

No. 12-1086

In the Supreme Court of the United States

SONY COMPUTER ENTERTAINMENT
AMERICA LLC, *ET AL.*,

Petitioners,

v.

1ST MEDIA, LLC,

Respondent.

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

RESPONDENT'S BRIEF IN OPPOSITION

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RESPONDENT'S QUESTION PRESENTED

Were Petitioners unable to prove inequitable conduct by clear-and-convincing evidence because they had no evidence that deceptive intent was the reason an inventor and his patent attorney did not disclose three prior art documents to the USPTO?

RULE 29.6 STATEMENT

There is no parent or publicly held company owning 10% or more of to 1st Media, LLC stock.

REASONS FOR DENYING THE PETITION

The Panel decision does not signal the death of flexible equity jurisprudence. The Court of Appeals for the Federal Circuit imposed no “rigid” or “formulaic” restrictions. The matters decided below were more quotidian. Like every court of appeals asked to review a bench trial judgment, the Panel sifted through the trial record to look for evidence supporting the judgment. Here, “intent to deceive” evidence did not exist. For example, the record lacked any contemporaneous inventor- or attorney-writing betraying a belief that the nondisclosed documents were important. That evidentiary outcome does not demand discretionary review.

The Petition does not assert that any Supreme Court Rule 10 criteria apply: no circuit split; no unusual judicial action calling for the Court’s supervisory power; and no decision on an “important federal question in a way that conflicts with relevant decisions of this Court.” *See generally* S. Ct. Rule 10. The Petition instead asserts a conflict with a 1933 “unclean hands” decision: that equity courts, before the 1938 abolition of the equity/law distinction, and before the 1975 Federal Rules of Evidence, are “not bound by formula or restrained by any limitation that tends to trammel the free and just exercise of discretion.” Pet. 13-14, quoting *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 245-46 (1933).

The Petition asserts that the Federal Circuit’s unanimous Panel decision, which the full court unanimously declined to rehear *en banc*, deprives district courts of *Keystone Driller’s* “free and just exercise of discretion.” Pet. 13. The Petition refers to

a Federal Circuit “formula” for determining whether a trial record lacks deceptive intent evidence (using that word 41 times). Pet. 13-26. The Petition does not identify what Federal Circuit legal standard embodies a forbidden formula, as the word appears nowhere in the Panel decision. Nor did the Panel decision impose any formula on district courts.

The Petition therefore fails to support this Court’s discretionary review. First, the Petition’s cited “free and just exercise of discretion” *dictum* quotation arose in a case involving “unclean hands.” *Keystone Driller* did not decide a technical inequitable conduct defense, such as the one here. Unclean hands involves unconscionable or egregious conduct (e.g., witness bribery), far beyond that associated with inequitable conduct. *Keystone Driller Co.*, 290 U.S. at 245-46. Thus, no ruling below can be construed as in conflict with *Keystone Driller*.

Second, under the inequitable conduct defense, equitable discretion will not trigger until a proponent establishes “materiality” of withheld information, where “intent to deceive” was the reason the actors withheld it from the USPTO. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir. 2011); *Astrazeneca Pharm. LP v. Teva Pharm. USA, Inc.*, 583 F.3d 766, 770 (Fed. Cir. 2009). The Petition does not challenge this underlying legal standard, nor suggest any replacement standard. Its real gripe is that its evidence was inadequate to provoke equitable discretion under unchallenged legal standards, not that the Federal Circuit cabined equitable discretion once properly triggered.

Third, as correctly summarized by the Panel, Petitioners conceded the absence of direct evidence of

intent to deceive. App. at 11a. “They contend instead that the way in which [the inventor and patent attorney] became aware of the references, coupled with statements they made during prosecution of the ’946 Patent, demonstrate the necessary *mens rea*” App. at 11a. For each alleged withholding, the Panel observed that the trial record lacked any evidence of specific intent to deceive, or the making of a deliberate decision to withhold the references from the USPTO. App. at 14a-18a. This Court should not divert its scarce resources to reassess the factual record to determine if the Federal Circuit was right or wrong.

In this regard, the Panel properly cited this Court’s decision in *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485, 512 (1984), App. at 10a, on the way to holding that the district court’s disbelief of exculpatory testimony did not substitute for affirmative evidence of deceptive intent. App. at 16a. The Petition recharacterizes this holding as one that “prohibits consideration of important evidence until after a district court navigates through a rigid, step-by-step analytical framework.” Pet. 19. Thus, Petitioners’ complaint centers on a claim that the Panel decision forecloses district court consideration of the “totality of the circumstances.” Pet. 17-20. But stripped of labels and rhetoric, Petitioners really would like a district court’s witness-incredibility findings to plug gaps in a proponent’s case-in-chief, as part of such “totality.” This wish stands in direct conflict with *Bose Corp.* Beyond that, Petitioners ask for a result that allows materiality evidence to show intent, and vice versa. Pet. 19. The Federal Circuit has rightly rejected such attempts to blur issues,

since evidence must be probative before it is relevant. *Therasense*, 649 F.3d at 1288, 1290 (rejecting “sliding scale” used in prior cases that “conflated, and diluted, the standards for both intent and materiality”); see Fed. R. Evid. 401 (relevance requires “tendency to make a fact more or less probable than it would be without the evidence”).

Not only do the legal grounds in the Petition fail to justify this Court’s review, but the policy grounds fail as well.

Petitioners argue that now some inequitable conduct defenses might fail, even where there has been a proven violation of a USPTO candor rule. Pet. 20-21. Petitioners’ argument goes too far. USPTO disclosure duties are agnostic about “intent to deceive,” and thus do not carry a one-to-one correspondence with the inequitable conduct litigation defense. Indeed after *Therasense*, the USPTO proposed new rules to harmonize the disclosure duties with *Therasense* materiality standards. See 76 Fed. Reg. 43631 (July 21, 2011).

Nor do Federal Circuit standards foreclose all nondisclosure inequitable conduct cases. Pet. 22. The Panel itself recognized this. It cited a nondisclosure decision of recent lineage in which it affirmed inequitable conduct. App. at 15a.

Nor would this case provide a “roadmap” for dishonest applicants. Pet. 23-24. The rare dishonest applicant would always find ways to suppress evidence of deceit, no matter what the disclosure-prompting legal standards are. Instead, permitting a deceptive intent finding in the absence of any evidence of a deliberate decision to withhold a known material reference – the outcome Petitioners seek –

would ensnare innocent inventors and attorneys in a net of false accusations. Reputation-damaging defenses could succeed even where they should not (as happened in the trial court in this case).

Finally, this is not a proper case for review. While Petitioners say the district court “diligently undertook the complex task” of record-development and equitable balancing within its findings and conclusions, Pet. 25, Petitioners themselves wrote those findings and conclusions, which the district court adopted verbatim. App. 7a-8a. Petitioners should not be heard to defend the equitable discretion of a district court that surrendered all of that discretion to the petitioning party itself.

CONCLUSION

The Petition lacks any of the considerations that merit this Court’s discretionary review. For the foregoing reasons, the Petition should be denied.

Respectfully submitted,

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