

Case No. 19-1264

**United States Court of Appeals
for the Federal Circuit**

CHEETAH OMNI LLC,

Plaintiff-Appellant,

v.

AT&T SERVICES, INC., a Delaware Corporation,

CIENA CORPORATION, CIENA COMMUNICATIONS, INC.,

Defendants-Appellees.

Appeal from the United States District Court, for the Northern District
of Texas, Case No. 3:17-cv-01993-K, Judge Ed Kinkeade

PETITION FOR REHEARING EN BANC

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March 6, 2020

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CERTIFICATE OF INTEREST

Counsel for Petitioner, Cheetah Omni LLC, certifies the following:

1. The full name of party represented by me: Cheetah Omni LLC
2. The name of the real party in interest (please only include any real party in interest NOT identified in Question 3) represented by me is: N/A
3. Parent corporations and publicly held companies that own 10 % or more of stock in the party: N/A
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: Robert C.J. Tuttle & John M. Halan of Brooks Kushman P.C.
and Winston O. Huff of Munsch Hardt Kopf & Harr PC
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.) None.

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STATEMENT OF COUNSEL

➤ Based on my professional judgment, I believe the panel decision is contrary to the following Supreme Court and Federal Circuit precedents:

- *Rodriguez v. Fed. Deposit Ins. Corp.*, 140 S.Ct. 713 (2020).
- *Sun Studs, Inc. v. Applied Theory Assocs., Inc.*, 772 F.2d 1557 (Fed. Cir. 1985).
- *AMP Inc. v. United States*, 389 F.2d 448 (Ct. Cl. 1968).
- *TransCore, LP v. Elect. Transaction Consultants Corp.*, 563 F.3d 1271 (Fed. Cir. 2009).
- *General Protecht Grp., Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355 (Fed. Cir. 2011).

➤ Based on my professional judgment, I believe this appeal requires an answer to two precedent-setting questions of exceptional importance:

1. Does the Supreme Court’s decision in *Rodriguez v. Fed. Deposit Ins. Corp.* require this Court to abrogate its federal common law rule that, regardless of state contract law, continuation patents are implicitly licensed unless there is a clear intent to the contrary?
2. Should the Court limit its legal estoppel-based implied patent license doctrine to cases where an implied license is “necessary to practice an expressly licensed patent”?

/s/ Thomas A. Lewry
Attorney of Record for Cheetah Omni LLC

ARGUMENT

First, this Petition explains the conflict between Federal Circuit law and the Supreme Court’s decision in *Rodriguez v. Fed. Deposit Ins. Corp.* The panel’s decision applied a rule that, regardless of state contract law, continuation patents are implicitly licensed unless there is a clear indication to the contrary. In *Rodriguez*, the Supreme Court voided a federal court-made rule because state law governed the dispute. Because state contract governs patent licenses, this Court’s rule should be voided under *Rodriguez*.

Next, the Petition explains why the panel decision is contrary to Federal Circuit precedent. Finally, the Petition asks the Court, if it finds that *Rodriguez* does not apply, to limit its legal estoppel-based implied license doctrine to cases where an implied license is “necessary to practice an expressly licensed patent.”

I. Summary of the panel’s decision

In 2013, Cheetah entered into patent license agreements, one with Fujitsu and one with Ciena. Those contracts licensed certain patents, but not the patent-in-suit, U.S. Patent No. 7,522,836 (“the ‘836 patent”). All parties knew of the ‘836 patent and included it in a separate covenant not to sue (“CNS”) signed on the same day. In 2017, Cheetah sued AT&T alleging that its AT&T Fiber system infringes the ‘836 patent. AT&T, with intervenor Ciena, moved for summary judgment that the ‘836 patent was either implicitly licensed or that AT&T had rights under the CNS. The

district court held: (1) the '836 patent was implicitly licensed under the *General Protecht* rule,¹ and (2) the CNS did not free AT&T to infringe the '836 patent. Cheetah appealed and the panel affirmed.

The panel extended the *General Protecht* rule to cover the '836 patent, holding that the rule applies to *every* continuation patent, regardless of whether, at the time of the license, the patent was in existence and known to the licensee who could have expressly licensed it. And, contrary to precedent, the panel did not (1) analyze whether an implied license to the '836 patent was necessary to practice an expressly licensed patent, nor (2) limit the implied license to the scope of the expressly licensed patents.

