

2018-2003

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

ERICSSON INC., TELEFONAKTIEBOLAGET LM ERICSSON,
Plaintiffs-Appellees,

v.

TCL COMMUNICATION TECHNOLOGY HOLDINGS, LIMITED,
TCT MOBILE LIMITED, TCT MOBILE (US) INC.,
Defendants-Appellants.

**Appeal from the United States District Court for the Eastern District of
Texas, No. 2:15-cv-00011-RSP, Magistrate Judge Roy S. Payne.**

**APPELLANTS' RESPONSE TO APPELLEES' PETITION
FOR REHEARING AND REHEARING EN BANC**

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August 27, 2020

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

CERTIFICATE OF INTEREST

Case Number 2018-2003

Short Case Caption Ericsson Inc. v. TCL Communications Technology

Filing Party/Entity TCL Communication Technology Holdings LTD., TCT Mobile (US) Inc., and TCT Mobile Limited

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Name: Lionel M. Lavenue

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Form 9 (p. 2)
July 2020

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		<p>company owns 10% or more of stock in TCL Communication Technology Holdings, LTD.</p>
<p>TCT Mobile (US) Inc.</p>		<p><small>TCT Mobile (US), Inc. is a wholly-owned subsidiary of TCL Communication Technology Holdings, LTD. TCL Communication Technology Holdings, LTD. is a subsidiary of TCL Corporation.</small></p>
		<p><small>TCL Corporation is incorporated in the People's Republic of China with its shares listed on the Shenzhen Stock Exchange. No other publicly held company owns 10% more of stock in TCT Mobile (US), Inc.</small></p>
<p>TCT Mobile Limited</p>		<p><small>TCT Mobile Limited is a wholly-owned subsidiary of TCL Communication Technology Holdings, LTD. TCL Communication Technology Holdings, LTD. is a subsidiary of TCL Corporation. TCL Corporation is incorporated in the</small></p>
		<p><small>People's Republic of China with its shares listed on the Shenzhen Stock Exchange. Not other publicly company owns 10% or more of stock in TCT Mobile Limited.</small></p>

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INTRODUCTION

Not all § 101 issues are the same—some turn on the facts, and some turn on the law. Here, the relevant § 101 issue is a legal one involving claim construction. Ericsson contends that the Majority failed to consult the specification in its § 101 analysis, but this is false. The Majority consulted the specification *multiple times* in finding patent ineligibility. What the Majority declined to do was violate this Court’s bedrock claim construction precedent by importing an unclaimed limitation (i.e., the “layered architecture” limitation) from the specification into the claims. In its Petition, Ericsson distorts this routine claim-construction finding in an effort to manufacture issues for en banc review.

Ericsson’s position becomes even more egregious considering the procedural history of this case. In the district court, TCL moved for summary judgment of invalidity under § 101. The district court did not merely deny TCL’s motion, it did so in a way that effectively granted summary judgment of patent eligibility to Ericsson. The district court ruled in Ericsson’s favor on *both* steps one and two, concluding that it was “not persuaded that the claims [were] directed to an abstract idea, but even if they [were], the claims recite an inventive concept sufficient to render the claims patent-eligible.” Appx70–71. The district court further informed TCL that it ruled on § 101 as a matter of law and cautioned TCL against raising

§ 101 issues at trial. Appx69. This left TCL with a complete loss on § 101 at the summary-judgment stage, and no validity defense to take to trial.

Notably, in responding to TCL’s summary-judgment motion on § 101, Ericsson interpreted the claims *narrowly* by importing the “layered architecture” limitation from the specification into the claims. But at trial, knowing TCL had no validity case left to present, Ericsson proceeded as if the claims required no architecture at all, broadening them to improve its chances of winning on infringement. Then, after winning a jury verdict of \$75 million under the broader construction, Ericsson reintroduced the narrowing “layered architecture” interpretation on appeal when responding to TCL’s § 101 arguments. The Majority properly rejected this gamesmanship, which Ericsson now unabashedly ignores in arguing for panel and en banc review.

