

No. 11-301

IN THE
Supreme Court of the United States

SAINT-GOBAIN CERAMICS & PLASTICS, INC.,
Petitioners,

v.

SIEMENS MEDICAL SOLUTIONS USA, INC.,
Respondents.

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

**REPLY BRIEF IN SUPPORT OF PETITION
FOR A WRIT OF CERTIORARI**

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**REPLY BRIEF IN SUPPORT OF
PETITION FOR A WRIT OF CERTIORARI**

This case raises an important and previously unresolved question arising out of a conflict between two principles of patent law: whether the statutory presumption of validity that attaches to a later-granted patent is impermissibly nullified when a jury is allowed to find, by a mere preponderance of evidence, that the claimed invention is insubstantially different from a prior art patent that was before the Patent and Trademark Office (PTO) when it granted the later patent. In its lengthy opposition, Siemens contends that (1) this issue has engendered no division in the Federal Circuit and is instead long settled; (2) that fundamental patent law principles foreclose a clash between the statutory presumption of validity and jury determinations of equivalence under a preponderance standard; and (3) that policy considerations militate against review of this issue. Each of these claims is mistaken. This Court should grant the petition in order to reconcile the indisputable clash between the two fundamental patent law doctrines posed by the decision below and reflected in the numerous opinions by separate judges of the full court.

A. Siemens claims that “every decision of the court of appeals to address the issue Saint-Gobain presents has reached the same result.” Opp. 18. That is not correct. The Federal Circuit has highlighted the tension between the two doctrines as an important but unresolved matter in numerous decisions over the past several decades. Indeed, in 2007 it recognized that “[w]e have not directly decided whether a device—novel and separately patentable because of the incorporation of an equivalent feature—may be

captured by the doctrine of equivalents.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 493 F.3d 1368, 1379-80 (Fed. Cir. 2007) (“*Festo XIII*”). The court explained that “we have held that when a device that incorporates the purported equivalent is in fact the subject of a separate patent, a finding of equivalency, *while perhaps not necessarily legally foreclosed*, is at least considerably more difficult to make out. *Id.* (emphasis added) (footnote omitted). It further opined that “there is a strong argument that an equivalent cannot be both non-obvious and insubstantial.” *Id.*

In light of these relatively recent statements, it is simply not credible to claim that the petition raises a question “that has been consistently settled for more than 100 years.” Opp. 16. *Festo XIII*, moreover, does not stand alone. In *Zygo Corp. v. Wyko Corp.*, 79 F.3d 1563 (Fed. Cir. 1996), the court stated that “[t]he nonobviousness of the accused device, evidenced by the grant of a United States patent, is relevant to the issue of whether the change therein is substantial,” and held that the separately patentable accused device in that case did *not* infringe. *Id.* at 1570. And in *Roton Barrier, Inc. v. Stanley Works*, 79 F.3d 1112 (Fed. Cir. 1996), Judge Nies noted that she “would also give significance to the fact that Stanley obtained a patent on its device over the prior art Roton patent” and that “[a] substitution in a patented invention cannot be both nonobvious and insubstantial.” *Id.* at 1128 (Nies, J., additional views). Judge Nies elucidated the basic quandary—and foreshadowed the issues presented in this case:

If the second patent requires practice of the first, i.e. the second merely added an element “D” to a patented combination A+B+C, the combination A+B+C+D clearly infringes. Conversely, if the

second patent is granted for A+B+D over one claiming A+B+C, the change from C to D must not have been obvious to be validly patented. Evidence of a patent covering the change, in my view, is clearly relevant unless the patent is invalid.

Id.

This case involves the second situation Judge Nies identified. Siemens' '080 patent claims "[a] gamma ray or x-ray detector" consisting of two elements: (A) a photodetector optically coupled to a scintillator to produce an electrical signal and (B) a scintillator consisting of an LSO crystal. App. 3a. As Judge Dyk explained, "the '420 patent's point of novelty over the '080 patent is not that it claims an additional element, but rather that it claims a substitute element (LYSO) that is different in kind from an element claimed in the '080 patent (LSO)." *Id.* at 89a n.3. Thus, the '420 patent does not claim "A+B+C" where "A" and "B" are the same elements claimed in the '080 patent; rather, it claims "A+C," where "A" is the same element in both patents, but "C" is a different element (an LYSO crystal) that has been substituted for "B" (an LSO crystal). The PTO concluded that LYSO is a nonobvious substitution that differs substantially from LSO. Accordingly, as the district court recognized, this case squarely presents the hypothetical identified by *Festo XIII*. (Fed. Cir. JA 1394:16-1395:2).

