

No. 11-301

IN THE
Supreme Court of the United States

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

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**

SUPPLEMENTAL BRIEF

ARTHUR I. NEUSTADT
OBLON, SPIVAK,
McCLELLAND, MAIER
& NEUSTADT, LLP
1940 Duke Street
Alexandria, VA 22314
(703) 413-3000

CARTER G. PHILLIPS*
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
cphillips@sidley.com

Counsel for Petitioner

May 7, 2012

* Counsel of Record

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SUPPLEMENTAL BRIEF

This case raises an important and unresolved issue that has divided the Federal Circuit in prior cases and led to divisions at both the panel and en banc stages below. This division arises from a conflict between two fundamental patent law doctrines—the statutory presumption of validity and the judge-made doctrine of equivalents. As a result of this conflict, businesses that use later-patented methods or devices in order to obtain some measure of protection from overbroad use of the doctrine of equivalents are denied much needed certainty. And, as this case illustrates, juries are left with meaningless instructions that gloss over the conflict, and provide no guidance on “how [to] navigate the equivalence inquiry without undermining the presumption of” validity. App. 38a (Prost, J., dissenting).

The government tries mightily to deny that these problems exist. Indeed, it goes so far as to offer a new theory for the decision below that no judge relied on at either the panel or en banc stages—no doubt because the theory is factually inaccurate. Ultimately, however, the government acknowledges (as it must) that the two doctrines will inevitably clash in certain cases. It nevertheless urges the Court to ignore that clash on the grounds that there is no “persuasive reason,” US Br. at 20, to alter the evidentiary standard for proving infringement, and that doing so would cause uncertainty. These claims are extraordinary—and extraordinarily mistaken.

The “persuasive reason” to alter the burden of proof in cases such as this one is that it is necessary to give effect to a presumption that Congress has mandated. Indeed, the government has recognized that, in light of that presumption, a “jury *should not be*

permitted to overturn the considered decision of the PTO when the evidence is substantially in equipoise.” Brief of the United States at 26-27, *Microsoft Corp. v. i4i Ltd. P’ship, et al.*, No. 10-290 (U.S. filed Mar. 18, 2011) (emphasis added). Yet that is precisely what happened here, where a jury applying a preponderance of evidence standard used the doctrine of equivalents to override a presumptively valid finding of novelty and non-obviousness by the Patent and Trademark Office (PTO).

The government contends that such frustration of a statutory mandate is acceptable because requiring juries in these types of cases to apply a heightened evidentiary standard would “inject uncertainty into the legal formulation of the standard of proof.” US Br. at 20. This rationale cannot justify a decision to allow juries to deviate from statutorily-mandated standards. But its invocation here is particularly disingenuous. The status quo the government seeks to protect is already rife with legal uncertainty. Ad hoc instructions that the separate patentability of an accused device “*may* be *some* evidence” of a substantial difference, *id.* (emphases added), or “is entitled to *due* weight,” *Nat’l Presto Indus., Inc. v. W. Bend Co.*, 76 F.3d 1185, 1192 (Fed Cir. 1996) (emphasis added), are meaningless. Such instructions provide no guidance to juries, no protection to the presumption of validity, and no guidance to businesses that seek to make reasoned judgments about their potential liability when deciding whether to use subsequently patented technology.

This Court should decline to follow the government’s suggestion that this dysfunctional state of affairs be allowed to persist.

1. Contrary to the government’s suggestion, use of the doctrine of equivalents to capture later-patented

devices often conflicts with the statutory presumption of validity, and it plainly did so in this case.

a. The government argues at length that many improvement patents cannot be practiced without infringing earlier patents, US Br. at 2, 11-12, 15, and that there is no necessary “inconsistency between a PTO determination that an improvement is non-obvious and a jury finding that the improvement is the ‘equivalent’ of something claimed in an earlier patent,” *id.* at 9. As petitioner has previously explained, this is true, but irrelevant. See Reply at 2-3. So too are the government’s observations that findings of equivalence and non-obviousness occur at different times, and that the latter inquiry may involve secondary considerations not included as part of an equivalence determination. US Br. at 14 & n.4. The fact that the doctrine of equivalents and the statutory presumption of validity do not always conflict does not establish that they never conflict.