II. Under *Rodriguez*, this Court's rule that, regardless of state contract law, all continuation patents are implicitly licensed (absent a clear indication to the contrary) is an impermissible federal court-made rule

On February 25, 2020, the Supreme Court decided *Rodriguez v. Fed. Deposit Ins. Corp.*, ___ U.S. ___, 140 S.Ct. 713 (2020). The case involved an interplay of state corporate law, federal tax law, and federal bankruptcy law. The IRS allows affiliated corporations to file consolidated tax returns. *Id.* at 716. The IRS has rules on who

¹ “[W]here, as here, continuations issue from parent patents *that previously have been licensed* as to certain products, it may be presumed that, absent a clear indication of mutual intent to the contrary, *those products* are impliedly licensed under the continuations as well.” *General Protecht Grp., Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355, 1361 (Fed. Cir. 2011) (emphasis added).

can file such returns and how to compute consolidated taxes. *Id.* “But when it comes to the distribution of refunds, the regulations say considerably less.” *Id.* The IRS issues one refund and the consolidated filers must decide among themselves how to divide it. *Id.* If disputed, “[n]ormally, courts would turn to state law to resolve questions like these” because “[s]tate law is replete with rules readymade for such tasks” *Id.*

But some federal courts “crafted their own federal common law rule—one known to those who practice in the area as the *Bob Richards* rule.” *Id.* The *Bob Richards* rule began as a narrow presumption “that, in the absence of a tax allocation agreement, a refund belongs to the group member responsible for the losses that led to it.” *Id.* Then, “*Bob Richards* evolved.” *Id.* at 717. Now, “[i]t represents a general rule always to be followed unless the parties’ tax allocation agreement *unambiguously* specifies a different result.” *Id.* (emphasis in original).²

The Supreme Court characterized the court-made *Bob Richards* rule as a “federal common law rule.” *Id.* at 716. It held that rule is improper because “state law is well equipped to handle disputes involving corporate property rights.” *Id.* at 718. “Judicial lawmaking in the form of federal common law plays a necessarily modest role under a Constitution that vests the federal government’s ‘legislative Powers’ in Congress and reserves most other regulatory authority to the States.” *Id.*

² All emphasis added unless otherwise noted.

at 717. “As this Court has put it, there is ‘no federal general common law.’” *Id.*, citing *Erie R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938).

The Supreme Court explained there was no place for a federal court-made rule layered onto state corporation law: “That cases like the one now before us happen to involve corporate property rights in the context of a federal bankruptcy and a tax dispute doesn’t change much.” *Id.* at 718.

[B]efore federal judges may claim a new area for common lawmaking, strict conditions must be satisfied. The Sixth Circuit correctly identified one of the most basic: ***In the absence of congressional authorization, common lawmaking must be “necessary to protect uniquely federal interests.”***

Id. at 717 (citations omitted).

The *General Protecht* rule is an example of an impermissible federal court-made common law rule because “[a] license agreement is a contract governed by ordinary principles of state contract law.” *Power Lift, Inc. v. Weatherford Nipple-Up Sys., Inc.*, 871 F.2d 1082, 1085 (Fed. Cir. 1989), citing *Sun Studs, Inc. v. Applied Theory Assocs., Inc.*, 772 F.2d 1557, 1561 (Fed. Cir. 1985) (holding that patent settlement agreements “have nothing *per se* to do with patent law.”). *General Protecht*’s rule is consistent with the Supreme Court’s admonition that, “[e]xcept in matters governed by the Federal Constitution or by Acts of Congress, ***the law to be applied in any case is the law of the State.***” *Erie*, 304 U.S. at 78.

Texas contract law applies to this dispute. (Appx417, ¶ 8.2; Appx483, ¶ 7.2.) In Texas, “it is fundamental that ‘[a court] may neither rewrite the parties’ contract nor add to its language.’” *Fischer v. CTMI, L.L.C.*, 479 S.W.3d 231, 239 (Tex. 2016) (citation omitted). Only “the parties to an agreement determine its terms, and courts must respect those terms as ‘sacred,’ absent compelling reasons to do otherwise.” *Royston, Rayzor, Vickery, & Williams, LLP v. Lopez*, 467 S.W.3d 494, 503-504 (Tex. 2015) (citation omitted).

Texas courts “are hesitant to imply terms into contracts.” *Barrow-Shaver Resources Co. v. Carrizo Oil & Gas, Inc.*, 590 S.W.3d 471, 489 (Tex. 2019). They “have long refused to imply restraints that are absent from the agreement.” *Id.*, citing *Tenneco Inc. v. Enter. Prods. Co.*, 925 S.W.2d 640, 646 (Tex. 1996) (rejecting an implied change-of-control provision because “[t]he Enterprise Parties could have included a change-of-control provision in the agreements”). Likewise, Fujitsu and Ciena could have included a license to the ‘836 patent in the license agreements, but—unlike in the contemporaneous covenants—did not do so.

Texas has “long held that courts will not rewrite agreements to insert provisions parties could have included or to imply restraints for which they have not bargained.” *Tenneco*, 925 S.W.2d at 646. Applying this controlling Texas contract law, the ‘836 patent is not implicitly licensed because the licensees knew of the patent and chose not to include it in the license agreements.

