

No. 13-1044

IN THE
Supreme Court of the United States

CISCO SYSTEMS, INC.,
Cross-Petitioner,

v.

COMMIL USA, LLC,
Cross-Respondent.

ON CONDITIONAL CROSS-PETITION FOR A WRIT OF
CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR CONDITIONAL
CROSS-PETITIONER

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As Cisco's conditional cross-petition explained, if the Court grants Commil's petition in No. 13-896, the Court should also grant certiorari to consider the related question whether the Seventh Amendment permits a partial retrial of induced patent infringement without also retrying patent invalidity. Commil presents no credible argument against certiorari on that question. Rather, Commil devotes the bulk of its opposition to issues not raised by, and irrelevant to, this conditional cross-petition. The limited argument Commil does make regarding the question presented does nothing to undermine Cisco's demonstration that the Federal Cir-

cuit's Seventh Amendment ruling is incorrect, conflicts with decisions in all other circuits, and presents an important issue worthy of this Court's review.

If anything, Commil's opposition bolsters the case for granting Cisco's conditional cross-petition. Commil's primary response is to re-assert arguments raised in its own petition, underscoring the interrelated nature of the issues in each petition and demonstrating that the question presented in Cisco's conditional cross-petition should be considered alongside the questions presented in Commil's petition in No. 13-896, if that petition is granted.

I. COMMIL MISCHARACTERIZES THE FEDERAL CIRCUIT'S SEVENTH AMENDMENT ANALYSIS

A. The Federal Circuit Applied An Incorrect Legal Standard That Contravenes This Court's Precedent And The Constitution

The Federal Circuit improperly required Cisco to prove a "clear and indisputable" violation of its Seventh Amendment rights. Commil Pet. App. 18a, 20a. That is the standard applied to mandamus petitions; it does not apply to this appeal from a final judgment, as Cisco showed (Cross-Pet. 14-15) and Commil does not deny. As this Court long ago explained, partial retrials violate the Seventh Amendment "unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice." *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 (1931). This holding, requiring a full retrial unless narrow criteria are met, properly aligns the Seventh Amendment with common law practice, which did not recognize partial retrials. The Federal Circuit, in contrast, inverted the Seventh Amendment's default rule in favor of full retrials and replaced it with

a default position favoring *partial* retrials. See Cross-Pet. 9-15. That was contrary to the Constitution and *Gasoline Products*.

Commil’s primary response (Opp. 11, 13) is that the panel majority “quote[d]” *Gasoline Products* in laying out the applicable standard. While true, that is beside the point. In the very same paragraph, the panel majority went on to state a very different standard for granting a partial retrial. Commil Pet. App. 18a. And the panel majority’s holding clearly inverts the proper standard and imposes a presumption that a partial retrial is *preferable*:

[W]e cannot say that separate trials on invalidity and induced infringement *would constitute a clear and indisputable infringement* of the constitutional right to a fair trial. Accordingly, we find that holding separate trials on the issues of invalidity and induced infringement does not violate the Seventh Amendment.

Id. 20a (emphasis added).

Likewise, Commil’s argument that the panel majority’s recitation of this incorrect “clear and indisputable” standard was a reference only to the standard of review, which Commil asserts is for abuse of discretion (Opp. 15), is meritless. The Federal Circuit owed no deference to the district court on the Seventh Amendment question, as constitutional violations are issues of law reviewed *de novo*. See, e.g., *Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 431-435 (2001) (constitutional issue subject to *de novo* review; related non-constitutional issue reviewed for abuse of discretion). Indeed, the Federal Circuit did not review the district court’s grant of a partial new trial under an abuse of discretion standard—which is unsurprising,

given that the district court did not conduct any Seventh Amendment analysis or assess the interrelatedness of the inducement and invalidity issues at all. See Commil Pet. App. 17a-20a, 40a-44a; Cross-Pet. App. 3a-12a. The cases Commil cites (Opp. 15) are not to the contrary. The cited language from *Houseman v. U.S. Aviation Underwriters*, 171 F.3d 1117, 1128 (7th Cir. 1999), addresses the deference owed to a district court’s decision to *bifurcate* a trial under Federal Rule of Civil Procedure 42(b), a wholly different issue. The *Houseman* court went on to conduct a thorough Seventh Amendment analysis without any indication of deference. See *id.* at 1126-1129. Likewise, in *Vizzini v. Ford Motor Co.*, 569 F.2d 754, 760-762 (3d Cir. 1977), the court expressly detailed the “stricture” of *Gasoline Products*; weighed the record without any indication of deference; and *reversed* the district court’s decision and ordered a “complete retrial.”

