APPEAL NO. 2020-1009, 1034

UNITED STATES COURT OF APPEALS

FOR THE FEDERAL CIRCUIT

OLAF SÖÖT DESIGN, LLC.

Plaintiff-Cross-Appellant

v.

DAKTRONICS, INC.

Defendant-Appellant

Appeal from the United States District Court for
The Southern District of New York, Civil Action No. 1:15-cv-05024-GBD
Honorable George B. Daniels, Presiding

[CORRECTED] DEFENDANT-APPELLANT DAKTRONICS' RESPONSE TO PETITION FOR REHEARING AND REHEARING *EN BANC* ON BEHALF OF PLAINTIFF-CROSS-APPELLANT

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CERTIFICATE OF INTEREST

1. The full name of every party represented by me is:

   Daktronics, Inc.

2. The name of the real party in interest represented by me is:

   Daktronics, Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party represented by me are:

   None.

4. The names of all law firms and the partners or associates that have appeared for the party in the lower tribunal or are expected to appear in this court and who are not already listed on the docket for the current case are:

   Munira Jesani (Associate at Blank Rome LLP)
   Ngoc Linh Bui (Former Associate at Blank Rome LLP)
   Ryan Cronin (Associate at Blank Rome LLP)

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:

   None.

6. Information under Fed. R. App. P. 26.1(b) and (c) identifying organizational victims in criminal cases and debtors and trustees in bankruptcy cases.

   None.

Date: April 2, 2021

By: /s/ *Kenneth L. Bressler*

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Nothing in OSD's petition warrants *en banc* review of the Panel's non-precedential decision or rehearing by the Panel.

ARGUMENT

"An *en banc* hearing or rehearing is not favored and ordinarily will not be ordered…" Fed. R. App. P. 35(a). "A petition for rehearing *en banc* is rarely appropriate if the appeal was the subject of a nonprecedential opinion by the panel of judges that heard it." Practice Note to Fed. Cir. R. 35. The Federal Circuit's Internal Operating Procedures ("IOP") state that "[a]mong the reasons for *en banc* actions are: (1) necessity of securing or maintaining uniformity of decision; (2) involvement of a question of exceptional importance; (3) necessity of overruling a prior holding of this or a predecessor court expressed in an opinion having precedential status; or (4) the initiation, continuation, or resolution of a conflict with another circuit." IOP 13(2).

A petition for panel rehearing "must state with particularity each point of law or fact that the petitioner believes the court has overlooked or misapprehended…" Fed. R. App. P. 40(a)(2).

I. *En banc* review is not warranted because the Panel's decision is not contrary to Federal Circuit case law.

OSD claims that the Panel's decision is contrary to five cases. Doc. 62 at 1. We will address each in turn.

a. *O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351 (Fed. Cir. 2008).

OSD claims that Judges Prost, Lourie and Reyna's decision is contrary to *O2 Micro*, which was also authored by Judge Prost with Judge Lourie and Judge Clevenger on the panel. But OSD does not say how the decision is contrary to *O2 Micro*. Instead, OSD argues that there was no dispute between the parties as to the scope of element (h) and that the Panel improperly *sua sponte* construed the claim under *O2 Micro*. OSD is wrong.

First, whether element (h) recites a winch with a hub and drum such that the screw must be capable of going into both components has been front and center in this case beginning with *Markman* and continuing through trial, post-trial motions, and on appeal.[1] Daktronics consistently argued that the plain meaning of element

[1] As the Panel correctly recognized, the parties have been disputing the scope of element (h) since *Markman*, with OSD arguing the hollow hub is part of the hollow drum, and Daktronics arguing they are separate components such that both have to be sized to receive the screw. Doc. 56 at 6-7. During *Markman*, OSD tried to change the scope of element (h) so "the screw can move into the drum end cap," arguing that "the hub is a part of the drum." Appx00415. Daktronics argued that OSD was improperly eliminating from element (h) the requirement that the screw must also be able to be received by the drum. Appx00836-00837. The district court rejected OSD's construction and construed element (h) to have its plain and ordinary meaning. Appx00116. Daktronics argued at trial and in its JMOL briefing that the plain meaning of element (h) required the hub and drum *both* be sized to receive the screw, and thus the Vortek could not infringe under the doctrine of equivalents as a matter of law because its drum cannot receive the screw. *See e.g.*, Appx09289 at 11-15, 16-19; Appx09322 at 1-10, 22-25; Appx09323 at 1-4, 15-18, 21-25; Appx09324 at 1-5; *see generally* Appx05718-05727; Appx05745-05752. OSD argued at trial, in its opening JMOL, and in