Indeed, the government ultimately admits (as it must) that cases will “arise in which a plaintiff’s proffered evidence of equivalence also suggests that a separate issued patent should have been denied on the grounds of obviousness.” *Id.* at 17. In such cases, juries are invited to override the PTO’s presumptively valid finding of non-obviousness without applying the correlative clear-and-convincing standard of proof. In such cases, therefore, there is a clear conflict between the doctrine of equivalents and the statutory presumption of validity.

b. The government’s attempt to show that no such conflict occurred in this case is not only groundless, it is highly misleading. The government claims that the novelty of LYSO crystals “was simply . . . that [they] would ‘retain the LSO scintillating properties,’ while avoiding several ‘tough economic issues’

associated with LSO crystals,” namely, the cost and difficulty of production. *Id.* at 16 (citation omitted) (quoting ’420 patent). None of the four appellate opinions written in support of affirmance of the jury’s finding relied on such a theory, and for good reason—it is inaccurate.

The patent states that LYSO crystals solved two “physical issues” with LSO crystals “[i]n **addition to**” the “economic issues” the government cites. ’420 Patent, col. 4, lns. 5-6 (emphasis added). First, LYSO crystals solved the “isotope problem,” *id.* col. 4, ln. 4, by reducing “the trace concentration of the naturally radioactive Lu¹⁷⁶ isotope without sacrificing the net light yield.” *Id.* col. 6, ln. 67 – col. 7, ln. 2. This “reduce[s] the background noise of the detector.” *Id.* col. 7, lns. 2-3. Second, LYSO solved the “defect” of “very deep trap centers,” which was “the most serious” shortcoming of LSO. *Id.* col. 2, lns. 49-56. This defect was evidenced by LSO’s “very long phosphorescence after exposure to any UV light source,” *id.* col. 2, lns. 50-51, which LYSO “greatly reduced,” *id.* col. 6, lns. 56-58. Indeed, the inventors were “surprised by” the fact that “[t]he light yield of cerium doped LYSO monocrystal is actually higher than that of cerium doped LSO.” ’420 Patent Image File Wrapper, Declaration of Bruce H.T. Chai 5 (Apr. 23, 2002), *available at* <http://portal.uspto.gov/external/portal/pair>. One thus asserted that an LYSO crystal is not obvious because it “out perform[s] pure cerium doped [LSO] in light yield making it unique.” *Id.* at 3.

Thus, while they perform the same overall function as LSO crystals (*i.e.*, scintillation), LYSO crystals achieve a different, and better (*i.e.*, higher light output), result. 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).” App. at 89a n.3 (Dyk, J., dissenting) (emphases omitted). The PTO’s finding that LYSO crystals were nonobvious and therefore patentable over LSO crystals was presumptively valid and could 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 of the evidence. In this very case, therefore, a jury was allowed to use the doctrine of equivalents to override the statutory presumption of validity without finding that the evidentiary standard applicable to that presumption was met. The government’s contrary claim is simply incorrect.

2. Although this case squarely presents the conflict between the doctrine of equivalents and the statutory presumption of validity, the government nevertheless argues that review is inappropriate. None of the reasons it offers, however, withstands scrutiny.

a. The government notes that there is no division of authority on the issue. US Br. at 10-13. Of course, in cases arising out of the Federal Circuit, this criterion for review is not dispositive, as that court is the exclusive venue for such issues, and has been for over three decades. What is relevant is that the issue has spawned divisions within the Federal Circuit since at least 1996, when Judge Nies observed that “[a] substitution in a patented invention cannot be both nonobvious and insubstantial.” *Roton Barrier, Inc. v. Stanley Works*, 79 F.3d 1112, 1128 (Fed. Cir. 1996) (Nies, J., additional views). And the issue

sparked deep divisions in this very case, eliciting dissents at both the panel and en banc stages, and three separate en banc concurrences attempting to explain why those dissents were wrong.

