

No. _____

In the
Supreme Court of the United States

NOKIA INC. AND NOKIA CORPORATION,

Petitioners,

v.

INTERNATIONAL TRADE COMMISSION;
INTERDIGITAL COMMUNICATIONS, LLC;
INTERDIGITAL TECHNOLOGY CORPORATION,

Respondents.

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

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Section 337 of the Tariff Act of 1930 permits the International Trade Commission to exclude from entry into the United States an article that infringes a valid and enforceable patent. Under what is known as the “domestic industry” requirement, however, it may do so only when a complainant establishes that there is “an industry in the United States, relating to the articles protected by the patent.”

Respondent InterDigital asserted that petitioner Nokia violated section 337 by importing cellular handsets into the United States that allegedly infringed InterDigital’s patents. After a five-day evidentiary hearing, a judge concluded that no infringement had occurred. In a divided opinion, the Federal Circuit, employing de novo review, concluded that the patent claims had been erroneously construed and reversed the non-infringement determination. The court also held that “licensing alone” is sufficient to satisfy the domestic industry requirement. In denying rehearing, the panel majority reiterated that licensing alone satisfies the domestic industry requirement as long as the patent concerns “the article that is the subject of the exclusion proceeding.” The questions presented are:

1. Whether the “domestic industry” requirement of section 337 is satisfied by “licensing alone” despite the absence of proof of “articles protected by the patent.”
2. Whether underlying factual determinations in a patent claim construction ruling should be subject to deferential review by the Federal Circuit.

RULE 29.6 STATEMENT

Petitioner Nokia Inc. is a wholly owned indirect subsidiary of petitioner Nokia Corporation. Nokia Corporation has no parent company, and no other publicly held company owns 10% or more of its stock.

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PETITION FOR WRIT OF CERTIORARI

This case involves allegations by respondent InterDigital that petitioner Nokia manufactures cellular phones that infringe certain of InterDigital's declared essential patents. While such a dispute properly belongs in a district court, InterDigital instead brought a complaint in the United States International Trade Commission under section 337 of the Tariff Act of 1930. Section 337 allows a complainant to obtain the extraordinary remedy of excluding another party's products from entering the United States if those products are found to infringe a valid and enforceable patent. That power, however, is subject to certain limitations. One of the most important is known as the "domestic industry" requirement, which preserves the distinct roles of the ITC as a specialized international trade tribunal and the federal courts as the primary forum for patent disputes.

In a divided opinion, the Federal Circuit held that InterDigital satisfied the critical domestic industry requirement based purely on its licensing activities. The court concluded that "licensing alone" suffices to establish a domestic industry, even though the statutory text expressly requires—twice—that there also be "articles protected by the patent." Upon Nokia's petition for rehearing, the majority did not retreat from that holding but doubled down on it, and its attempt to reconcile its holding with the plain language of the statute only confirmed its initial error. That error entrenches a significant expansion of the ITC's authority beyond its traditional role as a specialized international trade forum, and it also

provides a clear roadmap for evasion of this Court's decision in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

But that was not the Federal Circuit's only serious error. Also in a divided opinion, the Federal Circuit reversed the Commission's determination of non-infringement. It was able to do so only by applying de novo review to a patent claim construction ruling in favor of Nokia by the adjudicator below. That claim construction relied on factual determinations and observations by an administrative law judge during a multi-day evidentiary hearing involving numerous expert witnesses and other evidence extrinsic to the patents, which would seem to be the classic situation where an appellate court should employ deferential review. The Federal Circuit nevertheless entirely applied de novo review because that has been the Federal Circuit's rule since *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc). The *Cybor* rule, however, is legally unsound and leads to manifold adverse consequences, as the Solicitor General recently advised this Court. Indeed, the Federal Circuit appears to agree: after the mandate issued in this case, it granted en banc review in another case to address the continuing vitality of *Cybor*. The Court need not wait for the outcome of that decision to grant review of the issue here. But at a bare minimum, the Court should hold this case pending resolution of that decision, and vacate and remand for reconsideration should the Federal Circuit ultimately modify or abandon *Cybor*.

OPINIONS BELOW

The initial opinion of the court of appeals (App. 1a-36a) is reported at 690 F.3d 1318. The opinion of the court of appeals accompanying its denial of rehearing en banc (App. 37a-88a) is reported at 707 F.3d 1295. The decisions of the International Trade Commission affirming the Administrative Law Judge's Initial Determination construing the relevant patent claims (App. 89a-93a) and affirming the Administrative Law Judge's Initial Determination that the domestic industry requirement was satisfied (App. 378a-380a) are unreported. The Administrative Law Judge's Initial Determinations construing the relevant patent claims (App. 94a-377a) and concluding that the domestic industry requirement was satisfied (App. 381a-394a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on August 1, 2012. A petition for rehearing was denied on January 10, 2013. On April 1, 2013, Justice Kennedy extended the time within which to file a petition for certiorari to and including May 10, 2013. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, is reproduced at App. 395a-411a.

STATEMENT OF THE CASE

A. Statutory Background

Section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, makes unlawful “[t]he importation into the United States, the sale for importation, or the sale within the United States after importation ... of articles” that “infringe a valid and enforceable United States patent.” 19 U.S.C. § 1337(a)(1)(B). A party may allege a violation of section 337 by filing a complaint with the International Trade Commission, which then conducts an investigation and determines whether a violation has occurred. *Id.* § 1337(b)-(c). If a violation is found, the Commission “shall direct” that the articles in question “be excluded from entry into the United States.” *Id.* § 1337(d)(1).

The Commission’s jurisdiction, however, is subject to an important statutory limitation that reinforces the Commission’s role as a specialized trade forum and not simply an alternative venue for patent disputes. That limitation is known as the “domestic industry” requirement. It provides that a section 337 violation may occur “only if an industry in the United States, relating to the articles protected by the patent ... exists or is in the process of being established.” *Id.* § 1337(a)(2). An “industry in the United States” is “considered to exist if there is in the United States, with respect to the articles protected by the patent ... (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing.” *Id.* § 1337(a)(3).

B. Factual Background

Petitioner Nokia is one of the world's largest manufacturers of wireless handsets. With international headquarters in Finland, Nokia imports and sells handsets in the United States. Respondent InterDigital is a Pennsylvania-based company that engages in the licensing of intellectual property in the cell phone industry. App. 43a.