Contrary to Ericsson’s assertions, the Majority did not violate this Court’s precedent by declining to consider the specification in its § 101 analysis. The Majority applied the district court’s claim constructions—which themselves were *unappealed constructions rooted in the specification*—and then considered the specification further in rejecting Ericsson’s arguments on appeal. Specifically, the Majority declined to import the unclaimed “layered architecture” limitation from the specification into the claims. This left Ericsson with no argument under step two, because Ericsson identified no other features as “inventive” besides the unclaimed

“layered architecture” feature. Thus, the § 101 issue was ripe for an ineligibility finding as a matter of law, and no fact issues remained that invoked *Berkheimer*.

Regarding waiver, Ericsson misrepresents Rule 50 cases such as *Unitherm Food Systems, Inc. v. Swift-Eckrich, Inc.*, 546 U.S. 394 (2006) and wrongly argues that Fifth Circuit law applies to ineligibility, an issue unique to patent law. The district court effectively granted summary judgment on § 101 to Ericsson on *both* step one and step two, thus blocking any patent-ineligibility issue from proceeding to trial. This makes cases like *Unitherm*, where issues *proceeded to trial* but were not preserved properly at the Rule 50(a) and Rule 50(b) stages, inapposite.

Moreover, Ericsson’s Petition suggests that every legal determination this Court makes must pass through the Rule 50 filter. This makes no sense—claim-construction decisions, motion-to-dismiss grants, and summary-judgment grants, are almost always appealed without passing through the Rule 50 stage. This is because these types of decisions usually prevent issues from proceeding to trial and being assessed by a jury, which is where Rule 50 applies. For these reasons, there was no waiver, and the Majority was free to find that even if there were waiver, it could exercise its authority to rule on § 101.

BACKGROUND

The asserted claims—claims 1 and 5 of U.S. Patent No. 7,149,510 (the “’510 patent”)—do not recite a “layered architecture.” They simply require an interface and an access controller that grants or denies access through the interface. At claim construction, the district court construed just one term in the asserted claims—“software services component.” Appx105–107. The court, analyzing the specification, rejected both parties’ proposed constructions and held that the term meant “a software component for providing services.” *Id.* Ericsson did not appeal this construction. The parties also agreed that plain and ordinary meaning applied to the “interface component” and “interception module” terms in claim 1. Appx102. During claim construction, Ericsson never proposed a construction that added the “layered architecture” limitation to the claims. Appx102–107.

In responding to TCL’s summary-judgment motion on patent ineligibility, Ericsson identified only one feature as not “well-understood, routine [or] conventional”—i.e., the unclaimed “layered architecture” feature. Appx1126; Appx1135. This was sufficient at that time, as the district court ruled for Ericsson under *both* step one and step two, leaving no factual disputes for resolution at trial. Appx69–71 (explaining that “if TCL were to present evidence that it thought the ’510 patent was invalid on a legal ground (§ 101), then of course Ericsson would be entitled to inform the jury that the Court denied that motion”).

With TCL presenting no invalidity case at trial, Ericsson broadened its claims and tried its infringement case as if no architecture existed at all. Ericsson objected to all testimony that the claimed “access controller” and its “interception module” must reside in a middle layer (Appx10419), and it even argued that the claimed “interception module,” “decision entity,” and “security access manager” can be the same thing (Appx1231; Appx10948–10950). By abandoning the unclaimed “layered architecture” feature it asserted on summary judgment, and by arguing that several of the terms in claim 1 can mean the same thing, Ericsson secured an infringement verdict of \$75 million, plus interest. Appx1–2.

On appeal, where infringement was no longer at issue but validity was, Ericsson reintroduced the “layered architecture” term. Ericsson Response Br. 36–37. Ericsson erroneously argued that the asserted claims “feature” this term. *Id.* As mentioned, “layered architecture” appears nowhere in the asserted claims.

