

2023-2267

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

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FRAUNHOFER-GESELLSCHAFT ZUR FORDERUNG DER  
ANGEWANDTEN FORSCHUNG E.V.,

*Plaintiff-Appellant,*

– v. –

SIRIUS XM RADIO LLC,

*Defendant-Appellee.*

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*On Appeal from the United States District Court for the  
District of Delaware in No. 1:17-cv-00184-JFB-SRF,  
Hon. Joseph F. Bataillon*

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**DEFENDANT-APPELLEE’S COMBINED PETITION FOR  
PANEL REHEARING AND REHEARING EN BANC**

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JULY 9, 2025

**CERTIFICATE OF INTEREST**

Counsel for Appellee Sirius XM Radio LLC (“SXM”) certifies the following:

1. The full name of all entities represented by undersigned counsel:

Sirius XM Radio LLC

2. The names of the real parties in interest for the entities. Do not list the real parties if they are the same as the entities:

None.

3. All parent corporations and any other publicly held companies that own 10 percent or more of the stock in the entities:

SXM is a wholly-owned subsidiary of Sirius XM Holdings Inc. Berkshire Hathaway Inc. is a beneficial owner of 10% or more of Sirius XM Holdings Inc.

4. The names of all law firms and the partners or associates that appeared for SXM before the United States District Court for the District of Delaware or are expected to appear in this court are:

Gary P. Naftalis, Mark A. Baghdassarian, Alan R. Friedman, Jonathan S. Caplan, Aaron M. Frankel, Eileen M. Patt, Jason M. Moff, Tobias B. Jacoby, Shannon H. Hedvat, P. Bradley O’Neill, Marcus A. Colucci, Harry P. Morgenthau, Chase H. Mechanick, and Carlos J. Tirado of Kramer Levin Naftalis & Frankel LLP, which is now Herbert Smith Freehills Kramer (US) LLP. Philip A. Rovner and Jonathan A. Choa of Potter Anderson & Corroon 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. All information required by Fed. R. App. P. 26.1(b) and (c) in criminal cases and bankruptcy cases.

None.

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## **STATEMENT OF RELATED CASES**

Pursuant to Federal Circuit Rule 47.5, SXM hereby identifies the following related cases.

This case was previously before this Court in Appeal No. 2018-2400, in which the Court issued an opinion on October 17, 2019, pertaining to SXM's motion to dismiss Fraunhofer's original complaint in the underlying litigation before the U.S. District Court for the District of Delaware.

On September 7, 2021, this Court issued an opinion in Appeal No. 20-2319 relating to an IPR proceeding pertaining to one of the patents-in-suit in the underlying litigation. On March 22, 2022, this Court issued an order in the Petition for Writ of Mandamus No. 22-125 pertaining to a discovery order in the underlying litigation. On June 9, 2025, this Court issued an opinion in Appeal No. 23-2267 concerning the district court's grant of the portion of SXM's motion for summary judgment relating to equitable estoppel.

The United States Court of Appeals for the District of Columbia Circuit also issued an opinion in Appeal No. 22-7001 on February 17, 2023, relating to a miscellaneous third-party discovery matter before the District Court for the District of Columbia pertaining to the underlying litigation.

No other cases are related to or may be directly affected by the Court's decision in this appeal.

**STATEMENT OF COUNSEL UNDER FEDERAL CIRCUIT RULE 40(c)(1)**

Based on my professional judgment, I believe that the panel decision is contrary to the following decisions of the Supreme Court of the United States or the precedents of this court: *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992) (en banc); and *High Point SARL v. Sprint Nextel Corp.*, 817 F.3d 1325 (Fed. Cir. 2016).

/s/ Mark A. Baghdassarian

Mark A. Baghdassarian

## INTRODUCTION

The panel’s June 9, 2025 opinion affirmed the district court’s ruling on two of the three elements of equitable estoppel by concluding that Fraunhofer’s conduct during its five years of silence “rose to the level [of] misleading conduct” and that “there is no genuine dispute of material fact that SXM was prejudiced” if it relied on Fraunhofer’s silence. Op. at 10, 14. On the reliance element, the opinion stated that while “[t]here may have been sufficient circumstantial evidence to permit a factfinder to find reliance, . . . the existing record does not compel such a finding as required for summary judgment.” Op. at 13. The panel’s reversal based on this single element is contrary to this Circuit’s long-standing precedents and will sow confusion if not corrected through rehearing by the panel or the Court sitting en banc.

The Court’s en banc decision in *A.C. Aukerman v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992) established the fundamental standard for reliance as an element of equitable estoppel, explaining that: “[t]o show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security in going ahead with” the allegedly infringing conduct. *Id.* at 1043. Applying that reliance standard to facts virtually indistinguishable from those in this case, this Court in *High Point SARL v. Sprint Nextel Corp.*, 817 F.3d 1325 (Fed. Cir. 2016), affirmed summary judgment based on equitable estoppel. *High Point* and this case both involve situations where the

patentee never raised infringement with the accused infringer prior to the patentee's misleading silence. In both *High Point* and this case, the accused infringer considered a viable non-infringing alternative and went ahead with an allegedly infringing system in the face of the patentee's misleading silence.

On these undisputed facts, *High Point* held the accused infringer had established reliance on summary judgment, but the panel here reached a different result. While the panel's opinion (at 11) acknowledges that SXM cited *High Point*, the opinion never explains or justifies the panel's departure from *High Point's* reliance analysis on a summary judgment record that is, at a minimum, equivalent to the record here.

The conflict between the panel's opinion and *High Point* is further compounded by the fact that there is even more undisputed evidence supporting reliance in this case than there was in *High Point*. Here, the record included Fraunhofer's five-plus years of silence while continuing a business-as-usual relationship with SXM and actively promoting SXM's use of the accused system, all while SXM made and maintained its decision to migrate to that system.

Notwithstanding the undisputed evidence of reliance, the panel concluded there is a potential fact question as to whether SXM relied on Fraunhofer's silence because SXM's decision to migrate to the allegedly infringing system was based on that system having greater market penetration than the non-infringing alternative.

What the panel overlooked or misapprehended is that market penetration was not the only factor that led to SXM's decision. The uncontroverted evidence shows that, after a detailed comparison of the two systems, market penetration became the tie-breaking factor only because SXM had otherwise found the two systems equivalent, including from a cost perspective. That equivalence necessarily resulted from Fraunhofer's misleading silence because without that silence—that is, if Fraunhofer had raised infringement—the costs of the two systems would not have been remotely equivalent, which would have led SXM to adopt the non-infringing system.