In September 2007, InterDigital filed a complaint with the International Trade Commission alleging, as relevant here, that Nokia had violated section 337 by importing handsets infringing two of InterDigital's declared essential patents. App. 8a. The two patents—U.S. Patent Nos. 7,190,966 (“the ’966 patent”) and 7,286,847 (“the ’847 patent”)—are entitled “Method and Apparatus for Performing an Access Procedure.” App. 1a-2a. They are designed for use within a wireless communications system known as “code division multiple access,” or CDMA. CDMA allows multiple users to share the same frequency by taking each user's data signal and multiplying it by a unique code sequence called a “spreading code.” The spreading code modifies the data signal so that the modified signal can be distinguished from other transmissions in the same frequency band. App. 2a-3a.

Because a CDMA system accommodates numerous users on the same frequency, interference and data loss may occur if a phone transmits too much power to a base station when originating a call. App. 3a. If the power level is too low, however, a phone will not be detected by a base station. The patents at issue here purport to provide a superior

method for phones accessing CDMA systems by employing a “power ramp-up” strategy at the beginning of a call. App. 3a-4a. Generally speaking, the phone transmits a code at a power level known to be below the power level needed for detection by a base station. It then transmits the signal at successively higher power levels until the base station detects it and sends an acknowledgement signal. When the unit receives the acknowledgement signal, it ceases transmitting the codes and begins transmitting and receiving data. App. 4a-6a.

Claim 1 of the '966 patent, which is representative in pertinent part of all the claims asserted, App. 4a, claims:

1. A wireless code division multiple access (CDMA) subscriber unit comprising:

a transmitter configured such that, when the subscriber unit is first accessing a CDMA network and wants to establish communications with a base station associated with the network over a communication channel to be indicated by the base station, the transmitter successively transmits signals until the subscriber unit receives from the base station an indication that a transmitted one of the signals has been detected by the base station, wherein each transmission of one of the signals by the transmitter is at an increased power level with respect to a prior transmission of one of the signals;

the transmitter further configured such that the transmitter transmits to the base

station a message indicating to the base station that the subscriber unit wants to establish the communications with the base station over the communication channel to be indicated by the base station, the message being transmitted only subsequent to the subscriber unit receiving the indication,

wherein each of the successively transmitted signals and the message are generated using a same code; and

wherein each of the successively transmitted signals is shorter than the message.

App. 4a-5a.

To reduce what is known as “power overshoot,” the patents describe a “preferred embodiment” of the invention in which the foregoing process uses a “short code” that is “generated from a regular length spreading code.” App. 6a-8a. The short code can be transmitted much more frequently and thus is more quickly detected. App. 7a. Once the short code is detected, the unit transmits an “access code,” which is “a known spreading code,” while continuing to increase power at a reduced rate. App. 5a, 7a. Once the access code is detected, the process is concluded; the unit and base station are synchronized, with minimal “power overshoot.” App. 6a-7a. The only short code disclosed in the patent is a portion of a spreading code, which is helpful because it is one of a finite set of codes known to both the phone and the base station. App. 8a. Thus in the disclosed invention, the spreading code does double duty; portions are used to initiate contact, and then the

entire spreading code is used to enable the base station to distinguish one mobile transmission from another.

C. Proceedings Before the International Trade Commission

The Commission assigned InterDigital's section 337 complaint to Judge Paul Luckern, an administrative law judge. In February 2009, InterDigital moved for summary determination that its licensing activities regarding the patents at issue satisfy the "domestic industry" requirement. Over Nokia's opposition, Judge Luckern issued an initial determination granting the motion. App. 381a-394a. He concluded that a section 337 complainant can satisfy the domestic industry requirement solely by "demonstrating that it has invested a substantial amount of money in a licensing program to exploit the asserted patents," which, according to Judge Luckern, InterDigital had done regarding the patents in question. App. 386a. Nokia petitioned for review, and the Commission declined to review Judge Luckern's determination. App. 378a-380a.

After a year of discovery, Judge Luckern held a five-day evidentiary hearing in May and June 2009. App. 98a. During that hearing, Judge Luckern heard testimony from numerous individuals, including two experts for Nokia, one expert for InterDigital, and one of the patents' named inventors, and he received numerous exhibits into evidence. App. 100a-101a, 105a, 148a n.11.

On August 14, 2009, Judge Luckern issued a 245-page decision finding no violation of section 337. App. 94a-377a. Judge Luckern stated at the outset

that his determinations were “based on the record compiled at the hearing and the exhibits admitted into evidence,” and that he had also “taken into account his observation of the witnesses who appeared before him during the hearing.” App. 98a. Judge Luckern added that he looked to “the record of the evidentiary hearing,” including “the testimony of the experts,” in determining the “person of ordinary skill in the art” for the patents. App. 106a.

Judge Luckern then construed the claims in issue. In pertinent part, he construed the term “code” to “be synonymous with ‘spreading code,’” and to mean “a sequence of chips.” App. 149a. He reached this determination based on both intrinsic evidence, including the claim language and patent specification, and extrinsic evidence, including expert testimony. *Id.* Specifically, Judge Luckern cited and relied on the testimony of InterDigital’s expert, one of Nokia’s experts, and one of the patent’s inventors. App. 147a-148a & n.11. Judge Luckern also concluded that the terms “codes,” “code signal,” “different codes,” and “signals” each means “a spreading code or a portion of a spreading code,” a determination also based on “testimony of experts and an inventor.” App. 149a-150a. Judge Luckern rejected InterDigital’s argument that because dependent claim 5 of the ‘966 patent refers to a “spreading code,” claim 1 could not be limited to including only spreading codes. He noted that this claim-differentiation argument by InterDigital created only a rebuttable presumption, and that presumption was rebutted by both the intrinsic and extrinsic evidence, including the testimony of InterDigital’s expert. App. 150a-152a.

Having construed this and other claims in InterDigital's patents, Judge Luckern determined that Nokia's handsets did not infringe the patents. App. 227a-240a. As a result, Judge Luckern concluded that "there is no violation of section 337." App. 375a.¹

Before the Commission, InterDigital and Nokia petitioned for review of certain aspects of Judge Luckern's decision. App. 89a-93a. The Commission modified one claim construction not relevant here, declined to review any other issues, and affirmed the determination of no section 337 violation. App. 91a-92a.