The Majority, seeing the flaws and inconsistencies in Ericsson’s arguments, reversed the district court’s finding of patent eligibility. Regarding step one, the Majority concluded that the asserted claims were directed to “the abstract idea of controlling access to, or limiting permission to, resources.” Op. at 13. In reaching this conclusion, the Majority—*considering the specification*—reasoned that the “security access manager,” “decision entity,” “interception module,” and “access controller” all collapse into “an access controller for controlling access.” *Id.* The

Majority also rejected Ericsson’s attempt to limit the claims to a “resource-constrained” environment, such as a mobile device, because the claims contain no such limitation. *Id.* at 15–16.

At step two, Ericsson argued that the “layered architecture” of the invention provided an inventive concept, but the Majority disagreed because the claims recite no such architecture. *Id.* at 17–18. The Majority noted that if Ericsson wanted to include this feature in the claims, the proper time to do so was during claim construction in the district court. *Id.* at 18–19. But this never happened. As the Majority explained, the district court construed “software services component” to simply mean “a software component for providing services,” a construction that went unchallenged on appeal. *Id.* at 19. The Majority also explained that Ericsson agreed to a plain and ordinary meaning for “interception module.” *Id.* at 18–19. Because the asserted claims failed to satisfy either step one or two, the Majority found them ineligible. *Id.* at 21.

Next, the Majority rejected Ericsson’s argument that TCL waived its § 101 defense by not raising it under Rule 50, reasoning that its invalidity finding on appeal “was based on the court’s analysis of the claim language and a comparison to our existing caselaw, and was not dependent on any factual issues that were or could have been raised at trial.” *Op.* at 3–4. Relying on *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 790 F.3d 1329, 1337 (Fed. Cir. 2015), the

Majority reasoned that “[w]hen the district court denied [the movant]’s motion for summary judgment, it did not conclude that issues of fact precluded judgment; it effectively entered judgment of validity to [the non-movant],’ and that grant of judgment was appealable.” Op. at 4–5 (quoting *Lighting Ballast*, 790 F.3d at 1337). The Majority then found that even if TCL had waived its § 101 defense, it had the authority to hear TCL’s § 101 arguments anyway, which it exercised. Op. at 6–10 (explaining that exercising its discretion to hear the § 101 issues was especially appropriate here because these issues were squarely presented to—and decided by—the district court).

Judge Newman dissented, opining that under *Unitherm*, the Majority is “without power” to hear TCL’s ineligibility case because TCL had not moved under Rule 50. Dissent at 2–4. She further reasoned that Fifth Circuit law controls, and under *Feld Motor Sports, Inc. v. Traxxas, L.P.*, 861 F.3d 591 (5th Cir. 2017), a Rule 50 motion is required even for “purely legal issues.” Dissent at 4.

ARGUMENT IN RESPONSE

I. The Panel Followed Precedent in Refusing to Import a Limitation Into the Asserted Claims and Deciding that the Claims Are Invalid Under § 101 on Pure Legal Grounds

Not every § 101 issue turns on disputed facts, and this case presents one such situation. On appeal, Ericsson’s step two analysis hinged entirely on importing the unclaimed “layered architecture” term from the specification into to the claims. Ericsson Response Br. at 35–38. But the Majority rejected Ericsson’s argument. A refusal to import a limitation into the claims in no way shows that the court failed to consider the specification. In fact, in this case, the Majority considered the specification multiple times in its § 101 analysis, just not the way Ericsson wanted. *See, e.g., Op.* at 13, 18, 20. After the Majority declined to import the “layered architecture” limitation into the claims, Ericsson had nothing left to assert for inventive concept—Ericsson identified *no actual claim term* in the ’510 patent on appeal that provided inventive concept under step two. Accordingly, the § 101 issue was ripe for a determination as a matter of law, and reversal was appropriate. Put differently, there were no disputed facts left for the jury to resolve after the Majority’s decision on the “layered architecture” term, and a remand was unnecessary.

TCL does not dispute that, under *Alice*, the specification can assist in determining whether *claim elements* provide inventive concept. *See Alice*, 573 U.S.

