

No. 13-43

IN THE
Supreme Court of the United States

MAERSK DRILLING USA, INC.,
Petitioner,
v.

TRANSOCEAN OFFSHORE
DEEPWATER DRILLING, INC.,
Respondent.

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

BRIEF IN OPPOSITION

CHARLES B. WALKER, JR.
WARREN S. HUANG
FULBRIGHT & JAWORSKI LLP
1301 McKinney
Suite 5100
Houston, TX 77010
(713) 651-5151

JONATHAN S. FRANKLIN*
FULBRIGHT & JAWORSKI LLP
801 Pennsylvania Ave., N.W.
Washington, D.C. 20004
(202) 662-0466
jonathan.franklin@nortonrose
fulbright.com

* Counsel of Record

Counsel for Respondent

QUESTION PRESENTED

Whether substantial evidence supports the jury's factual finding that two U.S. companies' execution of a contract governed by U.S. law to provide a drilling rig in the U.S.—a rig that was under construction and contained every element of the patented invention at the time the contract was executed—was an offer to sell and sale of a patented invention within the U.S. under 35 U.S.C. § 271(a).

RULE 29.6 STATEMENT

Transocean Offshore Deepwater Drilling Inc. is a wholly-owned subsidiary of Transocean Ltd.

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BRIEF IN OPPOSITION

INTRODUCTION

The petition satisfies none of this Court’s criteria for certiorari. It presents a unique, intensely fact-bound question that not only has been waived but is unlikely ever to arise again in a dispositive way. There also is admittedly no conflict among the circuits, and the Federal Circuit’s resolution of the case was plainly correct.

Petitioner (“Maersk”) asks the Court to decide whether offering, negotiating, and entering into a particular contract constitutes an infringing offer to sell or sale of a patented invention “within the United States” under 35 U.S.C. § 271(a). Pet. i. The

petition principally seeks review of a decision in an earlier, pretrial appeal that effectively denied Maersk's motion for summary judgment on the alleged extraterritorial application of the patent laws. But that question has not been preserved for this Court's review. This case proceeded to a jury verdict after a full trial, and Maersk failed to move for judgment as a matter of law on that issue during and after trial as Federal Rule of Civil Procedure 50 requires. This Court cannot overturn the jury's verdict on the ground that there is insufficient evidence of domestic infringement where Maersk never properly presented that question at trial.

Even if it had been properly preserved, the question presented involves no important or recurring issue of federal law. The Federal Circuit's holding in the pretrial appeal was predicated on the unique factual circumstances of this case as presented on summary judgment, where two U.S. companies executed overseas a contract governed by U.S. law to sell an infringing product in the U.S. but no infringing product was ultimately delivered to and used in the U.S. There is no basis to anticipate a groundswell of future litigation involving this unusual set of facts. Patent holders will in all—or virtually all—other cases indisputably have a remedy when an infringing product is delivered to and used in the U.S. And because any company executing a contract to sell an infringing product in the U.S. must take that unquestioned liability into account no matter where the contract is negotiated or signed, the Federal Circuit's holding will have no impact on how companies do business overseas.

Finally, certiorari should be denied because the Federal Circuit correctly decided the infringement

questions at issue based on a careful and thoughtful consideration of the presumption against extraterritoriality and correct applications of Section 271(a)'s plain and unambiguous language and well-established principles of patent law to the facts of this case. Maersk's factual quibbles with whether the contract in this case constituted a sale of an infringing good are equally unworthy of this Court's review. The Federal Circuit simply found that substantial evidence supported the jury's verdict on this factual question, and Maersk's contention that the particular contract in this case does not constitute an infringing sale is nothing but a challenge to the sufficiency of the evidence based on idiosyncratic facts that does not remotely merit this Court's review. The petition should be denied.

COUNTERSTATEMENT OF THE CASE

A. Maersk Executes A Contract To Provide Another U.S. Company An Infringing Drilling Rig In The U.S.

In 2003, Maersk's parent corporation decided to enter the deepwater drilling market. A09995-10013.¹ After consulting with its clients, Maersk concluded that "[e]fficiency is the key issue to make the oil companies choose our rig, and therefore we have to incorporate the same efficiency improvement features as used by our competition. This feature is generally described as 'dual-activity.'" A10015-16. Maersk noted that "[t]he best known examples of dual activity vessels are probably the drill ships of the Transocean [] Discoverer Enterprise class."

¹ "A__" refers to the Joint Appendix filed below in *Transocean Offshore Deepwater Drilling Inc. v. Maersk Drilling USA, Inc.*, No. 2011-1551 (Fed. Cir.).

A10017. Such “dual activity” rigs, however, were expressly covered by U.S. patents held by Transocean. Appendix to Pet. for Certiorari (“App.”) 62. Maersk’s parent corporation ultimately contracted with a foreign shipyard to build three dual activity drilling rigs, including the rig in this case. A07149; A10224; A10229-30; A10307.

In 2006, Statoil Gulf of Mexico LLC (“Statoil”), a U.S. company, requested through its parent company bids for a marine drilling contract. A13232. Maersk and Transocean submitted competing bids in response, with Maersk offering one dual activity rig and Transocean offering Statoil a choice of single and dual activity rigs. A06474-78; A06652-53. Maersk won the contract award, and, in November 2006, entered into a contract (“the Statoil Contract”) worth over \$650 million to provide an infringing dual activity rig to Statoil in the “US Gulf of Mexico.” A06643-44; A06652-53; A10813; A10817; A10819; A10904-05.² The contract was governed by U.S. law. App. 132. The contract identified the rig that would be provided in the U.S. under the contract as “Hull B280,” which was one of the infringing dual-activity rigs being built for Maersk. A06877-79; A10818; A10230. Maersk eventually delivered the rig to U.S. waters in a modified form. App. 25-26.