D. Proceedings in the Federal Circuit

In a divided opinion, the Federal Circuit reversed the Commission's order of non-infringement. App. 1a-36a. Reviewing Judge Luckern's claim construction determinations de novo, the court concluded as relevant here that there was no "persuasive justification for construing the claim term 'code' to include only a spreading code." App. 10a. In so holding, the court accorded no deference to Judge Luckern's findings based on the expert and inventor testimony he had heard during the lengthy evidentiary hearing. In particular, the court concluded that Nokia had *not* rebutted the presumption arising from InterDigital's claim-differentiation argument, notwithstanding the expert

¹ Judge Luckern also construed certain other patents' claims and evaluated all patents' validity and enforceability, issues not relevant here.

testimony upon which Judge Luckern relied to find otherwise. App. 11a-15a.

The Federal Circuit also rejected Nokia's argument that InterDigital failed to satisfy section 337's domestic industry requirement. In the court's view, the statute "makes clear" that the domestic industry requirement can be satisfied "based on patent licensing alone." App. 23a. "[A] domestic industry can be found based on licensing activities alone," the court stated, and a domestic industry can "consist[] purely of licensing activities." App. 24a. Citing *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), the court stated that the ITC "has consistently ruled that a domestic industry can be found based on licensing activities alone." App. 24a-25a. The court concluded that because InterDigital had demonstrated licensing activities "sufficient to constitute a domestic licensing industry," it satisfied the domestic industry requirement. App. 25a.

Judge Newman dissented, concluding that Judge Luckern and the Commission had "correctly construed 'code' as a spreading code." App. 26a. In support, Judge Newman cited both intrinsic and extrinsic evidence, including documents submitted into evidence at the evidentiary hearing and, in particular, the expert and inventor testimony heard by Judge Luckern. App. 30a-31a. In Judge Newman's view, "the witnesses knew what they were saying" in this "high-stakes litigation." App. 32a. And those "persons in the field of this invention fully understood the meaning of" the terms at issue. *Id.*

Nokia petitioned for panel rehearing and rehearing en banc, challenging the panel's holding that the domestic industry requirement can be met "based on patent licensing alone." The court of appeals denied rehearing. App. 37a-88a. In an opinion respecting denial, the original panel majority reiterated that "section 337 makes relief available to a party" that merely "has a substantial investment in exploitation of a patent through ... licensing." App. 54a. So long as the complainant demonstrates such investment and that the patent in question "covers the article that is the subject of the exclusion proceeding," the majority concluded, the domestic industry requirement is satisfied. App. 54a-55a.

Judge Newman again dissented. Judge Newman thoroughly reviewed the purpose and history of section 337, App. 58a-77a, and the Commission's own decisions holding "that licensing alone does not satisfy the domestic industry requirement," App. 77a. Judge Newman concluded that the majority had "depart[ed] from the statutory text and purpose" of section 337, noting in particular that "[t]he statute says, twice, that there must be 'articles protected by the patent,'" a requirement that InterDigital's mere licensing activity did not satisfy. App. 88a.

REASONS FOR GRANTING THE PETITION

This case presents two questions of extraordinary importance to parties, practitioners, and courts in the international trade and patent law fields. First, the Federal Circuit erroneously held that the critical "domestic industry" requirement of section 337 can be satisfied based on "licensing alone." That holding is flatly contrary to the text of

section 337, which requires complainants to satisfy what are known as the “technical” prong and the “economic” prong. Under the “technical” prong, there must be “articles protected by the patent,” a phrase that appears twice in the relevant statutory text. Demonstrating licensing activities may satisfy the “economic” prong but has no bearing on the “technical” prong, and the Federal Circuit’s conclusion that “licensing alone” satisfies the domestic industry requirement reads the “technical” prong—and “articles protected by the patent”—out of the statute. The Federal Circuit’s rule also means that the statutory text creates two different tests for satisfying the domestic industry requirement depending on the nature of the complainant, even though the statute itself applies the same technical prong, twice, to *all* categories of domestic industry.

When the Federal Circuit had the chance to retract its errant holding on Nokia’s petition for rehearing, it instead doubled down, reiterating that licensing alone satisfies the domestic industry requirement and claiming that the “technical” prong is satisfied in such circumstances if “the patent covers the article that is the subject of the exclusion proceeding.” But a party seeking section 337 relief based on licensing alone will always satisfy that requirement by simply initiating the action, and thus the “articles protected by the patent” language remains a nullity under the Federal Circuit’s reading. The clarity of the statutory text also renders meritless the Federal Circuit’s reliance on *Chevron* deference. Indeed, the very ITC decisions the court cited do not grapple with the statutory text at all, relying solely on legislative history.

The Federal Circuit’s erroneous decision has far-reaching consequences. By dramatically diluting the domestic industry requirement, the decision improperly expands the ITC’s authority by transforming it from a specialized trade forum into an all-purpose patent court. That distortion of the ITC’s mission is particularly problematic in light of this Court’s decision in *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). There, this Court held that prevailing parties in patent infringement cases must satisfy the traditional four-part test for injunctive relief. In his concurrence, Justice Kennedy observed that entities that do not practice, but only license, their patents are unlikely to satisfy the requirements for injunctions. But *eBay* does not apply in the ITC, where prevailing parties may obtain injunctive exclusionary relief as a matter of course. The decision below thus establishes an enormous incentive for entities that engage in “licensing alone” to bring patent claims not in district court but in the ITC. Certiorari is warranted to prevent this end-run around the Court’s precedent and the corresponding encroachment of the ITC upon the realm of the federal courts.

Second, this case presents an ideal vehicle for the Court to address the validity of the Federal Circuit’s rule under *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), pursuant to which claim construction rulings are reviewed entirely de novo notwithstanding underlying factual determinations by the trial judge. *Cybor* has long been criticized as legally unsound and leading to undesirable consequences. The Solicitor General recently joined this chorus, advising this

Court that the *Cybor* question is of substantial and ongoing importance and warrants this Court's review in an appropriate case.

This case constitutes such an appropriate case because a deferential standard of review for underlying factual components would be material if not outcome-determinative to claim construction and whether Nokia engaged in patent infringement at all. Judge Luckern conducted a five-day evidentiary hearing, heard testimony from multiple experts and received numerous extrinsic documents, and expressly stated that his determinations were based on the hearing record and the witnesses who appeared before him. He repeatedly cited and relied on expert testimony in construing the term "code," particularly in finding that Nokia had rebutted a presumption against it. But because the Federal Circuit employed de novo review, the panel entirely disregarded Judge Luckern's factual determinations relying on the expert evidence and construed "code" in a manner that eliminated a basis for a finding of non-infringement by Nokia.

