

No. 20-1642

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Apple Inc.,

Appellant,

v.

Qualcomm Incorporated,

Appellee.

**Appeal from the United States Patent and Trademark Office,
Patent Trial and Appeal Board in IPR2018-01252**

**QUALCOMM INCORPORATED'S CORRECTED RESPONSE TO
APPELLANT'S PETITION FOR REHEARING EN BANC**

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FORM 9. Certificate of Interest

Form 9 (p. 1)
July 2020

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

CERTIFICATE OF INTEREST

Case Number 20-1642

Short Case Caption Apple Inc. v. Qualcomm Incorporated

Filing Party/Entity Qualcomm Incorporated

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Qualcomm Inc.	Qualcomm Inc.	

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Apple Inc. v. Qualcomm, Inc. No. 20-1683	Apple Inc. v. Qualcomm Incorporated No. 20-1827	Intel Corporation v. Qualcomm Incorporated, Nos. 20-1828, -1867 (consolidated)
Apple Inc. v. Qualcomm Incorporated No. 20-1763, -1764		

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INTRODUCTION

Rehearing is unwarranted in this case because the unanimous panel applied settled law to Apple’s failure to establish facts sufficient to carry its burden of showing constitutional standing. The Supreme Court, endorsing this Court’s holding in *Consumer Watchdog*, has explained that a party “lack[ing] constitutional standing” may still seek an invalidity decision from the PTO through an *inter partes* review (IPR). *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143–44 (2016) (citing *Consumer Watchdog v. Wisconsin Alumni Research Foundation*, 753 F.3d 1258, 1261–1262 (Fed. Cir. 2014)). Apple took advantage of that. After jointly dismissing—with prejudice—all infringement claims between itself and Qualcomm, Apple proceeded with these IPRs and lost, twice.

Apple then filed appeals asking this Article III Court to reverse the Board’s decisions. Due to the dismissals with prejudice, Apple’s constitutional standing was not self-evident and Apple bore the burden of offering evidence of an injury in fact. Rather than offer such evidence, Apple re-used sparse declarations it had submitted when seeking to intervene in other IPRs that were originally requested by a different party, Intel, on different patents. As the panel confirmed, “[n]either of the declarations Apple submitted as evidence of standing even mention the patents at issue.” *Apple Inc. v. Qualcomm Inc.*, 992 F.3d 1378, 1384 (Fed. Cir. 2021) (hereinafter *Panel Decision*). Apple’s attempt to characterize the decision as a

misapplication of precedent rather than a straightforward determination that Apple failed to provide adequate standing evidence is unavailing.

ARGUMENT

I. Apple failed to offer the required evidence supporting its standing.

There is no dispute that the “party seeking judicial review . . . bears the burden of establishing it has standing.” *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168, 1171 (Fed. Cir. 2017). However, as the panel correctly and repeatedly found in considering the totality of the circumstances, Apple failed to provide evidence that could support its standing in these appeals. For example:

- “*Apple nowhere argues or provides evidence* that the validity of any single patent, including the ’037 patent or ’362 patent, would affect its ongoing payment obligations.” *Id.* at 1383.¹
- “*Nor does Apple identify any contractual dispute* involving its ongoing royalty obligations (e.g., a disagreement over whether certain Apple product sales trigger additional royalty payments) that relates to, or could be resolved through a validity determination of, the patents at issue.” *Id.* at 1383–84.²
- “*Apple fails to explain* why the ’362 patent creates a significant barrier, and we see no evidence that the cancellation of the ’362 patent is likely to affect Apple’s ongoing payment obligations.” *Id.* at 1384 n.4.
- “*Apple provides no evidence* that it intends to engage in any activity that may give rise to an infringement suit of the ’037 patent or ’362 patent when the license expires.” *Id.* at 1384.

¹ All emphasis herein added unless noted otherwise.

² Contrary to Apple’s mischaracterization, this was but one of the panel’s many considerations in addressing the totality of the circumstances.