208, 217 (2014) (“[W]e consider the *elements of each claim* both individually and as an ordered combination to determine whether the additional *elements* transform the nature of the claim into a patent-eligible application.”) (emphases added and internal quotation marks omitted). But, here, Ericsson did not use the specification to assist in determining whether an element *from the claims* provides inventive concept. Instead, it identified an *unclaimed* limitation *from the specification* and assessed whether that unclaimed limitation provided the inventive concept. Ericsson’s proposed standard violates *Alice* because it shifts the step-two analysis from one that starts with the “claim elements” and considers what the specification says about those claim elements, to one that can bypass the claim language and start with what the specification says. While the § 101 analysis leaves room for consideration of the specification, the claims themselves still must drive the analysis, which is exactly what happened in the Majority’s analysis.¹

Next, Ericsson incorrectly contends that the Majority’s decision contravenes *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018). Petition at 10–11. As the

¹ Ericsson could have tried to add the “layered architecture” concept to the claims through the claim construction process in district court. But it did not, as described above. Moreover, after winning on § 101 in district court, Ericsson discarded its “layered architecture” argument at trial so it could broaden its claims and improve its chances of winning on infringement. These facts make the Majority’s refusal to import the “layered architecture” limitation into the claims even more appropriate.

Majority properly stated, “[t]he issue of patent eligibility under § 101 is a question of law that we review without deference.” Op. at 10–11. Though under *Berkheimer*, questions of fact can materialize in some instances regarding “whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field.” *Berkheimer*, 881 F.3d at 1368. Here, however, because the Majority declined to import the “layered architecture” limitation into the claims, and because Ericsson asserted no other claim limitations on appeal that provided an inventive concept, no factual disputes exist under *Berkheimer*. Thus, *Berkheimer*—in this instance—does not preclude the Majority from deciding the § 101 issues as a matter of law.

Moreover, and contrary to Ericsson’s assertions, there is no conflict between the Majority opinion, *ChargePoint*, and *Amdocs*, all of which precluded the patentee from importing limitations from the specification into the claims. *See, e.g., ChargePoint, Inc. v. Semacconnect, Inc.*, 920 F.3d 759, 769 (Fed. Cir. 2019) (“[T]he specification cannot be used to import details from the specification if those details are not claimed.”); *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300 (Fed. Cir. 2016); Op. at 14–21. The alleged conflict Ericsson identifies—i.e., that *Amdocs* counsels toward considering the specification and *ChargePoint* does not—misses the mark. Petition at 13–14. Regarding *ChargePoint*, Ericsson incorrectly argues that the Court in that case gave the specification “short shrift.” *Id.* at 13. To

the contrary, the *ChargePoint* Court considered the specification extensively but simply found that, given the specification and claims at issue, this was a case where the specification had to yield to the claims. *ChargePoint*, 920 F.3d at 766–70 (explaining that “a specification full of technical details about a physical invention may nonetheless conclude with claims that claim nothing more than the broad law or abstract idea underlying the claims”).

Regarding *Amdocs*, Ericsson points out that the claim limitations at issue in that case “‘necessarily incorporate[]’ the ‘distributed architecture’ described in the specification.” Petition at 14. But this conclusion was the result of a contested claim construction dispute. *Amdocs*, 841 F.3d at 1300. Here, there was no such claim construction dispute. Ericsson *never* tried during the claim construction proceedings in district court to import the “layered architecture” component into the claims, and it was not permitted to change constructions midstream on appeal. Op. at 17–18 (rejecting Ericsson’s attempt to “import the three-layer architecture and the horizontal partition requirement into the claim through the recited ‘interception module’” because “the time to make that argument would have been at claim construction,” which Ericsson declined to do); *id.* (explaining that Ericsson pursued a “plain and ordinary meaning” construction for “interception module” in district court). On this record, the present case differs fundamentally from *Amdocs*, and the Majority was right to reject Ericsson’s belated claim construction argument, which

would have violated this Court’s own precedent on importing limitations into claims and contradicted the construction Ericsson applied and benefitted from at trial. *See Thorner v. Sony Comput. Ent. Am. LLC*, 669 F.3d 1362, 1366 (Fed. Cir. 2012) (“We do not read limitations from the specification into claims; we do not redefine words.”). For these reasons, none of the Majority’s decisions on § 101 warrants panel or en banc review.

