

18-2420

**IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CHRIMAR SYSTEMS, INC., dba CMS TECHNOLOGIES, INC., CHRIMAR
HOLDING COMPANY, LLC,

Plaintiffs- Appellees,

v.

ALE USA INC., fka ALCATEL-LUCENT ENTERPRISE USA, INC.,

Defendant-Appellant.

*Appeal from the United States District Court for the Eastern District of Texas in
No. 6:15-CV-163, Judge John D. Love.*

**DEFENDANT-APPELLANT ALE USA INC.'S RESPONSE IN
OPPOSITION TO PLAINTIFFS-APPELLEES'
PETITION FOR REHEARING EN BANC**

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

CHRIMAR SYSTEMS, INC., dba CMS TECHNOLOGIES, INC., CHRIMAR HOLDING COMPANY, LLC **v.** ALE USA INC., fka ALCATEL-LUCENT ENTERPRISE USA, INC.

Case No. 18-2420

CERTIFICATE OF INTEREST

Counsel for the:

(petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)

ALE USA Inc., fka ALCATEL-LUCENT ENTERPRISE USA, INC.

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
ALE USA Inc.	N/A	ALE Holding (France)

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (**and who have not or will not enter an appearance in this case**) are:

JACKSON WALKER LLP: Danny L. Williams, Kyung T. Kim, Brian Buss, David Wooten

WILLIAMS MORGAN PC: Matthew R. Rodgers

VASQUEZ BENISEK & LINDGREN: Eric W. Benisek, Jeffrey T. Lindgren, Richard C. Vasquez, Robert S. McArthur, Stephen C. Steinberg

PARKER JUSTISS: Greg H. Parker

FORM 9. Certificate of Interest

Form 9
Rev. 10/17

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47.4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

See Exhibit A

11/26/2019

Date

/s/ Chris Cravey

Signature of counsel

Chris Cravey

Printed name of counsel

Please Note: All questions must be answered

cc: All counsel of record via CM-ECF

Reset Fields

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT
Case No. 18-2420
Chrimar Systems, Inc. v. ALE USA Inc.

Exhibit A to ALE Certificate of Interest

Juniper Networks, Inc., Ruckus Wireless, Inc., Brocade Communications Systems, Inc., and Netgear, Inc. filed petitions for *inter partes* review of the four asserted patents in the instant appeal. In four separate Final Written Decisions, the Patent Trial and Appeal Board (“PTAB”) determined that all challenged claims, including the asserted claims in this case, are unpatentable. Chrimar Systems, Inc. appealed the PTAB’s Final Written Decisions, and this Court affirmed. This Court’s mandate to the Patent Office has issued. The cases are as follows:

- *Chrimar Systems, Inc. v. Juniper Networks, Inc., et al.*, Case No. 18-1499 (U.S. Patent No. 8,155,012) (Lead Appeal);
- *Chrimar Systems, Inc. v. Juniper Networks, Inc., et al.*, Case No. 18-1500 (U.S. Patent No. 8,942,107);
- *Chrimar Systems, Inc. v. Juniper Networks, Inc., et al.*, Case No. 18-1503 (U.S. Patent No. 9,019,838);
- *Chrimar Systems, Inc. v. Juniper Networks, Inc., et al.*, Case No. 18-1984 (U.S. Patent No. 8,902,760).

Chrimar Systems, Inc.’s appeals of the PTAB Final Written Decisions were consolidated, and Case No. 18-1499 was designated as the Lead Appeal.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Case No. 18-2420

Chrimar Systems, Inc. v. ALE USA Inc.

Chrimar Systems, Inc. and Chrimar Holding Company, LLC (collectively “Chrimar”) has asserted the ’012 patent, the ’107 patent, the ’760 patent, and the ’838 patent in the following pending cases:

- *Chrimar Systems, Inc., et al. v. Fortinet, Inc.*, No. 3:16-cv-00897 (CAND);
- *Chrimar Systems, Inc., et al. v. NETGEAR*, No. 3:16-cv-00624 (CAND);
- *Chrimar Systems, Inc., et al. v. Juniper Networks, Inc.*, No. 3:16-cv-00558 (CAND); and
- *Chrimar Systems, Inc., et al. v. Ruckus Wireless Inc.*, No. 3:16-cv-00186 (CAND).

The following pending declaratory judgment action concerns the ’838 patent (this case is stayed and administratively closed): *Cisco Systems Inc. v. Chrimar Systems, Inc.*, No. 2:15-cv-12565 (MIED).

The following pending declaratory judgment action concerns the ’012, ’107, ’760, and ’838 patents (this case is stayed and administratively closed): *Hewlett-Packard Company v. Chrimar Systems, Inc.*, No. 2:15-cv-12569 (MIED).