- “*Apple has not provided any evidence that it has plans to make, use, offer to sell, or sell any of the products, or features thereof, accused of infringement . . . such as the iPhone 4, 5, 6, and 7.*” *Id.*
- “*In fact, Apple offers the sparsest of declarations in support of standing, which are devoid of any of the specificity necessary to establish an injury in fact.*” *Id.*
- “*Apple’s allegations are speculation and conjecture . . . [and] are devoid of the specificity necessary to show that Qualcomm is likely to assert these particular patents against any particular products which would be sold after the license agreement expires in 2025 or 2027.*” *Id.* at 1385.
- “*Apple’s harm is particularly suspect because it has failed to show it will likely be engaging in activities that could give rise to a potential suit based on the ’037 and ’362 patents after the expiration of the license agreement.*” *Id.*

As the Supreme Court has explained, “the question in each case is *whether the facts alleged, under all the circumstances*, show that there is a substantial controversy, between parties having adverse legal interests.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quoting *Maryland Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941)). Even Apple’s cases explain that “courts applying the *MedImmune* totality of the circumstances test *should especially consider . . . evidence of intention or lack of intention*, on the part of the party asserting jurisdiction, to engage in new activity or to develop new potentially infringing products that arguably are not covered by the covenant.” *Nike, Inc. v. Already, LLC*, 663 F.3d 89, 96 (2d Cir. 2011), *aff’d*, 568 U.S. 85 (2013). Apple has alleged no facts supported by evidence of any substantial controversy. The panel correctly determined that under all the circumstances here, Apple failed to

demonstrate the existence of a justiciable case or controversy in the wake of the agreed dismissals with prejudice and the parties' global settlement.

The panel correctly identified those evidentiary failures as resulting from Apple's strategic decision. Not only did Apple submit "identical declarations as evidence of standing in both appeals" at issue (*Panel Decision*, 992 F.3d at 1384 n.5), Apple submitted the same declarations that it had filed in other appeals involving other patents, for example, as Exhibit 4 to Apple's Motion for Leave to Intervene in *Intel Corp. v. Qualcomm Inc.*, No. 20-1828, -1867, ECF No. 28 (Fed. Cir. June 29, 2020). Considering its decision to file identical, cursory declarations in numerous appeals involving different patents, Apple has failed to show any error in the *Panel Decision*.

II. Neither *MedImmune* nor *Altwater* supports standing in these appeals.

A. The panel correctly distinguished these appeals from *MedImmune*.

The panel did not narrowly interpret *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), but rather declined to adopt Apple's overbroad reading that seeks to automatically create IPR appeal standing for any of thousands of patents in a portfolio license. Rather than holding that a licensee always has standing, as Apple contends, the *MedImmune* Court held that a licensee is not required to breach *where there is otherwise evidence* of a justiciable controversy. *Id.* at 124. As explained

above, the panel correctly found that Apple provided no such evidence here. Section I, *supra*.

1. *MedImmune* indisputably involved a contract dispute.

Apple wrongly asserts that the *MedImmune* Court did not focus on the parties’ contractual rights. The *MedImmune* Court directly addressed “whether petitioner has alleged a contractual dispute.” *MedImmune*, 549 U.S. at 123–25. Indeed, Section II of the *MedImmune* opinion is focused exclusively on the existence of a contract claim and expressly states that the Court was not addressing licensee estoppel. *Id.* at 124–25. The majority also specifically rebutted the dissent’s assertion that no contract claim was raised. *Id.* at 125 n.6; *see also id.* at 128, 135. Further, because the license agreement did not require “royalties on all products under the sun,” the majority rejected the position of the dissent “that the validity of the contract claim hinges entirely upon a determination of the patent’s validity.” *Id.* at 125 n.6.³ In conclusion, the Court stated, “Having determined that petitioner has raised and preserved a contract claim, we turn to the jurisdictional question.” *Id.* at 125.