This Court’s *General Protecht* rule changes Texas law. Paralleling the *Bob Richards* rule, the *General Protecht* rule began as a narrow exception applied to a U.S. government contract, but it has expanded to cover every continuation patent regardless of scope and regardless of the licensee’s knowledge of, and choice not to license, the patent. Paraphrasing *Rodriguez*, “state law is well equipped to handle disputes involving [contract] rights.” That cases before this Court “happen to involve [intellectual] property rights in the context of a federal [patent] dispute doesn’t change much.”

The *General Protecht* rule protects no “uniquely federal interests.” *Sun Studs*, 772, F.2d at 1561. Rather, Texas “[s]tate law is replete with rules readymade for such tasks.” *Rodriguez*, 140 S.Ct. at 716. *General Protecht*’s rule, extended and applied here, is “an unconstitutional assumption of powers” by the Court. *Erie*, 304 U.S. at 79.

III. The panel’s decision conflicts with binding precedent

In 2013, the ‘836 patent was not implicitly licensed according to *General Protecht*’s rule. Today it is because the panel did not follow precedent.

A. The panel did not consider state contract law

Issues regarding “a settlement agreement entered into between private parties [are] to be resolved under state law rather than federal law.” *Sun Studs*, 772 F.2d at 1561. The panel did not follow this precedent. It did not cite *Sun Studs* (or any

similar case), it did not cite Texas contract law, and it did not analyze whether Texas law would imply a license to the ‘836 patent. Had it followed precedent and applied state law, the panel would have concluded that the ‘836 patent is not licensed.

B. The panel retroactively expanded the *General Protecht* rule to cover the ‘836 patent

This Court’s precedent holds that the implied license doctrine is a “narrow” exception to the rule that courts do not modify unambiguous express licenses. *See, e.g., Endo Pharms. Inc. v. Actavis, Inc.*, 746 F.3d 1371, 1377 (Fed. Cir. 2014) (“[Legal estoppel] refers to *a narrow category of conduct . . .*”) (emphasis in original); *General Protecht*, 651 F.3d at 1360 (same); *TransCore v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271, 1279 (Fed. Cir. 2009) (same); *AMP Inc. v. United States*, 389 F.2d 448, 452-54 (Ct. Cl. 1968).

The panel’s decision states it is applying the rule announced in *General Protecht*, 651 F.3d at 1361: “where . . . continuations *issue from parent patents that previously have been licensed* as to certain products, it may be presumed that, absent a clear indication of mutual intent to the contrary, those products are impliedly licensed under the continuations as well.” Slip. Op. at 8. In *Endo*, the Court emphasized the phrase “*continuations issue from parent patents that previously have been licensed as to certain products*”—it is a precondition that must exist before the *General Protecht* rule applies. *Endo*, 746 F.3d at 1378.

General Protecht's rule applies when two events occur *sequentially*: (1) *first*, a parent patent must be licensed, and (2) *then*, after execution of the license, a continuation of the licensed patent must issue. This sequencing comes from the Court's precedent. *AMP*, 389 F.2d at 451 (patent acquired after contract signed); *TransCore*, 563 F.3d at 1273 (continuation patent issued after license); *General Protecht*, 651 F.3d at 1358, 1361 (continuation patent issued after license).

The '836 patent is not governed by *General Protecht*'s presumption because the '836 patent did not "issue from parent patents that previously have been licensed" and the parties knew this in 2013 when they negotiated and signed the licenses. Cheetah, Fujitsu, and Ciena all knew of the '836 patent and its significance because it had been successfully litigated against Verizon's FiOS system. *See, e.g.*, Slip Op. at 6 ("Fujitsu was aware of the '836 patent due to its participation and settlement of a previous litigation where the '836 patent was at issue."). As the parties seeking a license, Fujitsu and Ciena had the duty and motivation to include the '836 patent if they wanted to license it. They chose not to include the '836 patent in the licenses but included it in a CNS instead.

Rather than follow precedent, the panel's decision significantly *broadened* the rule to: "[for all] continuations . . . , it may be presumed that, absent a clear indication of mutual intent to the contrary, those [continuations] are impliedly licensed." The panel retroactively applied this new rule to Cheetah's 2013 licenses to hold that the

‘836 patent is now licensed. This departure from precedent changes the parties’ agreements, is incorrect, and should be reversed.

The panel rationalized its departure from precedent: “The timing of patent issuance is not material to the policy rationale underpinning our implied license presumption. . . . Moreover, if anything, it is easier for the parties to clearly identify an already-issued continuation and expressly exclude it from a license agreement.” Slip Op. at 8 (citation omitted).