The following pending declaratory judgment actions concern the ’107, and ’760 patents (these cases are stayed and administratively closed):

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Case No. 18-2420

Chrimar Systems, Inc. v. ALE USA Inc.

- *Hewlett-Packard Company v. Chrimar Systems, Inc., et al.*, No. 2:15-cv-10814 (MIED); and
- *Cisco Systems, Inc. v. Chrimar Systems, Inc., et al.*, No. 2:15-cv-10817 (MIED).

The following pending declaratory judgment actions concern the '012 patent (these cases are stayed and administratively closed):

- *Cisco Systems, Inc. v. Chrimar Systems, Inc.*, No. 2:14-cv-10290 (MIED); and
- *Hewlett-Packard Company v. Chrimar Systems, Inc.*, No. 2:14-cv-10292 (MIED).

TABLE OF CONTENTS

	Page
CERTIFICATE OF INTEREST	i
TABLE OF CONTENTS.....	vi
TABLE OF AUTHORITIES	viii
SUMMARY OF ARGUMENT	1
REASONS TO DENY REHEARING.....	4
I. Chrimar’s Arguments to Overrule the <i>Fresenius/Simmons</i> Preclusion Principle are Waived and Meritless.....	4
A. Chrimar Waived its New Arguments Rejecting the <i>Fresenius/Simmons</i> Preclusion Principle	4
B. Even if not Waived, Chrimar’s New Arguments Fail in Light of Supreme Court and this Court’s Precedent	5
II. The Panel Correctly Concluded that Cancellation of All Asserted Claims Should be Given Effect in the ALE Case.....	8
A. The Judgment in the ALE Case was not Final.....	8
B. Issue Preclusion and Claim Preclusion Do Not Apply Against ALE to Prevent Application of the IPR Decisions in the ALE Case	12
C. This Court’s Affirmance of the IPR Decisions Extinguished All Chrimar Rights—the ALE Case is Moot	13
III. Giving Effect to the Federal Circuit’s Affirmance of the IPR Decisions Does Not Violate the Constitution.....	15
IV. Chrimar Does Not Present Cause to Grant Rehearing En Banc.....	15
A. There is No Intra- or Inter-Circuit Split Regarding the <i>Fresenius/Simmons</i> Preclusion Principle	15

B. Chrimar Does Not Present a Question of Exceptional Importance—this Court has Repeatedly Rejected Chrimar’s Arguments	16
CONCLUSION	17
CERTIFICATE OF SERVICE	
CERTIFICATE OF COMPLIANCE	

TABLE OF AUTHORITIES

	Page(s)
Federal Cases	
<i>B&B Hardware, Inc. v. Hargis Indus.</i> , 135 S. Ct. 1293 (2015).....	4, 6
<i>Baxter Int’l, Inc. v. Fresenius USA, Inc.</i> , 572 U.S. 1115 (2014).....	1, 16
<i>Biodex Corp. v. Loredan Biomed., Inc.</i> , 946 F.2d 850 (Fed. Cir. 1991)	15
<i>Blonder-Tongue Labs. v. University of Illinois Found.</i> , 402 U.S. 313 (1971).....	14
<i>Chrimar Holding Co., LLC v. ALE USA Inc.</i> , 732 Fed. Appx. 876 (Fed. Cir. 2018).....	8, 9
<i>Chrimar Sys., Inc. v. ALE USA Inc.</i> , No. 2018-2420, 2019 U.S. App. LEXIS 28105 (Fed. Cir. Sept. 19, 2019)	<i>passim</i>
<i>Clay v. U.S.</i> , 537 U.S. 522 (2003).....	4, 7, 15, 16
<i>Commil USA, LLC v. Cisco Sys., Inc.</i> , 135 S. Ct. 1920 (2015).....	1, 14
<i>ePlus, Inc. v. Lawson Software Inc.</i> , 136 S. Ct. 1166 (2016).....	1, 16
<i>ePlus, Inc. v. Lawson Software, Inc.</i> , 789 F.3d 1349 (Fed. Cir. 2015)	1, 2, 12, 14
<i>ePlus, Inc. v. Lawson Software, Inc.</i> , 790 F.3d 1307 (Fed. Cir. 2015)	1, 6, 16
<i>Fresenius USA, Inc. v. Baxter Int’l, Inc.</i> , 721 F.3d 1330 (Fed. Cir. 2013)	<i>passim</i>