³ Apple’s reliance on the Court’s statement in dicta that whether the nature of the dispute is a “freestanding claim of patent invalidity” or contractual dispute intertwined with invalidity and noninfringement “probably makes no difference” does not change the fact that the jurisdictional ruling in *MedImmune* was based on a contractual dispute. *Id.*

2. Unlike *MedImmune*, Apple has identified no contractual dispute.

There is no analogous contractual dispute here, *i.e.*, whether or not “royalties are owing under the license agreement.” *Id.* at 123–24, 123 n.2. In *MedImmune*, Genentech (the patentee) alleged that a new product (Synagis) was covered by the existing patent license agreement such that additional royalties were owed under that agreement. *Id.* at 121–22. MedImmune denied royalties were owed for Synagis, but paid under protest to avoid the risks of treble damages, fees, and an injunction. *Id.* Unlike in *MedImmune*, the agreement here did not exist prior to the infringement allegations, and Apple has never raised any dispute regarding covered products or payment obligations. *MedImmune*’s controversy about how the challenged patents related to the payment of royalties for new products under an existing agreement, which the panel correctly characterized as a dispute about “contract rights,” is simply absent from these appeals.

3. Unlike *MedImmune*, there is no connection here between Apple’s contractually obligated payments and the validity of any patent.

Apple has failed to demonstrate any connection between its payments under the agreement and the validity of the ’037 and/or ’362 patents. In *MedImmune*, the Court repeatedly emphasized the importance of this connection to its jurisdictional ruling, holding that the licensee had standing because it demonstrated (as was undisputed) that a finding of invalidity would relieve it of specific royalty

obligations. *See id.* at 128 (“Petitioner asserts that no royalties are owing because the Cabilly II patent is invalid and not infringed.”); 135 (Petitioner “is asserting that the contract, properly interpreted, does not . . . require the payment of royalties because the patents do not cover its products and are invalid.”); 123–25 (“[P]etitioner assuredly did contend that it had no obligation under the license to pay royalties on an invalid patent.”). Not only has Apple failed to provide any evidence that the invalidity of either patent at issue here would affect its payment obligations under the agreement—Apple has not even *alleged* that to be the case. As such, the panel correctly found that this failure of argument and evidence was “fatal” to Apple’s reliance on *MedImmune*. *Panel Decision*, 992 F.3d at 1383–84.

4. Unlike *MedImmune*, Apple is not being coerced into payments that Apple disputes are owed under the agreement.

There is no evidence of any coercion here, and for good reason—Apple voluntarily entered an agreement with payment obligations, and Apple has not identified any payments demanded by Qualcomm other than those Apple voluntarily agreed to make. As the panel correctly determined, “Apple’s assertions amount to little more than an expression of its displeasure with a license provision into which it voluntarily entered.” *Id.* at 1384.

Apple misidentifies the connection between the relevant coercion in *MedImmune* and the parties’ dispute in that case. The coercion was the risk of treble

damages, fees, and an injunction as “the consequences of failure to” comply with MedImmune’s disputed contractual obligations if it stopped making *the additional royalty payments* Genentech alleged were owed due to the disputed infringement and validity of the challenged patent. *MedImmune*, 549 U.S. at 122, 129–30, 130 n.9. What the Court found coercive was the use of an existing contract to extract additional payments under threat of litigation from a party that disputed whether the payments were owed based on its challenge to the specific patent at issue. *Id.*

Contrary to Apple’s assertions, the relevant coercion had nothing to do with “the licensee’s decision to enter the agreement.” Pet. at 8. The majority did not dispute, as Apple asserts, that MedImmune voluntarily entered into the agreement, but rather that the *additional payments* being demanded by Genentech were not “voluntarily made.” 549 U.S. at 131–33, n.10, n.12. Here, unlike *MedImmune*, there are no allegations, and certainly no evidence, that Qualcomm is demanding disputed payments, let alone payments based on a dispute regarding the infringement or validity of the ’037 or ’362 patents.