That is precisely the same circumstance as in *High Point*. In fact, just as SXM preferred the accused system in the absence of infringement allegations, so too Sprint “preferred” the infringing option it chose. Despite the inescapable parallels between *High Point* and this case, the panel did not address *High Point's* reliance determination—let alone explain why a different result was warranted here.

Instead, the panel's reliance determination depends on cases that are fundamentally different from *High Point* and this case. Those cases involve the “most common situation” where “the patentee specifically objects ... and then does not follow up for years.” *Aukerman*, 960 F.2d at 1042. By contrast, in *High Point* and here, the patentee *never* raised infringement. Applying the reliance analysis from cases with such fundamentally different scenarios is the equivalent of forcing a square peg into a round hole.

At its core, the panel's opinion cannot be squared with *Aukerman*'s "lulling" standard. The opinion acknowledges that standard but held the district court somehow erred granting summary judgment on the reliance element based on an undisputed record. That record included not only Fraunhofer's lengthy silence but also Fraunhofer's continued work with SXM and its promotion of SXM's use of the accused system, all while SXM migrated to that system. That was more than enough to "lull" SXM into a "sense of security in going ahead with" its migration to the allegedly infringing system.

If panel rehearing is not granted, rehearing en banc should be granted so the full Court may consider the implications of the panel's opinion. Most importantly, the full Court should address the opinion's inconsistency with *Aukerman* and *High Point*, where *High Point* held a factual record like this one meets this Court's standard for reliance on summary judgment. Leaving such inconsistent rulings in place will sow confusion given the opinion's failure to recognize the key distinction between the "most common situation" in equitable estoppel cases, where the patentee expressly raised infringement before going silent, and "silence alone" situations like this case and *High Point*, where the patentee never raised infringement before its misleading silence. And without addressing such issues, the panel opinion could have inequitable consequences in future cases by being interpreted as imposing a higher reliance standard than required by *Aukerman* or *High Point*. That

interpretation would reward patentees for misleading silence and punish accused infringers when patentees never raise infringement.

To avoid confusion, inconsistent rulings, and inequitable results, the Court should grant panel or en banc rehearing, and rule that SXM has satisfied the reliance element of equitable estoppel on summary judgment.

### **ARGUMENT**

#### **I. THE PANEL SHOULD GRANT REHEARING BECAUSE IT OVERLOOKED OR MISAPPREHENDED *HIGH POINT'S* RELIANCE HOLDING**

##### **A. SXM's Undisputed Record of Reliance Matches and Even Exceeds That Found in *High Point***

This case is on all fours with this Circuit's precedent: *High Point*. That equitable estoppel case concluded that reliance had been demonstrated on summary judgment where the patentee, like Fraunhofer, never raised infringement while the accused infringer considered whether to pursue an allegedly infringing system or an alternative non-infringing system. The Court in *High Point* ruled that the district court did not abuse its discretion by finding reliance where, as here, the alleged infringer "Sprint had several options when building its network and ... would have acted differently if the threat of litigation was a possibility." 817 F.3d at 1331. That conclusion applies equally to SXM under essentially the same—and even stronger—undisputed evidence than was present in *High Point*.

Here, the undisputed record evidence of reliance, direct and circumstantial, was at least equivalent to that in *High Point*:

<i>High Point</i>	This Case
In <i>High Point</i> , the alleged infringer “Sprint had many conversations about building its network and considered using a different system (e.g., Global System Mobile).” <i>High Point</i> , 817 F.3d at 1331.	SXM undisputedly performed a detailed evaluation to consider whether to migrate to the allegedly infringing high-band system or the indisputably non-infringing low-band system. Appx5-6, Appx4156-4158; <i>see also</i> Appx1825-1826, Appx1842-1843, Appx1851-1852, Appx4386.
Sprint “considered purchasing equipment solely from [infringing vendors] or . . . from licensed vendors entirely.” <i>High Point</i> , 817 F.3d at 1331.	SXM considered migrating to either the allegedly infringing high-band system or the alternative low-band system. Appx4156-4158, Appx4386.
“Sprint could have retrofitted the potentially infringing infrastructure with sufficient notice of possible infringement.” <i>High Point</i> , 817 F.3d at 1331.	Undisputed evidence shows SXM could have pursued migration to the alternative low-band system with sufficient notice. Appx6, Appx4148, Appx4362, Appx4358-59, Appx6807. <sup>1</sup>

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<sup>1</sup> The panel’s opinion holds that “Fraunhofer’s attempt to generate disputes of material fact regarding whether the low-band system was a ‘viable’ non-infringing alternative is unpersuasive.” Op. at 14-15.

Thus, in all material respects, this case is just another *High Point*. But there is even more undisputed evidence here supporting reliance. For example, for more than five years, Fraunhofer remained silent on infringement while repeatedly taking actions to reinforce its business-as-usual relationship on which SXM would rely, both in the time leading up to the evaluation and the initial decision to migrate to the high-band system around 2010, and during the subsequent five years of silence when SXM maintained and implemented that decision:

- SXM executed and made public a 2009 settlement agreement with WorldSpace to secure SXM's rights to the Asserted Patents during the WorldSpace bankruptcy proceedings. Op. at 4, citing Appx1712, Appx1715-1723, Appx1725-1726, Appx6207; Appx2. Despite participating in those bankruptcy proceedings, Fraunhofer never raised infringement with SXM while SXM evaluated the two systems and then made, maintained, and implemented its migration decision. Op. at 5; Appx2.
- After 2010, Fraunhofer had extensive "ongoing engagements" with SXM concerning "audio technology" used in the allegedly infringing high-band system. Appx4155, Appx4380.

- After 2010, Fraunhofer explored new business opportunities with SXM. Appx6023-6024, Appx6030, Appx6051.
- After 2010, Fraunhofer held meetings and exchanged correspondence with SXM. Appx4155.
- After 2010, Fraunhofer discussed with SXM payments owed for work developing the high-band system. Appx6016-6017, Appx6033-6035.
- In 2013, Fraunhofer negotiated and executed an amendment to the Firm Fixed Price Contract (“FFPC”), affirming that SXM had accepted delivery of work relating to the high-band system under the FFPC, resolving outstanding payments thereunder, and confirming that all other terms of the FFPC were in full force and effect, including terms directly granting licenses to SXM. Appx1796-1797, Appx6042-6049.
- In 2014, Fraunhofer procured for SXM a third-party license for technology with the express understanding that the technology would be used in the allegedly infringing high-band system. Appx2350.