Fresenius USA, Inc. v. Baxter Int’l, Inc.,
733 F.3d 1369 (Fed. Cir. 2013)1, 13

Haas v. Peake,
544 F.3d 1306 (Fed. Cir. 2008)4

John Simmons Co. v. Grier Bros. Co.,
258 U.S. 82 (1922).....*passim*

Mendenhall v. Astec Indus.,
513 U.S. 1018 (1994).....1, 16

Mendenhall v. Barber-Greene Co.,
26 F.3d 1573 (Fed. Cir. 1994)1, 11, 12

Mendenhall v. Barber-Greene Co.,
No. 91-1109, 91-1131, 91-1317, 92-1244, 1994 U.S. App. LEXIS
26588 (Fed. Cir. 1994).....1, 16

Moffitt v. Garr,
66 U.S. 273 (1862).....1, 11, 14

Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC,
138 S. Ct. 1365 (2018).....1, 3, 15

Plaut v. Spendthrift Farm, Inc.,
514 U.S. 211 (1995).....1, 11

Prism Techs. LLC v. Sprint Spectrum L.P.,
139 S. Ct. 2704 (2019).....16

Qualcomm, Inc. v. FCC,
181 F.3d 1370 (D.C. Cir. 1999).....4, 7, 8

XY, LLC v. Trans Ova Genetics, L.C.,
890 F.3d 1282 (Fed. Cir. 2018)1, 11, 14

Federal Statutes

28 U.S.C. § 1295(a)(1).....15

Rules

Fed. R. App. P. 35(a)1

Other Authorities

Paul R. Gugliuzza (*In*)*valid Patents*, 92 Notre Dame L. Rev. 271, 274
(2016)6

Restatement (Second) of Judgments § 132, 12

Restatement (Second) of Judgments § 172, 12, 13

Restatement (Second) of Judgments § 272, 12, 13

SUMMARY OF ARGUMENT

Review of the panel’s nonprecedential decision in this case is not “necessary to secure or maintain uniformity of the court’s decisions,” nor does it “involve[] a question of exceptional importance.” Fed. R. App. P. 35(a). Chrimar’s petition should be denied because it asks this Court to contravene controlling Supreme Court authority in *Simmons*,¹ *Plaut*,² *Moffitt*,³ *Oil States*,⁴ and *Commil*⁵ and Federal Circuit authority in *Fresenius*,⁶ *XY*,⁷ *Mendenhall*,⁸ and *ePlus*.⁹

Chrimar’s arguments to ignore this overwhelming precedent improperly rely on arguments not made to the panel below. Specifically, Chrimar argues that rather than give effect to this Court’s affirmance of IPR decisions invalidating all asserted claims pursuant to the *Fresenius/Simmons* preclusion principle, this Court should overrule that precedent and turn instead to the Restatement (Second) of Judgments.

¹ *John Simmons Co. v. Grier Bros. Co.*, 258 U.S. 82 (1922).

² *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211 (1995).

³ *Moffitt v. Garr*, 66 U.S. 273 (1862).

⁴ *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018).

⁵ *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920 (2015).

⁶ *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013), *reh’g en banc denied*, 733 F.3d 1369 (Fed. Cir. 2013), *pet. denied*, *Baxter Int’l, Inc. v. Fresenius USA, Inc.*, 572 U.S. 1115 (2014).

⁷ *XY, LLC v. Trans Ova Genetics, L.C.*, 890 F.3d 1282 (Fed. Cir. 2018).

⁸ *Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573 (Fed. Cir. 1994), *reh’g en banc denied*, No. 91-1109, 91-1131, 91-1317, 92-1244, 1994 U.S. App. LEXIS 26588 (Fed. Cir. 1994), *pet. denied*, *Mendenhall v. Astec Indus.*, 513 U.S. 1018 (1994).

⁹ *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349 (Fed. Cir. 2015), *reh’g en banc denied*, 790 F.3d 1307 (Fed. Cir. 2015), *pet. denied*, 136 S. Ct. 1166 (2016).

Pet. 5–6. However, general principles of issue preclusion (collateral estoppel) and claim preclusion (res judicata) as set forth in the Restatement do not apply *against ALE*. See Restatement (Second) of Judgments §§ 13, 17 (each requiring multiple actions for preclusion to apply). The panel did not ignore those general principles as a result of applying the *Fresenius/Simmons* preclusion principle. See *Chrimar Sys., Inc. v. ALE USA Inc.*, No. 2018-2420, 2019 U.S. App. LEXIS 28105, *4 (Fed. Cir. Sept. 19, 2019) (applying issue preclusion against Chrimar). Rather, as to ALE, there were not multiple actions. Preclusion is also inapplicable against ALE because prior art invalidity was not tried to the jury and therefore not an essential part of the Amended Final Judgment. See Restatement (Second) of Judgments § 27 (requiring an issue to be “actually litigated” and “essential to the judgment” for preclusion to apply). Chrimar’s belated attempts to invoke Restatement preclusion principles against ALE thus fail.