Those rationalizations do not withstand scrutiny. The “policy rationale underpinning our implied license presumption” is that the licensee cannot expressly license the patent because *it is unaware of a pending continuation application* as Judge Dyk acknowledged in *Endo*: “I agree with the majority that *Roxane did not have an . . . implied license* to practice the ‘122 and ‘216 patents [because] *Roxane was aware of Endo's* applications for those patents at the time of the settlement with Endo, and the parties agreed not to include them in the settlement agreement.” *Endo*, 746 F.3d at 1379 (Dyk, J., dissenting in part). Thus, where, as here, a licensee knows of a patent and can protect itself by expressly licensing it, no rule is needed, nor should the court impose an implied license.

The view that “it is easier for the parties to clearly identify an already-issued continuation and expressly *exclude* it from a license agreement” stands contract law on its head. Licenses are typically drafted to grant affirmative rights, not negative

rights. It is easier (and better under Texas contract law) to expressly *include* the patent in the license when all parties are aware of the patent.

Furthermore, the expansion of *General Protecht*, which found an implied license to a subsequently issued continuation patent by applying legal estoppel, to *all* patents issuing from continuation applications ignores this Court's admonition that the claims, not the disclosure in the patent specification, define the rights granted in a patent. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (en banc) ("It is a 'bedrock principle' of patent law that 'the claims of a patent define the invention to which the patentee is entitled the right to exclude.'") (citation omitted). The '836 patent claims are directed to a system including specified ROADM components, not the components themselves, which are the inventions claimed in the expressly licensed patents. Under the panel's reasoning, however, the scope of the claims of a licensed patent is irrelevant.

C. The panel did not limit the implied license as required by precedent

Even if the panel's rule were proper under Supreme Court, Federal Circuit, and Texas law, the panel did not follow precedent when applying the rule because it did not define the property right granted by the licenses and did not limit the implied license to the scope of that property right.

1. The panel did not find that a license to the ‘836 patent was “necessary to practice an expressly licensed patent”

The expressly licensed patents define the property right granted in a license. In *AMP*, *Jacobs*, and *TransCore*, the Court implied a license because one was “necessary to practice an expressly licensed patent.” Slip. Op. at 7-8, citing *TransCore*, 563 F.3d at 1279 (an implied license was “necessary to practice, at least the ‘082 patent that was included in the TransCore—Mark IV settlement agreement”); *Jacobs v. Nintendo of Am., Inc.*, 370 F.3d 1097, 1100-01 (Fed. Cir. 2004) (licensee could not practice licensed patent absent implied license); *AMP*, 389 F.2d at 453 (government would be prevented from practicing licensed patent absent implied license).

Here, Appellees never argued, let alone proved, that a license to the ‘836 patent is “necessary to practice an expressly licensed patent.” They do not need a license to the ‘836 patent to practice the expressly licensed patents. The ‘836 patent has never stopped Fujitsu, Ciena, and AT&T from practicing the Licensed Patents—*e.g.*, by making, selling, and using ROADMs. They can continue to do so without a license to the ‘836 patent. As in *Endo*, “Appellees seek to capture via implied license subject matter *in addition to that* for which they bargained.” *Endo*, 746 F.3d at 1378 (emphasis in original).

2. The panel did not limit the implied license to the scope of the expressly licensed patents

The panel also should have “expressly limited the implied license to the scope of the licensed claims.” *Endo*, 746 F.3d at 1377. Had it examined the licensed patent claims, the panel would have found that the AT&T Fiber system is not within the scope of any claim of any expressly licensed patent. Thus, even if a license to the ‘836 patent were implied, the scope of that implied license cannot extend beyond the scope of the expressly licensed patents. Otherwise, the licensee receives an undeserved windfall. *Endo*, 746 F.3d at 1378.

IV. The en banc Court should overrule *General Protecht*

The *General Protecht* rule is overbroad, it ignores precedent, and diverges from the rationale and analysis of *TransCore*.

TransCore followed the precedent set in *AMP* by examining the scope of the licensed claims and comparing them to the claims of the patent-at-issue. *Endo*, 746 F.3d at 1377, citing *TransCore*, 563 F.3d at 1279. *General Protecht*’s rule ignores claim scope and considers only whether the specifications of the patents are the same. *General Protecht*’s rule is overbroad and has been criticized and distinguished by district courts.

