (B) cannot include ***all*** activities; otherwise, section [1]337(a)(3)(C) is superfluous.

ITC *Lashify* Pet. 9-10 (emphases in original).

The *en banc* Federal Circuit denied the Commission's petition in June 2025, and the case settled before the time to petition for certiorari expired. *See* Davis, *Settlement Ends Lashify Patent Case After Federal Circuit Ruling*, Law360 (Aug. 7, 2025).[6]

B. Agency Proceedings

1. Apple's and Masimo's products

Based in Cupertino, California, Apple designs and manufactures consumer electronic devices, including Apple Watch. In September 2020, Apple launched its Series 6 Apple Watch—its first to include a feature measuring the user's blood oxygen. *See* App.5a, 364a-365a. Masimo rushed to file an ITC complaint in July 2021, "hop[ing]," in the words of its former CEO, "that the ITC would … block the importation and sale of" Apple Watch and buy time for Masimo to "launch" its own competing watch (the W1). C.A. Dkt. 25-2 at 14-15.

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[6] https://tinyurl.com/w64r5kbf

Masimo, however, had a serious problem. It could not rely on its W1 watch to establish a domestic industry, because that device did not exist until months after Masimo filed its complaint. App.255a. Indeed, the W1 was never ultimately sold "in the United States in any meaningful quantity." C.A.J.A. 27241. Masimo's ITC complaint accordingly relied on CAD drawings and an offer to make a "Masimo Watch" "sample … available on request." App.10a, 13a.

Masimo ultimately narrowed its case to five of its prototypes that it contended practiced the two patents ultimately held valid and infringed (U.S. Patent Nos. 10,912,502 and 10,945,648). Masimo's "asserted pre-complaint domestic industry products" were five items that the ALJ's initial decision identified by their exhibit numbers: "RevA (CPX-0052C), RevD (CPX-0058C), and RevE prototypes (CPX-0019C, CPX0020C, CPX-0065C)." App.254a. Masimo also submitted two items—Wings and Circle—it claimed practiced a different patent (U.S. Patent No. 10,687,745) that the agency later held not infringed. App.416a, 571a-572a.[7]

[7] The term "Rev" refers to different phases of Masimo's project to develop a watch. For example, RevA devices could (purportedly) calculate blood oxygen without being connected to another device, and RevD devices added a display. *See* ITC C.A. Br. 3. It was undisputed that there were multiple versions of sensor designs within each "Rev." Masimo identified numerous articles during discovery that purportedly included "RevA" sensors, several of which were not operative when the complaint was filed. Apple C.A. Br. 35-36 (collecting examples). If every "RevE" device were identical, there would have been no need for Masimo to rely on three different RevEs to support its case.

2. The ALJ's domestic industry findings

The ALJ did not find that any of Masimo's five produced devices practiced a key limitation of the '502 and '648 patents—measuring blood oxygen. Nonetheless, the ALJ found that Masimo satisfied the technical prong because the five Rev devices were "consistent" with the existence of an article (or articles) that practiced the two patents before the complaint was filed. *E.g.*, App.257a-258a & n.16; App.284a-285a & n.22. Put slightly differently, the ALJ concluded Masimo had shown that a patent-practicing article or articles existed at some time even though Masimo was unable to produce such a device during the investigation.

As for the economic prong, the ALJ found that it was satisfied solely because Masimo had shown "significant investments in labor and capital for … research and development" under Subparagraph (B). App.553a. This finding rested on "Masimo's aggregate investments" in "research and development" for both the Wings and Circle devices (which undisputedly do not practice the two patents held infringed) and the Rev devices. App.534a-536a. Masimo did not allege—and has never argued—that its investments satisfied Subparagraph (C).

3. The Commission's decision

Apple filed a petition with the Commission, seeking review of numerous aspects of the ALJ's ruling, including the portion addressing the domestic-industry requirement. *E.g.*, App.44a-45a. The Commission granted review, but did not address any of the ALJ's holdings summarized above. Those "unreviewed parts" of the ALJ's decision thus became appealable "Commission determinations." *Microsoft Corp.* v. *ITC*, 731 F.3d 1354, 1358 (Fed. Cir. 2013).[8]

The result of the Commission's ruling was a ban on importation of most existing versions of Apple Watch—a ban that went into effect December 26, 2023. *See* Pisani, *Apple Appeals U.S. Ban That Halted Watch Sales*, Wall Street Journal (Dec. 26, 2023). Apple promptly appealed to the Federal Circuit—which has jurisdiction under 28 U.S.C. §1295(a)(6)—and secured a brief administrative stay, which expired shortly after the federal government approved a redesigned Watch without blood oxygen functionality. C.A. Dkt. 33 at 1-2. The ban on importation of the original design will remain in place until August 2028, when the two patents held infringed expire. App.152a.