On the other hand, Chrimar now lacks the rights on which it based the lawsuit against ALE. Chrimar had a full and fair opportunity to litigate prior art invalidity at the Patent Office, through appeal, and lost. This Court’s mandate to the Patent Office has issued¹⁰—the claims asserted against ALE are void ab initio. *ePlus*, 789 F.3d at 1358 (quoting *Fresenius*, 721 F.3d at 1346 (“cancelled claims [a]re void ab

¹⁰ Chrimar did not seek en banc review of this Court’s affirmance of the IPR decisions.

initio’’)). That process—cancelling claims previously issued—is a constitutional exercise of the Patent Office’s authority over the scope of the public rights it grants. *Oil States*, 138 S. Ct. at 1373 (“Inter partes review is simply a reconsideration of that [patent] grant, and Congress has permissibly reserved the PTO’s authority to conduct that reconsideration. Thus, the PTO can do so without violating Article III.”). Chrimar’s arguments to the contrary rely on pre-*Oil States* doubts about the constitutionality of the IPR process. Such doubts were put to rest by the Supreme Court in *Oil States*, which held that IPRs violate neither Article III nor the Seventh Amendment of the U.S. Constitution. *Oil States*, 138 S. Ct. at 1370 (“We hold that it violates neither.”).

At its essence, Chrimar argues to overrule sound precedent so that Chrimar receives damages from ALE for infringement of patents that never should have issued merely because Chrimar spent money litigating the patents in a district court. That is directly counter to the congressional policy of protecting the public from invalid patents and should be rejected. *Oil States*, 138 S. Ct. at 1374.¹¹

¹¹ This is especially true in this case because Chrimar contends that its patents are essential to practicing the Power over Ethernet standards, and ALE would have been unfairly disadvantaged in comparison to other industry participants if it was forced to pay royalties on invalid patents. Chrimar’s illogical contention that patentees are entitled to royalties on invalid patents undermines the congressional statutory construct for parallel proceedings, which was affirmed as constitutional by the Supreme Court in *Oil States*.

REASONS TO DENY REHEARING

I. Chrimar's Arguments to Overrule the *Fresenius/Simmons* Preclusion Principle are Waived and Meritless

A. Chrimar Waived its New Arguments Rejecting the *Fresenius/Simmons* Preclusion Principle

Chrimar did not raise many of the arguments in the petition to the panel below and therefore waived such arguments. *See, e.g., Haas v. Peake*, 544 F.3d 1306, 1308 (Fed. Cir. 2008) (argument in petition for rehearing waived where petitioner “failed to raise that argument in his brief on appeal”). Specifically, Chrimar did not argue:

- **New Argument 1:** The *Fresenius* panel incorrectly relied on *Simmons* as binding precedent (*see* Pet. 9–11);
- **New Argument 2:** The *Fresenius/Simmons* preclusion principle violates separation of powers (*see* Pet. 11–12); or that
- **New Argument 3:** The *Fresenius/Simmons* preclusion principle is inconsistent with *B&B Hardware*,¹² *Clay*,¹³ and *Qualcomm*¹⁴ (*see* Pet. 1, 5, 14).

Rather than challenge the legitimacy of the *Fresenius* decision in its briefing to the panel, Chrimar relied on the decision but attempted, albeit unsuccessfully, to

¹² *B&B Hardware, Inc. v. Hargis Indus.*, 135 S. Ct. 1293 (2015).

¹³ *Clay v. U.S.*, 537 U.S. 522 (2003).

¹⁴ *Qualcomm, Inc. v. FCC*, 181 F.3d 1370 (D.C. Cir. 1999).

distinguish the facts of the ALE case. Chrimar Br. (Doc. 37) 10, 25 n.7, 48.¹⁵ Now, Chrimar impermissibly relies on its new arguments as the basis for its request for rehearing en banc. Pet. 1 (Statement of Counsel). This Court should refuse to consider Chrimar's new arguments and deny rehearing.