(h) requires that the hub and drum are separate components and that the screw must be able to pass through the hub into drum. *See, e.g.*, Appx00836-00837; Appx05718-05727; Appx05737-05740; Appx05745-05752. Conversely, OSD consistently argued that the hub is part of the drum and that element (h) is satisfied if the screw can go into the hub alone. *See, e.g.*, Appx00415; Appx05899; Appx05909-05912; Appx06521-06523. Given that record, the Panel was correct in reversing the District Court's JMOL construction of element (h) and finding as a matter of law that Daktronics' winch could not infringe OSD's patent.

OSD argues that this claim construction issue was waived, but Daktronics fully briefed this issue in its opening appellate brief and OSD briefed it in its opposition brief. Doc. 21 at 21-31; Doc. 25 at 38-45. *See SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1319 (Fed. Cir. 2006) (holding that issues are waived on appeal when they are not raised in the opening brief). This Court has held that the waiver rule has limited application and "has not been invoked…to prevent a party form clarifying or defending the original scope of its claim

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response to Daktronics' JMOL that, based on the district court's claim construction of "hollow hub" and element (h), "the drum *includes* a hollow hub." *See, e.g.*, Appx09251 at 9-16; Appx05899; Appx05909-05912; Appx06521-06523. In its JMOL opinion after trial, Judge Daniels rejected Daktronics' interpretation and adopted OSD's construction that the hub is a part of the drum, upholding the jury's infringement verdict. Appx00022-00025. Daktronics appealed the jury verdict to the Federal Circuit, putting the interpretation of element (h) squarely before the Panel and making that issue reviewable under *O2 Micro*. Doc. 21 at 19-31.

construction." *Interactive Gift Express, Inc. v. Compuserve, Inc.*, 256 F.3d 1323, 1346 (Fed. Cir. 2001); *see also Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1251-52 (Fed. Cir. 2005) (holding no waiver on claim construction issue where the party "is arguing 'the same concept' as it argued before the district court.'"); *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1370-71 (Fed. Cir. 2002) ("A waiver will not necessarily occur, however, if a party simply presented new or additional arguments in support of the scope of its claim construction, on appeal…we look to see whether the trial court and the party claiming waiver had fair notice and an opportunity to address the issue concerning the scope of a claim limitation.") (internal quotations omitted); *Intertainer, Inc. v. Hulu, LLC*, 660 Fed. Appx. 943, 947-48 (Fed. Cir. 2016) (holding that "because its arguments are consistent with the original scope of [appellant's] claim construction position, [appellant] has not waived its ability to challenge the Board's construction.").

The concerns with waiver as it relates to claim construction issues are: (1) whether the claim construction and arguments on appeal are consistent with those tendered at trial; (2) whether there is a clear presentation of the issue to be resolved; (3) whether there was an adequate opportunity for response and evidentiary development by the opposing party at trial; and (4) whether there is a record reviewable by the appellate court that is properly crystallized around and responsive to the asserted argument. *Interactive Gift Express, Inc.*, 256 F.3d at

1347.

There is no waiver here because Daktronics simply "defend[ed] the original scope of its claim construction," that the plain and ordinary meaning is that the hub and drum are *both* sized to receive the screw, that discrete claim construction issue was clearly presented to this Court, OSD had ample opportunity to and did respond to Daktronics' claim construction position from *Markman* to appeal, and the record around the claim construction dispute was crystallized and ripe for this Court's review.

Moreover, this Court has the discretion to ignore the waiver rule, and "the exercise of that discretion is especially appropriate in cases that do not present new issues on appeal" such as here, where the issue "was fully briefed, argued, and decided below, and then fully briefed and argued again before us." *Ericsson Inc. v. TCL Commun. Tech. Holdings, Ltd.*, 955 F.3d 1317, 1322-23 (Fed. Cir. 2020).