C. Federal Circuit Proceedings

1. Briefing and oral argument

Before the Federal Circuit, the Commission argued for the first time that the five "Rev" prototypes were merely "***representative*** physical exhibits" of unproduced designs that practiced the two patents. ITC C.A. Br. 4, 26 (emphasis added); *see also id.* 20-21. The Commission's position on the economic prong shifted as well. During oral argument, the Commission for the first time invoked a case called *Motorola Mobility, LLC* v. *ITC*, 737 F.3d 1345, 1351 (Fed. Cir. 2013), to argue that

[8] The Federal Circuit erroneously stated that the Commission "agreed with the ALJ" "[o]n review"—or "affirmed"—that Masimo's complaint alleged that numerous "Masimo Watch products" satisfied the article requirement. App.11a, 14a. The lone page the panel relied upon came from the Commission's "BACKGROUND" section summary of "The Domestic Industry Products." App.56a.

investments in Wings and Circle could be considered—even if those devices themselves did not practice the two patents held infringed—because Wings and Circle were "important to and related to" the RevA, RevD, and RevE devices." *See* Fed. Cir. Oral Arg. Rcd'g 20:40-21:35. The Commission cited *Motorola* only once in its briefing—for its description of the relevant standard of review. ITC C.A. Br. 29. Masimo never cited the case.

Apple identified numerous places where Masimo and the Commission invited the Federal Circuit to violate the *Chenery* doctrine by affirming on grounds the Commission had not relied. *E.g.*, Apple C.A. Reply 4, 5-6. At oral argument, the panel questioned the Commission's counsel on Apple's *Chenery* arguments. Fed. Cir. Oral Arg. Rcd'g 23:30-24:30. Apple later filed a supplemental brief that, among other things, alerted the panel that the Commission's *Motorola* argument had been raised for the first time at oral argument. Apple C.A. Supp. Br. 8-9.

Because the *Lashify* decision issued six months after the close of briefing, the parties lacked the opportunity to brief the case on the merits. Neither Masimo nor the Commission filed a notice of subsequent authority regarding *Lashify*.

2. The Federal Circuit's decision

In a published decision, the Federal Circuit affirmed the Commission's new domestic industry arguments without addressing or even citing *Chenery*. *See* App.8a-26a.

The Federal Circuit also cited *Lashify* six times. App.8a-10a, 20a, 22a. For example, the panel relied on *Lashify* for the proposition that Section 1337(a)(3) "'identifies three ***potentially overlapping*** but independently sufficient bases' for finding the economic prong satisfied." App.20a (emphasis added). The panel then observed that the agency had only "found Masimo had satisfied subsection (B) …, by showing significant employment of 'labor or capital' by way of Masimo's 'investments in research and development for the Masimo Watch'" and concluded that the agency "committed no error in crediting Masimo's evidence of its investments." App.20a-21a.

Despite acknowledging that the agency grounded its economic prong ruling in Subparagraph (B)'s "labor or capital" language, the panel observed that the agency's ultimate conclusion that Masimo had satisfied its burden was "entirely consistent with" the economic prong's other provisions, including Subparagraph (C)'s "[s]ubstantial investment in … engineering, research and development[.]" App.23a. The panel also relied on cases interpreting Subparagraph (C) to justify its holding that investments in a non-patent-practicing article can satisfy the economic prong—further conflating the reach of Subparagraphs (B) and (C). App.24a-25a (citing *InterDigital*, 707 F.3d at 1304 and *Motiva, LLC* v. *ITC*, 716 F.3d 596, 600 (Fed. Cir. 2013)). For example, the panel suggested that the test for whether Masimo's investments were cognizable under Subparagraph (B) was controlled by whether they were "made 'in the exploitation of the intellectual property'"—i.e., the language of Subparagraph (C). App.24a; *see InterDigital*, 707 F.3d at 1299, 1303-1304 (discussing "the scope of subparagraph [1]337(a)(3)(C)").

3. *En banc* proceedings

Apple timely petitioned for panel rehearing or rehearing *en banc*.

Apple's lead argument was that Subparagraph (B)'s general language cannot be read to cover "research and development" costs, which are expressly listed only in Subparagraph (C). Apple Pet for Reh'g 11-14. Apple explained that, to the extent the Federal Circuit believed that *Lashify* could not be distinguished on its facts, that case should be "confined or overruled by the en banc Court." *Id.* at 14. When the *en banc* Federal Circuit called for a response, Masimo and the Commission both asserted that (1) the panel's economic prong ruling rested entirely on Subparagraph (B) and (2) *Lashify* required the panel to hold that research and development costs were covered by that Subparagraph (B). ITC Resp. to Pet. for Reh'g 10-11; Masimo Resp. to Pet. for Reh'g 5-6.