- As the panel held, “Fraunhofer itself built [the] allegedly infringing features” of the accused system and then “Fraunhofer publicly touted its involvement in the development of that system for years to come,” including in 2011 and 2012—after SXM’s sublicense allegedly terminated. Op. at 9, citing Appx6104 (Fraunhofer’s 2011 Annual Report) and Appx4022 (testimony concerning conduct in 2012).

This additional undisputed evidence makes for an even stronger undisputed record than found in *High Point*, and satisfies the *Aukerman* reliance standard, because SXM had a “relationship or communication” with Fraunhofer “which lull[ed] [SXM] into a sense of security in going ahead with” SXM’s migration to the high-band system. *Aukerman*, 960 F.2d at 1043. If the record in *High Point* was sufficient to demonstrate reliance on summary judgment, it is necessarily sufficient here.

**B. The Panel’s Opinion Overlooks or Misapprehends SXM’s Undisputed Evidence Supporting Reliance**

The panel’s opinion states that the record does not “necessarily establish” reliance on summary judgment because “an SXM representative testified that the impetus for pursuing the accused XM DARS System over the non-infringing low-band alternative was not that SXM took Fraunhofer’s silence as acquiescence of SXM’s continued use of the patented technology, but that the XM DARS System

had greater market penetration and was the easier business choice.” Op. at 12. This overlooks or misapprehends the record. The witness did not testify that SXM’s migration to the high-band system was “not” influenced by Fraunhofer’s silence or that the *only* reason SXM chose the high-band system was due to market penetration. Instead, the undisputed evidence, from that witness and other sources, showed that market penetration became the tie-breaking factor only because SXM had otherwise found the two systems equivalent from a consumer, technical, and *cost* perspective. SXM Br. at 13, citing Appx4157-4158 (uncontroverted testimony that SXM determined “it was a wash between the two” systems in terms of “cost”); SXM Br. at 43-44. Indeed, as the panel’s opinion recognizes, the SXM witness testified that the decision “*boils down* to both systems were equivalent.” Op. at 12 (emphasis added).

Based on this undisputed testimony, the reason the decision “boil[ed] down” to the systems being equivalent, including from a cost perspective, was necessarily *a result of Fraunhofer’s silence*. Had Fraunhofer raised infringement, it is indisputable that the two systems would not have been equivalent from a cost perspective because the high-band system would have been burdened by the substantial infringement claim that Fraunhofer now asserts. SXM thus “substantially” relied on Fraunhofer’s misleading silence, as required by *Aukerman*. 960 F.2d at 1042-43; *see also High Point*, 817 F.3d at 1331.

Notably, a business choice similar to the one SXM faced here did not prevent this Court from concluding that the defendant established reliance in *High Point*. The *High Point* Court “agree[d] with the district court that [Sprint] detrimentally relied” on the patentee’s silence when choosing which option to pursue, 817 F.3d at 1331, despite the undisputed fact that Sprint “*preferred*” the infringing option it chose, much like SXM preferred the high-band system based on market penetration. Brief for Defendant-Appellee at 41, *High Point SARL v. Sprint Nextel Corp.*, No. 15-1298, Doc. 38 (Fed. Cir. July 9, 2015) (emphasis in original).

And despite Sprint’s “preference,” this Court still found reliance in *High Point* based on Sprint’s argument, similar to the one SXM presented here: “if Sprint’s choice was between [non-infringing] sole-source purchasing, and a future infringement lawsuit seeking billions of dollars in damages—that would be an entirely different question. And it was a question Sprint never faced, because none of High Point’s predecessors indicated that infringement was a concern.” *Id.* That is exactly the case here.

Ultimately, all the undisputed direct and circumstantial evidence of reliance is at least equivalent to, if not greater than, the evidence deemed sufficient for summary judgment in *High Point* and necessarily leads to the same conclusion—that SXM relied on Fraunhofer’s silence and conduct because SXM undisputedly “had several options when building its network [*i.e.*, the high-band system or the

low-band system] and that [SXM] would have acted differently if the threat of litigation was a possibility.” *High Point* 817 F.3d at 1331.<sup>2</sup>

In this regard, we note that Fraunhofer incorrectly argued in its reply brief that witnesses in *High Point* expressly testified that Sprint “would have acted differently.” Fraunhofer Reply Br. at 17. Not true. There was no such testimony in *High Point*, as shown by this Court’s description of the actual testimony and the parties’ arguments, 817 F.3d at 1329-32, the parties’ appellate briefs, and the district court’s opinion. *High Point SARL v. Sprint Nextel Corp.*, 67 F. Supp. 3d 1294, 1311-12, 1314 (D. Kan. 2014).<sup>3</sup> That Sprint “would have acted differently” was a conclusion that this Court (and the district court) reached based on circumstantial evidence. 817 F.3d at 1331.

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<sup>2</sup> The panel noted that “[c]ircumstantial evidence is not only sufficient, but may also be more certain, satisfying and persuasive than direct evidence.” Op. 13 n.4, quoting *Moleculon Rsch. Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986).

<sup>3</sup> Appellant High Point argued there was no evidence that Sprint “actually would have” “proceeded differently.” Brief for Plaintiff-Appellant High Point at 44-45, 48, *High Point SARL v. Sprint Nextel Corp.*, No. 15-1298, Doc. 30 (Fed. Cir. Apr. 30, 2015). In response, appellee Sprint did not dispute there was no such witness testimony but argued that Sprint had alternatives it “could have” pursued. Brief for Defendant-Appellee Sprint at 41, *High Point SARL v. Sprint Nextel Corp.*, No. 15-1298, Doc. 38 (Fed. Cir. July 9, 2015). In reply, appellant High Point confirmed that “[n]either of the witnesses testified that Sprint actually would have done something different.” Reply Brief for Plaintiff-Appellant High Point at 17-18, *High Point SARL v. Sprint Nextel Corp.*, No. 15-1298, Doc. 45 (Fed. Cir. Aug. 26, 2015).