Maersk expressly recognized in the Statoil Contract that its “Drilling Unit may infringe Transocean’s intellectual property rights” and agreed

² While Maersk suggests that Maersk Drilling (a Danish company) and Statoil ASA (a Norwegian company) “sign[ed] and execut[ed]” the Statoil Contract (Pet. 5), there is no dispute that the two contracting companies were U.S. companies and that the contract was signed by representatives of those two U.S. companies (A10818, A10858).

to indemnify Statoil “from and against any Claim resulting from infringement of patents.” A11122. The contract also stated that Maersk “*may* make such alterations *in [its] discretion* in view of court or administrative determinations throughout the world that favour the validity or infringement arguments of Transocean as relate to the Patents.” *Id.* (emphasis added). But the contract did not state Maersk was required to or would do so. *Id.*

B. Procedural History

In 2007, Transocean filed the present action against Maersk, alleging that Maersk infringed, *inter alia*, claims of U.S. Patent Nos. 6,047,781 and 6,068,069 (“the Transocean Patents”). A00079-82. In 2009, the district court granted summary judgment that Maersk did not infringe or willfully infringe the Transocean Patents and that the patents were invalid for lack of enablement and obviousness. App. 73-110. Transocean appealed.

In *Transocean I*, the Federal Circuit reversed the district court’s grant of summary judgment on infringement, enablement, and obviousness and remanded those issues for trial. App. 1-31. The Federal Circuit, however, affirmed the district court’s judgment that: (1) Transocean was collaterally estopped from arguing that the drilling rig eventually provided by Maersk, which had been modified in response to an injunction issued in another action, infringed the patents; and (2) Maersk did not willfully infringe. App. 27-31.

Maersk filed a petition for rehearing or rehearing en banc, which the Federal Circuit denied. App. 32-33. Maersk did not file a petition for writ of certiorari seeking this Court’s review of the Federal

Circuit's pretrial decision reversing the grant of summary judgment.

Following a two-week trial on remand, the jury returned a unanimous verdict in Transocean's favor on all claims and defenses, finding that:

- Maersk infringed the Transocean Patents based on the execution of the Statoil Contract;
- Transocean was entitled to a reasonable royalty of \$15,000,000 for Maersk's infringement;³ and
- The patents were not invalid as obvious or for lack of enablement.

A08062-64.

Post-verdict, the district court set aside all of the jury's findings and granted judgment as a matter of law ("JMOL") in Maersk's favor on every claim and defense, ruling that: (1) Maersk did not infringe the Transocean Patents; (2) Transocean was not entitled to a reasonable royalty even if Maersk infringed the patents; and (3) the patents were invalid as obvious and for lack of enablement. App. 111-25. The

³ Maersk incorrectly states that the jury and the Federal Circuit imposed the full license fee Maersk would have paid to actually use an infringing drill. Pet. 8, 16. In fact, that license fee would have been much higher. The trial evidence established that Transocean charged a \$15,000,00 upfront lump-sum royalty for the right to employ the patented invention in *any* manner, including offering to sell or selling the invention. A06587. In this case, Maersk offered an infringing rig to win a \$650 million contract from Statoil for which Transocean had also bid. If the infringing rig had actually been used, the evidence established that Transocean would have been able to recover an additional running royalty. A06587-88. Thus, the jury awarded exactly the right amount of damages for Maersk's infringing conduct when it awarded only the \$15,000,000 upfront lump-sum royalty.

district court also ruled that the court itself had repeatedly committed reversible error throughout the trial, conditionally granting a new trial on every ground requested by Maersk. A00015-16.

In *Transocean II*, the Federal Circuit reversed in full the district court's orders granting JMOL and a new trial, reinstating the jury's verdict on infringement and damages and rejecting Maersk's invalidity contentions. App. 34-69, 70. Maersk filed a petition for panel rehearing and petition for rehearing en banc, and the Federal Circuit denied those petitions on February 21, 2013. App. 71-72. This petition followed, in which Maersk challenges certain determinations made by the Federal Circuit in the two appeals on issues of infringement but does not raise any invalidity contentions.

REASONS FOR DENYING THE PETITION

I. MAERSK FAILED TO PRESERVE ITS EXTRATERRITORIALITY ARGUMENT.

The sole question presented in the petition is whether two U.S. companies' execution of a contract governed by U.S. law to sell an infringing drilling rig in the U.S. "constitutes an 'offer to sell' or 'sale' of an actually patented device 'within the United States,' under 35 U.S.C. § 271(a)." Pet. i. This Court should deny certiorari because Maersk failed to properly preserve that question for post-trial appellate review.

Maersk first raised its "extraterritoriality" argument in a 2009 pretrial motion for summary judgment, and the district court granted summary judgment on that ground. App. 80, 83-84. In *Transocean I*, the Federal Circuit reversed and remanded the case for a jury trial on infringement and invalidity. App. 1-26. Thus, the Federal

Circuit's decision effectively denied Maersk's pretrial motion for summary judgment on extraterritoriality.

Despite its present characterization of the Federal Circuit's rejection of its extraterritoriality argument as a "two-fold expansion of § 271(a)" that conflicts with "more than 150 years of this Court's patent jurisprudence" (Pet. 11), Maersk chose not to file a petition for writ of certiorari asking this Court to review this allegedly landmark pretrial ruling.

Then, in the parties' joint pretrial order on remand, Maersk did not identify its extraterritoriality argument as a defense it intended to assert at trial. A05250-52. Maersk did not assert that argument despite asserting multiple other infringement defenses in the joint pretrial order. A05250.

At trial, at the close of evidence, Maersk failed to include its extraterritoriality argument among multiple other infringement defenses asserted in its motion for JMOL under Federal Rule of Civil Procedure 50(a). A07294-07325; A08067-83. After the jury returned its verdict of non-infringement, Maersk again failed to include its extraterritoriality argument in its renewed motion for JMOL under Rule 50(b). A09038-82.