Apple's petition also explained that the panel's deviation from the agency's reasoning—based on arguments first presented in Federal Circuit briefing or at oral argument—could not be squared with this Court's recent articulation of the *Chenery* doctrine in *Calcutt* v. *FDIC*, 598 U.S. 623 (2023), *see* Apple Pet. for Reh'g 1, 3, 12, 18, 20 (citing *Calcutt* seven times). In response, Masimo acknowledged that the panel did not "adopt[] the Commission's rationale *in haec verba*." Masimo Resp. to Pet. for Reh'g 11; *see also* ITC Resp. to Pet. for Reh'g 8 (agreeing "panel used different wording than the" agency). While Masimo and the Commission insisted that the panel complied with *Chenery*, neither discussed or cited *Calcutt*.

The Federal Circuit denied Apple's rehearing petition without explanation. App.575a-576a.

REASONS FOR GRANTING THE PETITION

I. THIS COURT SHOULD GRANT REVIEW TO RESOLVE THE SCOPE OF THE DOMESTIC-INDUSTRY REQUIREMENT'S ECONOMIC PRONG

A. The Federal Circuit's Interpretation Of Subparagraph (B) Cannot Be Squared With The Statute's Text, Structure, History, Or Purpose

In *Lashify*, the Federal Circuit rewrote the economic prong to allow a patentee to satisfy Subparagraph (B) by showing it made "significant" investments of "labor or capital" of any kind, so long as they are "with respect to the articles protected by the patent." *Lashify*, 130 F.4th at 958. In this case, the Federal Circuit made clear just how far its erroneous interpretation of Subparagraph (B) extends, holding that it applies even to investments in the activities separately mentioned in Subparagraph (C), App.20a-21a—without regard to whether the investments satisfy the distinct and more demanding requirements of Subparagraph (C), *see In re Certain Soft Projectile Launching Devices*, 2025 WL 4034246, at *22 (ITC Dec. 18, 2025) (patentee proceeding under Subparagraph (C) has the burden to "tie their investments to the limitations of the asserted claims").

The Federal Circuit primarily justified its expansive reading of Subparagraph (B) on the grounds that the provision—standing alone—states a categorical rule without any express textual carveouts. *Lashify*, 130 F.4th at 958-959. But that interpretation ignores first principles of statutory interpretation that require a statute to be read as a coherent whole, not to have one provision nullify a related provision that addresses the issue with greater particularity. *See, e.g.*, Scalia & Garner,

READING LAW: THE INTERPRETATION OF LEGAL TEXTS 167-168 (2012).

1. The statute requires a complainant to show one of three types of expenditures "with respect to the articles protected by the patent":

(A) significant investment in plant and equipment;

(B) significant employment of labor or capital; or

(C) substantial investment in [the patent's] exploitation, including engineering, research and development, or licensing.

App.20a-21a.

Subparagraph (C)'s express references to "substantial investment in [the patent's] exploitation" and "research and development" show that Congress "knew exactly how to" specify when such expenditures should be considered and chose not to do so in Subparagraph (B). *SAS Institute, Inc.* v. *Iancu*, 584 U.S. 357, 364 (2018). "Congress' choice of words"—and "its structural choice[]" of putting the phrase "research and development" in Subparagraph (C) alone—"is presumed to be deliberate and deserving of judicial respect." *Id.* (quotation marks omitted).

In addition, reading the general language of Subparagraph (B) in isolation—without considering the more specific language of Subparagraph (C)—ignores "the common sense intuition that Congress would not ordinarily introduce a general term that renders meaningless the specific text that accompanies it." *Fischer* v. *United States*, 603 U.S. 480, 487 (2024). Just as in *Fischer*, unless Subparagraph (B) is "given a more focused meaning by the terms linked to it" in an adjacent provision, the more "specific parts [of Subparagraph (C) will be] made redundant." *Id.* at 488. Under the Federal Circuit's reading, research and development expenditures made as part of a "substantial" "exploitation" of the patent under Subparagraph (C) would necessarily also constitute significant expenditures made "with respect to the articles protected by the patent" under Subparagraph (B). The "canon against surplusage" is at its "strongest" where, as here, "an interpretation would render superfluous another part of the same statutory scheme." *Marx* v. *General Revenue Corp.*, 568 U.S. 371, 386 (2013).

Masimo has not disputed that its reading of Subparagraph (B) raises a massive superfluity problem. Masimo's reading of Subparagraph (B) would leave Subparagraph (C) with no work to do. The Commission itself recognized as much as recently as May 2025, telling the Federal Circuit that Subparagraph (B) "cannot include ***all*** activities"—e.g., "research and development"—without rendering Subparagraph (C) "superfluous." ITC *Lashify* Pet. 9-10 (emphasis in original); *supra* pp.11-12. That the Commission reversed course (without explanation) when opposing Apple's *en banc* petition does not change that reality. In fact, the two hypothetical examples the Commission posited only underscore the problems with the Federal Circuit's interpretation.