In *Universal Elecs. v. Universal Remote Control*, 34 F.Supp.3d 1061 (C.D. Cal. 2014), the court criticized *General Protecht*:

The Federal Circuit rejected the patentee's argument, finding that the continuation patents were based on the same disclosure as the licensed patents, and by definition, could not claim any invention not already supported in the earlier issued patents. *Id.* **General Protecht thus expanded *TransCore* by holding that the relative breadth of the patents was not controlling**

General Protecht's focus on the patents' disclosure, rather than their claims, is somewhat anomalous given the law, stated in the case upon which *General Protecht* relies, that "the grant of a patent does not provide the patentee with an affirmative right to practice the patent but merely the right to exclude," *TransCore*, 563 F.3d at 1275, coupled with the "'bedrock principle' of patent law that 'the claims of a patent define the invention to which the patentee is entitled the right to exclude.'" [Citation omitted.] Also curious is *General Protecht's* conclusion that it "reasonably follows" from *Trans-Core* that where "continuations issue from parent patents that previously have been licensed as to certain products, it may be presumed that, absent a clear indication of mutual intent to the contrary, those products are impliedly licensed under the continuations as well." 651 F.3d at 1361. **TransCore specifically turned on the relative breadth of the claims, not the mere fact that the patents bore a specific familial relationship.**

* * *

While not outcome determinative here, *General Protecht* may have implications for the Federal Circuit's concern for "predictability in the resolution of patent disputes," *Lighting Ballast Control LLC v. Philips Electronics N. Am. Corp.*, 744 F.3d 1272 (Fed. Cir. 2014), and predictability in patent licensing.

Universal Elecs., 34 F.Supp.3d at 1074-75.

The district court thus recognized: (1) that *General Protecht* did not merely summarize *TransCore*, it "expanded" the doctrine of implied license, and (2) *General Protecht's* rule "anomalous[ly]" focuses on patent specifications, not claim scope as precedent requires.

This focus on a patent's specification, rather than its claims, leads to illogical results. Consider a licensor who files an original patent application disclosing two classes of invention, (1) a process and (2) an apparatus useful, but not necessary, for carrying out the process. A first patent issues with claims directed to the process and a continuation patent issues with claims directed to the apparatus. If the licensee licenses only the first patent, despite full knowledge of the second patent, under Court precedent prior to *General Protecht*, no legal estoppel applies because it is not necessary to use the apparatus to perform the process—the decision not to license the continuation patent does not derogate from the rights granted to practice the process. Under the panel's expansion of *General Protecht*, however, the licensee has the right to practice both patents, despite the unambiguous scope of the license and the fact that the licensee did not pay for broader rights. Such a result turns both patent law and contract law on their heads and threatens to upset the bargain struck in perhaps thousands of existing patent license agreements.

These “anomalous” results are highlighted by *Cascades AV LLC v. Evertz Microsystems Ltd.*, 335 F.Supp.3d 1088, 1097 (N.D. Ill. 2018), the court held that *General Protecht's* rule did not apply because the patent-at-issue was a *divisional* of the licensed patent:

[T]he implied license doctrine does not extend to divisional patents for distinct inventions where the allegedly infringing products are different from the products the license was designed to cover.

Cascades, 335 F.Supp.3d 1088 at 1095-96.

Except for claim scope, no substantive difference exists between a continuation and a divisional—like a continuation, a divisional has the same specification as its parent. MPEP § 201.06. But, according to *General Protecht*, a difference in claim scope is irrelevant.

Under the MPEP’s definition, a “divisional” is “[a] later application for an independent or distinct invention, carved out of a nonprovisional application . . . and disclosing and claiming only subject matter disclosed in the earlier or parent application.” MPEP § 201.06. Under this definition, the ‘836 patent is a divisional because it claims a distinct invention carved out of the parent application. If Cheetah had called the ‘836 patent a “divisional” throughout this process, instead of a continuation, *General Protecht*’s rule would not apply under the *Cascades* analysis.

But a mere label should not determine whether a patent is impliedly licensed. Precedent requires analysis of the licensed patents to define the scope of the property right granted and to limit any implied license. *General Protecht*’s rule flouts precedent and creates an arbitrary rule that can yield windfalls for licensees.

V. Conclusion

The court should consider whether *Rodriguez* requires abandoning the federal common law rule of implied license. Alternatively, it should decide whether the panel decision is contrary to Federal Circuit precedent and whether to limit the

implied license doctrine to cases where an implied license is necessary to practice an expressly licensed patent.

Respectfully submitted,

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Date: March 6, 2020

ADDENDUM

**United States Court of Appeals
for the Federal Circuit**

CHEETAH OMNI LLC,
Plaintiff-Appellant

v.

**AT&T SERVICES, INC., A DELAWARE
CORPORATION, CIENA CORPORATION, CIENA
COMMUNICATIONS, INC.,**
Defendants-Appellees

2019-1264

Appeal from the United States District Court for the Northern District of Texas in No. 3:17-cv-01993-K, Judge Ed Kinkeade.

Decided: February 6, 2020

THOMAS A. LEWRY, Brooks Kushman PC, Southfield, MI, argued for plaintiff-appellant. Also represented by DAVID C. BERRY, CHRISTOPHER C. SMITH.

L. NORWOOD JAMESON, Duane Morris LLP, Atlanta, GA, argued for all defendants-appellees. Defendant-appellee AT&T Services, Inc. also represented by MATTHEW YUNGWIRTH, ALISON HADDOCK HUTTON; CHRISTOPHER JOSEPH TYSON, Washington, DC.