Finally, in *Transocean II*, Maersk yet again failed to assert its extraterritoriality argument in its brief on the merits or its combined petition for panel rehearing and rehearing en banc as an alternative basis for affirming the district court's grant of JMOL.

Now, for the first time since the Federal Circuit's 2010 decision in *Transocean I*, Maersk seeks to revive its pretrial extraterritoriality argument as a ground for reversing the Federal Circuit's post-trial

decision in *Transocean II*, which reinstated the jury verdict. Maersk's argument is too little, too late.

This Court has ruled that a party may not appeal a summary judgment denial after the case has proceeded to a full trial on the merits. *See Ortiz v. Jordan*, 131 S. Ct. 884, 888-89 (2011) ("May a party * * * appeal an order denying summary judgment after a full trial on the merits? ***Our answer is no.***") (emphasis added). As this Court observed in *Ortiz*, in an appeal following a trial, an issue raised at the summary judgment stage can only be reviewed based on the full record presented at trial rather than the incomplete summary judgment record:

The order [denying summary judgment] retains its interlocutory character as simply a step along the route to final judgment. Once the case proceeds to trial, the full record developed in court supersedes the record existing at the time of the summary judgment motion.

Id. at 889 (citation omitted).

Having failed to raise its extraterritoriality argument at any point between the Federal Circuit's 2010 decision in *Transocean I* and the filing of its petition for writ of certiorari in this Court in 2013, Maersk is, in essence, seeking to appeal the denial of Maersk's motion for summary judgment on that ground based on the partial evidentiary record that existed when that motion was filed.

The reasoning of *Ortiz* and Federal Rule of Civil Procedure 50 foreclose such an appeal. To preserve for appeal an argument that was previously rejected on summary judgment, the movant must reassert that argument in motions for JMOL during and after trial as Rule 50 expressly requires. *See Ortiz*, 131 S.

Ct. at 892-93. This is particularly true given that Maersk's extraterritoriality argument is inherently factual in nature—Maersk challenges the sufficiency of the evidence as to whether the infringing act occurred in the U.S. or someplace else. See *Litecubes, LLC v. N. Light Prods., Inc.*, 523 F.3d 1353, 1368 (Fed. Cir. 2008) (noting that JMOL motions were the “procedurally correct mechanism to challenge the jury findings of infringement based on the location of the allegedly infringing activity”). As this Court has held, a party may not appeal the sufficiency of the evidence underlying a jury's verdict unless it has properly filed and renewed Rule 50 motions during and after trial. See *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 546 U.S. 394 (2006).

Under Rule 50, Maersk was required to reassert its extraterritoriality argument during and after trial notwithstanding that summary judgment had been denied based on the record compiled for that motion. The purpose of requiring initial and renewed Rule 50 motions at trial “is to assure the responding party an opportunity to cure any deficiency in that party's proof.” Rule 50 Advisory Committee Notes. If Maersk had raised its extraterritoriality argument at trial, Transocean could have and would have presented additional evidence, unavailable at the time of summary judgment, showing that the infringing offer to sell or sale occurred in the U.S. even under Maersk's view of the law. Transocean, however, was never given that opportunity because Maersk never reasserted its extraterritoriality argument at trial. Had Maersk done so, its present arguments would likely have become moot.⁴

⁴ It does not matter that Maersk's motion for summary judgment was denied by the Federal Circuit rather than the

Thus, Maersk cannot escape the waiver of its extraterritoriality argument by asserting that the issue decided in *Transocean I* was a “pure” question of law (a circumstance not expressly considered in *Ortiz*, 131 S. Ct. at 892). It was not, because the question ultimately depends on the factual issue of where the infringing activities took place. Now that a jury trial has taken place, Maersk cannot challenge the sufficiency of the locational evidence underlying the jury’s verdict where it filed no Rule 50 motion on the extraterritoriality issue. And Maersk cannot ask this Court to overturn the jury’s verdict based on this issue, when it made no such request at trial.⁵

But even if the argument were viewed as only a question of law, the Fifth Circuit—whose authority would have governed this non-patent issue⁶—has

district court. As shown, the reason Rule 50 required Maersk to renew its extraterritoriality argument at trial is not so the district court or the Federal Circuit could reconsider an earlier ruling but because the trial record supersedes the summary judgment record and an appellate court cannot overturn a jury’s verdict (particularly on a fact-bound issue) when no proper objection is made at trial.

⁵ It is immaterial that this Court is not jurisdictionally barred from reviewing determinations made in prior appeals. See, e.g., *Reece v. Georgia*, 350 U.S. 85, 87 (1955); *Urie v. Thompson*, 337 U.S. 163, 172 (1949). As the Court has explained, “[e]ven so * * * sound practice would see to it that such questions were expressly preserved in the later stages of review.” *Urie*, 337 U.S. at 172. As in *Ortiz*, not every issue decided before trial will necessarily survive for post-trial review. Maersk failed preserve the extraterritoriality issue for later stages of review, and Rule 50 interposes a substantive barrier to the Court’s post-trial consideration of an issue decided in a pretrial denial of a motion for summary judgment.