II. The Majority Correctly Followed Precedent in Finding TCL’s § 101 Arguments Not Waived

Following precedent from both this Court and the Fifth Circuit, the Majority correctly found no waiver, and that it had the authority to decide the § 101 issues even if there was waiver. *See Op.* at 3–10. For example, the Majority relied on *Lighting Ballast*, 790 F.3d at 1336–37, a case where the district court denied summary judgment on claim construction and indefiniteness issues in a way that amounted to an effective grant of summary judgment of validity. *Id.* Because of the nature of this ruling, the defendant did not raise these issues again in its Rule 50 motions. *Id.* This Court found no waiver on appeal, however, because the denial of summary judgment amounted to an effective *grant* of summary judgment of validity. *Id.* at 1337. This Court explained that the defendant was not required to raise the claim construction and indefiniteness issues again at trial to preserve them for appeal because the defendant “made clear to the district court its position on the issue and the issue was finally resolved by the district court prior to trial.” *Id.* at 1338.

The same logic applies here. While the district court denied TCL’s summary-judgment motion under § 101, it did so in a way that concluded the asserted claims were patent eligible under both steps one and two. Appx69–71. The district court further cautioned TCL against raising § 101 issues at trial, stating that “if TCL were to present evidence that it thought the ’510 patent was invalid on a legal ground (§ 101), then of course Ericsson would be entitled to inform the jury that the Court denied that motion.” *Id.* Just like *Lighting Ballast*, both the defendant and district court made their positions clear at the summary-judgment stage, and there was nothing was left to do on § 101 at trial, which meant TCL did not need to go through the fruitless exercise of filing Rule 50 motions on the issue. Because the Majority followed *Lighting Ballast*—a decision subjected to extensive en banc and Supreme Court scrutiny—the Majority’s rulings on waiver need no further review.²

Ericsson incorrectly contends that the Majority’s waiver rulings violate the Supreme Court’s *Unitherm* decision. Petition at 6–10. In particular, Ericsson alleges that, in *Unitherm*, the Supreme Court “‘unequivocally’ held that ‘entitlement to judgment as a matter of law’ on an issue ‘cannot be appealed’ unless the appellant

² *SRI International, Inc. v. Cisco Systems, Inc.*, 930 F.3d 1295 (Fed. Cir. 2019), confirms that the Majority ruled correctly. There, the Court explained that a denial of summary judgment under § 101 is reviewable when it involves “a purely legal question and the factual disputes resolved at trial do not affect the resolution of that legal question.” *Id.* at 1302 n.5 (citing *United Techs. Corp. v. Chromalloy Gas Turbine Corp.*, 189 F.3d 1338, 1344 (Fed. Cir. 1999)).

raises the issue below under Rule 50.” Petition at 6. This overstates the reach of *Unitherm*. Certain types of issues are routinely addressed on appeal without ever passing through Rule 50, such as claim-construction decisions, grants of summary judgment, and grants of motions to dismiss.

Unitherm is simply a Rule 50 case that becomes relevant only when a disputed issue of fact goes to trial. *Unitherm*, 546 U.S. at 399 (explaining that “Federal Rule of Civil Procedure 50 sets forth the procedural requirements for challenging the sufficiency of the evidence *in a civil jury trial*”) (emphasis added). *Unitherm* stands for the unremarkable proposition that a party cannot preserve an issue *that goes to trial* by simply raising that issue in a Rule 50(a) motion—it must also preserve the issue in a Rule 50(b) motion. *Id.* at 407 (“[W]e hold that since respondent failed to renew its preverdict motion as specified in Rule 50(b), there was no basis for review of respondent’s sufficiency of the evidence challenge in the Court of Appeals.”). Here, the § 101 issue never made it to “a civil jury trial” because the district court fully resolved the issue at the summary-judgment stage, meaning that *Unitherm* was never invoked.³