Here, too, the district court concluded that SXM would have acted differently—that is, SXM would not have chosen to migrate to the allegedly infringing high-band system instead of the available non-infringing alternative—had Fraunhofer raised infringement. Appx6. This is simply because, due to Fraunhofer’s misleading silence, SXM believed it was choosing between two otherwise-equivalent systems. *Id.*

**C. The Panel’s Opinion Cites Case-Law on Reliance that Differs Critically from the Situation Present Here and in *High Point***

In its reliance determination, the panel’s opinion (at 11-12) cites three cases: *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 767 F.3d 1339 (Fed. Cir. 2014); *Aspex Eyewear Inc. v. Clariti Eyewear, Inc.*, 605 F.3d 1305 (Fed. Cir. 2010); and *Hemstreet v. Computer Entry Sys. Corp.*, 972 F.2d 1290 (Fed. Cir. 1992). Those cases differ critically from this case and *High Point* as they all involved patentees who first expressly raised an infringement issue with the defendant and then went silent. Here, Fraunhofer, like the patentee in *High Point*, never once raised infringement with SXM before or during Fraunhofer’s five years of misleading silence. By not recognizing this distinction and relying on such cases on the reliance element, the panel’s opinion likely will cause confusion in the law.

In *SCA*, the patentee SCA sent First Quality six letters raising infringement and then filed an *ex parte* re-examination request after First Quality alleged the patents were invalid. 767 F.3d at 1349. The Court found that issues of fact remained

because testimony did not “necessarily establish” that First Quality acted “after considering the implications of SCA’s silence.” *Id.* at 1351. In *Aspex*, the patentee Aspex sent Clariti a letter raising infringement and Clariti thereafter “took into account” Aspex’s subsequent failure to pursue its patent claim. 605 F.3d at 1309, 1312. And in *Hemstreet*, the patentee Hemstreet sent CES a “warning letter” raising infringement, CES said it would respond to Hemstreet but never did, and “CES apparently made a deliberate business decision to ignore that warning, and to proceed as if nothing had occurred.” 972 F.2d at 1294.

The opinion thus overlooked or misapprehended the key distinction in this Court’s case-law between the “most common situation” where the patentee “specifically objects” and “then does not follow up for years,” *Aukerman*, 960 F.2d at 1042, and “silence alone” cases, *High Point*, 817 F.3d at 1330, by applying *SCA*, *Aspex*, and *Hemstreet* instead of *High Point* to the panel’s determination of whether SXM established reliance on summary judgment. Here, as in *High Point*, there was no letter or explicit warning for SXM to take into account or ignore. Indeed, an accused infringer cannot consider an infringement threat when no threat is made. Under such circumstances, like here and in *High Point*, circumstantial evidence, such as consideration of alternative infringing and non-infringing systems, in the context of misleading silence, satisfies the reliance element of equitable estoppel.

**II. THE COURT SHOULD GRANT EN BANC REHEARING TO ADDRESS CONFLICTS BETWEEN THE PANEL’S OPINION AND THIS COURT’S *AUKERMAN* AND *HIGH POINT* DECISIONS**

The *Aukerman* en banc Court outlined the governing standard for reliance: “The accused infringer must show that, in fact, it substantially relied on the misleading conduct of the patentee in connection with taking some action.... To show reliance, the infringer must have had a relationship or communication with the plaintiff which lulls the infringer into a sense of security in going ahead with” the allegedly infringing conduct. 960 F.2d at 1042-43. While the panel here quoted *Aukerman* generally, its opinion diverts from this reliance standard as properly applied in *High Point* by ignoring *High Point* and instead basing its reliance determination on case-law involving a fundamentally different fact pattern.

This case, like *High Point*, falls squarely within the bounds of the reliance standard outlined in *Aukerman*. Consistent with *Aukerman*, *High Point* first found that the patentee engaged in misleading silence and then found that the lulled defendant made decisions based on that silence. In its lulled state, the accused infringer “considered using a different system,” “considered purchasing” other equipment, and/or “could have” retrofitted infrastructure. 817 F.3d at 1331.

As in *High Point*, the undisputed facts presented by SXM show that: SXM and Fraunhofer had a substantial and extensive relationship; SXM was “lulled” into a “sense of security” by Fraunhofer’s misleading conduct and silence; SXM

considered its options (the high-band system versus the low-band system) in the face of that silence; and SXM ultimately decided to migrate, and maintain its decision to migrate, to the high-band system rather than to the non-infringing low-band system because, absent any threat of an infringement action, it believed that the costs of the two competing systems were equivalent. *See* above at Section I.A-B. As a result, both *High Point* and the undisputed record here satisfy the *Aukerman* reliance standard.

However, for reliance, the panel’s opinion states that “SXM must [ ] establish that it at least considered Fraunhofer’s silence or inaction and that such consideration influenced its decision to migrate to the accused high-band system.” Op. at 11, citing *SCA*, *Aspex*, and *Hemstreet* (emphasis omitted). But SXM did establish that for purposes of summary judgment. Unlike the “most common situation” cases cited in the opinion where infringement issues had been expressly raised and could be specifically analyzed (*see* above at Section I.C), SXM was lulled into a “sense of security” and subsequently considered an alternative non-infringing system that, based on Fraunhofer’s silence, was understood to be cost-equivalent to the allegedly infringing system.

The panel’s opinion also has a number of critical implications that warrant consideration by the full Court en banc. *First*, because *High Point* demonstrated that a factual record like this one meets *Aukerman*’s “lulling” standard for reliance on

summary judgment, the opinion's conclusion to the contrary departs from and is inconsistent with that precedent.

*Second*, the panel's opinion will cause confusion about which case-law should be relied upon for establishing reliance on summary judgment. For purposes of reliance, the opinion does not recognize the distinction between the "most common situation," where the patentee expressly raised infringement before going silent, and "silence alone" situations like this case and *High Point*, where the patentee never raised infringement before its misleading silence. Parties and district courts faced with "silence alone" fact patterns will be left to wonder whether they should follow *High Point*, this case, or attempt to reconcile the two decisions.

*Third*, by applying "most common situation" cases to a "silence alone" case for reliance purposes, the panel's opinion could have unintended and inequitable consequences in other cases. As noted, an accused infringer cannot consider a threat that was never made. Under the panel's opinion, a court might expect that cases involving total silence require a heightened reliance standard beyond that required by *Aukerman* and *High Point*, even though such a change in law cannot be achieved without a ruling from the en banc Court.

Despite this, that interpretation would reward a patentee for its misleading silence and for failing to engage with accused infringers, ultimately punishing accused infringers, like SXM, who were never advised by the patentee of any

infringement issues in the first place. The punishment to an accused infringer would be even more egregious where, as here, the accused infringer migrated its business to the accused system while the patentee not only remained silent but also continued a business-as-usual relationship with the accused infringer as described above.