By contrast, the cases Siemens cites, Opp. 19-20, largely address the overbroad claim—not raised here—that separate patentability creates an absolute bar to infringement. For instance, in *Atlas Powder Co. v. E.I. du Pont Nemours & Co.*, 750 F.2d 1569 (Fed. Cir. 1984), the defendant argued that an improvement patent foreclosed a finding of

equivalence as a matter of law. *Id.* at 1580. Moreover, in *Atlas Powder*, the patent claimed a water-in-oil emulsifying agent and the accused product used such an agent, the only difference being the manner in which that agent was formed. Here, as Judge Dyk explained, the '420 patent "claims a *substitute* element (LYSO) that is different *in kind* from an element claimed in the '080 patent," App. 89a n.3 (second emphasis added), which is why infringement through equivalents here undermines the PTO's function and its decision issuing the '420 patent. And, the jury should have been instructed about this conundrum, either by raising the standard of proof or at least recognizing the presumption of validity that attached to the '420 patent.

Similarly, the defendant in *National Presto Industries, Inc. v. West Bend Co.*, 76 F.3d 1185 (Fed. Cir. 1996), argued "that its ... device can not be equivalent to Presto's patented invention, as a matter of law, because [defendant] obtained its own patent." 76 F.3d at 1191. The court disagreed, explaining that "the grant of a separate patent on the accused device does not automatically avoid infringement." *Id.* Saint-Gobain makes no such sweeping claim here.

Hoechst Celanese Corp. v. BP Chemicals Ltd., 78 F.3d 1575 (Fed. Cir. 1996), is even further afield. In fact, that court was *not* directly presented with the issue of separate patentability because, for the first time on appeal, the defendant decided to rely on a separate patent that it had not introduced at trial. *Id.* at 1582. In fact, the court "decline[d] to consider disputed evidence that could have been but was not offered at trial." *Id.*

Nor do the older decisions Siemens cites assist its argument. Opp. 20-22. In *Herman v. Youngstown Car Manufacturing Co.*, 191 F. 579 (6th Cir. 1911),

the court noted that patentable difference “may just as well be based upon infringement, plus improvement; and improvement may lie in addition, simplification, or variance.” *Id.* at 585. The court found that the later patent claimed “a structure generally similar to Herman’s, but each one of the 10 claims is found to be confined to some modification and supposed improvement *added* to the underlying combinations of the earlier art.” *Id.* (emphasis added). It thus appears that the court was describing infringement of the A+B+C+D variety later identified by Judge Nies.

The *Freeman* court simply rejected the “automatic non-infringement claim,” noting that “the issuance of a junior [*i.e.* improvement] patent” does not create a presumption against infringement. *Freeman v. Altvater*, 66 F.2d 506, 512 (8th Cir. 1933). And, in *Sure Plus* the court simply rejected the argument that a separate patent had to be invalid *before* an infringement suit could be brought. *Sure Plus Mfg. Co. v. Kobrin*, 719 F.2d 1114, 1117 (11th Cir. 1983). Here, by contrast, we deal with a substitute element that is “different in kind” and thus whether it infringes poses precisely the “obviousness”–“insubstantiality” conflict between the PTO’s decision and the jury’s finding that needs to be reconciled as the dissenting judges below explained.

Finally, Siemens claims that *Sanitary Refrigerator* controls. Opp. 21-22. But as Judge Dyk explained below, *Sanitary Refrigerator* found that the equivalent in that case was “merely a colorable departure from the [claimed] structure’ and was a ‘close copy which [sought] to use the substance of the invention ... [to] perform precisely the same offices with no change in principle.’” App. 88a (alterations and omission in original) (quoting *Sanitary*

Refrigerator Co. v. Winters, 280 U.S. 30, 41-42 (1929)). That Court found equivalence “under the ‘controlling weight of the undisputed facts’”—but did *not* find that “the presumption of validity was irrelevant.” *Id.*

In short, this case presents the issue identified in *Festo XIII* that the Federal Circuit and its predecessors had not previously resolved. This important issue merits review by this Court.