MATTHEW J. MOORE, Latham & Watkins LLP, Washington, DC, for defendants-appellees Ciena Corporation, Ciena Communications, Inc. Also represented by GABRIEL BELL, ABIGAIL A. RIVES; CLEMENT J. NAPLES, New York, NY.

Before LOURIE, BRYSON, and CHEN, *Circuit Judges*.

LOURIE, *Circuit Judge*.

Cheetah Omni LLC (“Cheetah”) appeals from the judgment of the U.S. District Court for the Northern District of Texas dismissing its infringement claims against appellees AT&T Services, Inc. (“AT&T”) and Ciena Communications, Inc. and Ciena Corporation (collectively, “Ciena”) with prejudice. Judgment, *Cheetah Omni LLC v. AT&T Servs., Inc.*, No. 3:17-cv-01993-K (N.D. Tex. Oct. 23, 2018), ECF No. 130. For the reasons detailed below, we affirm.

BACKGROUND

Cheetah owns U.S. Patent 7,522,836 (“the ’836 patent”) directed to optical communication networks. AT&T uses a system of hardware and software components in its AT&T fiber optic communication networks.

In the district court, Cheetah asserted that AT&T infringes the ’836 patent by making, using, offering for sale, selling, or importing its fiber equipment and services. In response to the allegations, Ciena moved to intervene in the suit because it manufactures and supplies certain components for AT&T’s fiber optic systems and because those components formed the basis of some of Cheetah’s infringement allegations. The court granted Ciena’s motion to intervene.

Ciena and AT&T then moved for summary judgment that Cheetah’s infringement claim was barred by agreements settling previous litigation. Specifically, Cheetah had brought suit against Ciena and Fujitsu Network

Communications (“Fujitsu”) and executed two license agreements—one with Ciena and one with Fujitsu. In their motion, Ciena and AT&T argued that the two prior licenses included implicit licenses to the ’836 patent covering all of the accused products. The district court agreed, granting summary judgment and dismissing the suit with prejudice. Memorandum Opinion and Order, *Cheetah Omni LLC v. AT&T Servs., Inc.*, No. 3:17-cv-01993-K (N.D. Tex. Oct. 23, 2018), ECF No. 129 (“*Decision*”).

Cheetah appealed, and we have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

We review a grant of summary judgment under the law of the regional circuit, which in this case is the Fifth Circuit. See *Charles Mach. Works, Inc. v. Vermeer Mfg. Co.*, 723 F.3d 1376, 1378 (Fed. Cir. 2013) (citing *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1344 (Fed. Cir. 2012)). The Fifth Circuit reviews a grant of “summary judgment *de novo*.” *Patel v. Texas Tech Univ.*, 941 F.3d 743, 747 (5th Cir. 2019) (citing *Ezell v. Kan. City S. Ry. Co.*, 866 F.3d 294, 297 (5th Cir. 2017)).

Summary judgment is appropriate when the moving party demonstrates that “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). We construe the evidence in the light most favorable to the nonmovant and draw all reasonable inferences in that party’s favor. *R & L Inv. Prop., LLC v. Hamm*, 715 F.3d 145, 149 (5th Cir. 2013) (quoting *Griffin v. United Parcel Serv., Inc.*, 661 F.3d 216, 221 (5th Cir. 2011)). “Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

The Fifth Circuit “review[s] the district court’s legal conclusions, including its interpretation of contracts, *de novo*.” *Texaco Expl. & Prod., Inc. v. AmClyde Engineered Prods. Co.*, 448 F.3d 760, 777 (5th Cir. 2006) (citing *Taita Chem. Co. v. Westlake Styrene Corp.*, 246 F.3d 377, 385 (5th Cir. 2001) and *Nolan v. Golden Rule Ins. Co.*, 171 F.3d 990, 992 (5th Cir. 1999)).

To frame the parties’ dispute, a review of the previous litigation and resulting settlements is necessary. In 2011, Cheetah brought suit against, *inter alia*, Ciena and Fujitsu, accusing certain Reconfigurable Optical Add/Drop Multiplexer (“ROADM”) products of infringing, *inter alia*, U.S. Patent 7,339,714 (“the ’714 patent”). See Complaint, *Cheetah Omni LLC v. Alcatel-Lucent USA Inc.*, No. 6:11-cv-00390-TBD (E.D. Tex. July 29, 2011), ECF No. 1. Cheetah settled the ROADM case with both Ciena and Fujitsu, executing two separate agreements with each party: a covenant not to sue and a license. Relevant here are the license agreements (“licenses”).