Contrary to Commil’s argument—and *Gasoline Products*—the Federal Circuit began its analysis from, and based its holding on, the assumption that a partial retrial is constitutionally preferable. By ruling that a Seventh Amendment violation exists only in cases of a “clear and indisputable infringement,” the court of appeals created a presumption in *favor* of partial retrials, rather than against them. The panel majority’s holding on this point puts an unfairly high burden on the party opposing the partial new trial, contrary to this Court’s pronouncements and the text, history, and purpose of the Seventh Amendment. Cross-Pet. 14-15.

B. The Federal Circuit's Seventh Amendment Analysis Conflicts With That Of The Other Courts Of Appeals

Commil does not meaningfully deny that the decision below conflicts with long-settled precedent from the other courts of appeals, which have routinely recognized and applied the Seventh Amendment's presumption in favor of full retrials. *See* Cross-Pet. 21-22.

Commil's only response (Opp. 14) is again to reference the panel majority's citation to *Gasoline Products* as evidence that the Federal Circuit applied the same test as other circuits. But it is not the Federal Circuit's incantation of the *Gasoline Products* standard that puts that court at odds with other courts of appeals; rather, it is the standard applied later in the same paragraph, which inverts the Seventh Amendment analysis. *See* Commil Pet. App. 20a; Cross-Pet. 21-22; *supra* pp. 2-4. The Federal Circuit's cursory citation to *Gasoline Products* does not change the fact that the court stated and applied a presumption in *favor* of partial retrials, where the other circuits have routinely recognized and applied the Seventh Amendment's presumption *against* partial retrials. *See* Cross-Pet. 21-22 (gathering cases).

Commil cites (Opp. 15) *Rice v. Community Health Ass'n*, 203 F.3d 283, 290 (4th Cir. 2000), and *Lies v. Farrell Lines, Inc.*, 641 F.2d 765, 774 (9th Cir. 1981), for the unremarkable proposition that partial retrials may be granted in certain circumstances. But that is a non sequitur; Cisco does not contend that partial retrials are *never* permissible. The point is that this Court made plain in *Gasoline Products* the circumstances in which a partial retrial is permissible: only when an "issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injus-

tice.” 283 U.S. at 500. In this case, the Federal Circuit dramatically expanded the circumstances in which a partial new trial can be ordered to anytime the separability of the issues is not “clear and indisputable.” Commil Pet. App. 18a, 20a. That standard cannot be reconciled with *Gasoline Products* or the rulings of other circuits.

Notably, Commil develops no meaningful opposition to Cisco’s argument that, under the correct Seventh Amendment standard, the issues of invalidity and induced infringement are not “distinct and separable” from each other as required by *Gasoline Products*. Commil quotes portions of the panel majority’s analysis on this point (Opp. 7, 12-15), but provides no defense of the panel majority’s reasoning. As Cisco’s conditional cross-petition demonstrated (Cross-Pet. 16-19), a trial in which Cisco’s good-faith belief of invalidity is presented as a defense will necessarily involve substantial evidence of invalidity; a jury could not rationally conclude that Cisco had a good-faith belief of invalidity without considering and weighing the merits of Cisco’s actual invalidity arguments. *See, e.g.*, Commil Pet. App. 37a (O’Malley, J.) (noting “potential for confusion because of the interwoven nature of the invalidity claims and Cisco’s good-faith defense to induced infringement”); *id.* 63a (Newman, J., joined by Rader, C.J., Reyna, and Wallach, JJ., dissenting from denial of rehearing) (specifically concluding that “the issues of infringement and validity are interwoven”). Commil offers no response on this point. Accordingly, a proper application of the Seventh Amendment and *Gasoline Products* requires that Cisco’s invalidity defenses be retried together with inducement.

II. COMMIL'S OPPOSITION PRIMARILY FOCUSES ON ISSUES UNRELATED TO THE QUESTION PRESENTED

Commil devotes the bulk of its opposition to issues not raised by, and irrelevant to, the conditional cross-petition. Those issues do not provide a basis for denying the conditional cross-petition in the event the Court grants Commil's petition in No. 13-896.