To the extent OSD incorrectly argues that this claim construction issue was not fully briefed and argued at the district court level, this Court can still ignore the waiver rule for several reasons, including if "(i) the issue involves a pure question of law and refusal to consider it would result in a miscarriage of justice, [or] (ii) the proper resolution [of the issue] is beyond any doubt." *Interactive Gift Express, Inc.*, 256 F.3d at 1344-45. Both reasons apply here. Claim construction is a purely legal issue and the Court's declining to consider a claim construction issue so

inextricably tied to the vitiation issue (as further explained below) would result in a miscarriage of justice. Further, the proper resolution of the claim construction issue is beyond any doubt "because [the Court had] the benefit of the district court's belated claim construction, and because the parties have briefed the dispute…" Doc. 56 at 7.

Second, the Panel did not *sua sponte* construe element (h) as the construction of that element was inextricably intertwined with the main issue on appeal—whether a finding that Daktronics' winch met element (h) under the DOE vitiated that element as a matter of law. For example, Daktronics argued:

> Claim 27 separately defines the hollow drum in element (c) and hollow hub in element (e). In the trial court's *Markman* opinion, hollow drum was given its ordinary meaning and hollow hub was defined as "a portion of the drum end cap with an elongated opening to allow passage of the elongated screw." The Vortek's shaft is solid through the entire length of the drum, and for about two inches beyond the drum's end, preventing the screw from passing through the alleged hub into the drum. Therefore, neither the Vortek hub nor the drum is sized so that the hollow drum can receive the screw. The jury's finding that element (h) is met under the DOE is improper because it renders the element meaningless and therefore vitiates that element.
>
> Recognizing that deficiency, OSD argued that the hub is part of the drum and thus when the screw goes into the hub it also goes into the drum. That sleight of hand argument eliminated the need for the screw to go into the drum. But this is contrary to the element's ordinary meaning, which recites both the hollow hub and the hollow drum. There is no reason to recite that both need to be sized such that the drum can receive the screw if the only the hub has to be sized to receive the screw. Clearly, the language of the element—as well as the claim—distinguishes between the hub and the drum and requires both be sized so that the drum can receive the screw.

> Moreover, if element (h) only required the hollow hub be sized to receive the screw, then element (h) would be duplicative of the hollow hub in element (e), as that element—which was construed as "a portion of the drum end cap with an elongated opening to allow passage of the elongated screw"—already requires that the hollow hub be sized to receive the screw.

Doc. 21 at 14-15.

Understanding the scope of element (h) was essential for the Panel to consider Daktronics' vitiation argument, as it was for District Court Judge Daniels in ruling on Daktronics' JMOL motion, and both sides knew that and addressed the issue. *Cadence Pharms., Inc. v. Exela PharmSci Inc.*, 780 F.3d 1364, 1371-72 (Fed. Cir. 2015) ("Vitiation is…a legal conclusion of a lack of equivalence…[t]he determination of equivalence depends not on the labels like 'vitiation' and 'antitheses' but on the proper assessment of the language of the claimed limitation…"). And vitiation is a question of law for the court, not the jury. *Nystrom v. Trex Co.*, 580 F.3d 1281, 1287 (Fed. Cir. 2009). As vitiation and the scope of element (h) were legal issues squarely before the Federal Circuit on *de novo review*, the construction of element (h) was reviewable under *O2 Micro*. *See SmithKline*, 439 at 1319 (holding that issues are waived on appeal when they are not raised in the opening brief).

b. *Nuance Communications, Inc. v. ABBYY USA Software House, Inc.*, 813 F.3d 1368 (Fed. Cir. 2016).

OSD does not tell the Court how the Panel's decision is contrary to *Nuance.*

See Doc. 62 at 6-7. It is not. In *Nuance* the Federal Circuit refused to reverse the district court's claim construction because "even if the district court did err in adopting a dictionary definition for the disputed terms, Nuance is not entitled to a new trial because it is clear that 'correction of the errors in (the) jury instruction on claim construction would not have changed the result given the evidence presented.'" 813 F.3d at 1374. Here, the Panel, using a proper construction of element (h), found that there was no infringement as a matter of law—in other words, that the trial error, if corrected, would have changed the jury's result.

c. *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 805 F.3d 1368 (Fed. Cir. 2015).