⁶ See *Finjan, Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1202 (Fed. Cir. 2010).

held that a movant must reassert any such argument in motions for JMOL during and after trial. In *Black v. J.I. Case Co.*, 22 F.3d 568 (5th Cir. 1994), the court held that a denial of summary judgment cannot be reviewed in a post-trial appeal without Rule 50 motions even if the denial was based on “legal” grounds, because it is difficult to distinguish between “legal” and “factual” issues and “[a]ll summary judgments are rulings of law in the sense that they may not rest on the resolution of disputed facts.” *Id.* at 571-72 & n.5. See also *May v. Miss. Dep’t of Corrections*, 2013 U.S. App. LEXIS 12699, at *9-*11 (5th Cir. June 20, 2013) (declining to review denial of summary judgment followed by full trial despite contention that denial was based on question of law); *Downey v. Denton County*, 119 F.3d 381, 384-85 (5th Cir. 1997) (declining to review denial of summary judgment followed by full trial where motion for summary judgment was based, in part, on estoppel doctrines and allegedly undisputed facts).⁷

In this case, the Federal Circuit in *Transocean I* effectively denied Maersk’s pretrial motion for

⁷ Other courts agree. See, e.g., *Ji v. Bose Corp.*, 626 F.3d 116, 127-28 (1st Cir. 2010); *Varghese v. Honeywell Int’l, Inc.*, 424 F.3d 411, 421-23 (4th Cir. 2005). And although there is contrary authority, see *Feld v. Feld*, 688 F.3d 779, 781-83 (D.C. Cir. 2012), Maersk’s petition does not present this procedural question for the Court’s review and it is therefore waived. See, e.g., *Am. Nat’l Bank & Trust Co. v. Haroco, Inc.*, 473 U.S. 606, 608 (1985). Nor could the petition have presented the issue, given that the infringement issue here is not purely legal, and Maersk further waived any argument that it did not need to file a Rule 50 motion by failing to present its extraterritoriality argument to the district court after trial or to the Federal Circuit in *Transocean II*. The Federal Circuit thus was not called upon to consider this procedural issue nor did it do so.

summary judgment on its extraterritoriality argument. Maersk was therefore required on remand to reassert that argument in motions for JMOL during and after the trial of this case in order to properly preserve that argument for post-verdict appeal to this Court, but Maersk failed to do so. Accordingly, no matter how important Maersk now claims the issue to be, it cannot support the grant of certiorari.

II. THE PETITION PRESENTS NO IMPORTANT OR RECURRING QUESTION OF FEDERAL LAW.

This Court should deny certiorari for the additional reason that the question presented involves no important or recurring question of federal law that should be settled by this Court. *See* Sup. Ct. R. 10(c).

The question whether two U.S. companies' overseas execution of a contract governed by U.S. law to sell a drilling rig in the U.S. is an infringing offer to sell or sale under Section 271(a) is highly unlikely to be dispositive of any other case in the future. As Maersk acknowledges (Pet. 15-16, 19), when a contract to sell an infringing product in the U.S. is negotiated and executed overseas, the patent holder would have an undoubted remedy when the infringing product is ultimately delivered to and used in the U.S. *See* 35 U.S.C. § 271(a) (defining infringement to include use and importation of infringing product). In this case, that did not happen only because the rig was modified before its delivery and use in light of an injunction in another case. Thus, as litigated on summary judgment, this case involved a contract that was negotiated and executed overseas but no infringing product was ultimately delivered to or used in the U.S. and the sale contract itself caused the patentee damage. It is difficult to

imagine these unique facts occurring again, much less resulting in litigation based solely on an offer to sell theory of infringement.

It is therefore not surprising that there is no empirical support for Maersk's speculation that the Federal Circuit's pretrial rejection of Maersk's extraterritoriality argument will lead to a groundswell of litigation based solely on overseas offers to sell infringing products in the U.S. Maersk has not cited, and Transocean has not found, a body of pre-*Transocean I* case law establishing that the question whether an overseas offer to sell an infringing product in the U.S. violates Section 271(a) has been a widespread and long-simmering dispute that now merits this Court's consideration.⁸

Moreover, Maersk has not cited, and Transocean has not found, any reported decision during the three years that *Transocean I* has been on the books that has applied *Transocean I* to find infringement based on an overseas offer to sell an infringing product within the U.S.⁹ The absence of legal activity in

⁸ In *Transocean I*, the Federal Circuit correctly explained why its earlier decisions in *Rotec Industries v. Mitsubishi Corp.*, 215 F.3d 1246 (Fed. Cir. 2000) and *MEMC Electronics Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369 (Fed. Cir. 2005) did not address the extraterritorial issue presented in this case. App. 21-23.

⁹ A few courts have cited *Transocean I* in analyzing the converse factual scenario from this case—an offer to sell made in the U.S. for delivery of an infringing product overseas. Those facts, however, were not before the Court in *Transocean I*, and any statements in that opinion are therefore dicta as applied to those circumstances. See, e.g., *ION, Inc. v. Sercel, Inc.*, 2010 WL 3768110, at *4 (E.D. Tex. Sep. 16, 2010) (noting that domestic offer is “an altogether different scenario than the Federal Circuit addressed in *Transocean*”). Any review of those

*Transocean I*s wake directly refutes Maersk's hyperbolic speculation that *Transocean I* will result in a torrent of patent infringement actions based on overseas offers to sell or will dramatically impact how U.S. businesses operate abroad.

Maersk's contention that the Federal Circuit's decision in *Transocean I* is significant because "service companies must carefully recalibrate their foreign conduct to ensure that it is always consistent with U.S. patent laws," Pet. 29, is vastly overblown. Companies already must carefully assess their foreign conduct to ensure compliance with U.S. patent law any time they enter into a contract to sell a patented invention in the U.S. because, as Maersk acknowledges, they unquestionably may be sued for infringement based on the importation of such a product or its use in the U.S. See Pet. 15-16, 19. There is no apparent reason why any company would enter into a contract to sell an infringing product in the U.S. on the assumption that the infringing product would never be delivered or used. Where the offer for sale or sale has caused the patentee damage, *Transocean I* merely supports the patentee's ability to sue for infringement at an earlier stage of the transaction, precisely as Congress contemplated when it amended Section 271(a) to add "offer to sell" infringement as an additional, independent means of infringement. App. 21.