The licenses granted to Ciena and Fujitsu do not differ in any material respect for purposes of the present appeal, so we treat the Ciena license as representative. Cheetah granted to Ciena “a perpetual, irrevocable, worldwide, non-exclusive, fully paid-up license under the Licensed Patents to make, have made (directly or indirectly and solely for Ciena or its Affiliates), use, offer to sell, sell, and import and export the Licensed Products.” J.A. 411. The agreement defined “Licensed Patents” to mean

(i) the Patents-in-Suit, and (ii) all parents, provisionals, substitutes, renewals, continuations, continuations-in-part, divisionals, foreign counterparts, reissues, oppositions, continued examinations, reexaminations, and extensions of the Patents-in-Suit owned by, filed by, assigned to or otherwise controlled by or enforceable by Cheetah or any of its Affiliates or its or their respective successors in

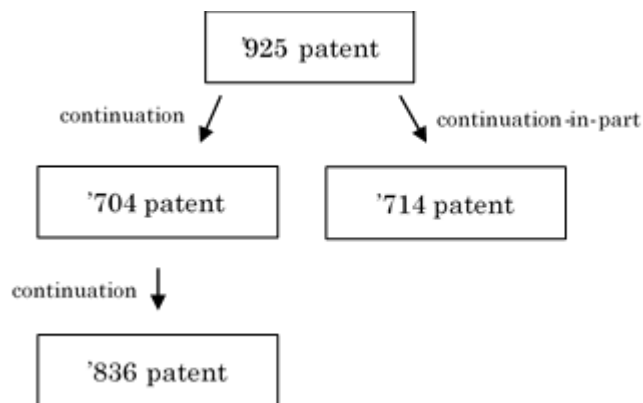
interest at any time as of, prior to, on or after the Effective Date, whether filed before, on or after the Effective Date.

J.A. 410. The “Effective Date” was defined as “the earliest date upon which all Parties ha[d] signed th[e] Agreement or identical counterparts thereof.” J.A. 411. The “Licensed Products” were defined as

(i) all past, present or future Ciena or Ciena Affiliate products, services or combinations, components, or systems of products or services, and any modifications or enhancements thereof, that could by themselves or in combination with other products, services, components or systems, be alleged to infringe at least one claim of at least one Licensed Patent in the absence of a license under this Agreement and (ii) all Ciena products identified or accused by Cheetah of infringing any claim of any of the Patents-in-Suit in its complaint, amended complaint, infringement contentions, or otherwise.

J.A. 410.

Key to the parties’ dispute is the relationship between the ’836 and ’714 patents. The ’714 patent is a continuation-in-part of U.S. Patent 6,943,925 (“the ’925 patent”). The ’836 patent is a continuation of U.S. Patent 7,145,704 (“the ’704 patent”), which is also a continuation of the ’925 patent. These relationships are depicted below:



Because the '714 patent was asserted in the ROADM litigation, it is necessarily included in the Ciena license. By its terms, the Ciena license also includes “all parents” to the patents in the ROADM litigation, and, as the parent to the '714 patent, the '925 patent is likewise an expressly licensed patent under the agreement, even if not enumerated. The question we are presented with here, however, is whether the '836 patent, a continuation of a continuation of the '925 patent, *i.e.*, its grandchild, is impliedly licensed under the Ciena license. In personal terms, because the uncle and grandparent of the '836 patent, are licensed, is the '836 patent also licensed?

Relying on our holding in *General Protecht Group Inc. v. Leviton Manufacturing Co.*, 651 F.3d 1355, 1361 (Fed. Cir. 2011), the district court determined that the '836 patent was impliedly licensed as the grandchild of the expressly licensed '925 patent. *Decision*, slip op. at 10. The district court reasoned that an express license of the '925 patent included an implied license for its continuations “because those continuations disclose the same inventions as the licensed patent.” *Id.* We agree.

Cheetah's primary argument to the contrary is that the parties did not intend that the licenses extend to the '836 patent. In settling the ROADM litigation, Ciena and Fujitsu each executed a license and a separate covenant not to sue, and the covenants not to sue expressly included the '836 patent, while the licenses did not. Further, Fujitsu was aware of the '836 patent due to its participation and settlement of a previous litigation where the '836 patent was at issue. According to Cheetah, all parties were aware of the '836 patent, and if they had intended to include the '836 patent, the patent would have been expressly named in the license agreements.

Cheetah also argues that the '836 patent covers an invention different from the inventions claimed in the patents at issue in the ROADM litigation. Cheetah contends

that the '836 patent claims are directed to a system that includes ROADM technology in combination with other components, while the ROADM patents cover only ROADM functionality. Cheetah further argues that the accused AT&T products are not "Licensed Products" within the scope of the licenses.

AT&T and Ciena respond that neither license agreement expressly lists all included patents by number and, instead, only lists broad categories of patents. AT&T and Ciena also note that the parties *did exclude* other patents explicitly: the Ciena covenant recited a list of medical patents the parties expressly excluded from the agreement. Thus, Ciena argues, if the parties had mutually intended to exclude the '836 patent, they would have done so explicitly.

