25-2000

United States Court of Appeals
for the Federal Circuit

CELLULOSE MATERIAL SOLUTIONS, LLC,

Plaintiff-Appellant

v.

SC MARKETING GROUP, INC.,

Defendant-Appellee

On Appeal from the United States District Court for the Northern District of California, Case No. 3:22-cv-03141-LB, Hon. Laurel Beeler

RESPONSIVE BRIEF OF DEFENDANT-APPELLEE SC MARKETING GROUP, INC.

RYAN R. SMITH
CHRISTOPHER D. MAYS
ALEX MILLER
WILSON SONSINI GOODRICH & ROSATI PC
650 Page Mill Road
Palo Alto, CA 94304-1050
(650) 493-9300
rsmith@wsgr.com
cmays@wsgr.com
alex.miller@wsgr.com
Counsel for Defendant-Appellee SC Marketing Group, Inc.

Ava Renee-Miller Shelby
WILSON SONSINI GOODRICH & ROSATI PC
953 East Third Street, Suite 100
Los Angeles, CA 90013
(323) 210-2920
ashelby@wsgr.com

EXEMPLARY CLAIMS AT ISSUE

1. A method for insulating packaging containers comprising: providing a flat laminated packaging insulation which is of uniform thickness, resiliently compressible and foldable, cut to size for locating in a packaging container, said packaging insulation comprising an air laid thermoplastic fibrous batt comprised primarily of thermoplastic fibers, said batt being of uniform thickness, resiliently compressible and foldable, and having foldable thermoplastic film material adhered to both sides of said batt to form a laminate which can be folded without the need for creases, grooves or cut lines in said laminate to facilitate folding, whereby said laminated packaging insulation can be manufactured, compressed and shipped as a flat panel of uniform thickness, and allowed to resiliently expand and be folded for insertion into a packaging container.

2. The method of claim 1 wherein said fibrous batt includes from about 5 to 30% thermoplastic binder fibers mixed with and adhered to at least some of said thermoplastic fibers.

3. The method of claim 2 in which said thermoplastic fibers, said thermoplastic binder fibers and said thermoplastic film are all made of the same thermoplastic polymer material, whereby said packaging insulation used may be readily commercially recycled.

4. The method of claim 3 wherein said thermoplastic material is PET.

5. The method of claim 4 wherein said thermoplastic material is recycled PET.

6. The method of claim 3 in which said fibers have lengths of between about 20 to about 72 mm.

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10. The method of claim 4 which said PET film material is from about 2 to about 20 microns thick and is made of recycled PET.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF INTEREST

Case Number 25-2000

Short Case Caption Cellulose Material Solutions, LLC v. SC Marketing Group, Inc.

Filing Party/Entity SC Marketing Group, Inc.

Instructions:

1. Complete each section of the form and select none or N/A if appropriate.
2. Please enter only one item per box; attach additional pages as needed, and check the box to indicate such pages are attached.
3. In answering Sections 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance.
4. Please do not duplicate entries within Section 5.
5. Counsel must file an amended Certificate of Interest within seven days after any information on this form changes. Fed. Cir. R. 47.4(c).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 12/29/2025

Signature: /s/ Ryan R Smith

Name: Ryan R. Smith

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	**2. Real Party in Interest.** Fed. Cir. R. 47.4(a)(2).	**3. Parent Corporations and Stockholders.** Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. ☑ None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. ☑ None/Not Applicable
SC Marketing Group, Inc.		

☐ Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

☐ None/Not Applicable ☐ Additional pages attached

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5. Related Cases. Other than the originating case(s) for this case, are there related or prior cases that meet the criteria under Fed. Cir. R. 47.5(a)?

☐ Yes (file separate notice; see below) ☑ No ☐ N/A (amicus/movant)

If yes, concurrently file a separate Notice of Related Case Information that complies with Fed. Cir. R. 47.5(b). **Please do not duplicate information.** This separate Notice must only be filed with the first Certificate of Interest or, subsequently, if information changes during the pendency of the appeal. Fed. Cir. R. 47.5(b).