³ The Supreme Court in *Unitherm* reached its holding by relying primarily on three cases. *Id.* at 400–01 (citing *Cone v. West Virginia Pulp & Paper Co.*, 330 U.S. 212 (1947); *Globe Liquor Co. v. San Roman*, 332 U.S. 571 (1948); *Johnson v. New York, N.H. & H.R. Co.*, 344 U.S. 48 (1952)). Each of those cases involved issues that proceeded to trial.

Further, Ericsson incorrectly contends that, because no § 101 claims were dismissed at the summary-judgment stage, the district court’s denial of summary judgment cannot effectively amount to a grant of summary judgment. Petition at 8–9. What makes an effective grant of summary judgment, however, is the district court preventing the nonmovant from presenting an issue at trial, whether this occurs through a formal dismissal of the claim or a complete ruling on the merits that leaves nothing for trial. Conversely, as this Court and the Supreme Court have recognized, a true *denial* of summary judgment “‘does not settle or even tentatively decide anything about the merits of the claim’”; instead, it “‘is strictly a pretrial order that decides only one thing—that the case should go to trial,’ [*i.e.*, that the claim *remains pending* for trial.” *Glaros v. H.H. Robertson Co.*, 797 F.2d 1564, 1573 (Fed. Cir. 1986) (quoting *Switzerland Cheese Ass’n, Inc. v. E. Horne’s Market, Inc.*, 385 U.S. 23, 25 (1966)). Here, the district court did not truly deny TCL’s motion for summary judgment—it effectively granted it—because no issue involving § 101 survived the district court’s order and went to trial.

Next, and contrary to Ericsson’s assertions, Fifth Circuit law does not apply to the waiver issue. When the *Unitherm* litigants appealed to this Court, it applied regional circuit law because it was “decid[ing] antitrust issues that do not implicate patent law.” *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1365 n.7 (Fed. Cir. 2004). The Court confirmed, however, that its own law applies to

issues unique to patent law. *Id.* Here, Fifth Circuit law does not apply because all § 101-related issues relevant here are squarely unique to patent law. As described in conjunction with *Lighting Ballast* and *SRI*, Federal Circuit law governs the § 101 waiver issue, and that the Majority's no-waiver finding aligns with this Court's precedent.

Even if Fifth Circuit law does apply, however, and a waiver finding were appropriate under that law, the Majority was still free to exercise its discretion and decide the § 101 issue. While Ericsson relies on *Feld* to argue that the Majority lacks this authority, *Feld* relates not to discretion but to "jurisdiction to hear an appeal of the district court's legal conclusions in denying summary judgment." 861 F.3d at 596. *Feld* is silent on whether the court may exercise its discretion to decide an issue when the law permits a waiver finding. In contrast, the Majority relied on an en banc Fifth Circuit case to explain that Fifth Circuit precedent permits and supports exercising the type of discretion described above. *Op.* at 8–10 (citing *New Orleans Depot Servs., Inc. v. Dir., Office of Worker's Comp. Programs*, 718 F.3d 384, 388 (5th. Cir. 2013) (en banc)). In summary, no binding authority precludes the Majority from exercising its discretion to review TCL's patent-ineligibility case, and the Majority acted squarely within its discretion in exercising that authority. For these reasons, Ericsson's request for panel rehearing fails.

CONCLUSION

For these reasons, this Court should deny Ericsson's petitions for panel rehearing and rehearing en banc.

August 27, 2020

Respectfully submitted,

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

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATIONS

Case Number: Ericsson Inc. v. TCL Communications Technology

Short Case Caption: TCL Communication Technology Holdings LTD., TCT Mobile (US) Inc., and TCT Mobile Limited

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Signature: /s/ Lionel M. Lavenue

Name: Lionel M. Lavenue