Maersk asserts that "the decision below invites the international friction the presumption against

factual circumstances should await the Federal Circuit's consideration of them. But regardless, there is no legal or logical reason why (as Maersk apparently contends) an offer to sell something abroad should be an infringing act under U.S. patent law where the actual sale would not be.

extraterritoriality is designed to avoid.” Pet. 3, 27. But there is no such friction given that *Transocean I*, at most, merely prohibits overseas offers to sell an infringing product *in the U.S.* There is no reason why countries that permit offers to sell infringing products in their own jurisdictions or that have invalidated similar patents would be hostile to U.S. courts prohibiting parties from using those countries as safe havens to make infringing offers to sell infringing products in the U.S. *Transocean I* has no effect at all when a party makes an overseas offer to sell an infringing product overseas.

Based on Maersk’s amicus support, it appears that the only arguable “friction” is fundamentally parochial in nature. Besides a group of intellectual property law professors headed by a professor who has written extensively on the *Transocean* litigation, two companies that have been sued by *Transocean*, and a local bar association in Maersk’s counsel’s hometown, Maersk’s only other (and only international) amicus support comes from the Danish Foreign Ministry—a department of the home government of Maersk’s parent company. And that six-page brief offers no concrete example of any legitimate foreign conduct that would be or has been affected by the decision in *Transocean I*.

Nor does the decision create any “perverse incentives for companies to rush to the courthouse.” Pet. 29-30. Although the circumstances of this case are unlikely to recur, if another patentee is injured by an infringing offer to sell or sale, it has a right to sue for infringement rather than wait for another act of infringement (e.g., use or importation of the infringing product) that would occur down the road. Congress added “offers to sell” as an independent

means of infringement in Section 271(a), App. 21, and a patent holder's decision to sue based on that Congressionally-sanctioned cause of action is not "perverse." As a practical matter, patentees will generally have no incentive to immediately sue based on an offer to sell theory, as evidenced by the lack of such cases. But if they have suffered damages, they should not be forced to wait until they suffer additional damages from the use or importation of the infringing product before filing suit, especially when delay may invite a laches defense.¹⁰

Finally, the other component of Maersk's question presented—whether the execution of a contract to allegedly provide "drilling services" is an offer to sell or sale of a patented invention under Section 271(a)—also involves no important question of federal law justifying a grant of certiorari. The question whether the Statoil Contract was merely a contract to provide drilling services (as Maersk contended at trial) or instead was a contract to provide Maersk a drilling rig (as Transocean contended) is a question of fact that the jury resolved in Transocean's favor. Applying the requisite deferential standard of review, the Federal Circuit held that sufficient evidence supported that verdict. App. 62.

¹⁰ Indeed, at the same time it argued in this Court that patent holders should wait to sue until a sale, use, or importation of the infringing product occurs, Maersk recently persuaded the district court to deny Transocean hundreds of thousands of dollars in prejudgment interest based on its argument that Transocean inexcusably delayed suing Maersk until 8 months after the Statoil Contract was signed. See Dkts. 328 at 19 & 332, *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, No. H-07-2392 (S.D. Tex.).

Maersk expressly acknowledges the fact-bound nature of this question when it concedes that “whether a ‘sale’ occurs depends not [on] the labels parties use but on economic reality” and argues that “[t]he contract here was not ‘tantamount to a sale’ of the rig” because “Maersk simply agreed to provide services using it.” Pet. 24 n.4. As shown below, Transocean presented more than sufficient evidence that the Statoil Contract was not a mere contract to provide drilling services but rather was a contract to provide Statoil possession of the infringing drilling rig. *See infra* at 25-30. While Maersk contends there is evidence to the contrary, that is merely a sufficiency of the evidence challenge that does not warrant review by this Court. *See* Sup. Ct. R. 10.

**III. THE FEDERAL CIRCUIT’S DECISIONS
DO NOT CONFLICT WITH THIS
COURT’S DECISIONS.**

**A. The Federal Circuit Did Not Contravene
This Court’s Precedents In Ruling On
Summary Judgment That Maersk’s
Execution Of A Contract To Sell An
Infringing Rig In The U.S. Violates 35
U.S.C. § 271(a).**

This Court also should decline to grant certiorari because there is admittedly no conflict among the circuits and Maersk has shown no conflict between the Federal Circuit’s decisions and any of this Court’s precedents. None of the Court’s decisions cited by Maersk address the actual question presented in Maersk’s petition—whether an overseas offer to sell based on two U.S. companies’ execution of contract governed by U.S. law to sell an infringing product in the U.S. constitutes an act of infringement under 35 U.S.C. § 271(a). Thus, the Federal Circuit

has not decided “an important federal question in a way that conflicts with relevant decisions of this Court.” Sup. Ct. R. 10(c).

Maersk erroneously contends that the Federal Circuit ignored this Court’s decisions establishing a general presumption against the extraterritorial application of federal statutes. The Federal Circuit did no such thing. Citing this Court’s decision in *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437, 441 (2007), the Federal Circuit expressly noted that “[w]e are mindful of the presumption against extraterritoriality” and specifically acknowledged that “[i]t is the general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country.” App. 22.

In concluding that “the location of the contemplated sale controls whether there is an offer to sell within the United States,” the Federal Circuit respected, rather than disregarded, the presumption against extraterritoriality by requiring that an offer to sell be tied to conduct within the U.S.—specifically, a sale of a patented invention within the U.S. If the sale of the patented invention contemplated as part of an alleged overseas offer to sell occurs within the U.S., then the defendant has “offer[ed] to sell * * * [a] patented invention, within the United States.” 35 U.S.C. § 271(a). If the defendant has not offered to sell or sold anything within the U.S., *Transocean I* has no effect on the defendant’s conduct.

Nor did the Federal Circuit disregard this Court’s precedents by purportedly resolving an ambiguity in Section 271(a) in favor of extraterritorial application of that statute. *Cf.* Pet. 13. The court did not purport to resolve an ambiguity because it correctly

held no such ambiguity existed. The court concluded that Section 271(a)'s plain language unambiguously encompasses offers to sell a patented invention within the U.S. even if the negotiation and execution occurs overseas because Section 271(a)'s focus is on the location of the **sale** of the patented invention:

The statute precludes “offers to sell * * * within the United States.” To adopt Maersk USA’s position would have us read the statute as “offers made within the United States to sell” or “offers made within the United States to sell within the United States.” * * * [T]his is not the statutory language.