### **CONCLUSION**

For the foregoing reasons, SXM respectfully requests that the panel grant this petition for rehearing, or in the alternative, that the full Court hear this case en banc, and rule that SXM has satisfied the reliance element for equitable estoppel on summary judgment consistent with this Court's prior precedent in *Aukerman* and *High Point*.

Respectfully submitted,

Dated: July 9, 2025

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# ADDENDUM

# United States Court of Appeals for the Federal Circuit

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**FRAUNHOFER-GESELLSCHAFT ZUR  
FORDERUNG DER ANGEWANDTEN FORSCHUNG  
E.V.,**  
*Plaintiff-Appellant*

v.

**SIRIUS XM RADIO INC.,**  
*Defendant-Appellee*

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2023-2267

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Appeal from the United States District Court for the District of Delaware in No. 1:17-cv-00184-JFB-SRF, Senior Judge Joseph F. Bataillon.

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Decided: June 9, 2025

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DAVID C. MCPHIE, Irell & Manella LLP, Newport Beach, CA, argued for plaintiff-appellant. Also represented by REBECCA CARSON, BEN J. YORKS; GRANT WILLIS GABRIEL, Los Angeles, CA.

MARK BAGHDASSARIAN, Herbert Smith Freehills Kramer (US) LLP, New York, NY, argued for defendant-appellee. Also represented by ALAN ROY FRIEDMAN, SHANNON H. HEDVAT, TOBIAS B. JACOBY, JASON MOFF, GARY P. NAFTALIS.

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Before LOURIE, DYK, and REYNA, *Circuit Judges*.

LOURIE, *Circuit Judge*.

This case returns after we previously vacated the district court’s grant of Sirius XM Radio Inc.’s (“SXM”) motion to dismiss for failure to state a claim. *See Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V. v. Sirius XM Radio Inc.*, 940 F.3d 1372 (Fed. Cir. 2019) (“*Fraunhofer I*”). Now on summary judgment, the district court again entered final judgment in favor of SXM, concluding that Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V.’s (“Fraunhofer”) claims for infringement of now-expired U.S. Patents 6,314,289, 6,931,084, 6,993,084, and 7,061,997 (“the asserted patents”) are barred by equitable estoppel. *Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V. v. Sirius XM Radio Inc.*, No. 17-cv-184, 2023 WL 4420414 (D. Del. July 10, 2023) (“*Decision*”).

We reverse.

#### BACKGROUND<sup>1</sup>

Fraunhofer is a non-profit research organization based in Munich, Germany, that has spent decades developing and patenting various inventions relating to multicarrier modulation (“MCM”) technology. That technology is used for Digital Audio Radio Service (“DARS”), otherwise known as satellite radio.

On March 4, 1998, Fraunhofer entered into an agreement (“the Master Agreement”) with WorldSpace International Network, Inc. (“WorldSpace”), granting WorldSpace

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<sup>1</sup> Additional background can be found in *Fraunhofer I*. We recount the relevant facts here for convenience.

a “worldwide, exclusive, irrevocable license, with the right to sublicense,” to various of Fraunhofer’s patents directed to MCM technology, including those asserted here. J.A. 1629. Also in 1998, Fraunhofer began a collaboration with XM Satellite Radio (“XM”) to bring satellite radio to the United States. Because that work would require use of the MCM technology protected by the asserted patents, Fraunhofer told XM that, in light of the Master Agreement, XM would need to seek a sublicense to those patents from WorldSpace. That condition was made express in a Firm Fixed Price Contract (“FFPC”) between XM and Fraunhofer. J.A. 1707. XM obtained the requisite “irrevocable” sublicense, J.A. 1638–58, and, with the help of Fraunhofer, incorporated the patented MCM technology into its satellite radio system, the XM DARS System, which it launched in 2001.

Later, in 2008, XM, which had successfully developed the “high-band” XM DARS System, joined forces with Sirius Satellite Radio, Inc., which had developed its own “low-band” satellite radio system, to form SXM.<sup>2</sup> As part of that new venture, SXM was faced with the challenge of determining how to proceed with the distinct low- and high-band systems, which were technically incompatible due to physical differences in receivers. Given that both systems were already in commercial use, SXM continued to operate each system while it worked to gradually shift car manufacturers to just one of the two systems. Ultimately, SXM opted to encourage manufacturers to implement the high-band system in new vehicles.

Meanwhile in 2008, WorldSpace filed for bankruptcy. As part of the bankruptcy proceedings, XM and

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<sup>2</sup> The terms “high-band” and “low-band” refer to the relative range of frequencies used in each system. That is, the “high-band” XM DARS System operates at a higher range of frequencies than the “low-band” system.

WorldSpace entered into a Settlement Agreement to resolve outstanding payments owed under the sublicense. J.A. 1711–13. The Settlement Agreement characterized itself as an amendment to the sublicense and provided that the agreement could not be assigned or transferred by sale or merger without written consent of the parties. J.A. 1712. Neither Fraunhofer nor SXM, XM’s parent company at that time, were parties to the Settlement Agreement. However, the agreement was made public, with notice to Fraunhofer, during formal bankruptcy proceedings. J.A. 1715–23, 1725–26; *see also* J.A. 6207 (Fraunhofer’s corporate representative testifying that Fraunhofer “had long assumed that there existed a sublicensing agreement” between XM and WorldSpace, and that “[i]t is a fact that [the] sublicensing agreement became public during the bankruptcy proceedings”). Thereafter, in 2011, XM formally merged into and with SXM, terminating the existence of XM. It remains disputed whether any of XM’s rights to the asserted patents attached to its successors, whether via the “irrevocable” sublicense from WorldSpace or via the FFPC with Fraunhofer. *Compare* Fraunhofer Br. 10 (noting that XM’s Settlement Agreement did not “grant any rights to SXM, which was XM’s parent company at the time”), *with* SXM Br. 7 (suggesting the FFPC “granted XM and its successors a license” to the asserted patents). In any event, with or without a license, SXM continued to use the XM DARS System, incorporating the allegedly infringing technology.

Also at the bankruptcy court, in 2010, WorldSpace rejected the Master Agreement, which “was equivalent to a breach occurring ‘immediately before the date of the filing of the [bankruptcy] petition.’” *Fraunhofer I*, 940 F.3d at 1375–76 (alteration in original) (quoting *Mission Prod. Holdings, Inc. v. Tempnology, LLC*, 587 U.S. 370, 374 (2019)). The breach gave Fraunhofer the right to terminate the Master Agreement. *Id.* It remains disputed whether

the agreement was actually terminated at that time. *Compare* Fraunhofer Br. 10, *with* SXM Br. 9.