Apple’s position amounts to an attack on all voluntarily entered license agreements as coercive, seeking to allow every licensee to challenge the validity of every licensed patent in an Article III court even when the licensee presents no evidence that the challenge will have any effect on its payments or rights under the agreement. Apple cites no authority applying *MedImmune* so broadly and provides

no basis for doing so. Further, Apple wrongly asserts that the *MedImmune* majority did not dispute the dissent’s broad characterization of the holding. Pet. at 8 n.1. Although the dissent in *MedImmune* characterized the majority opinion as “giv[ing] every patent licensee a cause of action” and “contain[ing] no limiting principle whatsoever,” the majority directly rebutted this point in the very footnote Apple cites, stating the dissent was “ignoring” the actual coercion at issue. 549 U.S. at 134 n.12.

Simply put, *MedImmune* did not establish a bright line rule absolving all licensees from offering evidence of standing. Apple had a burden to provide such evidence, and, as the panel correctly determined, Apple did not.

B. These appeals are similarly distinguishable from *Altwater*.

The Court’s decision in *Altwater v. Freeman*, 319 U.S. 359 (1943), which the *MedImmune* Court described “close on its facts,” is similarly distinguishable. *MedImmune*, 549 U.S. at 130. Both *Altwater* and *MedImmune* involved a licensee disputing royalty obligations while continuing to make payments under protest for fear of infringement litigation, and, critically—evidence showing that invalidating the specific patents at issue would eliminate those payment obligations. *See Altwater*, 319 U.S. at 360–61, 364–65. As explained above, there is no such dispute related to these appeals and the panel correctly and repeatedly found that Apple

failed to provide any evidence showing a relationship between its payments and the relief it seeks. Section I, *supra*.

Apple's focus on the license agreement's status in *Altwater* misses the point, because royalties were still being demanded and paid "under protest and under the compulsion of an injunction decree." *Altwater*, 319 U.S. at 364–65. The payment obligation's source, whether a contract or an injunction, is relevant only to the type of evidence needed to link that source to the relief sought. The injunction decree, like the contractual obligation in *MedImmune*, was coercive in view of the risks of defying it. *Id.* The evidence supported standing because granting the invalidity counterclaim relief would affect the "legal relations of the parties" by eliminating payment obligations. *Id.* In such circumstances, a licensee need not defy an injunction, or breach a contract, as the case may be, to show standing when the licensee seeks relief from a payment obligation through an invalidity assertion. *Id.*; *MedImmune*, 549 U.S. at 137.

The panel's focus on the lack of a contractual dispute is not a narrow application of *MedImmune* that runs afoul of *Altwater* as Apple contends. The panel did not hold that there must be a contract dispute for a licensee to have standing to challenge the validity of a patent. Rather, the panel appropriately focused on the contractual source of Apple's payment obligations in these appeals. And the panel correctly determined that, unlike both *MedImmune* and *Altwater*, there are no

allegations or evidence that a finding of invalidity will change Apple's payment obligations or in any way affect the legal relationship between the parties, whether analyzed "for injury in fact or redressability." *Panel Decision*, 992 F.3d at 1383. The panel's decision in this case was a straightforward application of settled law to deficient evidence submitted by Apple, the party with the burden of proving its own standing.

III. Apple's mere status as an IPR petitioner does not automatically create Article III standing.

As the Supreme Court noted in *Cuozzo*, the existence of an IPR dispute regarding invalidity does not, without more, create Article III standing for Apple's appeals. *Cuozzo*, 136 S. Ct. at 2143–44. *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83 (1993), is not somehow in conflict with *Cuozzo*'s discussion of this point.