App. 22.

The Federal Circuit reasonably and correctly interpreted “any patented invention, within the United States” as modifying the words “to sell” in the phrase “offers to sell” because the words “any patented invention, within the United States” actually follow “to sell,” not “offers.” *Id.* The court also reasonably and correctly observed that if Congress had intended for the phrase “within the United States” to modify “offers,” Congress would have drafted Section 271(a) accordingly—*e.g.*, “offers within the United States to sell any patented invention.” *Id.* But Congress did not do so, and the Federal Circuit properly declined to judicially rewrite the statute as Maersk proposed.¹¹

¹¹ Maersk complains that the panel “misquoted” Section 271(a) when it described Section 271(a) as stating that whoever “offers to sell * * * within the United States any patented invention” infringes (App. 21) because “any patented invention” actually comes before “within the United States” in the statute. Pet. 20. This complaint is much ado about nothing. As the Federal Circuit’s analysis of Section 271(a) demonstrates (App.

Maersk nevertheless argues that “[b]asic English grammar” holds that “[t]he use of ‘within the United States’ to modify a list of verbs means that it must modify each member of the list the same way” and “[t]his rule works perfectly when requiring the acts of making, using, offering, or selling actually to occur ‘within the United States.’” Pet. 21. The statute, however, does not read this way. Under Maersk’s subtle rewrite of Section 271(a), the phrase “within the United States” would directly modify the lone word “offers,” bolstering Maersk’s contention that an offer must be made in the U.S. But Section 271(a) does not use the word “offers” by itself; the phrase “within the United States” modifies the phrase “offers *to sell*.” 35 U.S.C. § 271(a) (emphasis added). Therefore, Section 271(a) merely requires *the sale* that is either offered or consummated to be within the U.S. If a sale within the U.S. imposes liability under Section 271(a), then the offer to sell does as well, regardless of where the parties choose to negotiate or execute contractual documents.¹²

22), the court did not rely on this ordering of words to support its analysis in any way. Indeed, in the very next sentence after the one Maersk cites as being incorrect, the Federal Circuit correctly stated that “[i]n order for an offer to sell to constitute infringement, the offer must be to sell a patented invention within the United States.” App. 21.

¹² Contrary to Maersk’s contention (Pet. 21), the fact that importing a patented item is also an act of infringement says nothing about whether Maersk committed infringement in this case. Section 271(a) makes offers to sell, sales, and importation of the patented invention separate and independent acts of infringement. 35 U.S.C. § 271(a). There is no indication that Congress intended to abolish “offer to sell” or “sales” infringement by providing that a defendant also infringes by importing the patented invention into the U.S.

Maersk next erroneously contends (Pet. 12-15) that the Federal Circuit’s interpretation of Section 271(a)’s plain language conflicts with *Morrison v. National Australia Bank Ltd.*, 130 S. Ct. 2869 (2010). While this Court indicated in *Morrison* that a statute must reflect a “clear indication of extraterritoriality,” it also acknowledged that a statute is not required to expressly state that “this law applies abroad” in order to overcome the presumption against extraterritoriality. *Id.* at 2883.

But even assuming *arguendo* that Section 271(a) does not have extraterritorial effect, that is not dispositive under *Morrison* because courts must then determine whether the requested application of the statute is actually extraterritorial in nature. *Id.* at 2883-84. In making that determination, courts must look to the particular location of the activities that are “the ‘focus’ of congressional concern” and “the objects of the statute’s solicitude.” *Id.* at 2884.

In this case, “the ‘focus’ of congressional concern” and “the objects of [Section 271(a)’s] solicitude” are sales of infringing products within the U.S. Thus, in holding that the statute proscribed Maersk’s conduct in offering to sell or selling an infringing product within the U.S., the Federal Circuit properly looked to the location of the sale that was Congress’s focus. Therefore, the Federal Circuit’s application of Section 271(a) to the facts of this case was not extraterritorial in nature where the court merely authorized liability for Maersk’s offer to make a **domestic** sale of the infringing rig.

That holding in no way conflicts with this Court’s decisions in *Microsoft*, *supra*, or *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972). *Cf.* Pet. 16-19. Neither case addressed the “offer to sell”

provision of Section 271(a). The sale in this case unquestionably was for an infringing rig “within the United States” given that the Statoil Contract expressly stated that the drilling rig would be provided in the “US Gulf of Mexico.” App. 127; A10819. Under the Federal Circuit’s interpretation in light of the summary judgment record, the “offer to sell” provision of Section 271(a) merely enabled Transocean to obtain a remedy earlier in the sales transaction in this unusual case where the infringing product was never used in the U.S. but the offer itself caused Transocean damage.

Maersk also cites *Hobbie v. Jennison*, 149 U.S. 355 (1893), but that case is inapposite. Pet. 22. *Hobbie* merely applied the settled principle that when a patented item has been sold the patentee cannot further restrict its use. 149 U.S. at 361-62. The case says nothing about whether an infringing sale has occurred “within the United States” under Section 271(a); indeed, the Court never cited the then-governing patent statute for any proposition.¹³

The Federal Circuit correctly adopted a parallel construction of Section 271(a) so that if a sale in the U.S. would be infringement, the offer to make the same sale is also infringement. Under Maersk’s interpretation, by contrast, a party can escape

¹³ Maersk relies on one sentence in that opinion where it was noted that the sale at issue was completed in Michigan, which was potentially relevant in light of an apparent exclusive territorial license. *Id.* at 363. In that case, however, the patented item was actually delivered in Michigan, *id.* at 360, and the Court did not even consider where the contract was negotiated or executed. Similarly here, Maersk and Statoil intended delivery in the U.S. and “Maersk did in fact deliver the rig to U.S. waters.” App. 25.