The Federal Circuit appears to agree that the standard of review in patent claim construction is enormously important. After the mandate issued in this case, it granted en banc review of the *Cybor* question in another case, *Lighting Ballast Control LLC v. Philips Electronics North America Corp.* See 500 F. App'x 951 (Fed. Cir. 2013). Given the undeniable significance of the issue, this Court should grant review of this case in order to provide a definitive ruling on deference to factual determinations in claim construction. But at a bare

minimum, the Court should hold this case pending resolution of *Lighting Ballast*. Should the Federal Circuit affirm the *Cybor* rule, this Court should grant review of this case for the reasons stated herein. Should the Federal Circuit substantially modify or abandon the *Cybor* rule, this Court should vacate the decision below and remand this case for further proceedings in light of *Lighting Ballast*.

I. The Federal Circuit's Erroneous Construction Of The Domestic Industry Requirement Has Far-Reaching Consequences And Warrants This Court's Review.

The Federal Circuit held that section 337's domestic industry requirement can be satisfied "based on patent licensing alone" and subsequently affirmed that section 337 relief is available as long as the patent at issue is alleged to "cover[] the article that is the subject of the exclusion proceeding." App. 23a, 54a-55a. That holding is contrary to the plain text of the statute, the relevant legislative history, and the ITC's fundamental purpose. The Federal Circuit's decision entrenches an unwarranted encroachment of the ITC's authority upon the realm of the Article III courts and sanctions an end-run around this Court's holding in *eBay*, transforming the ITC from a specialized trade tribunal into a strategic forum for patent disputes.

A. The Federal Circuit Erred in Holding That the Domestic Industry Requirement is Satisfied by Licensing Alone.

1. The ITC has authority to hear a section 337 complaint alleging patent infringement “only if an industry in the United States, relating to the articles protected by the patent ... exists or is in the process of being established.” 19 U.S.C. § 1337(a)(2). An “industry in the United States” is “considered to exist” if “there is in the United States, with respect to the articles protected by the patent ... (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing.” *Id.* § 1337(a)(3). Section 337 complainants must therefore satisfy what are commonly referred to as the “technical” prong and the “economic” prong. The “technical” prong requires consideration of whether there are “articles protected by the patent.” The “economic” prong requires consideration of the provisions in § 1337(a)(3)(A)-(C)—*viz.*, whether there has been significant investment in equipment, employment, or exploitation with respect to the “articles protected by the patent.” *See, e.g., Crocs, Inc. v. Int’l Trade Comm’n*, 598 F.3d 1294, 1306-07 (Fed. Cir. 2010); *Alloc, Inc. v. Int’l Trade Comm’n*, 342 F.3d 1361, 1375 (Fed. Cir. 2003); *Certain CD-ROM Controllers & Prods. Containing Same*, Inv. No. 337-TA-409, USITC Pub. 3251, Comm’n Op., at 37 n.37 (Oct. 18, 1999) (Final); App. 41a.

The Federal Circuit’s holding that section 337’s domestic industry requirement can be met “based on patent licensing alone” ignores the plain wording of the statute by conflating the “technical” and “economic” prongs and effectively reading the former out of the statute. While licensing activity is certainly relevant to one of the three options for satisfying the “economic prong,” the only licensing that matters is activity “with respect to the articles protected by the patent,” which underscores that the “technical” prong remains relevant. To conclude, as the panel majority did, that a “domestic industry can be found based on licensing alone” or that a domestic industry can “consist[] purely of licensing activities,” App. 23a-24a, reduces the domestic industry requirement to a single factor test in which the “articles protected by the patent”—a condition that appears twice in the relevant statutory provisions—plays no role. That construction blatantly violates the well-established canon against adopting an interpretation of a federal statute that “renders superfluous another portion of that same law.” *United States v. Jicarilla Apache Nation*, 131 S. Ct. 2313, 2330 (2011); *see also TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001).

The Federal Circuit’s erroneous construction of section 337 also improperly creates two different tests for satisfying the domestic industry requirement depending on the complainant seeking section 337 relief. A company in a domestic industry based on investments in plant, equipment, or employment of labor must continue to satisfy both the “technical” and “economic” prongs to invoke the ITC’s authority. A company that merely licenses,

however, need only satisfy the “economic” prong. But the statutory text makes no such distinction; it applies the technical prong, twice, to *all* categories of domestic industries. There is simply no basis in the statute for the perverse dynamic that the Federal Circuit’s reading creates. *See Roberts v. Sea-Land Servs., Inc.*, 132 S. Ct. 1350, 1356 (2012) (favoring construction that “supplies an administrable rule that results in equal treatment of similarly situated” parties).

The majority’s flawed textual analysis is even more apparent upon closer examination of the elements of the statutory “economic” prong. *See United States v. Williams*, 553 U.S. 285, 294 (2008) (noting that “a word is given more precise context by the neighboring words with which it is associated”). Section 337’s use of the term “exploitation” reinforces that more than “licensing alone” is required to satisfy section 337, since “exploitation” means that a technology covered by the patent is “put into practical use.” *Air Turbine Tech., Inc. v. Atlas Copco AB*, 410 F.3d 701, 711 (Fed. Cir. 2005). That view of the text, moreover, is reinforced by § 337(a)(3)(C)’s use of the terms “engineering,” and “research and development,” which clearly relate to tangible goods in practical use—in short, “articles protected by the patent,” which “licensing alone” does not reach.

In denying rehearing en banc, the panel majority did not retreat from its erroneous “licensing alone” holding but doubled down on it, flatly stating that section 337 relief is “available to a party that has a substantial investment in exploitation of a patent through ... licensing.” App. 54a. But this

formulation again reads the “technical” prong of the domestic industry requirement—*i.e.*, that there be “articles protected by the patent”—out of the statute. The only nod the majority gave to the “technical” prong was to suggest that it is satisfied “[a]s long as the patent covers the article that is the subject of the exclusion proceeding.” *Id.* But that is no answer at all, because a party seeking section 337 relief based on “licensing alone” will *always* satisfy that requirement by the mere filing of a section 337 action seeking to exclude the very “article that is the subject of the exclusion proceeding.” Indeed, here, the majority concluded that InterDigital satisfied the domestic industry requirement “because the patents in suit protect the technology that is, according to InterDigital’s theory of the case, found in the products” that InterDigital sought to exclude—*i.e.*, Nokia’s handsets. App. 44a. Thus the majority’s reasoning still gives no independent meaning to the “technical” prong and again renders the “articles protected by the patent” language superfluous. The majority’s unsuccessful attempt to salvage its “licensing alone” holding only reinforces the infirmity of that interpretation in the first place.