A. A party must have Article III standing to appeal an IPR decision.

Both this Court and the Supreme Court have recognized that, although anyone (who is not otherwise barred) may petition for IPR, petitioners do not automatically have standing to appeal. *Consumer Watchdog*, 753 F.3d at 1260–62; *Oil States Energy Servs., LLC v. Greene's Energy Grp.*, 138 S. Ct. 1365, 1378 (2018) (IPR not subject to the requirements of Art. III). Further, "[a] statutory grant of a procedural right, e.g., right to appeal, does not eliminate the requirements of Article III," including standing, for appeals from administrative agencies. *Consumer Watchdog*,

753 F.3d at 1261–62. Like the appellant in *Consumer Watchdog*, Apple “does not identify any alleged injury aside from the Board denying [it] the particular outcome it desired” in its failed IPRs. *Id.* Apple thus lacks standing.

B. *Cardinal Chemical* is inapposite.

Apple’s plea for a broad application of *Cardinal Chemical* is not only inconsistent with the Supreme Court’s reasoning in that case, it ignores contrary Federal Circuit precedent.

1. Apple’s argument conflicts with the Supreme Court’s reasoning.

In *Cardinal Chemical*, the Supreme Court held that the Federal Circuit erred by dismissing Cardinal’s counterclaim for a declaratory judgment of invalidity as moot following a determination of noninfringement. 508 U.S. at 87, 91–92, 98. The Supreme Court articulated two bases for its conclusion that the Federal Circuit had jurisdiction over the invalidity counterclaim. *Id.* at 97–98. Neither applies here.

First, the Court reasoned that “the Federal Circuit is not a court of last resort.” *Id.* at 97. In *Cardinal Chemical*, the possibility that the noninfringement holding could still be reversed provided an ongoing dispute that supported the Federal Circuit’s jurisdiction to decide invalidity. *Id.* In these appeals, however, the opposite is true. There are no issues of infringement subject to review. The dismissal with prejudice was jointly agreed upon and not appealed.

Second, the Court reasoned that the initial burden of establishing jurisdiction had been met at the trial court and “once that burden has been met courts are entitled to presume, absent further information, that jurisdiction continues.” *Id.* at 98. Because these are IPR appeals, however, there is no established Article III jurisdiction before the Article I agency, Section III.A, *supra*, so there is no presumption of standing. For at least these reasons, Apple’s attempt to analogize its IPRs to the invalidity counterclaims in *Cardinal Chemical* is unavailing.

2. This Court has declined to extend *Cardinal Chemical* as Apple proposes.

This Court, consistent with the Supreme Court’s reasoning, has refused to broaden *Cardinal Chemical*’s holding. *Cardinal Chemical* is a “relatively narrow” decision applied “in the following—and only the following—way: an affirmed finding of noninfringement does not, *without more*, justify a reviewing court’s refusal to reach the trial court’s conclusion on invalidity.” *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995). In *Super Sack*, the parties moved to dismiss the infringement claims, which the district court granted with prejudice. *Id.* at 1059. Accordingly, this Court found *Cardinal Chemical* inapplicable. Similarly, in *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, this Court held that “*Cardinal Chemical* is limited to the specific facts of that case.” 78 F.3d 540, 546 (Fed. Cir. 1996) (citing *Super Sack*). *See also Nike, Inc. v. Already, LLC*, 663 F.3d 89, 97–98 (2d Cir. 2011), *aff’d*, 568 U.S. 85 (2013) (“applying the

MedImmune totality of the circumstances test,” declining to extend *Cardinal Chemical*, and affirming dismissal of a trademark cancellation counterclaim in light of a broad covenant not to sue and lack of “*evidence of* . . . new potentially infringing products that arguably are not covered by the covenant”).