A. Cisco's Conditional Cross-Petition Does Not Challenge The New Trial Grant Itself

Commil devotes an entire section of its opposition (Opp. 2-7) to defending the district court's original grant of a new trial, including rehashing statements by Cisco's local counsel at the first trial (many of which were not identified or relied upon by the district court in granting a new trial).¹ But these arguments are irrelevant to the question presented in the conditional cross-petition. While Cisco continues to believe the district court's grant of a new trial was unwarranted, Cisco does not now dispute that a new trial will occur; the question is the constitutionally permissible *scope* of that retrial.

On that issue, the reason the new trial was granted is irrelevant. The Seventh Amendment does not apply differently based on the reason for ordering a new trial. Pursuant to this Court's guidance, as recognized by

¹ In this recitation, Commil fails to acknowledge the Federal Circuit's observations that the first trial was no model of trial practice for Commil either. *See* Commil Pet. App. 15a n.2 (Prost, J.) ("Cisco was not alone in its attempt to curry favor with the jury through the use of religious references."); *id.* 30a n.1 (O'Malley, J.) ("[C]ounsel for both parties made improper comments during the trial ... [and] it also would have been well within the bounds of the trial court's discretion to *not* order a retrial.").

several courts of appeals, the permissibility of a partial retrial turns on only the interrelatedness of issues, not the reason for a retrial. *See, e.g., Gasoline Prods.*, 283 U.S. at 500 (remanding for full retrial in light of jury charge errors after stating that partial new trial “may not properly be resorted to unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice”); *Anderson v. Siemens Corp.*, 335 F.3d 466, 476 (5th Cir. 2003) (ordering full retrial in light of evidentiary error after noting partial retrial prohibited when the issue “subject to retrial [is] so interwoven with other issues in the case that [it] cannot be submitted to the jury ... without confusion and uncertainty” (internal quotation marks omitted)); *Pryer v. C.O. 3 Slavic*, 251 F.3d 448, 456 (3d Cir. 2001) (remanding for full retrial in light of erroneous jury instructions and verdict against weight of evidence that presented a “classic example of where a new trial on all issues is required”).

Moreover, to the extent the facts leading to the new trial grant *are* relevant at this stage, they support a full retrial. *See, e.g., Commil* Pet. App. 37a (O’Malley, J.) (“If the trial court believed the verdict truly was compromised, how could he—and how can we—assume the misconduct infected only a *portion* of their deliberations?”). As Judge O’Malley recognized, this is especially so where the first jury verdict is so readily explicable as a compromise. *See id.* (“Indeed, it could be that the jury was so incensed by its counsel’s conduct that they held it against Cisco by refusing to invalidate Commil’s patent, despite a contrary view of the evidence.”); *id.* 38a-39a (“I do not believe we can discount the possibility that the first verdict may have represented a series of compromises by the jury. How can

we know that the jury did not agree not to invalidate the claims of the '395 patent only because it found no induced infringement and understood that its direct infringement finding carried with it a smaller damages award? We cannot.”).

B. Cisco Has Viable Invalidity Theories To Present At A Full Retrial

Contrary to Commil’s unsupported contentions (Opp. 10-11), the Federal Circuit did not hold that Cisco’s invalidity theories lack substantive merit. The Federal Circuit was not asked to decide whether Cisco’s invalidity theories could *ever* convince a jury, but only whether substantial evidence supported the first jury’s verdict that the patent was not invalid. *E.g.*, *Tronzo v. Biomet, Inc.*, 156 F.3d 1154, 1158 (Fed. Cir. 1998) (substantial evidence standard of review for written description); *Automotive Techs. Int’l, Inc. v. BMW of N. Am., Inc.*, 501 F.3d 1274, 1281 (Fed. Cir. 2007) (substantial evidence standard of review for enablement).² The Federal Circuit’s rejection of Cisco’s appellate contentions on this question of substantial evidence does not amount to a ruling that no reasonable third jury could find in favor of Cisco on invalidity. *See, e.g., Rousseau v. Teledyne Movable Offshore, Inc.*, 812 F.2d 971, 972 (5th Cir. 1987) (per curiam) (finding “legally sufficient evidence to support the verdict, thus foreclosing a j.n.o.v.,” yet affirming new trial grant because “[i]t is a well-settled rule in this circuit that a verdict can be against the great weight of the evidence,