The majority’s reliance on *Chevron* deference, App. 24a-25a, 41a-42a, is doubly inappropriate. First and foremost, section 337’s text is clear: it requires “articles protected by the patent” before the ITC may act. Thus even if the ITC has “consistently ruled” that licensing alone satisfies the domestic industry requirement of section 337, App. 24a, that is immaterial because this is a step-one *Chevron* case and the Commission loses at step one.

Indeed, the very ITC decisions cited by the majority in support of its *Chevron* determination do not even attempt to grapple *with the statutory text*; instead, they rely only on passing references to legislative history. For example, in *Certain Semiconductor Chips With Minimized Chip Package Size & Products Containing Same*, Inv. No. 337-TA-432, Order No. 13 (Jan. 24, 2001), the Commission found that mere licensing activities satisfied the domestic industry requirement because “[t]his statutory interpretation is compelled by the legislative history.” *Id.* at 11, 2001 WL 1877710 at *6-7. Similarly, in *Certain Digital Processors & Digital Processing Systems, Components Thereof, & Products Containing Same*, Inv. No. 337-TA-559, Initial Determination (May 11, 2007), the Commission concluded that the “the legislative history accompanying [section 337’s] enactment” required different “domestic industry” tests for different industries notwithstanding identical statutory text. *Id.* at 85, 2007 WL 7597610 at *51 (citations omitted); see also *Certain Multimedia Display & Navigation Devices & Sys., Components Thereof, & Prods. Containing Same*, Inv. No. 337-TA-694, USITC Pub. 4292, Comm’n Op., at 7 (Nov. 2011) (relying exclusively on Senate report); *Certain Digital Satellite Sys. (DSS) Receivers & Components Thereof*, Inv. No. 337-TA-392, USITC Pub. 3418, Initial and Final Recommended Determinations, at 9-10 (Apr. 2001) (same). But that is not how statutory interpretation works. And the fact that the majority could only cite Commission decisions that failed to grapple with the statutory text underscores how unmoored the majority’s reasoning is from that text.

Second, even were this a *Chevron* step-two case, it is “plainly inaccurate to state that the Commission has ‘consistently’ held that licensing alone satisfies the domestic industry requirement.” App. 85a (Newman, J., dissenting from denial of rehearing). For example, in *Certain Integrated Circuit Telecommunication Chips & Products Containing Same Including Dialing Apparatus*, Inv. No. 337-TA-337, USITC Pub. 2670, Initial Determination (Aug. 1993), the Commission squarely *rejected* the argument that the domestic industry requirement is satisfied “based on [a] complainant’s licensing ... activities.” *Id.* at 99 n.87. That conclusion, the Commission explained, is compelled by the statutory text: “[s]ection 337(a)(2) requires that the domestic industry relate to the articles protected by the patent.” *Id.*; *see also* App. 78a-85a (Newman, J., dissenting from denial of rehearing) (describing other similar Commission decisions). Thus to the extent the Commission has more recently—and relying only on legislative history—reached a different conclusion, its failure properly and uniformly to construe section 337 warrants no *Chevron* deference. If anything, the “burgeoning inconsistencies reinforce the need for resolution” by this Court. App. 86a (Newman, J., dissenting from denial of rehearing).

2. The text of section 337 alone suffices to show that the Federal Circuit’s construction was mistaken. *See, e.g., Chamber of Commerce of the U.S. v. Whiting*, 131 S. Ct. 1968, 1980 (2011). Nonetheless, the relevant legislative history underscores the court’s error.

Congress added section 337(a)(3)(C) in 1988 as part of an overhaul of section 337. That specific provision was enacted in response to a series of ITC decisions, chief among them *Certain Products With Gremlins Character Depictions*, Inv. No. 337-TA-201, USITC Pub. 1815 (Sept. 12, 1985), where, in Congress’ view, “the Commission ha[d] interpreted the domestic industry requirement in an inconsistent and unduly narrow manner.” H.R. Rep. No. 100-40, at 157 (1987); *see also* 132 Cong. Rec. H1783 (Apr. 10, 1986) (primary House sponsor noting “the unfortunate results which have occurred in some recent cases, such as *Gremlins*”). In the *Gremlins* case, however, the complainant copyright holder had “licensed 48 domestic companies to produce a wide variety of goods containing” the character depictions. App. 60a (Newman, J., dissenting from denial of rehearing) (quotation marks omitted). Thus the case actually involved “articles protected by the patent, copyright, [or] trademark.” 19 U.S.C. § 1337(a)(2)-(3). Indeed, the three other ITC decisions prompting Congress’ “concern[]” also involved actual articles that embodied the relevant intellectual property. *See* H.R. Rep. 100-40, at 157. That critically undermines the notion that the amendment was designed to expand the ITC’s authority to cover “licensing alone”—*i.e.*, licensing divorced from actual articles protected by patents—since that was not an issue in the cases Congress found problematic. *See Davis v. Mich. Dep’t of Treasury*, 489 U.S. 803, 813 (1989).

Congress also considered and rejected a revision to section 337 that excluded the “protected by the patent” language rendered superfluous by the Federal Circuit’s decision here. Section 337(a)(3)

currently states that “an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles *protected by the* patent, copyright, trademark, trade secret, or mask work concerned ... (C) substantial investment in its exploitation, including engineering, research and development, or licensing.” 19 U.S.C. § 1337(a)(3) (emphasis added). Congress considered a version of that provision with the italicized phrase—“protected by the”—omitted. *See* H.R. 3, 100th Cong. § 142 (as introduced in the House, Jan. 6, 1987) (stating that “an industry in the United States shall be considered to exist if there is in the United States, with respect to the articles, patent, copyright, trademark, trade secret, or mask work concerned . . . (C) substantial investment in its exploitation, including engineering, research and development, or licensing”). This rejected phrasing might have supported the one-prong domestic industry test articulated by the Federal Circuit here. But that is not the statute Congress passed. This Court does not presume “that Congress intended a result that it expressly declined to enact.” *Gulf Oil Corp. v. Copp Paving Co.*, 419 U.S. 186, 200 (1974); *cf. Chickasaw Nation v. United States*, 534 U.S. 84, 93 (2001) (rejecting interpretation that “would read back into the [statute] the very word ... that the Senate committee deleted”).