Ignoring these divisions, the government cites the same cases respondent cited to try to show that the issue has long been settled. Compare US Br. at 12-13, with Opp. at 19-20. This claim is flatly contradicted by the Federal Circuit’s own statement 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). The government’s cases, by contrast, largely address the overbroad claim—not raised here—that separate patentability creates an absolute bar to infringement. See Reply at 3-5.

Nor did this Court resolve the issue in *Sanitary Refrigerator Co. v. Winters*, 280 U.S. 30 (1929). In fact, the judges of the Federal Circuit are divided over the meaning of cryptic and ambiguous language in that case. In affirming a finding that a patented feature of a refrigerator infringed an earlier patent under the doctrine of equivalents, this Court stated that infringement was not avoided, “under the controlling weight of the undisputed facts, by any presumptive validity that may attach to the [subsequent] patent.” *Id.* at 43. As Judge Dyk explained, App. 88a (Dyk, J., dissenting), this statement can be read as finding that the presumption was overborne in that case by clear and convincing

evidence.¹ The very fact that judges of the Federal Circuit are divided over the meaning of this Court's statement is a further reason for review.

The government baldly asserts that cases raising this issue are "rare." US Br. at 17, 18. But the issue first arose at least a century ago, see *Herman v. Youngstown Car Mfg. Co.*, 191 F. 579 (6th Cir. 1911), and continues to arise with some frequency in the Federal Circuit. Moreover, even if, as the government claims, most improvement patents are of the A+B+C+D type, and thus cannot be practiced without infringing earlier patents of the A+B+C variety, see Reply at 2-3, this case confirms that, in some number of cases, asserting equivalence against products covered by later-granted patents will clash with the presumption of validity. The PTO grants nearly 250,000 patents each year. *U.S. Patent and Statistics Chart*, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm (last modified May 4, 2012). Even if a relatively small number of them claim substitute elements that, like LYSO, are "different in kind from . . . element[s] claimed in" prior patents, this still yields a significant potential for the clash of doctrines that occurred in this case. And, recent news accounts of patent portfolio purchases in the billions of dollars confirm that important commercial products will likely be the subject of patent protection.

¹ That view is bolstered by this Court's observation, just four years after *Sanitary Refrigerator*, that the heightened burden of proving invalidity had found "varying expression" in its cases, but was to be contrasted with a "more than dubious preponderance." *Radio Corp. of Am. v. Radio Eng'g Labs., Inc.*, 293 U.S. 1, 7-8 (1934). The "controlling weight of the undisputed facts" appears plainly to describe something much stronger than a mere "dubious preponderance."

In short, the government's unsubstantiated claim that the question presented arises infrequently is not a sufficient basis for ignoring a clash of fundamental patent doctrines that has persisted for over a century, and that could affect enormously valuable patent interests.

b. The government also contends that review is unwarranted because the decision below is correct. As we have shown, however, that decision allows juries to use the judge-made doctrine of equivalents to override the presumption of validity based on a "dubious preponderance" of evidence, in direct contravention of statutory requirements. Such a clear deviation from a statutory mandate is anything but plainly correct. Nor has the government marshaled compelling policy reasons for why this Court should allow such deviations to continue.