First, the Commission suggested that Subparagraph (C) would remain "available to entities, such as universities, who may not have significant labor and/or capital investments (including in R&D, engineering etc.) in the articles protected by the patent, but who have substantial investments in the exploitation of the intellectual property that generates articles[.]" ITC Resp. to Pet. for Reh'g 14. But the Federal Circuit's decision in this case necessarily rejected that distinction, indicating that even research and development expenses "made 'in the exploitation of the intellectual property'" can be counted under Subparagraph (B). App.24a. The Federal Circuit had to reach this conclusion to affirm the agency, as Masimo's investments encompassed two articles (Wings and Circle) that are undisputedly ***not*** protected by the two patents held infringed. *See infra* pp.33-36.

More broadly, virtually every "exploitation" of an intellectual property right will require human effort and thus could fall under the Federal Circuit's understanding of Subparagraph (B). Research and development requires researchers, engineering needs engineers, and licensing calls for lawyers and negotiators.

The Commission also speculated that Subparagraph (C) would continue to apply when a patentee's "R&D-related" (A) plant and equipment and (B) labor or capital expenditures are not "significant" standing alone but would be "substantial" when combined. ITC Resp. to Pet. for Reh'g 14. It is not at all clear that adding insignificant plant and equipment related investments to insignificant labor and capital expenditures would ever equal substantial R&D investments. But if any real-world cases actually fit this narrow scenario, the Commission has not identified them. Regardless, the canon against superfluity counsels against interpretations that give other provisions no meaningful work to do. Pointing to a once-in-a-blue-moon hypothetical does not advance the ball, but only highlights the problem with the Federal Circuit's expansion of Subparagraph (B) to occupy the field. *Cf. Fischer*, 603 U.S. at 496.

2. Apple's reading of Subparagraph (B) also aligns with the statutory history and preserves Congress's "carefully designed scheme." *Cf. Cuozzo Speed Techs., LLC* v. *Lee*, 579 U.S. 261, 298 (2016) (Alito, J., concurring in part). The Federal Circuit's contrary interpretation not only renders Subparagraph (C) irrelevant, but makes Congress's deliberate decision to add that provision a nullity.

As discussed, before 1988, the Commission had found the domestic-industry requirement satisfied in two basic scenarios—either through "a significant investment in manufacturing facilities or a significant employment of labor or capital." *John Mezzalingua*, 660 F.3d at 1327. Those two tests were codified in the modern economic prong as Subparagraphs (A) and (B). *See supra* pp.8-9. Congress "essentially lifted the language" in those two subparagraphs from the Commission's extensive body of case law "and placed it" into Section 1337(a)(3). *Cf. Star Athletica, L.L.C.* v. *Varsity Brands, Inc.*, 580 U.S. 405, 417 (2017). If there were any doubt about the origins of (A) and (B), the Senate and House Reports connected the dots directly, explaining that "[t]he first two factors [in Section 1337(a)(3)] have been relied on in prior Commission decisions finding that an industry exists in the United States." S. Rep. No. 100-71 at 129 (1987); *accord* H. Rep. No. 100-40 at 157 (1987) (similar).

These two tests in Subparagraphs (A) and (B) came with an established background principle: that those expenditures were made in the course of "the domestic ***manufacture or production*** of the patented product by the patentee or his licensee." *Schaper Mfg. Co.* v. *ITC*, 717 F.2d 1368, 1372 (Fed. Cir. 1983) (emphasis added), *abrogated by Lashify*, 130 F.4th 948; *cf. Stokeling* v. *United States*, 586 U.S. 73, 80 (2019) ("[I]f a word is obviously transplanted from another legal source … it brings the old soil with it."). This background understanding is reflected in other portions of the modern statute. For example, both the technical prong and the economic prong refer to "*an industry* in the United States," a term that most naturally refers to "work in manufacturing or production." *E.g.*, *Black's Law Dictionary*, Industry (12th ed. 2024); *see also Oxford English Dictionary*, Industry (rev. 2015) ("manufacturing and production carried out on a commercial basis"). Section 1337(a)'s title—"Unlawful Activities; covered industries; definitions"—provides another clue, as it suggests that not only did Congress intend to target industries, but that only some industries will be protected—those "covered" by the statute. *Cf. INS* v. *National Center for Immigrants' Rights, Inc.*, 502 U.S. 183, 189 (1991) (noting that "the title of a statute or section can aid in resolving an ambiguity in the legislation's text"), *cited in* Scalia & Garner, READING LAW 221-222.[9]

The critical addition to the economic prong in the 1988 law was Subparagraph (C), which "liberalized the domestic industry requirement by allowing that requirement to be satisfied by proof of non-manufacturing activity, such as licensing and research." *John*