liability for offering to make an infringing sale within the U.S. merely by negotiating and executing the contract abroad. If the sale of a product in the U.S. is infringement under Section 271(a), it follows that the offer to sell that infringing product in the U.S. is also infringement, no matter where the negotiations take place. It is not an impermissible extraterritorial application of U.S. law to proscribe acts taken abroad that are intended to, and do, produce such detrimental effects within the U.S.¹⁴

Finally, there is no support for Maersk's contention that the Federal Circuit's decision extends Section 271(a) into "uncharted waters." Pet. 2. *Transocean I* merely applied settled law rejecting a "formalistic" approach under which an infringing sale occurs at a "single point at which some legally operative act took place." App. 25 (quoting *Litecubes*, 523 F.3d at 1369-70). Relying on this Court's precedents in other areas of law, the Federal Circuit looks instead to "the more familiar places of contracting and performance." *Litecubes*, 523 F.3d at 1370 (citing Supreme Court precedent). In this case, the Federal Circuit applied that settled law in properly holding that Section 271(a) applies to "a contract between two U.S. companies for the sale of the patented invention with delivery and performance in the U.S." App. 25.

¹⁴ Cf. *Ford v. U.S.*, 273 U.S. 593, 620-21 (1927) ("Acts done outside a jurisdiction, but intended to produce and producing detrimental effects within it, justify a State in punishing the cause of the harm as if he had been present at the effect, if the state should succeed in getting him within its power.") (quoting *Strassheim v. Daily*, 221 U.S. 280, 285 (1911)); *U.S. v. Mann*, 615 F.2d 668, 671 (5th Cir. 1980) ("The nation has long asserted the objective view, under which its jurisdiction extends to persons whose acts have an effect within the sovereign territory even though the acts themselves occur outside it.").

**B. The Federal Circuit Did Not Contravene
This Court's Precedents In Finding That
Substantial Evidence Supported The
Jury's Infringement Verdict.**

Nor is certiorari warranted based on the second component of the question presented—whether a purported contract to provide drilling services is an infringing offer to sell or sale of a patented invention under 35 U.S.C. § 271(a). Maersk cites no precedent from this Court that even addresses this issue, much less shows that the Federal Circuit contravened any such precedent. Maersk cannot do so because the issue is intensely fact-bound, and Maersk's challenge to the Federal Circuit's reinstatement of the jury's verdict on this issue is a run-of-the-mill sufficiency of the evidence challenge that does not merit this Court's review.

Maersk contends that the Federal Circuit “stretched” Section 271(a) by interpreting it “to encompass a contract for future services using a device with a potentially infringing—but unused—configuration.” Pet. 18-19. One will search the Federal Circuit's opinion in vain for any such broad holding. Applying the deferential standard of review in favor of the jury's verdict (App. 38-39), the court stated only that “[t]he jury concluded that what was offered for sale and sold by Maersk to Statoil was an infringing rig and that fact finding is supported by substantial evidence.” App. 62 (as modified at App. 70). The court adopted no broad holding applicable to other cases involving other facts. Indeed, in response to Maersk's rehearing petition, the panel removed the words “the use of” from the quoted sentence of its original opinion, making clear that it was upholding a factual finding that the rig itself

was the subject of the sale. App. 70. Nothing in this fact-based determination warrants this Court's extraordinary intervention.

As noted above, Maersk itself concedes the fact-bound nature of the inquiry when it notes that “whether a ‘sale’ occurs depends not [on] the labels parties use but on economic reality” and that “a ‘transaction arranged as a ‘license’ or ‘lease’ * * * may be tantamount to a sale.” Pet. 24 n.4 (quoting *Minton v. Nat’l Ass’n of Sec. Dealers, Inc.*, 336 F.3d 1373, 1378 (Fed. Cir. 2003)). And its petition makes no challenge to any jury instruction. Accordingly, Maersk’s complaint is that, as a factual matter, “[t]he contract here was not ‘tantamount to a sale’ of the rig.” *Id.* The jury, however, decided that factual question the other way, and the Federal Circuit simply found that sufficient evidence supported the verdict. The extraordinary writ of certiorari does not lie to re-examine the sufficiency of the evidence underlying factual issues properly decided by a jury. *See* Sup. Ct. R. 10 (“A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law”).

In any event, there was no error in the Federal Circuit’s finding that substantial evidence supported the jury’s verdict that there was an offer to sell and sale of an infringing rig. Although *Transocean II* announced no broad legal rule in upholding the verdict, the Federal Circuit has previously stated that traditional contract law principles govern whether a transaction constitutes a “sale” or “offer for sale” under Section 271(a). *Rotec*, 215 F.3d at 1254-55 & n.3. Under those longstanding principles, all that is required to establish an offer for sale is an

offer that specifies a price and an infringing device.¹⁵ And it is likewise well-established that a sale may encompass—but does not require—a transfer of title. Instead, a sale may simply involve a transfer of property for a price or the agreement by which such transfer takes place.¹⁶

This Court has employed a similarly pragmatic approach. In *Microsoft, supra*, the Court stated that “Microsoft ***sells*** Windows to end users and computer manufacturers,” 550 U.S. at 445 (emphasis added), even though that software is actually the subject of a license. *See id.* at 446. *See also Gen. Talking Pictures Corp. v. Western Elec. Co.*, 304 U.S. 175 (1938) (holding that party infringed patent when it “leased” infringing equipment to theaters). Likewise, Maersk’s own cited definitions of “sell” (Pet. 23-24) expressly acknowledge that a transfer of title is not necessary to establish a sale. *See Webster’s New International Dictionary* 2272 (2d ed. 1954) (defining “sell” to mean “[t]o transfer property for a consideration”); *Black’s Law Dictionary* (9th ed. 2009) (defining “sell” to mean “[t]he ***transfer of property or title*** for a price” or “[t]he agreement by which such a transfer takes place”) (emphasis added).