The majority below ignored these considerations entirely, discussing instead the supposedly opposing views that shaped the debate and the purported “compromise approach” that was adopted. App. 47a-50a. But as Judge Newman explained in exhaustively reviewing the congressional hearings,

the majority's account both oversimplifies and distorts the legislative history. App. 58a-77a (Newman, J., dissenting from denial of rehearing). More to the point, however, nothing in the majority's review of the legislative history remotely suggests that Congress deemed it unnecessary for a complainant to satisfy the "articles protected by the patent" requirement still embodied (twice) in the statutory language. Indeed, as noted, Congress considered but declined to eliminate that requirement.

Likewise, the substantially similar House and Senate committee reports on the final bill do not support the proposition that "licensing alone" satisfies the domestic industry requirement. The passage from the reports liberally quoted by the majority, *see* H.R. Rep. 100-40, at 157-58; S. Rep. No. 100-71, at 129 (1987), only addresses the scope of § 1337(a)(3)(C), explaining how it adds a new means of satisfying the "economic" prong of the domestic industry requirement—for example, through licensing, but not through marketing and sales. Nothing in that passage mentions the "technical" prong or the "articles protected by the patent" requirement, which the amendments to section 337 did not touch. *See* App. 77a (Newman, J., dissenting from denial of rehearing) (remarking that Congress did not "compromise[] away the domestic industry requirement").

B. The Decision Below Improperly Expands the ITC's Authority and Facilitates Evasion of This Court's Precedents.

The Federal Circuit's holding is not just incorrect; it distorts the ITC's fundamental purpose and improperly expands the ITC's authority well beyond its traditional role. It also allows companies that license but do not practice their patents—*i.e.*, who engage in “licensing alone”—to avoid the consequences of this Court's *eBay* decision by proceeding in the ITC and obtaining injunctive relief that would otherwise generally be unavailable to them, especially when it comes to standards-essential patents like those at issue here. This makes the ITC a particularly attractive forum for those with the least plausible need for the distinct protection of a specialized international trade tribunal.

The ITC's “primary responsibility is to administer the trade laws, not the patent laws.” *Tandon Corp. v. U.S. Int'l Trade Comm'n*, 831 F.2d 1017, 1019 (Fed. Cir. 1987). The domestic industry requirement is critical to preserving this important distinction; it serves “as a gatekeeper to prevent excessive use of the ITC under Section 337.” *Certain Stringed Musical Instruments & Components Thereof*, Inv. No. 337-TA-586, Initial Determination, at 25 (Dec. 3, 2007), *available at* 2007 WL 4427218, at *12 (citation omitted). Indeed, during the legislative proceedings culminating in the 1988 amendments to section 337, proposals to eliminate the domestic industry requirement were successfully opposed “on the ground that to do so would convert the

Commission's mission from a trade forum into an intellectual property court." App. 49a.

By dramatically diluting the domestic industry requirement, however, the Federal Circuit has transformed the ITC from a specialized tribunal that hears certain patent disputes with important trade implications into a strategic forum for patent disputes that more properly belong in the district courts. That is problematic in itself, since federal agencies only have the authority delegated to them by Congress. *See, e.g., FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 125-26 (2000). But the issues raised by this case go beyond abstract though significant separation-of-powers principles. They also concern whether entities like InterDigital may sidestep this Court's precedents and obtain in patent proceedings the very type of relief that members of this Court have suggested should be foreclosed to them.

In *eBay*, the Court overturned the Federal Circuit's "general rule in favor of permanent injunctive relief" upon a finding of patent infringement in cases arising from the district courts. 547 U.S. at 392. A "categorical grant of such relief," the Court held, is inconsistent with general principles of equity governing injunctive relief in the federal courts. *Id.* at 394. Accordingly, after *eBay*, plaintiffs who obtain patent infringement rulings in district court cannot obtain injunctive relief without satisfying the traditional four-factor equitable test for such relief.

In his *eBay* concurrence, Justice Kennedy explained that "[a]n industry has developed in which

firms use patents not as a basis for producing or selling goods but, instead, primarily for obtaining license fees.” 547 U.S. at 396 (Kennedy, J., concurring). In such circumstances, “an injunction, and the potentially serious sanctions arising from its violation, can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent,” and “legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.” *Id.* at 396-97. That is particularly true of standards-essential patents like those at issue here; such patents involve commitments to license to willing licensees on fair, reasonable, and nondiscriminatory terms in exchange for a fair, reasonable, and nondiscriminatory royalty.

In the ITC, however, where *eBay* does not apply and damages remedies are not available, *see Spansion, Inc. v. International Trade Comm’n*, 629 F.3d 1331, 1359 (Fed. Cir. 2010), injunctive relief—in the form of exclusion of articles from importation into the United States—has generally been granted as a matter of course. *See* Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 Wm. & Mary L. Rev. 63, 70-71, 99 (2008) (finding that between 1995 and 2007, exclusion orders issued in 100% of patent cases where ITC found violations). Thus in circumstances where injunctive relief is generally unavailable in the district courts, such relief is far more available in the ITC. Accordingly, there is a profound temptation to divert such cases to the ITC and to use the injunctive relief available there as a “bargaining tool to charge exorbitant fees”

to “companies that seek to buy licenses to practice the patent.” 547 U.S. at 396 (Kennedy, J., concurring).

Circumstances like these involving “licensing alone,” especially of a standards-essential patent, provide enormous incentives for companies to turn from the Article III courts to the ITC to seek remedies unconstrained by *eBay*. The domestic industry requirement would ordinarily prevent such patent disputes from being heard in the ITC. But the Federal Circuit’s “licensing alone” loophole eviscerates that requirement and vastly expands the ability of companies to divert these kinds of patent disputes into the ITC and obtain injunctive relief. It is doubtful that this Court in *eBay* intended to facilitate a mass migration of patent claims from the federal courts to the ITC. And this Court should not countenance a court of appeals’ holding that both undermines the broader thrust of its precedent and simultaneously distorts the mission of the ITC. The scope of the domestic industry requirement and the extent to which “licensing alone” can satisfy it are thus issues of surpassing importance warranting the Court’s review.