B. Even if not Waived, Chrimar's New Arguments Fail in Light of Supreme Court and this Court's Precedent

Chrimar's New Argument 1 relies exclusively on an academic article and dissents from the panel opinion and the denial of rehearing en banc opinion in *Fresenius* for the proposition that this Court erred in interpreting *Simmons* to require a district court to apply intervening legal developments regarding a patent's validity. Pet. 9–11. Contrary to New Argument 1, the *Fresenius* panel properly applied the Supreme Court's finality rule to give effect to the Federal Circuit's affirmance of intervening Patent Office invalidity determinations. *Fresenius*, 721 F.3d at 1342–43. In *Simmons*, the Supreme Court rejected the notion that issues could be separately considered “final” before adjudication on the entire merits of the case. *Simmons*, 258 U.S. at 89. Specifically, the Supreme Court held that an invalidity decision in a pending case was not immune from application of a final intervening validity decision simply because the court of appeals had already ruled on invalidity. *Id.* The *Simmons* case remained “pending” not because any patent issues remained

¹⁵ References to the parties' appellate briefs refers to the parties' respective pagination located at the bottom of the page.

to be decided but because an accounting relating to a state law claim for unfair competition remained to be adjudicated. *Simmons*, 258 U.S. at 83–84, 89.

Further, the academic article Chrimar cites lends support for the “absolute finality rule” of *Fresenius* by noting that the rule provides a relatively bright-line test and protects accused infringers from paying damages on patents that never should have issued. Paul R. Gugliuzza, *(In)valid Patents*, 92 Notre Dame L. Rev. 271, 274 (2016).

Chrimar’s New Argument 2 alleges that the *Fresenius/Simmons* preclusion principle violates constitutional separation of powers. Pet. 11–12. As discussed in more detail below, there is no separation of powers violation by the application of *this Court’s* affirmance of the IPR decisions to *this Court’s* review of a district court judgment. *See ePlus*, 790 F.3d at 1309 (“The cancellation at the PTO was finally affirmed by *this court*.” (emphasis in original)) (Dyk concurrence on denial of rehearing en banc).

The newly cited cases raised by Chrimar do not support overturning the *Fresenius/Simmons* preclusion principle. *See* Pet. 1, 5, and 14. *B&B Hardware* concerned the traditional application of issue preclusion from an unappealed agency trademark decision to a subsequent district court case. *B&B Hardware*, 135 S. Ct. at 1298–99. The Supreme Court held that “a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.” *Id.* at 1299.

That holding is not inconsistent with the *Fresenius/Simmons* preclusion principle, which requires that an intervening invalidity decision affirmed by the Federal Circuit should be given effect in a pending patent case.

Chrimar also generally cites *Clay* as contrary to the *Fresenius/Simmons* preclusion principle. Pet. at 1, 5. However, in *Clay*, the Supreme Court noted that “[f]inality is variously defined; like many legal terms, its precise meaning depends on context.” *Clay*, 537 U.S. at 527. The specific context in *Clay* concerned the requirements of finality to determine a time bar under a post-conviction relief statute in a criminal case. *Id.* *Clay* therefore has nothing to do with finality for the purpose of analyzing whether to give effect to an intervening invalidity decision in a pending patent case.¹⁶

Nor does *Qualcomm* establish a conflict with the *Fresenius/Simmons* preclusion principle. See Pet. 1, 13 (Chrimar’s argument). Chrimar’s Petition mischaracterizes the *Qualcomm* case. See Pet. 13 (wrongly asserting that “the legislative branch attempted through legislation to subvert an earlier appellate court remand order to the FCC”); *Qualcomm*, 181 F.3d at 1380–81 (Congress sought to protect settled expectations with the sunset provision). In *Qualcomm*, the D.C. Circuit held that its decision remanding a case was not superseded by later legislation

¹⁶ Even if relevant, *Clay* held that the criminal’s case was not “final” until after Supreme Court review or the time for which such review had expired. *Clay*, 537 U.S. at 527.

where the remand to the FCC was for specific, immediate relief for a party. *Qualcomm*, 181 F.3d at 1375–76. In other words, the D.C. Circuit drew a distinction regarding finality between the *Qualcomm* case where there was “nothing left to do but execute on the judgment” and other cases, such as the ALE case, where the appeals court remanded “for further proceedings.” *See Fresenius*, 721 F.3d at 1346 n.12 (distinguishing *Qualcomm*). Further, contrary to Chrimar’s assertion, the D.C. Circuit rule would not have led to an opposite outcome in this case. *See* Pet. 13 (Chrimar’s argument). The ALE case was remanded in the first appeal for further proceedings and not for specific, immediate relief for Chrimar. *Chrimar Holding Co., LLC v. ALE USA Inc.*, 732 Fed. Appx. 876, 891 (Fed. Cir. 2018) (“We remand for further proceedings consistent with this opinion.”). In addition, it was this Court, not a separate branch of government, that gave effect to the IPR decisions in the ALE case.