The government claims it would be inappropriate to impose a heightened burden in cases such as this because questions of infringement "involve case-specific factual questions that have no broader ramifications for society as a whole." US Br. at 18. But the reason for imposing a heightened standard in such cases is to protect the statutory presumption of validity, which will otherwise be overridden under an impermissibly lax standard of proof. As the government acknowledges, challenges to a patent's presumed validity do have broad societal import, because they "implicate the expert determinations of the PTO and the corresponding reliance interests of patentees." *Id.*

These reliance interests cannot be ignored based on the kinds of hypothetical "difficulties," *id.* at 19, the government posits. It notes that juries might have to apply a preponderance standard to determine infringement of some elements of a claim, and a

heightened burden for determining infringement of other elements of the same claim. *Id.* But juries are routinely instructed to apply different standards of proof to different issues arising out of a single patent claim (*e.g.*, whether the claim is valid and infringed). And they receive different instructions for determining literal infringement and infringement by equivalence. There is no reason to believe that juries are incapable of applying a different standard of proof where, as in this case, a finding of equivalence will effectively override the PTO's finding of non-obviousness.

Similarly, the government speculates that parties may dispute whether a later-issued patent covers an allegedly infringing device or method, requiring courts to construe claims of an unasserted patent to determine the proper standard of proof for infringement of another patent. This "practical difficulty" has no basis in reality. To the extent they seek to rely on later-granted patents to protect themselves from potentially massive infringement liabilities, businesses have every incentive to practice the claims of such later-granted patents and not deviate from them.

The government's concern about "inject[ing] uncertainty into the legal formulation of the standard of proof," *id.* at 20, is likewise misplaced. The government nowhere explains how such a concern could trump a statutory requirement that patents can be found invalid only on a showing of clear and convincing evidence. But even if it could, the current system of relying on ad hoc jury instructions entails just as much, if not greater, legal uncertainty. Instructions that the separate patentability of an accused device "*may* be *some* evidence" of a substantial difference, *id.* (emphases added), or "is

entitled to *due* weight,” *Nat’l Presto*, 76 F.3d at 1192 (emphasis added), are so vague and open-ended as to be meaningless. They provide no certainty or protection to businesses that legitimately rely on PTO validity determinations when deciding whether to introduce new products. Tellingly, the government has identified no clearer instruction, akin to the one suggested in *Microsoft*, that explains how juries can “navigate the equivalence inquiry without undermining the presumption of” validity. App. 38a (Prost, J., dissenting).

Finally, this Court’s affirmance of the doctrine of equivalents does not justify maintaining a system in which juries can override the presumption of validity using a lesser standard of proof than the Patent Act requires. Although the Court has recognized that the doctrine of equivalents engenders some uncertainty, it has also sought to cabin that uncertainty where possible. Thus, it has required that equivalence be applied on an element-by-element basis, *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997), and has barred use of the doctrine to recapture claim scope surrendered during prosecution. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 734-37 (2002).

Where, as here, a later patent claims a substitute element that the PTO deems novel and non-obvious, practicing that later patent should provide a similar measure of assurance against overbroad use of the doctrine of equivalents. Instead, permitting juries to override such determinations based on a “dubious preponderance” of the evidence unnecessarily increases the degree of uncertainty engendered by the doctrine of equivalents. This Court plainly did not endorse such results simply by holding that the doctrine of equivalents can apply to after-arising

technology. US Br. at 21. Indeed, *Warner-Jenkinson* did not address this situation or the underlying clash of legal doctrines.

In sum, there is nothing “appropriate” about the status quo. *Id.* at 20. Indeed, by allowing juries to use the doctrine of equivalents to override PTO novelty and non-obvious determinations under a lesser standard of proof, the current ad hoc scheme undermines the notice function of patent claims, increases uncertainty and litigation costs, and stifles innovation. This Court should grant the petition and review this important and recurring issue.

CONCLUSION

The petition for certiorari should be granted.

Respectfully submitted,

ARTHUR I. NEUSTADT
OBLON, SPIVAK,
McCLELLAND, MAIER
& NEUSTADT, LLP
1940 Duke Street
Alexandria, VA 22314
(703) 413-3000

CARTER G. PHILLIPS*
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, D.C. 20005
(202) 736-8000
cphillips@sidley.com

Counsel for Petitioner

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* Counsel of Record