This case, moreover, is an ideal vehicle to address those issues. InterDigital only proffered evidence sufficient to demonstrate “substantial investments in licensing,” and that is the basis on which Judge Luckern found that the domestic industry requirement was satisfied. App. 390a; *see also* App. 25a (noting Judge Luckern’s “extensive affirmative findings” regarding “InterDigital’s licensing activities”). Thus the question here is

outcome-determinative: if “licensing alone” does not satisfy the domestic industry requirement, then InterDigital has not satisfied the requirement and cannot obtain section 337 relief. Furthermore, the en banc court of appeals denied rehearing, and the opinions accompanying that denial thoroughly examined the question presented. As such, further percolation within the Federal Circuit is unnecessary and, indeed, unlikely. The Court should grant certiorari to review the Federal Circuit’s erroneous and far-reaching holding in this case.

II. The Federal Circuit’s Failure To Apply Deferential Review To Factual Determinations In Patent Claim Construction Rulings Warrants This Court’s Review.

This case also presents the significant question whether the Federal Circuit should apply de novo review to issues of patent claim construction, even when there are underlying factual determinations. Claim construction is “the single most important event in the course of a patent litigation.” *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, 659 F.3d 1369, 1370 (Fed. Cir. 2011) (Moore, J., dissenting from denial of rehearing). In *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), the Federal Circuit held that claim construction is reviewed “*de novo* on appeal including any allegedly fact-based questions relating to claim construction.” *Id.* at 1456. That holding has been roundly criticized for its flawed reasoning and undesirable consequences. The Solicitor General recently advised this Court that the question is “of

substantial and ongoing importance in patent law” and warrants the Court’s review. Brief for the United States as Amicus Curiae at 7, *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, No. 11-1154 (S. Ct. filed Nov. 28, 2012), *cert. denied*, 133 S. Ct. 833 (2013). Reflecting the importance of the issue, the Federal Circuit itself recently granted en banc review to address the continuing vitality of *Cybor*. Because this case provides an ideal vehicle for addressing the question, the Court should not wait for the Federal Circuit’s decision and should grant certiorari here. At a minimum, though, the Court should hold this case pending the Federal Circuit’s decision and, following that outcome, either grant review of or vacate and remand this case.

A. The *Cybor* Rule Is Legally Flawed and Has Far-Reaching Consequences, Warranting Review in This Case.

1. The *Cybor* rule arose out of the Federal Circuit’s interpretation of this Court’s decision in *Markman v. Westview Instruments*, 517 U.S. 370 (1996). There, the Court held that claim construction is “exclusively within the province of the court” and not subject to the Seventh Amendment’s jury guarantee. *Id.* at 372. It reached this conclusion by noting, among other things, that no “established practice” of submitting such questions to a jury existed when the Seventh Amendment was adopted, and that “judges, not juries, are the better suited to find the acquired meaning of patent terms.” *Id.* at 380, 388. In *Cybor*, the en banc Federal Circuit interpreted *Markman* to mean that the “totality of claim construction is a legal question,” and it

concluded that “[n]othing” in *Markman* supports the view “that claim construction may involve subsidiary or underlying questions of facts.” 138 F.3d at 1455. Accordingly, the court held, “we review claim construction *de novo* on appeal, including any allegedly fact-based questions relating to claim construction.” *Id.* at 1456.

That reasoning “profoundly misapprehends *Markman*.” *Id.* at 1463 (Mayer, C.J., concurring in the judgment). *Markman* “did not address appellate review of claim construction.” *Id.* at 1473 (Rader, J., dissenting). Nor did the decision remotely suggest that *de novo* review should unblinkingly apply to claim construction. To the contrary, the Court in *Markman* acknowledged the “evidentiary underpinnings” of claim construction and described it as a “mongrel practice” that involved “construing a term of art following receipt of evidence.” 517 U.S. at 378, 390. And it observed that claim construction requires trial judges to exercise a “trained ability to evaluate ... testimony.” *Id.* at 390.

The *Cybor* majority dismissed these statements as “prefatory comments.” 138 F.3d at 1455. But there “would have been no need” for much of *Markman*’s discussion if claim construction were a purely legal matter. *Id.* at 1464 (Mayer, C.J., concurring in the judgment); *Retractable Techs.*, 659 F.3d at 1374 (O’Malley, dissenting from denial of rehearing) (noting that *Markman*’s analysis “would have been wholly unnecessary” if *Cybor* were correct). *Markman* also recognized that factual determinations may be “more than just incident to claim construction” and thus warrant “greater

deference than *de novo* fact finding on appeal.” *Cybor*, 138 F.3d at 1464-65 (Mayer, C.J., concurring in the judgment); *see also Retractable Techs.*, 659 F.3d at 1373 (Moore, J., dissenting from denial of rehearing) (stating that claim construction “is clearly a mixed question of law and fact and deference should be given to the factual parts”).

Cybor’s failure to accord deference to factual determinations underlying claim construction is also inconsistent with deferential review standards in substantially similar contexts. Under Federal Rule of Civil Procedure 52(a)(6), for example, a trial court’s factual findings “must not be set aside unless clearly erroneous.” There is no reason to treat claim construction factual determinations differently. As in this case, judges performing claim construction routinely hold multi-day hearings, receive evidence, and hear expert testimony—all to address and answer “clearly ... factual inquir[ies].” Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 Lewis & Clark L. Rev. 231, 246 (2005); *see also Cybor*, 138 F.3d at 1478 (Rader, J., dissenting) (listing the many “factual components” of claim interpretation); *Phillips v. AWH Corp.*, 415 F.3d 1303, 1332 (Fed. Cir. 2005) (Mayer, J., dissenting) (remarking that “the nature of the questions underlying claim construction illustrate that they are factual”).

An appellate standard of review “should depend upon ‘the respective institutional advantages of trial and appellate courts.’” *First Options of Chicago, Inc. v. Kaplan*, 514 U.S. 938, 948 (1995) (quoting *Salve Regina Coll. v. Russell*, 499 U.S. 225, 233 (1991)).