OSD cites *Akamai* for the proposition that there is no "*O2* error where 'the parties agreed in the stipulation as to both the meaning and the scope of the term during claim construction.'" 805 F.3d at 1376; Doc. 62 at 6. But OSD and Daktronics did not stipulate as to the meaning and the scope of element (h)—to the contrary, both parties sparred over its meaning throughout the case and then again on appeal.

d. *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997).

While claiming that the Panel's decision is contrary to *Warner-Jenkinson*, OSD does not even cite that case other than in its Rule 35(b)(2) certification. *See generally* Doc. 62.

e. *Cadence Pharm., Inc. v. Exela PharmSci Inc.*, 780 F.3d 1364 (Fed. Cir. 2015).

OSD argues that under *Cadence* the Federal Circuit erred by making a 'binary' determination under claim vitiation law, and a Panel cannot set aside a jury verdict if a reasonable trier of fact could conclude that the accused device is insubstantially different than that recited in the claims. Doc. 62 at 12-14. But the Panel did not make a 'binary' determination, it found that Daktronics' winch has no equivalent function and thus cannot as a matter of law infringe under the DOE. *See* Doc. 56 at 10 ("The Vortek drum is unable to receive the screw, and the Vortek product has no equivalent function. Thus, a finding of infringement under the doctrine of equivalents would be inappropriate…because such a finding would impermissibly eliminate the requirement that the hollow drum be able to receive the screw…").

II. *En banc* review is not appropriate because there are no precedent-setting questions of exceptional importance.

OSD claims three reasons the Court should grant its petition for *en banc* hearing based on precedent-setting questions of exceptional importance but does not explain how a non-precedential opinion such as this raises precedential-setting questions, especially in light of OSD's failure to show that the Panel's decision is contrary to any Federal Circuit case. None of OSD's reasons support acceptance of its petition.

OSD's first reason is based on its claim that the Panel *sua sponte* construed element (h), but as discussed above the parties raised that issue and construction of that element has been front and center throughout this case and was inextricably intertwined with the vitiation issue squarely in front of the Panel.

OSD's second issue—whether plain and ordinary meaning is ever appropriate for jury instructions—is not an issue that was ever in front of the Panel and is thus not appropriate for *en banc* review. *See SmithKline*, 439 F.3d at 1319 (holding that issues are waived on appeal when they are not raised in the opening brief); Fed. R. App. P. 40. Furthermore, there is nothing about this non-precedential case that warrants reconsideration of *O2 Micro*, because *O2 Micro* provides that the Court must construe a term when its scope is disputed. That was the case with respect to element (h) at *Markman* and trial. *O2 Micro Int'l*, 521 F.3d at 1361 (holding the Court had authority to review the scope of a term on appeal, because even though the parties agreed a term had a common meaning going into trial, they "proceeded to dispute the scope [of the term,] each party providing an argument identifying the alleged circumstances when the requirement specified by the claim term must be satisfied…").

And OSD's final issue—whether the Panel should have deferred to the jury's fact finding instead of reversing it based on vitiation under the doctrine of equivalents—presents no controversial question in light of the basic and long-

standing right of courts to overturn jury verdicts based on legal grounds as set forth in Federal Rule of Civil Procedure 50, which gives parties the right to challenge verdicts as a matter of law.

III. Rehearing is not warranted because the Panel did not overlook or misapprehend a point of law or fact.

Under Fed. R. App. P Rule 40(a)(2), a party requesting rehearing must "state with particularity each point of law or fact that the petitioner believes the court has overlooked or misapprehended…"

OSD's argument for rehearing does not meet this standard. To the extent it is decipherable, OSD appears to argue that the Panel erred in finding that the jury's verdict vitiates element (h) "by reverting to a binary *vitiation* analysis without addressing the substantial evidence accepted by the jury on 'insubstantial differences' and 'function, way and result' analysis." Doc. 62 at 4. But, as explained above, the Panel did not make a binary choice; instead it found that the Vortek "has no equivalent function" and thus could not infringe under the doctrine of equivalents. Doc. 56 at 10.

Date: April 2, 2021

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CERTIFICATE OF COMPLIANCE

1. This Brief complies with the type-volume limitations of Federal Circuit Rules 35(e)(2) and 40(c). This brief contains 2,879 words excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b).
2. 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 in 14-point font Times New Roman.

Date: April 2, 2021

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