II. The Panel Correctly Concluded that Cancellation of All Asserted Claims Should be Given Effect in the ALE Case

A. The Judgment in the ALE Case was not Final

Here, the panel correctly found that under *Simmons* and *Fresenius*, the judgment in this case was pending and not yet final. *Chrimar*, 2019 U.S. App. LEXIS 28105, at *4–*5, *8–*9. To argue otherwise, Chrimar’s petition perpetuates the same factual errors found in Chrimar’s Appellee Brief. *See* ALE Reply Br. (Doc. 38) 5–9 (correcting the factual record). Specifically, Chrimar seeks to sidestep the

intervening change in circumstance in this case resulting from the Patent Office's IPR decisions.

Chrimar's argument that the ALE case had "a truly final judgment" fails on review of the actual facts and circumstances. Pet. 11. On remand from the first appeal, substantial issues regarding infringement liability, the scope of relief, and the effect of the IPR decisions remained to be adjudicated. The last of the IPR decisions invalidating all asserted claims in the ALE case came only after oral argument in the first appeal. Appx608–687 ('760 FWD issued April 26, 2018); *see also* ALE Br. (Doc. 33) 14–16 (reciting the timeline). As the panel correctly found:

The Board's unpatentability decisions had not existed at the time of the rulings that were challenged on appeal, and we were not asked to rule on the effect of those intervening decisions. In these circumstances, ALE had a substantial argument when the case returned to the district court that any effect of the Board's decisions, in the respects ALE invoked them, was for the district court to decide, with consideration of the issue not foreclosed by our mandate.

Chrimar, 2019 U.S. App. LEXIS 28105, at *9. The district court on remand undertook further proceedings on the remanded patent infringement issue, and, as to the issue of ongoing royalties, the district court *changed* the award based on the remand proceedings to remove an extra year of term solely attributable to one patent. *Compare* Appx29–30 (Amended Final Judgment) *with* Appx259–260 (Final Judgment); *Chrimar*, 732 Fed. Appx. at 891 (remanding for "further

proceedings”).¹⁷

However, the district court refused to substantively consider ALE’s requests to set the ongoing royalty rate to zero, sever and stay the ongoing royalties into a separate case,¹⁸ stay the entire case, or modify the judgment under Rule 60 in light of the changed circumstance of invalidity due to the IPR decisions. Appx35–36, Appx38–40, Appx41–42. The district court also erroneously held that Chrimar’s limited covenant not to sue eliminated its jurisdiction over the remanded patent infringement issue and the rest of the ALE case due to a narrow interpretation of this Court’s mandate. Appx33–35. ALE objected to the entry of the Amended Final Judgment and appealed to this Court. Appx872–875.

Chrimar seeks to ignore the pending issues before the Court in the second appeal in order to hold the ALE case final and immunize it from the effect of the Court’s affirmance of the IPR decisions. Pet. 3–4. However, as found by the panel, ALE was reasonable in appealing the district court’s denial of relief from the Amended Final Judgment. *Chrimar*, 2019 U.S. App. LEXIS 28105, at *7. And, the

¹⁷ Chrimar misleadingly cites this Court’s decision from the first appeal for the factually inaccurate assertion that remand had no impact on the scope of relief. Pet. 2-3. As explained in ALE’s opening brief (Doc. 33), the quoted statement Chrimar relies on does not account for the additional eleven months of enforceability that the remanded patent infringement issue had over the other three patents-in-suit. ALE Br. 6-7. The district court’s Amended Final Judgement clearly shows that a change was made on remand to the scope of relief.

¹⁸ Chrimar opposed severance of the ongoing royalties into a separate case. Appx335; Appx337; Appx342.

panel correctly held that the ALE case remained pending, and its pendency did not turn on the presentation of insubstantial arguments in the second appeal. *Id.* at *9.

Moreover, Chrimar's argument to render a judgment in the ALE case final even though this Court was continuing to exercise its jurisdiction over the ALE case runs counter to well-settled controlling precedent. Giving effect to affirmed IPR decisions is consistent with Supreme Court precedent holding that an appellate court must apply the law in effect at the time it renders its decision, including whether a patentee's cause of action has been extinguished by cancellation of the claims. *Plaut*, 514 U.S. at 226; *Moffitt*, 66 U.S. at 283. Further, the panel's holding that the ALE case remained pending in the second appeal aligns with *Simmons*, in which the Supreme Court held a case was not final when a state law claim remained pending. *Simmons*, 258 U.S. at 89. Specifically, the Supreme Court noted that "a final decree [is] one that is finally adjudicated upon the entire merits, leaving nothing further to be done except the execution of it." *Id.* at 88. Here, the entire merits had not been adjudicated as evidenced by the remaining disputes over the remanded patent infringement issue, the impact of the remanded infringement issue on the scope of relief, and the effect of the IPR decisions in the second appeal. In addition, this Court has repeatedly held that cancellation of patent claims while any issue remains pending must be given effect to preclude any injunctive relief or recovery by the plaintiff. *Mendenhall*, 26 F.3d at 1584; *Fresenius*, 721 F.3d at 1347; *XY*, 890 F.3d

at 1294; *ePlus*, 789 F.3d at 1355–56. Here, it would be “anomalous in the extreme” to award Chrimar damages “in connection with patents this [C]ourt has just held invalid.” *Mendenhall*, 26 F.3d at 1578.