When construing claims, the trial judge “has tools to acquire and evaluate evidence concerning claim construction that [the Federal Circuit] lacks.” *Cybor*, 138 F.3d at 1477 (Rader, J., dissenting). Trial judges “spend hundreds of hours reading and rereading all kinds of source material, receiving tutorials on technology from leading scientists, formally questioning technical experts and testing their understanding against that of various experts, ... and deliberating over the meaning of the claim language.” *Id.* An appellate court, by contrast, considers only limited briefing and oral argument and a “sterile written record” that “can never convey all the nuances and intangibles of the decisional process.” *Id.* at 1478; *cf. United States v. Taylor*, 487 U.S. 326, 342-43 (1988).

2. The many legal flaws and adverse consequences of the *Cybor* rule have been thoroughly documented by judges calling for its reconsideration. *See, e.g., See Retractable Techs.*, 659 F.3d at 1373 (Moore, J., dissenting from denial of rehearing); *id.* at 1376 (O'Malley, J., dissenting from denial of rehearing); *Amgen Inc. v. Hoechst Marion Roussell, Inc.*, 469 F.3d 1039, 1040 (Fed. Cir. 2006) (Michel, C.J., dissenting from denial of rehearing) (describing “four practical problems” of *Cybor*); *id.* at 1044 (Rader, J., dissenting from denial of rehearing); *Phillips*, 415 F.3d at 1330 (Mayer, J., dissenting) (asserting that *Cybor* has “seriously undermined the legitimacy of the process”).

Recently, the Solicitor General joined this chorus, stating on invitation from this Court that the issue of whether a claim construction ruling with

underlying factual components “should nevertheless be subject entirely to de novo appellate review” is “of substantial and ongoing importance in patent law.” Brief for the United States as Amicus Curiae at 7, 22, *Retractable Techs.*, *supra*. The Solicitor General asserted that “[i]n an appropriate case,” the Court’s review would be warranted to “determine the proper standard of appellate review of district court factual determinations that bear on the interpretation of disputed patent claims.” *Id.* at 17. The Solicitor General recommended denying the *Retractable Technologies* petition because the trial judge in that case did not “ventur[e] beyond the four corners of the patent instrument itself” in performing claim construction; he did not “consider any expert testimony, make any credibility determinations, or receive any documentary evidence.” *Id.* at 19, 21.

This case, by contrast, contains precisely what the Solicitor General found lacking in *Retractable Technologies*, making it an ideal vehicle to address the issue. Judge Luckern conducted a five-day evidentiary hearing during which he heard live testimony from multiple experts and one of the patent’s inventors and received numerous documents to aid in his interpretation. His 245-page decision expressly noted that his determinations were “based on the record compiled at the hearing and the exhibits admitted into evidence,” and that he had also “taken into account his observation of the witnesses who appeared before him during the hearing.” Judge Luckern also specifically cited and relied on expert and inventor testimony in construing the term “code” to mean a “spreading code.” Most notably, he relied on expert testimony in concluding

that Nokia had rebutted the presumption arising from InterDigital’s claim-differentiation argument. *See* pp. 8-10, *supra*.²

The Federal Circuit, however, accorded no deference to any of Judge Luckern’s critical observations and determinations regarding the extrinsic evidence.³ Indeed, the panel majority rejected the conclusions Judge Luckern had specifically drawn based on his own view of the expert testimony—including, critically, when the majority found that Nokia had *not* rebutted the claim-differentiation presumption. App. 11a-15a. What is more, the dissent cited that same expert testimony to support Judge Luckern’s reading of “code,” noting in particular that the witnesses “knew what they were saying.” App. 30a-32a (Newman, J., dissenting).

Given the acknowledged significance of the extrinsic evidence, therefore, this is plainly a case where a more deferential standard of review for underlying factual determinations would be material if not outcome-determinative to the claim construction. Furthermore, had the court of appeals affirmed the claim construction, it would necessarily have affirmed the conclusions of non-infringement and no section 337 violation by Nokia. *See* App. 25a

² Judge Luckern also relied on expert testimony to determine the characteristics of the “person of ordinary skill in the art” for construing the claims. *See* App. 106a.

³ The Federal Circuit applies the *Cybor* rule to all patent claim constructions, including those originating in section 337 proceedings. *E.g.*, *Gen’l Protecht Grp., Inc. v. Int’l Trade Comm’n*, 619 F.3d 1303, 1307 (Fed. Cir. 2010).

(Newman, J., dissenting). Accordingly, there could scarcely be a more appropriate vehicle for review of this important and recurring issue.

B. At a Minimum, the Petition Should Be Held Pending Resolution of *Lighting Ballast*.

Reflecting the importance of the question presented, the Federal Circuit recently agreed to review the *Cybor* rule. Specifically, in *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, the Federal Circuit granted a petition for rehearing en banc and ordered the parties to address (1) whether *Cybor* should be overruled, (2) whether the Federal Circuit should afford deference to any aspect of a district court's claim construction, and (3) if so, which aspects should be afforded deference. See 500 F. App'x 950, 951-52 (Fed. Cir. 2013). The *Lighting Ballast* order issued after the mandate in this case issued on January 17, 2013. In light of the order, Nokia moved to recall the mandate in this case, but the Federal Circuit denied the motion.

Because this case constitutes an ideal vehicle for addressing the important and recurring *Cybor* issue, and the arguments favoring and opposing the *Cybor* rule have been fully aired, the Court should grant review of this case and definitively resolve the question of deference to factual determinations in patent claim construction. At a minimum, however, the Court should hold this petition pending the Federal Circuit's en banc decision in *Lighting Ballast*. Should the Federal Circuit substantially affirm the *Cybor* rule, the Court should grant review

of this case. Should the Federal Circuit substantially modify or abandon the *Cybor* rule, the Court should vacate and remand this case for further consideration in light of *Lighting Ballast*, consistent with longstanding precedent recognizing that a party is entitled to the benefit of changes in the law that occur before a decision becomes final. See, e.g., *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 226-27 (1995); *Harper v. Va. Dep't of Taxation*, 509 U.S. 86, 96-97 (1993); *United States v. Schooner Peggy*, 5 U.S. (1 Cranch) 103, 109-110 (1801); cf. *Lawrence ex rel. Lawrence v. Chater*, 516 U.S. 163, 166-68 (1996).

CONCLUSION

The Court should grant the petition.

Respectfully submitted,

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