[9] Masimo (but tellingly, not the Commission) argued below that the Commission's pre-1988 decisions relied on research and development expenses to find the domestic-industry requirement satisfied. Masimo Resp. to Pet. for Reh'g 6-7. The three decisions Masimo cited merely mentioned "research and development" as a relevant factor—all also involved ample evidence of production or manufacturing. *See, e.g.*, *In re Certain Personal Computers*, 1984 WL 15659, at *16 (ITC Mar. 9, 1984) (noting Apple's "domestic production activities … include the assembly and a substantial portion of the manufacture of the products" in facilities in California and Texas). Regardless, the Commission itself has confirmed that its pre-1988 understanding of the domestic-industry requirement "'***exclud***[***ed***] … five activities,' including 'research and development.'" ITC *Lashify* Pet. 15 (citing *Schaper*, 717 F.2d at 1372-1373; emphasis in original).

Mezzalingua, 660 F.3d at 1327. Subparagraph (C) protected "the creation and exploitation of intellectual property" even if the patentee "did not produce the ultimate products that embodied that technology." *InterDigital*, 707 F.3d at 1302. It would have been pointless to add a provision ensuring a patentee need not "prove that patented protected goods were being ***produced*** in this country," *id.* (emphasis added), if Subparagraphs (A) and (B) were not limited to expenditures tied to the domestic production of a product.

Instead, Congress required research-and-development, engineering, and licensing investments to be "substantial" and linked to the "exploitation" of the patent in order to be counted. 19 U.S.C. § 1337(a)(3)(C). The "exploitation" language in particular requires a close "nexus" between the patentee's activity and "one or more claims of each asserted patent." *In re Certain Soft Projectile*, 2025 WL 4034246, at *21. Put differently, Subparagraphs (A) and (B) cover investments in an article that practices the patents—even if those investments are not related to the patented invention. *In re Certain Electronic Candle Products*, 2022 WL 5241198, at *12 (ITC Oct. 4, 2022). But to invoke Subparagraph (C), "it is not enough for a [patentee] to assert that it generally conducts research and development, or that its R&D relates to non-patented features incorporated into articles that also practice the patent at issue." *Id.* at *13. The patentee "must show the connection between its investments and the patented invention that it is exploiting." *Id.*

3. The Federal Circuit's misreading of Subparagraph (B) reveals its error in another way: it turns the economic prong requirement into "a largely empty command" that is satisfied in virtually every case—even one brought by a foreign actor. *Cf. CSX Transportation Inc.* v. *Georgia State Bd. Of Equalization*, 552 U.S. 9, 17 (2007).

As the Commission has observed, "[m]ost, if not all, importers (foreign and domestic) employ U.S. labor" in some fashion to sell their goods in the United States. ITC *Lashify* Pet. 12. Such businesses require workers in warehouses, salespeople in shops, and drivers in distribution chains. If Subparagraph (B) really sweeps in all labor with any relationship to the exploitation of the patent, *see supra* pp.21-22, a clever patentee could—as the Commission itself explained in *Lashify*—rely on an attorney's work in prosecuting the patent or filing a complaint with the Commission, *see* ITC *Lashify* Pet. 12-13. Had Congress believed mere ownership of a patent established economic investment in the United States, there would have been no need for Section 1337(a)(3)'s three subparagraphs at all.

Even beyond the Commission's own examples, the Federal Circuit's interpretation of Subparagraph (B) definitively lowers the bar for a patentee that relies on investments in research and development (or engineering or licensing). Such a patentee no longer needs to show those investments exploited the patent itself, as the text of Subparagraph (C) and Commisision precedent require. *See supra* p.25. Rather, patentees will inevitably proceed under Subparagraph (B), which the Federal Circuit has now said can be satisfied by an investment in the research and development (or engineering or licensing) of any aspect of a multi-featured product with some connection to the patent. This case illustrates the logical endpoint of that rule: Masimo prevailed even though an unknown portion of its research-and-development investments were made in two products (Wings and

Circle) that admittedly do not even practice the relevant patents.

B. The Scope Of Subparagraph (B) Is A Question Of National Importance

Section 1337's domestic-industry requirement is the heart of the statute. It is not only an element that must be satisfied in every case, but it is also the key to giving coherence to the statute and its assignment of a subset of intellectual property disputes to a specialized international-trade tribunal. The alternative is to convert the ITC into a new intellectual property court that is not bound by Article III or this Court's holding that a patent injunction requires a showing of irreparable injury. *See supra* pp.1-2; *eBay Inc.* v. *MercExchange, LLC*, 547 U.S. 388, 391 (2006). The exceptional facts of this case spotlight the problem. Because the Commission and the Federal Circuit declined to enforce the economic prong's plain meaning, an American company has had to spend significant time and money to redesign Apple Watch to allow the popular wearable devices to remain on the market—all based on a complaint from a medical technology company that has never sold a watch in meaningful quantities.