B. According to Siemens, fundamental principles of patent law foreclose any doctrinal conflict between the statutory presumption of validity and the DOE. Siemens dismisses the contrary views of the three dissenting judges below, several of their predecessors on the Federal Circuit, and legal commentators, see Pet. 16-17, as the product of a “tortured logical syllogism” and a “superficial resemblance” between “fundamentally different” doctrines that “involve different factual inquiries conducted under different legal frameworks.” Opp. 1, 25. These claims do not withstand scrutiny.

The very facts of this case refute Siemens’ claims. Because it considered the Siemens’ ’080 patent when it granted the Chai ’420 patent, the PTO plainly found that LYSO crystals were nonobvious and therefore patentable over LSO crystals. That presumptively valid finding can be overcome only by clear and convincing evidence. *Microsoft Corp. v. i4i, Ltd. P’ship*, 131 S. Ct. 2238, 2251 (2011). Yet the jury was permitted to make a directly contrary finding—*i.e.*, that LYSO crystals are insubstantially different from LSO crystals—based on a mere preponderance and without any meaningful guidance as to why it should be “considerably more difficult” for respondent to prove infringement in this circumstance. Thus, in this case, a jury was allowed to effectively nullify the

statutory presumption of validity through the doctrine of equivalents.

The various principles of patent law Siemens invokes do not demonstrate otherwise. Siemens notes, first, that “a product may be covered by a multitude of patents.” Opp. 26. This is true but irrelevant. The situation Siemens describes involves improvement patents with an added element of the A+B+C+D variety noted above. In such a situation, one cannot practice the improvement patent without also infringing the generic patent, even though improvement A+B+C+D was novel and patentable.

That situation is not presented here, however, because an LYSO crystal is a substitute element that is different in kind from the LSO crystal, which is what the PTO determined and what the jury rejected on a mere preponderance of the evidence. The principle Siemens invokes would apply if its patent generically claimed “a scintillator composed of a transparent single crystal.” Assuming such a claim were patentable, the '080 patent would have been a generic, or dominant, patent, and all “species” of scintillator crystals would have fallen within the scope of its “genus” claim, even if later-granted patents claimed nonobvious species of scintillator crystals. The '080 patent, however, claims a very particular species of scintillator crystal—*i.e.*, one composed “of cerium-activated lutetium oxyorthosilicate having the general formulation $Ce_{2x}Lu_{2(1-x)}SiO_5$ ”, where x is within the range of from approximately 2×10^{-4} to approximately 3×10^{-2} .” App. 3a. The PTO found that LYSO crystals are a nonobvious and therefore patentably distinct species of crystals. Thus, although some products can be covered by multiple patents, an LYSO-species of a scintillator crystal is not covered by a patent claiming

an LSO-species scintillator crystal—unless the PTO’s finding was wrong. *Cf. Herman*, 191 F. at 585 (“the existence of the later patent can have no tendency to disprove infringement, ***unless ... the earlier patent is ... specific, and not generic***”) (emphasis added).

Second, Siemens notes that a patent does not grant a right to make, use or sell, but only the right to exclude. Opp. 26. But this principle is inapplicable here, again because a product that uses an LYSO crystal does not practice the invention of an LSO crystal. Instead, an LYSO crystal is a distinct species that the PTO deemed nonobvious and thus patentable over the “LSO-species.” In light of the statutory presumption of validity that attached to that determination, Saint-Gobain should have had the right to make, use or sell such crystals free of infringement liability to Siemens under the doctrine of equivalents, absent a clear and convincing showing that the PTO’s determination of nonobviousness was erroneous.

Third, Siemens argues that the PTO and jury “make two different comparisons: the patent office compares (a) the disclosure of the first patent with (b) the claims of the second patent, while the jury compares (x) the claims of the first patent with (y) the accused device.” Opp. 28. This distinction is meaningless. The only basis for infringement was the use of the LYSO crystal in the device. Thus, the PTO’s decision that LYSO is a non-obvious and patentable invention over LSO is directly contrary to the jury’s finding that they are equivalent.