B. Issue Preclusion and Claim Preclusion Do Not Apply Against ALE to Prevent Application of the IPR Decisions in the ALE Case

Chrimar seeks to apply issue preclusion (collateral estoppel) and/or claim preclusion (*res judicata*) against ALE, which is inappropriate under fundamental preclusion principles because, among other things, ALE has only participated in one action.¹⁹ *See* Restatement (Second) of Judgments §§ 13, 17, 27 (each noting preclusion only applicable in another/subsequent action).

Moreover, this is not a case where ALE wasted resources by litigating prior art invalidity at both the Patent Office and to the jury. ALE did neither. ALE was not a party to the IPR proceedings that invalidated Chrimar’s asserted patent claims. Pet. 3; Chrimar Br. 5. And in the ALE case, prior art invalidity was not essential to the judgment because ALE did not present prior art invalidity defenses to the jury. Chrimar Br. 3 (“The only defense ALE tried was invalidity on the basis that Chrimar

¹⁹ In footnote 1, Chrimar alleges that the relevant preclusion principle may be law of the case. Pet. 9. However, none of the Restatement sections cited by Chrimar in the Petition address law of the case. Further, there could be no law of the case in the ALE case regarding prior art invalidity, which was not an issue presented to the jury. Moreover, this Court’s affirmance of the IPR decisions represents an exceptional circumstance warranting departure from any law of the case regarding patent validity.

allegedly failed to name the correct inventor. . . .”); Appx1098–1099 (jury instructions regarding invalidity for improper inventorship and derivation only). In other words, the Restatement preclusion principles Chrimar seeks to invoke are inapplicable because prior art invalidity was not actually litigated and determined in the ALE case. *See* Restatement (Second) of Judgments § 17, 27 (each limiting preclusion to issues actually litigated and determined). There is therefore no conflict—real or theoretical—between the affirmance of the IPR decisions and the judgment of the district court in the ALE case. Further, as Judge Newman acknowledged in her dissent in *Fresenius*;

I do not suggest that a court’s final decision is always “immune” from review, for it is undisputed that Article III courts have the power to revisit their final judgments in appropriate circumstances. *See* Fed. R. Civ. P. 60 (“Relief From a Judgment or Order”).

Fresenius, 733 F.3d at 1383. Here, the panel, an Article III court, properly gave effect to the intervening circumstance of its affirmance of the IPR decisions to vacate the judgment in the ALE case. Chrimar’s arguments to the contrary run counter to well-settled principles of preclusion law and the undisputed principle that Article III courts may revisit even their “final” judgments in appropriate circumstances.

C. This Court’s Affirmance of the IPR Decisions Extinguished All Chrimar Rights—the ALE Case is Moot

Chrimar attempts to apply preclusion within the same case against ALE; however, it is Chrimar against whom preclusion applies—specifically, issue

preclusion. Chrimar fully litigated prior art invalidity in a separate action at the Patent Office and lost. This Court's affirmance of the IPR decisions had "an immediate issue-preclusive effect on any pending or co-pending actions involving the patent[s]," including on the ALE case. *XY*, 890 F.3d at 1294. Rather than acknowledge that issue-preclusive effect, Chrimar's petition argues that it is still entitled to damages from ALE. Pet. 6–7. Chrimar has no such entitlement. *See Commil*, 135 S. Ct. at 1929 ("[I]f the patent is indeed invalid, and shown to be so under proper procedures, there is no liability.>").

The panel's affirmance of the IPR decisions rendered all asserted claims in the ALE case void ab initio. *ePlus*, 789 F.3d at 1358 (quoting *Fresenius*, 721 F.3d at 1346 ("cancelled claims [a]re void ab initio")). The very rights on which Chrimar based the ALE lawsuit have been extinguished—indeed, Chrimar should never have been able to sue ALE on those claims in the first place. *See Moffitt*, 66 U.S. at 283 (legal cancellation of a patent extinguishes the patent and cannot be the foundation for a right asserted thereafter); *see also Fresenius*, 721 F.3d at 1345 ("pending suits on cancelled claims must fall"); *Blonder-Tongue Labs. v. University of Illinois Found.*, 402 U.S. 313, 349–350 (1971) (estoppel may be applied against a patentee when the patent has been declared invalid). The ALE case thus became moot upon this Court's affirmance of the IPR decisions.