The Court need not take Apple's word for it. The Commission itself has stated that "the statutory interpretation of 'labor or capital' in section [1]337(A)(3)(B) is a question of ***exceptional*** importance that directly affects the Commission's analysis of the domestic industry requirement." ITC *Lashify* Pet. 3 (emphasis added). The requirement "serves a critical gate-keeping role in unfair trade practices and ensures that th[e] exceptional relief [of a total importation ban] is available to only domestic industries." *Id.* 3. Unless this Court corrects the Federal Circuit's twin mistakes in *Lashify* and this case, a patentee will be able to satisfy the economic prong simply by pointing to labor or capital with the loosest of connections to a patented article—even labor spent on prosecuting a patent or filing an ITC complaint. That standard will render Subparagraph (C) superfluous and undercut the gate-keeping function of the domestic-industry requirement.

C. This Case Presents A Clean—And Perhaps The Only—Vehicle To Resolve The Scope Of Subparagraph (B)

The scope of Subparagraph (B) is squarely presented by the Federal Circuit's decision. The Federal Circuit necessarily passed on the scope of Subparagraph (B) by citing *Lashify* and holding that Masimo's research and development expenses were sufficient to satisfy it. *See supra* pp.16-17. During the *en banc* briefing, both Masimo and the Commission agreed that the Federal Circuit relied solely on Subparagraph (B). *See supra* pp.4, 18.[10] Masimo and the Commission also agreed that *Lashify*'s interpretation of Subparagraph (B) compelled affirmance in this case, *see supra* p.18, meaning that any statutory interpretation arguments made at the panel stage would have been futile.

The question presented is also a pure question of law that does not turn on any disputed facts. It is undisputed that the only expenditures that the Commission credited were Masimo's research and development investments. *Cf.* App.20a-21a. While there is no circuit split on how to interpret Subparagraph (B), there never will be. The Federal Circuit has "exclusive jurisdiction" over appeals

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[10] For good reason: Any reliance on Subparagraph (C) would have been a clear-cut violation of *Chenery*, as it is undisputed that Masimo did not argue Subparagraph (C) before the agency.

from the International Trade Commission, 28 U.S.C. §1295(a)(6), and all future Federal Circuit panels will be governed by *Lashify* and the decision below, *see Vas-Cath Inc.* v. *Mahurkar*, 935 F.2d 1555, 1563 (Fed. Cir. 1991).

Finally, this case may be the last meaningful opportunity for this Court to take up the scope of Subparagraph (B) for the foreseeable future. If the Federal Circuit's decision remains in place, future Federal Circuit panels may affirm any Commission decision that implicates the question presented without an opinion for this Court to review. *See* Fed. Cir. R. 36(a)(5). Because ITC proceedings can take significant time to resolve—here, five years from the complaint to the appellate mandate—and offer no opportunity for interlocutory appellate review, few cases make it to an appellate decision in the first place. Even in *Lashify* itself, the parties settled well before the petition for certiorari deadline, *see supra* p.12—depriving this Court of opportunity to review the issue. Accordingly, this Court should grant this petition to ensure that the Federal Circuit's erroneous statutory interpretation does not evade correction.

II. IN THE ALTERNATIVE, THIS COURT SHOULD SUMMARILY REVERSE THE FEDERAL CIRCUIT FOR FAILURE TO ABIDE BY *CHENERY*

"It is 'a simple but fundamental rule of administrative law' that reviewing courts 'must judge the propriety of [agency] action ***solely*** by the grounds invoked by the agency.'" *Calcutt* v. *FDIC*, 598 U.S. 623, 624 (2023) (per curiam) (emphasis added). The Federal Circuit panel failed to abide by that simple rule. Instead, it affirmed the agency's decision by rewriting it. Nor did the Federal Circuit attempt to explain how its adoption of arguments raised by the Commission for the first time on appeal (and in one case, for the first time at oral argument) can be squared with *Chenery*. Accordingly, if the Court is not inclined to grant plenary review, it should at least summarily reverse due to the Federal Circuit's clear violation of *Chenery*, *Calcutt*, and related precedent.

A. *Chenery* Bars An Appellate Court From Affirming On Findings The Agency Never Made

Just as an "appellate court cannot take the place of the jury" by affirming based "upon a determination of fact which only a jury could make but which has not been made," an appellate court "cannot intrude upon the [fact-finding] domain which Congress has exclusively entrusted to an administrative agency." *SEC* v. *Chenery Corp.*, 318 U.S. 80, 88 (1943). An agency action "cannot be upheld merely because findings might have been made and considerations disclosed" that could have supported affirmance. *Id.* at 94.