Years later, in 2015, Fraunhofer notified SXM that it believed SXM was infringing the asserted patents. *See* J.A. 444, 1800–03. It explained its belief that “the [Master Agreement] between Fraunhofer and World[S]pace was terminated as part of the World[S]pace bankruptcy” in 2010, J.A. 1802, such that “substantial rights [in the asserted patents had] reverted to Fraunhofer,” J.A. 1800. The next month, Fraunhofer sent a letter to WorldSpace claiming that the Master Agreement was “terminated” in the context of the bankruptcy proceedings, and to the extent that was not the case, it had been terminated for cause under German law and by its own terms. *Fraunhofer I*, 940 F.3d at 1376; J.A. 1812–13. Thus, in Fraunhofer’s view, the Master Agreement “terminated [in 2010] pursuant to the [bankruptcy c]ourt-approved agreement, with all patent rights reverting to Fraunhofer.” Fraunhofer Br. 10 (citing J.A. 1769–70).

On February 22, 2017, Fraunhofer filed its complaint in the U.S. District Court for the District of Delaware, alleging that various aspects of the XM DARS System infringed the asserted patents. J.A. 167–74; *see also* J.A. 434–45 (Amended Complaint). The district court dismissed the case in its entirety on the ground that SXM had a valid license to the asserted patents. *Fraunhofer I*, 940 F.3d at 1374. We vacated the judgment and remanded for further proceedings. *Id.* at 1383. The case thereafter proceeded and, following discovery, the parties collectively filed thirteen motions for summary judgment.

In one of its motions, SXM argued that Fraunhofer’s claims for infringement were barred by equitable estoppel. J.A. 1468–70. Specifically, SXM argued that, given Fraunhofer’s collaboration with SXM to build the allegedly infringing aspects of the accused XM DARS System from at least 1998 to 2010, its failure to raise SXM’s potential

infringement of the accused patents by that system until 2015 precluded its claims. J.A. 1469. SXM argued that it had relied on and was prejudiced by Fraunhofer's silence, as evidenced by its decision to migrate car manufacturers to the accused high-band system. J.A. 1469–70. In SXM's view, it could have alternatively migrated those manufacturers to the non-infringing low-band system had it known that it would be threatened with litigation. *Id.* Thus, SXM contended that, to the extent it did not already have an express license, Fraunhofer had effectively granted it an implied license to the asserted patents. J.A. 1468 (citing *High Point SARL v. Spring Nextel Corp.*, 817 F.3d 1325, 1331 (Fed. Cir. 2016)).

The district court agreed and granted SXM's motion on the basis of equitable estoppel, dismissing all other motions as moot and entering final judgment in favor of SXM. *See Decision*, at \*4; J.A. 9. The district court explained that, assuming Fraunhofer's view of the facts, *i.e.*, “that SXM has been using Fraunhofer's patented technology without license since at least June 2010—and both [parties] knew it,” then Fraunhofer's delay of more than five years in asserting the patents amounted to an inexcusable delay. *See Decision*, at \*2. The district court further explained that SXM “relied on Fraunhofer's extended silence and conduct to its detriment,” concluding that, “as the parties agree[d],” SXM's choice to migrate to the infringing high-band system “came down to business pragmatics.” *Id.* at \*3. That is, the court explained that “[i]f barred from the high-band, SXM could and would have elected the low[-band].” *Id.* Finally, the district court explained that it was undisputed that SXM was prejudiced by Fraunhofer's silence, as it spent years and “hundreds of millions of dollars” having equipment installed into vehicles to make those vehicles compatible with the accused XM DARS System. Based on that “undisputed record,” the district court granted summary judgment to SXM. *Id.*

Fraunhofer timely appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

#### DISCUSSION

We review a district court’s grant of summary judgment of equitable estoppel in two steps. *Ferring B.V. v. Allergan, Inc.*, 980 F.3d 841, 850 (Fed. Cir. 2020). First, applying the law of the regional circuit, we review whether there are any genuine disputes of material fact that would preclude summary judgment. *Id.* The Third Circuit reviews a grant of summary judgment *de novo*, viewing all facts and drawing all reasonable inferences in the non-movant’s favor. *Glaesener v. Port Auth. of New York & New Jersey*, 121 F.4th 465, 467 (3d Cir. 2024) (citation omitted). Absent any such disputes, we then review the district court’s application of equitable estoppel for abuse of discretion. *Ferring B.V.*, 980 F.3d at 851 (quoting *John Bean Techs. Corp. v. Morris & Assocs., Inc.*, 887 F.3d 1322, 1327 (Fed. Cir. 2018)).

#### I

Equitable estoppel is a defense “addressed to the sound discretion of the trial court.” *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1041 (Fed. Cir. 1992) (en banc), *abrogated on other grounds by SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 580 U.S. 328 (2017). The defense has three requirements:

(1) the patentee engages in misleading conduct that leads the accused infringer to reasonably infer that the patentee does not intend to assert its patent against the accused infringer; (2) the accused infringer relies on that conduct; and (3) as a result of that reliance, the accused infringer would be materially prejudiced if the patentee is allowed to proceed with its infringement action.

*Ferring B.V.*, 980 F.3d at 853 (quoting *John Bean*, 887 F.3d at 1327). We address the parties' arguments as to each requirement in turn.

#### A. Misleading Conduct

"The first element of equitable estoppel requires [Fraunhofer] to have made a misleading communication, either affirmatively or by omission, to [SXM]." *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 767 F.3d 1339, 1349 (Fed. Cir. 2014).<sup>3</sup> In general, "silence alone will not create an estoppel unless there was a clear duty to speak," or unless a patent owner's "continued silence" reinforces an accused infringer's inference that the patent owner has acquiesced to the infringer's conduct. *Aukerman*, 960 F.2d at 1043–44. Put otherwise, misleading conduct occurs where an accused infringer can reasonably infer from a patent owner's conduct or silence that the patent owner has known of the allegedly infringing activities for some time without having asserted its rights. See *High Point*, 817 F.3d at 1330. Here, the district court concluded that there was no genuine dispute of material fact that Fraunhofer's failure to raise the issue of potential infringement to SXM from 2010—the year Fraunhofer asserts that it reacquired all rights to the asserted patents—until 2015 amounted to misleading silence. We agree.