III. Giving Effect to the Federal Circuit’s Affirmance of the IPR Decisions Does Not Violate the Constitution

Chrimar’s complaints regarding constitutionality go to the heart of the dual-track system, which Congress established in the America Invents Act and the Supreme Court blessed in *Oil States*. *Oil States*, 138 S. Ct. 1365. Patents are a public right, and the panel giving effect to cancelled claims does not offend separation of powers. *Oil States*, 138 S. Ct. at 1373. The Federal Circuit is an Article III court. Perhaps that states the obvious but Chrimar fails to take that fact into account in its constitutionality arguments. In the ALE case, this Court vacated the district court’s judgment in light of this Court’s contemporaneous affirmance of the IPR decisions. It was not, as Chrimar characterizes, an administrative agency usurping an Article III court’s authority, but rather an Article III court that affirmed Chrimar no longer has any patent rights to assert in the ALE case. Pet. 8.

IV. Chrimar Does Not Present Cause to Grant Rehearing En Banc

A. There is No Intra- or Inter-Circuit Split Regarding the *Fresenius/Simmons* Preclusion Principle

While Chrimar attempts to manufacture an inter-circuit split, only the Federal Circuit has jurisdiction over patent-specific issues. 28 U.S.C. § 1295(a)(1). Whether to give effect to affirmed IPR decisions in a “pending” case, is decidedly a patent-specific issue “‘related’ to ‘substantive matters unique to the Federal Circuit,’” thus governed by Federal Circuit law. *Biodex Corp. v. Loredan Biomed., Inc.*, 946 F.2d 850, 856 (Fed. Cir. 1991) (citations omitted). As the Supreme Court in *Clay*

acknowledged, principles of finality, even those based on Restatement principles, depend on context. *Clay*, 537 U.S. at 527. Further, what Chrimar cites in support of an alleged inter-circuit split have no applicability to the ALE case (a single action) because the Restatement principles of finality discussed are in the context of applying preclusion from one action to the next. Pet. 12–13.

Nor is there an intra-circuit split. Chrimar does not cite any case where a panel of this Court refused to apply the *Fresenius/Simmons* preclusion principle. On the other hand, not giving effect to affirmed IPR decisions as Chrimar requests would create a conflict between the ALE case and the decisions discussed above.

B. Chrimar Does Not Present a Question of Exceptional Importance—this Court has Repeatedly Rejected Chrimar’s Arguments

In summary, Chrimar presents the same question addressed by the en banc Court in *Fresenius* without any legitimate basis to reach a different outcome. This area of law is well-settled. This Court has twice denied similar petitions for rehearing en banc. *ePlus, Inc. v. Lawson Software, Inc.*, 790 F.3d 1307, 1308 (Fed. Cir. 2015); *Mendenhall v. Barber-Greene Co.*, No. 91-1109, 91-1131, 91-1317, 92-1244, 1994 U.S. App. LEXIS 26588, at *2 (Fed. Cir. 1994). And, the Supreme Court has repeatedly denied certiorari in cases raising the same issue. *Mendenhall v. Astec Indus.*, 513 U.S. 1018 (1994); *Baxter Int’l, Inc. v. Fresenius USA, Inc.*, 572 U.S. 1115 (2014); *ePlus, Inc. v. Lawson Software Inc.*, 136 S. Ct. 1166 (2016); *Prism*

Techs. LLC v. Sprint Spectrum L.P., 139 S. Ct. 2704 (2019).

CONCLUSION

For these reasons, this Court should deny Chrimar's Petition.

Dated: November 26, 2019

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that, on November 26, 2019, I electronically filed the foregoing with the Clerk of the United States Court of Appeals for the Federal Circuit using the CM/ECF System and served on all counsel of record via electronic mail.

November 26, 2019

/s/ Chris Cravey
Chris Cravey

CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that this brief complies with the type-volume limitation of Fed. Cir. R. 35(e)(4) and 40(d).

1. Exclusive of the exempted portions of the brief, as provided in Fed. Cir. R. 35(c)(2), the brief contains 3576 words.

2. The brief has been prepared in proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman font. As permitted by Fed. R. App. P. 32(g)(1), the undersigned has relied on the word count feature of this word processing system in preparing this certificate.

November 26, 2019

/s/ Chris Cravey
Chris Cravey