In the 80 years since *Chenery*, this Court has repeatedly reaffirmed its core principle: that "judges generally must assess the lawfulness of an agency's action in light of the explanations the agency offered for it rather than any *ex post* rationales a court can devise." *Garland* v. *Dai*, 593 U.S. 357, 369 (2021). "[I]f the reviewing court simply cannot evaluate the challenged agency action on the basis of the record before it, the proper course" is almost always "to remand to the agency for additional investigation or explanation." *Florida Power & Light Co.* v. *Lorion*, 470 U.S. 729, 744 (1985).

The *Chenery* rule is sufficiently important and well-established that this Court has summarily reversed an appellate panel for failing to apply it on at least three occasions. *See Calcutt*, 598 U.S. at 629-630; *Gonzales* v. *Thompson*, 547 U.S. 183, 184-186 (2006) (per curiam);

INS v. *Ventura*, 537 U.S. 12, 15-16 (2002) (per curiam). This Court has also summarily reversed appellate panels for violating the *Chenery* cousin referred to as the "party presentation" principle, which prevents a court from ruling in a party's favor based on "points not argued." *See Margolin* v. *National Ass'n of Immigration Judges*, 146 S. Ct. 1285, 1288 (2026); *see also Clark* v. *Sweeney*, 607 U.S. 7, 9-10 (2025) (similar). In both settings, the underlying concern is the same. Permitting an appellate court to rule on an issue not properly presented (whether by an agency or a party) transforms the appellate court from a passive umpire to an engaged player. "To put it plainly, courts call balls and strikes; they don't get a turn at bat." *Clark*, 607 U.S. at 9 (quotation marks omitted).

B. The Federal Circuit Affirmed Based On Findings The Commission Never Made, Without Addressing *Chenery*

Apple's primary arguments to the Federal Circuit involved the domestic-industry requirement. Rather than upholding the agency's own findings and reasoning, the panel erroneously provided its own.

1. Domestic Industry -- Technical Prong

19 U.S.C. §1337(a)(2) required Masimo to show "sufficient proof of articles that were actually protected by the patent." *Microsoft* v. *ITC*, 731 F.3d 1354, 1361 (Fed Cir. 2013). Because the statutory term "articles" refers to "material things" (as opposed to, for example, electronic data), *ClearCorrect Operating, LLC* v. *ITC*, 810 F.3d 1283, 1286, 1291-1293 (Fed. Cir. 2015), a patentee cannot meet its burden without at some point presenting the agency with a physical item that practices the patent.

Masimo was unable to identify a single device that practiced every limitation of the two patents at issue. Although Masimo ultimately proffered five physical prototypes, the ALJ did not find that any of them practiced a key patent limitation, namely measuring blood oxygen. *See supra* p.14. Instead, the ALJ found that the devices were "consistent" with the idea that Masimo had other, unproduced articles that measured blood oxygen. *See supra* p.14.

Before the Federal Circuit, the Commission asserted that the agency had made a finding that the five physical prototypes were "representative" of items that practiced the patents. *See supra* p.15. That was incorrect. The word "representative" does not appear in the relevant portion of the agency's decision, and Masimo never made a representativeness argument in front of the agency—likely because the Federal Circuit has never previously suggested that a device that does not practice an asserted patent could be "representative" of a device that does.

Although this *Chenery* problem was explained in Apple's reply brief (at 5-6), the Federal Circuit adopted the new "representative" argument in full. The Federal Circuit seemed to rely on the ALJ's failure to expressly find that the five physical prototypes were ***not*** representative of some unidentified patent-practicing device or devices. In particular, the panel stated that the ALJ "referred broadly to 'the RevA, RevD, and RevE devices' without suggesting that her analysis was limited to" the five physical protypes. App.15a (citing App.283a). That the panel could not identify a single representativeness finding in the hundreds of pages of agency decisions, App.39a-574a, all but acknowledges that the "agency ha[d] not first had a chance to address the [representativeness] question" Masimo and the Commission urged on the panel. *Calcutt*, 598 U.S. at 629. In fact, the ALJ's decision repeatedly and expressly references the five physical prototypes' exhibit numbers (not some hypothetical, unproduced device) when addressing the relevant articles. *E.g.*, App.254a; *see also* App.189a-190a, 250a, 255a-259a, 261a-262a, 278a.

By announcing a new legal rule (i.e., that a non-patent-practicing item can be "representative" of a patent-practicing one) without giving the agency the chance to apply that new rule on remand, the panel repeated the same category of mistake that prompted summary reversal in *Ventura*, *Gonzales*, and *Calcutt*. The panel's failure to allow the Commission to "bring its expertise to bear" in applying the panel's new representativeness test to the facts, *see Gonzales*, 547 U.S. at 186-187, will have compounding effects across all future ITC investigations where a complaint depends on a prototype. Going forward, what factors should be considered in assessing representativeness? What degree of similarity between products is required? Does the complainant have the burden of production and persuasion on that issue? Are there any circumstances under which a representativeness finding is categorically inappropriate? Nothing in the agency's or the Federal Circuit's decisions considers these questions. Without a remand, the answer will turn on the views of any given ALJ—leading to the prospect of different outcomes at the agency level and a multitude of appeals seeking clarification of the Federal Circuit's decision.