The general proposition, therefore, that the PTO does not determine whether the claims of a later patent infringe those of a prior patent does not alter the fact that, in this case and others like it, the PTO’s obviousness inquiry and a jury’s equivalence inquiry

are essentially the same: The PTO concluded that what is claimed in the '420 patent was nonobvious in light of the description of what is claimed in the '080 patent; the jury found that what is claimed in the '420 patent was insubstantially different from what is claimed in the '080 patent.¹

Finally, there is no merit to Siemens' insinuation that resolution of the questions presented is irrelevant to the outcome of this case, because the jury saw a "video" that mentioned the presumption of validity. Opp. 10. A video before the introduction of any evidence cannot substitute for a proper jury instruction that would have required the jury to determine equivalence by clear and convincing evidence—and thereby avoid nullification of the presumption of validity. It was the only way to make it "considerably more difficult" for respondent to prove infringement and the district court refused to give the instruction.

C. The narrow jury instruction Saint-Gobain sought also belies the hyperbolic claims Siemens advances to forestall review. Saint-Gobain does not seek an unwarranted sea-change in the law of infringement, whereby the mere existence of a "separate" or "second" patent "gives rise to a presumption of non-infringement," Opp. 2, 19, 21, that alters the longstanding preponderance of

¹ Siemens attempts to conjure a difference between these inquiries because juries consider equivalence at the time of infringement, while the PTO considers obviousness at the time of invention. Opp. 28. But this is beside the point. Timing may matter when drafters use claim terms that fail to anticipate *after-arising technology*. See App. 78a (Rader, C.J., concurring) (explaining this rationale). That is not the case here: although yttrium existed when the application for the '080 patent was filed, the application failed to address it.

evidence standard, *id.* at 17, 21. Nor does Saint-Gobain advocate a standard of proof that will “rise and fall with the facts of each case.” *Id.* at 23 (quoting *Microsoft*, 131 S. Ct. at 2252). Like the dissenters below, Saint-Gobain contends that when, in determining equivalence, juries are asked to make a decision that directly calls into question the PTO’s determination that a particular feature or aspect of later-granted patent is what renders it nonobvious and thus patentable over a prior art patent, they must make that finding by clear and convincing evidence.

Application of this standard in this discrete setting is fully consistent with *Microsoft*. *Contra id.* at 1, 22-24. As this Court explained, the statutory presumption of validity codified the “proposition that a government agency such as the [PTO] [i]s presumed to do its job.” 131 S. Ct. at 2243 (quotation marks omitted) (first alteration in original). Here, that proposition means that the PTO properly determined that the LYSO crystals claimed by the Chai ’420 patent were nonobvious and thus patentable over the LSO crystals claimed in Siemens’ ’080 patent. Permitting a jury to override that determination only on a showing of clear and convincing evidence gives effect to that proposition; overriding that determination under a preponderance standard does violence to it. And limiting use of the clear and convincing evidence standard to this discrete issue ensures that it is confined to its “fact-related reservation,” *id.* at 2253 (Breyer, J., concurring).

Nor does this standard “eliminat[e]” the doctrine of equivalents. *Opp.* 33. The doctrine would still apply in cases involving later-granted patents, and its function-way-result test would remain unaltered. In the majority of cases, moreover, juries would still

apply that test using a preponderance standard. But in this case LYSO is different in kind, which is why it should be impermissible to apply the DOE to this “new invention not covered by the original patent’s claims” as found by the PTO. App. 89a n.3 (Dyk, J. dissenting).

Warner-Jenkinson was not presented with a question concerning the clash of two separate legal doctrines. Opp. 31-33; *Warner-Jenkinson Co. v. Hilton-Davis Chem. Co.*, 520 U.S. 17 (1997). This case directly presents that issue, and the evidentiary standard urged by Saint-Gobain and the dissenters below strikes the proper balance between the interests underlying both doctrines. That standard preserves the statutory presumption of validity. It ensures that the doctrine of equivalents is not used to nullify that presumption, or “to capture through equivalents a device that was novel, i.e. separately patentable, because of the novelty of the equivalent features.” *Festo XIII*, 493 F.3d at 1379-80. And it fosters the notice function of patents and resulting legal certainty conducive to innovation and investment.

CONCLUSION

The petition for certiorari should be granted.

Respectfully submitted,

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