² While Commil contends that Cisco’s enablement challenge was reviewed *de novo* (Opp. 5), enablement, while ultimately a question of law, is based on factual findings reviewed for substantial evidence, as Commil acknowledged in the Federal Circuit. *See* Commil C.A. Br. 54.

and thus justify a new trial, even if there is substantial evidence to support it” (internal quotation marks omitted); *Vizzini*, 569 F.2d at 759, 762 (affirming denial of j.n.o.v. while nonetheless remanding for a “complete retrial”); *see also Odetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259, 1269 (Fed. Cir. 1999) (describing substantial evidence as “that *minimum quantum* of evidence from which a jury *might* reasonably afford relief” (emphasis added)).

Commil’s assertion that Cisco has not preserved its substantive invalidity challenge (Opp. 10) is meritless. Cisco has consistently sought a new trial on invalidity at all stages. Indeed, Judge O’Malley’s dissent necessarily rested on the premise that a full retrial on invalidity remained possible, and neither member of the panel majority disputed that. Commil Pet. App. 30a (O’Malley, J.) (“[W]e should not address the strength of Cisco’s validity arguments based on the record from the first trial and should leave those questions to the third jury to visit this matter.”). If this Court holds, as it should, that the Seventh Amendment prohibits a partial retrial, then the full retrial on remand will include invalidity.³

C. Commil’s Re-Argument Of The Question Presented In Its Petition Demonstrates The Interrelatedness Of The Issues

Commil expends significant effort in its opposition reasserting arguments from its petition in No. 13-896, leading with an attack on the court’s holding that evi-

³ The structure of the panel majority’s opinion recognizes as much; it first addresses Cisco’s Seventh Amendment contentions and only then moves to uphold the jury’s validity findings in two brief sentences in its final paragraph. Commil Pet. App. 21a.

dence of a good-faith belief of invalidity can rebut an assertion of inducement. Opp. 2 (“[T]his Court should recognize that a good-faith belief of *invalidity* is irrelevant to the question of whether an accused infringer possessed the *specific intent* to cause *infringement*.”). Indeed, Commil challenges the good-faith belief of invalidity holding throughout its opposition. *See id.* 7-10, 14-15.

Cisco has already responded to these contentions in its brief in opposition in No. 13-896, and will not repeat those arguments here. Commil takes the opportunity to cite new cases relating to the good-faith belief of invalidity issue (Opp. 9), but none alters the arguments that the parties have already made on this point. *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1535 (Fed. Cir. 1987), does not address the issues presented in either petition, and *Lazare Kaplan International, Inc. v. Photocopy Technologies, Inc.*, 714 F.3d 1289, 1295 (Fed. Cir. 2013), and *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1320 (Fed. Cir. 2009), both merely cite *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983), for the uncontested concept that “invalid claim[s] cannot give rise to liability for infringement.” To the extent Commil’s reargument of its petition in No. 13-896 serves any purpose at all, it simply underscores the interrelatedness of the issues in the two petitions and reinforces that, if the Court grants one, it should grant the other.⁴

⁴ Commil’s opposition mistakenly asserts (Opp. 8 n.3) that Cisco’s position would require the Federal Circuit always to direct a new trial on both invalidity and induced infringement when it determines retrial is required on either issue. That assertion is incorrect: Cisco’s conditional cross-petition challenges the Federal Circuit’s imposition of an unconstitutional presumption in favor of partial retrials and demonstrates that Cisco’s good-faith belief of

CONCLUSION

The Court should deny Commil's petition for a writ of certiorari in No. 13-896. However, if that petition is granted, the Court should also grant this conditional cross-petition.

Respectfully submitted.

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invalidity is inextricably intertwined with its substantive invalidity defenses under the proper constitutional standard. Not every case will present such a scenario. Moreover, a Seventh Amendment contention can be waived, further eliminating Commil's unsubstantiated claims about the breadth of Cisco's argument. *See, e.g., In re City of Phila. Litig.*, 158 F.3d 723, 726 (3d Cir. 1998) ("Unlike other constitutional rights, ... the right to a jury trial can be waived by inaction or acquiescence.").