2. Domestic Industry – Economic Prong

Any investment made—whether counted under the economic prong's Subparagraphs (A), (B), or (C)—must be "with respect to the articles protected by the patent."

19 U.S.C. §1337(a)(3). In this case, however, the agency's decision acknowledged that at least a portion of Masimo's research and development investments was spent on developing two items (Wings and Circle) that do not practice the patents held valid and infringed. App.534a-536a. The agency also found that Masimo did not make any attempt to disaggregate its spending on Wings and Circle from its spending on the (purportedly) patent-practicing RevA, RevD, and RevEs. App.535a-536a.

Under Federal Circuit case law, that should have been the end of the inquiry. In "cases in which the complainant's products … each practice different patents, the complainant would need to establish separate domestic industries for each of those different groups of products." *Zircon Corp.* v. *ITC*, 101 F.4th 817, 824 (Fed. Cir. 2024). The ALJ, however, held that investments in Wings and Circle could be counted because they were early "iterations" of a "continuous design and development effort" that ultimately resulted in the Rev prototypes. App.534a-535a.

The ALJ did not cite any case law affirmatively supporting this approach. Nor did the ALJ find that the standalone Wings and Circle devices were particularly important to the development (or components) of the later-in-time Rev devices. Rather, the ALJ's decision was rooted in the fact that Masimo did not keep sufficiently detailed records regarding its research and development expenditures, and without that information, there was no "way to delineate between work on separate prototypes" that occurred during the same window of time. App.535a-536a.

Again, the Commission urged the Federal Circuit to affirm the agency's ruling based on a rationale never before provided. At oral argument, the Commission invoked *Motorola Mobility LLC* v. *ITC*, 737 F.3d 1345, 1351 (Fed. Cir. 2013), to argue that investments in the Wings and Circle devices were cognizable because those devices were "important to and related to" the allegedly patent-practicing Rev devices. Fed. Cir. Oral Arg. Rcd'g 20:40-21:35. Even the Commission's Federal Circuit briefing did not make this argument—it cited *Motorola* only once and only for its holding regarding the standard of review regarding questions of fact. ITC C.A. Br. 29. Masimo's brief did not cite *Motorola* even once.

Again, despite being on notice that this was a new argument, *see supra* p.16, the Federal Circuit adopted the Commission's *ex post* rationale wholesale, App.23a-25a. The Federal Circuit leaned heavily on *Motorola*, citing it four times, and ultimately concluded that "Masimo's investments in the development of the Circle and Wing sensors were investments 'directed to significant components, specifically tailored for use in' the Masimo Watch," App.24a (quoting *Motorola*, 737 F.3d at 1351).

If anything, this error was even more remarkable than the Sixth Circuit's error in *Calcutt*, because the Federal Circuit had no reason to think remand would have "amount[ed] to 'an idle and useless formality.'" 598 U.S. at 630. The reason why neither the Commission nor Masimo thought to rely upon *Motorola* at any prior stage is because it is factually inapposite. The question in *Motorola* was not whether the patentee could permissibly "rely[] on separate products for the technical and economic prongs"—the agency itself "rejected the assertion" that the investments were made in a non-patent-practicing standalone product. 737 F.3d at 1351. The issue instead was whether investments made in operating systems "specifically tailored" to be part of patent-practicing mobile devices could be counted. *Id.* To be sure, *Motorola*'s finding that such investments could be considered complied with the statute's language because an "investment directed to a specifically tailored, significant aspect of the article is still directed to the article." *Id.* But a conclusion that that particular rule applied to the very different facts of this case required the kind of "informed discussion and analysis" that should have been performed, if at all, by the agency in the first instance. *Gonzales*, 547 U.S. at 186-187.

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Failure to abide by *Chenery* often occurs in fact-bound cases that rarely warrant further briefing and oral argument in this Court. Here, the Federal Circuit's misinterpretation of Subparagraph (B) separately warrants plenary review by this Court. But if the Court is not inclined to review the first question presented, it should at the very least reverse the Federal Circuit's disregard of the limits of its role in this agency review case. Without the prospect of a summary reversal from this Court, nothing would prevent an appellate court from simply refusing to comply with *Chenery*.

CONCLUSION

The petition for writ of certiorari should be granted and the judgment below reversed. At a minimum, the Federal Circuit's decision should be summarily reversed due to the failure to comply with *Chenery* and its progeny.

Respectfully submitted.

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SEPTEMBER 2026