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<sup>3</sup> The portion of the panel decision in *SCA Hygiene* reversing summary judgment based on equitable estoppel was reinstated and adopted by the *en banc* court upon rehearing. 807 F.3d 1311, 1333 (Fed. Cir. 2015). The Supreme Court then granted certiorari and vacated the *en banc* court's decision on the issue of laches, but did not address its decision regarding equitable estoppel. 580 U.S. at 333 n.2, 346. Thus, the three-judge panel's treatment of equitable estoppel in *SCA Hygiene* remains good law.

There is no dispute that Fraunhofer was aware that, to successfully launch the accused XM DARS System, SXM needed access to the technology claimed in the asserted patents. Indeed, it required SXM to obtain a sublicense to those patents from WorldSpace before that system could be developed. *See* J.A. 1707. There is also no dispute that Fraunhofer itself assisted in SXM’s development of the accused system. J.A. 441 (Fraunhofer’s complaint alleging that “Fraunhofer built the infringing aspects of the XM DARS System at the request of [SXM] using the technologies covered by the [asserted patents]”). Thus, at all relevant times, Fraunhofer knew that aspects of the XM DARS System, which it helped build and which commercially launched in 2001, may infringe the asserted patents. Further still, Fraunhofer publicly touted its involvement in the development of that system for years to come. *See* J.A. 6104 (Fraunhofer’s 2011 Annual Report noting that examples of its satellite-based communication systems “include the successful Sirius XM satellite radio system”); J.A. 4022 (designated confidential). But, despite that knowledge, Fraunhofer did not raise to SXM any issue of the XM DARS System’s potential infringement of the asserted patents for more than five years after it argues any rights SXM had in the asserted patents had lapsed.

Accepting Fraunhofer’s—the nonmoving party’s—view of the facts, it was entirely reasonable for SXM to infer that Fraunhofer would not bring a claim that the XM DARS System infringed the accused patents. Not only did Fraunhofer know, since as early as 1998, that the accused system incorporated features that allegedly infringe the asserted patents, Fraunhofer itself *built* those allegedly infringing features. And if we accept Fraunhofer’s view that all parties knew that any rights SXM had in the asserted patents were “derivative of” the rights granted from Fraunhofer to WorldSpace in the Master Agreement, such that “termination” of the Master Agreement in 2010 stripped SXM of any of its rights to the patents, *see* J.A. 441 (a disputed fact we

need not resolve here), then the more-than-five-year delay in raising the issue of SXM's potential infringement rises to the level of misleading conduct. *See High Point*, 817 F.3d at 1331 (concluding that patent owner's silence amounted to misleading conduct where the patent owner had actively engaged in building the accused system).

We are unpersuaded by Fraunhofer's argument that the "most plausible" explanation for its silence between 2010 and 2015 was that the parties' collaboration was substantially complete by 2010. *See Fraunhofer Br. 26*. Regardless whether that is true, it is beside the point. That the collaboration was substantially complete in 2010 does not explain why Fraunhofer, which at that time believed it was the only party with any rights to the asserted patents, did not question for five years SXM's continued use of the XM DARS System, a system that it not only helped build, but that it *knew* incorporated the allegedly infringing features and was in widespread commercial use.

We therefore agree with the district court's conclusion that Fraunhofer's more-than-five-year silence in asserting infringement, in light of its clear knowledge of that infringement, rose to the level misleading conduct.

#### B. Reliance

To satisfy the second requirement of equitable estoppel, SXM must show that it, in fact, substantially relied on the misleading conduct of Fraunhofer in connection with taking some action. *See Aukerman*, 960 F.2d at 1042–43. To show reliance, SXM must have had a relationship or communication with Fraunhofer that "lull[ed]" it into a "sense of security" in continuing its use of the accused XM DARS System. *Id.*

SXM argues that "Fraunhofer's misleading silence and conduct lulled SXM into continuing to use the [accused] high-band system, expanding its high-band business, migrating its low-band business to the high-band system, and

stopping development and marketing of its non-infringing low-band system.” SXM Br. 38. It further suggests that its reliance on Fraunhofer’s misleading conduct is evidenced by its “fail[ure] to take actions limiting its exposure, such as seeking a license.” *Id.* at 38 n.7. Accordingly, in SXM’s view, had it known that Fraunhofer would raise claims of infringement, it would have opted to migrate car manufacturers to the non-infringing low-band alternative or otherwise sought additional protections against patent infringement. In that way, SXM argues that the district court correctly determined that there is no genuine dispute that SXM relied on Fraunhofer’s misleading conduct. *Id.* at 39 (citing *High Point*, 817 F.3d at 1331, and *ABB Robotics, Inc. v. GMFanuc Robotics Corp.*, 52 F.3d 1062, 1064 (Fed. Cir. 1995)). But viewing the evidence in the light most favorable to Fraunhofer, we do not agree.

SXM is correct that, to show reliance on Fraunhofer’s silence, SXM “need not prove precisely what alternative paths it would have taken, or that every marketing decision was based on reliance” on Fraunhofer’s misleading conduct. *Aspex Eyewear Inc. v. Clariti Eyewear, Inc.*, 605 F.3d 1305, 1312 (Fed. Cir. 2010). But SXM must nevertheless establish that it at least *considered* Fraunhofer’s silence or inaction and that such consideration influenced its decision to migrate to the accused high-band system. *See id.* (affirming grant of summary judgment where it was undisputed that the accused infringer “took into account” the patent owner’s failure to pursue the asserted patent when the parties had discussed potential infringement of two other patents); *SCA Hygiene*, 767 F.3d at 1351 (noting that accused infringer’s testimony that it “would not have made certain capital investments had it been involved in an earlier lawsuit over the [accused] products” did “not necessarily establish that [the accused infringer] expanded its business *after considering the implications* of [the patent owner]’s silence” (emphasis added)).

Here, as Fraunhofer points out, an SXM representative testified that the impetus for pursuing the accused XM DARS System over the non-infringing low-band alternative was not that SXM took Fraunhofer's silence as acquiescence of SXM's continued use of the patented technology, but that the XM DARS System had greater market penetration and was the easier business choice:

Q. Okay. And can you summarize why the decision was made to migrate to the high band?

A. I think it boils down to both systems were equivalent. No marked differentiation between the two when it came to service availability, consumer acceptance, whether it's audio quality, number of channels, any of those things. It really boiled down to: Which is the easiest population to migrate? And it was easier to move the 35 percent to the 65 percent than the reverse. It really boiled down to that.