IV. This Court has repeatedly held that Section 315(e) estoppel does not create standing.

Apple cannot use the AIA’s estoppel provisions to create standing because § 315(e) estoppel does not ordinarily create an injury-in-fact. *See Phigenix*, 845 F.3d at 1175-76 (rejecting the estoppel argument as a basis for Art. III standing); *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1362-63 (Fed. Cir. 2019) (same); *Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1355 (Fed. Cir. 2019) (following *AVX* and *Phigenix*). That is particularly true where, as here, “the appellant ‘is not engaged in any activity that would give rise to a possible infringement suit.’” *Phigenix*, 845 F.3d at 1175-76 (quoting *Consumer Watchdog*, 753 F.3d at 1262). Because Apple has failed to offer any evidence of such activity, the panel correctly determined that “Apple’s harm is particularly suspect” here. *Panel Decision*, 992 F.3d at 1385. Indeed, Apple acknowledged this deficiency during oral argument. *Id.* at 1384–85. The panel appropriately declined Apple’s offer to take judicial notice of what future activities Apply might be engaged in, summarizing its decision with: “We are not fortune-tellers.” *Id.*

V. Apple offered no evidence in support of the competitor standing doctrine, which, in any case, does not apply to the appealed decisions.

Under some circumstances, the injury-in-fact requirement can be satisfied through the competitor standing doctrine. *See Gen. Elec. Co. v. United Techs. Corp.*, 928 F.3d 1349, 1354 (Fed. Cir. 2019), *cert. denied*, 140 S. Ct. 2820 (2020). That doctrine is considered when the evidence establishes that the parties are direct competitors and “government action alters competitive conditions.” *Id.* (citing *AVX Corp. v. Presidio Components, Inc.*, 923 F.3d 1357, 1363 (Fed. Cir. 2019)).

In these appeals, Apple failed to offer evidence of competition between it and Qualcomm, let alone direct competition. Even in appeals where the evidence establishes direct competition between the parties, to alter competitive conditions, the government action must “change the competitive landscape by, for example, creating new benefits to competitors.” *Id.* In other words, the government action must change the status quo. *Id.* “[A]n agency action that is, at most, the first step in the direction of future competition” does not invoke the competitor standing doctrine and therefore does not satisfy the injury-in-fact requirement. *Id.* Further, mere allegations will not suffice—an appellant’s allegations “must be supported with evidence at later stages of litigation.” *Canadian Lumber Trade All. v. United States*, 517 F.3d 1319, 1331 (Fed. Cir. 2008).

In *General Electric*, after the appellant filed and lost an IPR, it asserted appellate standing based on the competitor standing doctrine in view of declarations

addressing the competitive landscape. 928 F.3d at 1352–53. Even though there was evidence that those parties were direct competitors, this Court rejected that argument because “the Board’s upholding of [the claims] did not change the competitive landscape for commercial airplane engines.” *Id.* at 1354. The same analysis would apply here even if Apple had offered relevant evidence. Qualcomm’s patents were and are presumed valid, and the IPR result does not change that.

VI. These appeals are not appropriate for en banc review.

En banc review is inappropriate for at least two independent reasons. First, the *Panel Decision* rests on determinations regarding Apple’s lack of relevant evidence. Second, as explained above, Apple has failed to show that the *Panel Decision* is contrary to any precedent.

CONCLUSION

This Court should deny rehearing en banc.

June 16, 2021

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**CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME
LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE
REQUIREMENTS**

1. This motion complies with the type-volume limitation of Federal Circuit Rule 32(a) or Federal Circuit Rule 28.1.

X The motion contains 3766 excluding the parts of the motion exempted by Federal Rule of Appellate Procedure 32(f), or

___ The motion uses a monospaced typeface and contains ___ lines of text, excluding the parts of the motion exempted by Federal Rule of Appellate Procedure 32(f)

2. This motion complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) or Federal Circuit Rule 28.1 and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6)

X The motion has been prepared in a proportionally spaced typeface using MS Word 2010 in a 14 point Times New Roman font, or

___ characters per inch ___ font.

June 16, 2021

/s/ Michael Hawes
Michael Hawes

CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of June 2021, I electronically filed the foregoing with the Clerk of the Court for the United States Court of appeals for the Federal Circuit through the Court's CM/ECF system.

Participants in the case who are registered CM/ECF users will be served by the appellate CM/ECF system.

/s/ Michael Hawes
Michael Hawes

*Attorneys for Qualcomm
Incorporated.*