As for Cheetah's other arguments, AT&T and Ciena maintain that the licenses are not limited to any particular claims of the patents from the ROADM litigation and, by including continuations, contemplate "the entirety of the disclosed inventions and *any* claims that could issue from such disclosed inventions." AT&T and Ciena Br. 30. AT&T and Ciena also submit that the accused AT&T system is a "Licensed Product" within the scope of the licenses because the definition of "Licensed Product" extends to Ciena and Fujitsu products in combination with other products. In the alternative, AT&T and Ciena argue that Cheetah's claims are also barred by the covenants not to sue.

We agree with the district court, and with AT&T and Ciena, that the licenses include an implied license to the '836 patent that extends to the accused AT&T systems. Legal estoppel prevents licensors from derogating or detracting from definable license rights granted to licensees for valuable consideration. *AMP Inc. v. United States*, 389 F.2d 448, 452 (Ct. Cl. 1968). In *TransCore*, we interpreted legal estoppel to provide an implied license to a related, later-issued patent that was broader than and necessary to

practice an expressly licensed patent. *TransCore, LP v. Elec. Transaction Consultants Corp.*, 563 F.3d 1271, 1279 (Fed. Cir. 2009).

Two years later, we considered whether an express license to a patent includes an implied license to its continuations, even when the continuation claims are narrower than previously asserted claims. *General Protecht*, 651 F.3d at 1361. Relying on *TransCore*, we answered that question in the affirmative: “Where . . . continuations issue from parent patents that previously have been licensed as to certain products, it may be presumed that, absent a clear indication of mutual intent to the contrary, those products are impliedly licensed under the continuations as well.” *Id.* We further explained that parties could contract around the presumption of an implied license if it did not “reflect their intentions” but that it was the parties’ burden to “make such intent clear in the license.” *Id.*

In *General Protecht*, the continuation patent at issue had not yet issued at the time of the parties’ express license of the parent patent. Cheetah attempts to cabin *General Protecht*’s holding to express licenses executed before the issuance of a continuation patent. We decline to read *General Protecht* so narrowly. The timing of patent issuance is not material to the policy rationale underpinning our implied license presumption. *See TransCore*, 563 F.3d at 1279. Moreover, if anything, it is *easier* for the parties to clearly identify an already-issued continuation and expressly exclude it from a license agreement.

Applying the presumption established in *General Protecht* provides a simple and clear resolution in this case. Because the ’925 patent is an expressly licensed patent in the licenses, the licenses also include an implied license to a continuation of its continuation, the ’836 patent. To the extent Cheetah argues that the ’836 patent claims cover a different invention from or are narrower than the ’925 patent claims, the answer is that the same inventive subject

matter was disclosed in the expressly licensed patents. If Cheetah did not intend its license “to extend to claims presented in continuation patents, it had an obligation to make that clear.” *General Protecht*, 651 F.3d at 1361. The expectation is properly placed on the patent owner, Cheetah, to specifically carve out continuation patents that it intended to exclude because Cheetah has the most information about its total patent portfolio. If Cheetah had a contrary intent, it could have made its intent clear in the agreement as a matter of contract drafting.

Cheetah attempts to evade the presumption that a license to a patent includes a license to its continuation by arguing that the parties had knowledge of the ’836 patent and would have named it expressly if they mutually intended that it be included. The naming of certain patents expressly, however, does not evince a clear mutual intent to exclude other patents falling within the general definitions in an agreement. That is especially true here where the licenses list broad categories of patents without reciting their numbers individually.

Cheetah finally argues that the AT&T products accused in this litigation are not “Licensed Products” within the scope of the licenses. But the Ciena license defines “Licensed Products” as “all past, present, or future Ciena or Ciena Affiliate products . . . that could by themselves or *in combination with other products, services, components* or systems, be alleged to infringe at least one claim of at least one Licensed Patent.” J.A. 410 (emphasis added). The accused AT&T systems combine Ciena and Fujitsu products with other components and are thus Licensed Products within the meaning of the licenses.

Because the licenses extend to both the ’836 patent and the AT&T products accused in this litigation, the district court properly granted summary judgment for AT&T and Ciena and dismissed the infringement suit. And because we have concluded that AT&T’s products are licensed

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under the license agreement, we need not consider the scope of the covenant not to sue.

CONCLUSION

We have considered Cheetah's remaining arguments but find them unpersuasive. Accordingly, the judgment of the district court is affirmed.

AFFIRMED

**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME, TYPEFACE
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This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a) or Federal Circuit Rule 28.1(b). This brief contains 3,872 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b).

This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This brief has been prepared in a proportionally spaced typeface using Microsoft® Word 2010 and Times New Roman typeface, 14-point.

Respectfully submitted,

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