J.A. 1851; *see also* J.A. 1852 (confirming on redirect that the decision to migrate to the high-band system, "had nothing to do with the technology"). As in *SCA Hygiene*, that testimony does not "necessarily establish" that SXM opted to migrate its systems to the accused XM DARS System in reliance on Fraunhofer's silence. 767 F.3d at 1351; *see also Hemstreet v. Comput. Entry Sys. Corp.*, 972 F.2d 1290, 1294–95 (Fed. Cir. 1992) (reversing summary judgment where "there [was] a total absence in the record of any showing by [the accused infringer] that its activities were *in reliance upon* supposed actions of [the patent owner], rather than a business judgment of its own"). Thus, the evidence introduced by SXM does not indisputably establish that it relied on Fraunhofer's silence in making its business decisions.

We are further unpersuaded by SXM's position that it would have taken steps to limit its liability, "such as seeking a license," had it been threatened with litigation. SXM

Br. 38 n.7. To support that argument, SXM merely cites the various agreements at issue in *this* litigation (*e.g.*, its sublicense agreement with WorldSpace, the FFPC with Fraunhofer). But none of those agreements reasonably establishes SXM's broader proposition that it "continuously sought to ensure it had licenses to intellectual property," such that, had it known it was exposed to litigation, it would have sought additional protection against the asserted patents. SXM Br. 38 n.7. That evidence, viewed in the light most favorable to Fraunhofer, does not establish SXM's theory of reliance here. There may have been sufficient circumstantial evidence to permit a factfinder to find reliance,<sup>4</sup> but the existing record does not compel such a finding as required for summary judgment.

Summary judgment was therefore improper, as SXM has not established through undisputed evidence that it relied on Fraunhofer's misleading conduct. Although the matter is not entirely clear, we decline to go so far as to affirmatively conclude at this stage, when all the facts may not be known to us, that there is insufficient evidence through which SXM could make that showing. *See Hemstreet*, 972 F.2d at 1295.

### C. Prejudice

Despite having already concluded that summary judgment was inappropriate, we nevertheless address the third and final requirement of equitable estoppel—prejudice. To satisfy this element, SXM must establish that "[d]ue to its

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<sup>4</sup> *See, e.g., Moleculon Rsch. Corp. v. CBS, Inc.*, 793 F.2d 1261, 1272 (Fed. Cir. 1986) ("It is hornbook law that direct evidence of a fact is not necessary. 'Circumstantial evidence is not only sufficient, but may also be more certain, satisfying and persuasive than direct evidence.'" (quoting *Michalic v. Cleveland Tankers, Inc.*, 364 U.S. 325, 330 (1960))).

reliance, [it] will be materially prejudiced if [Fraunhofer] is allowed to proceed with its claim.” *Aukerman*, 960 F.2d at 1028, 1041. That is, SXM must establish that there is a nexus between the alleged prejudice and its reliance on Fraunhofer’s misleading conduct. *See ABB*, 52 F.3d at 1065 (“[C]ases in which economic prejudice has been found lacking did not so hold because of a lack of capital investments, but, rather, because the alleged infringer failed to prove that their increased expenditures . . . were in any way related to actions taken by the patentee.”). Accordingly, because SXM has not presented undisputed evidence of its reliance, SXM necessarily cannot establish that it would be prejudiced by that reliance at this stage. *See SCA Hygiene*, 767 F.3d at 1350 (“There is a difference between prejudice that *results from* a patentee’s alleged misrepresentation and prejudice caused by *reliance upon* it.”).

However, we agree with the district court that, if SXM can establish at trial that it relied on Fraunhofer’s misleading conduct in reaching its decision to migrate to the accused high-band system, then there is no genuine dispute of material fact that SXM was prejudiced by that reliance. *See Decision*, at \*4. The undisputed evidence is clear that SXM made a business decision to migrate to the accused high-band system while simultaneously deciding to “set aside further efforts on the low-band system.” *See* J.A. 1841–42. That decision, made in the face of a viable non-infringing alternative, is sufficient to establish prejudicial reliance. *See Aspex*, 605 F.3d at 1312 (“Clariti’s development of its AirMag® business, in reliance on Aspex’s silence . . . represents a significant change in economic position and constitutes material prejudice sufficient to support equitable estoppel.”).

Fraunhofer’s attempt to generate disputes of material fact regarding whether the low-band system was a “viable” non-infringing alternative is unpersuasive. In support of its position, Fraunhofer cites testimony of SXM’s corporate representative explaining that replacing low-band

receivers with high-band receivers was an “ugly” approach. *See* Fraunhofer Br. 40 (citing J.A. 4355). But the cited testimony only supports the notion that it would have been impracticable for SXM to replace existing low-band receivers in consumers’ vehicles with the accused high-band system. As the evidence shows, and Fraunhofer concedes, instead of replacing any receivers in any vehicles, SXM made the decision to migrate to the high-band system in new vehicles, while maintaining operability of the low-band system in existing vehicles—a process that took nearly a decade to complete. *See* J.A. 4359; Fraunhofer Br. 9. None of that evidence suggests that, at the time SXM had to make its decision about how to handle the two incompatible systems, SXM could not have chosen to migrate to the non-infringing low-band system. Indeed, we see no evidence that contradicts the testimony of SXM’s representative that that decision had all to do with business pragmatics and nothing to do with inadequacies in the low-band technology. J.A. 1851–52.

Accordingly, should SXM be able to establish at trial that it relied on Fraunhofer’s misleading conduct in connection with its decision to migrate to the accused high-band system as opposed to the non-infringing low-band alternative, then it has adequately established that it was prejudiced by that silence. But unless SXM makes that threshold showing of reliance, its defense of equitable estoppel must fail.

## II

Before closing, we briefly address Fraunhofer’s request that we should not only reverse the grant of summary judgment, but also find that summary judgment should affirmatively be granted for Fraunhofer on SXM’s equitable estoppel defense. Fraunhofer Br. 18, 52–54; Fraunhofer Reply Br. 25–28. Fraunhofer, in essence, requests that we review, in the first instance, the merits of its cross-motion for summary judgment, *see* J.A. 1523–45, a motion that

was rendered moot by the district court's judgment, *see Decision*, at \*4, and that would require us to shift the burdens and review the facts in a different light. We are an appellate court; we review only the judgments before us, and so we decline to consider Fraunhofer's request.

#### CONCLUSION

We have considered the parties' remaining arguments and find them unpersuasive. For the foregoing reasons, the district court's grant of summary judgment in favor of SXM dismissing all claims as equitably estopped is reversed. Upon remand, the district court is to consider, as appropriate, the parties' remaining motions for summary judgment.

**REVERSED**

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

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Name: Mark A. Baghdassarian