¹⁵ *See 3D Sys. Inc. v. Aarotech Labs., Inc.*, 160 F.3d 1373, 1378-79 (Fed. Cir. 1998) (letters containing price quotations and descriptions of merchandise for sale were offers for sale under Section 271(a)); *HollyAnne Corp. v. TFT, Inc.*, 199 F.3d 1304, 1309-10 (Fed. Cir. 1999); *Fellowes, Inc. v. Michelin Prosperity Co.*, 491 F. Supp. 2d 571, 579-83 (E.D. Va. 2007).

¹⁶ *See, e.g., NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1319 (Fed. Cir. 2005); *Minton*, 336 F.3d at 1378; *Transocean Offshore Deepwater Drilling, Inc. v. Stena Drilling Ltd.*, 659 F. Supp. 2d 790, 801-02 (S.D. Tex. 2009); *Cognitronics Imaging Sys., Inc. v. Recognition Research Inc.*, 83 F. Supp. 2d 689, 695 (E.D. Va. 2000).

As the Federal Circuit noted, the jury’s verdict on this issue can be overturned “only if ‘the facts and inferences point so strongly and overwhelmingly in favor of one party that the Court believes that reasonable men could not arrive at a contrary verdict.’” App. 38 (citation omitted). Particularly given that lenient standard of review, the court did not err in holding that substantial evidence supported the verdict. There was evidence that the Statoil Contract was an accepted “offer to sell” because it expressly identifies the infringing product and its price.¹⁷ And there was evidence that the contract was for a sale in the U.S. because Maersk agreed, for the payment of consideration, to transfer possession of the infringing drilling rig to Statoil in the U.S.¹⁸ Although Maersk continues to characterize the evidence another way, these factual objections do not remotely support a grant of certiorari.¹⁹

¹⁷ App. 127 (Art. 1(t)) (defining “Drilling Unit” to mean the infringing drilling rig); A10882-901 (describing compensation to be paid by Maersk to Statoil under Statoil Contract).

¹⁸ See, e.g., A10861 (§ 3.1) (“Contractor shall at its expense provide the Drilling Unit * * * required for the performance of the Work * * *.”); A10863 (“[Statoil] has the right to use the Drilling Unit within the Operating Area”); A10862 (“[Maersk] shall throughout the term of this Contract provide * * * the Drilling Unit in good working order and in a safe and fully operational condition in compliance with the Contract”); App. 127 (Art. 1(t)) (defining “Drilling Unit” to mean the infringing drilling rig); App. 127 (Art. 1(ee)) (defining “Operating Area” as “US Gulf of Mexico (excluding United States state waters)”); see also A06324-25; A06877-78.

¹⁹ Nor is Maersk correct when it contends that the sale was merely for a “potentially” infringing rig. Pet. 2, 19, 25. There is now no dispute that the drilling rig that was the subject of the Statoil Contract was **actually** infringing at the time the contract was executed (*i.e.*, when the infringing act was

Finally, Maersk argues that “[t]his Court’s patent exhaustion jurisprudence also recognizes that contracts for the use of a device do not ‘sell’ the device itself.” Pet. 24. Maersk’s argument, however, improperly compares apples and oranges. Under the exhaustion doctrine, “the initial authorized sale of a patented item terminates all patent rights to that item” such that “the purchaser or any subsequent owner, has ‘the right to use [or] sell’ the thing as he sees fit.” *Bowman v. Monsanto Co.*, 133 S. Ct. 1761, 1766 (2013) (citation omitted). As shown in Maersk’s own quotation from *Quanta Computer, Inc. v. LG Electronics, Inc.*, “the right to vend is exhausted by a single, **unconditional** sale.” 553 U.S. 617, 626 (2008) (emphasis added).

Thus, the key requirement under that doctrine is that the initial authorized sale must be “unconditional.” *Id.* Thus, when this Court held in *U.S. v. United Shoe Machine Co.*, 247 U.S. 32, 58 (1918), that leases do not trigger exhaustion because “they do not convey the title,” that merely recognized that leases are not the type of **unconditional** sale required under that doctrine. *Id.* at 58; *see also id.* (“There is, however, a limitation upon [the patent owner]; he cannot grant the title and retain the incidents of it”). *United Shoe* does not address whether transactions that do not convey title may

committed). Specifically, Maersk no longer disputes that, when the contract was executed, the rig that was the subject of the contract contained every element of the patented invention. App. 62. There also is no dispute that Maersk did not instruct the shipyard to modify the rig’s design until February 21, 2007—several months after the contract had been executed. *Id.* (citing A12826). The contract, moreover, did not require such modifications but rather merely gave Maersk discretion to later make alterations. *See supra* at 5.

constitute a sale for other purposes such as Section 271(a) and certainly is not dispositive where, as Maersk's own definitions show, a "sale" under Section 271(a) does not require a transfer of title.

In sum, there is no basis for this Court to grant certiorari based on Maersk's quarrels with the Federal Circuit's finding that substantial evidence supported the jury's infringement verdict. That issue, like the extraterritoriality issue that Maersk failed to preserve for post-trial review, involves the application of settled law to a unique set of facts, and the Federal Circuit's determinations on these issues are fully consistent with this Court's precedents.

CONCLUSION

For the foregoing reasons, the petition should be denied.

Respectfully submitted,
JONATHAN S. FRANKLIN*
FULBRIGHT & JAWORSKI L.L.P.
801 Pennsylvania Ave., N.W.
Washington, D.C. 20004
(202) 662-0466

CHARLES W. WALKER, JR.
WARREN S. HUANG
FULBRIGHT & JAWORSKI L.L.P.
Fulbright Tower
1301 McKinney
Suite 5100
Houston, TX 77010
(713) 651-5203

* Counsel of Record *Counsel for Respondent*