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

☑ None/Not Applicable ☐ Additional pages attached

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TABLE OF AUTHORITIES

PAGE(S)

TABLE OF ABBREVIATIONS

’007 Patent	U.S. Patent No. 11,078,007
Benner Dep. Tr.	8/7/23 Deposition Transcript of Christopher Benner
Cardinale Decl.	Declaration of Salvatore Cardinale
8/3/23 Cardinale Dep. Tr.	8/3/23 Deposition Transcript of Salvatore Cardinale
CMS or Cellulose	Cellulose Material Solutions, LLC
Cobb Dep. Tr.	8/10/23 Deposition Transcript of Dean Ross Cobb for Fibrix, LLC
Henderson Decl.	Declaration of Matthew Henderson
Henderson Dep. Tr.	10/10/23 Deposition Transcript of Matthew Henderson
TSS	SC Marketing Group, Inc. d/b/a Thermal Shipping Solutions
Op. Br.	Plaintiff/Appellant Opening Brief [19]
Osswald Dep. Tr.	8/1/24 Deposition Transcript of Tim Osswald, Ph.D.
Parachuru Reb. Rpt.	Rebuttal Expert Report of Radhakrishnaiah Parachuru Ph.D.
PET	polyethylene terephthalate
PO	Purchase Order
Speight Dep. Tr.	8/28/23 Deposition Transcript of Bryan E. Speight
Turner Decl.	Declaration of Paul Turner
Turner Dep. Tr.	9/14/23 Deposition Transcript of Paul Turner 30(b)(6)
Wilson Decl.	Declaration of Timothy Wilson
Wilson Dep. Tr.	11/2/23 Deposition Transcript of Timothy Wilson

* All emphasis herein is added, and all internal citations and quotations are omitted unless otherwise noted.

STATEMENT OF RELATED CASES

No other appeal in or from the present civil action has previously been before this or any other appellate court. SC Marketing Group, Inc. d/b/a Thermal Shipping Solutions ("TSS") is not aware of any related cases within the meaning of Federal Circuit Rule 47.5.

INTRODUCTION

The district court correctly held the '007 Patent invalid. The '007 Patent's earliest effective filing date is June 27, 2016—but TSS has been offering to sell the allegedly infringing product (Renewliner) since at least April 2016, raising a post-AIA on-sale bar. CMS's only avenue for avoiding invalidity was to establish the applicability of one of the prior art exceptions under 35 U.S.C. § 102(b)(1)(A) or (B). The district court correctly held that CMS failed to produce evidence showing entitlement to either exception.

No evidence of indirect disclosure. CMS first alleges that § 102(b)(1)(A) applies because Renewliner's manufacturer, Turner, indirectly obtained the subject matter of the '007 Patent from the named inventors (with TSS as the intermediary). As the district court correctly held, CMS fundamentally failed to meet its burden of coming forward with evidence (1) that anyone at TSS receiving the invention from the named inventors ***and*** (2) that anyone at TSS ever disclosed such information to Turner. Indeed, the only CMS inventor who was in direct communication with TSS

was co-inventor Chris Benner. When asked at his deposition if TSS obtained the subject matter of the ’007 Patent from CMS, Mr. Benner refused to answer the question—instead invoking his Fifth Amendment right against self-incrimination. Attempting to overcome this deficiency, CMS relies on various emails and invoices. But none of these documents show any named inventor disclosing the invention of the ’007 Patent to TSS. Nor does CMS argue that these documents (or the information contained therein) were conveyed to Turner. The district court, therefore, correctly held that CMS did not carry its burden of coming forward with evidence to show an indirect disclosure of the subject matter of the ’007 Patent to Turner.

No evidence of public disclosure. CMS also argues under § 102(b)(1)(B) that it publicly disclosed its product in February 2016—two months before Renewliner’s first sale. But the alleged disclosure at issue amounted only to a private sale, which is insufficient. *See Sanho Corp. v. Kaiject Tech. Int’l Ltd.*, 108 F.4th 1376 (Fed. Cir. 2024). More specifically, as part of its collaboration with CMS, TSS itself prompted the sale in question so that a prospective customer, Dinner Thyme, could evaluate the product. The undisputed evidence shows, however, that CMS had not contemporaneously made that product generally available to the public, took no steps to market its product, and did not even list the product as existing on its

website. Under *Sanho*, the February 2016 sale to Dinner Thyme does not satisfy the "publicly disclosed" requirement of § 102(b)(1)(B).

After extensive briefing, the district court held that neither prior art exception applied and found the '007 Patent to be invalid based on the April sale of Renewliner. CMS now appeals that finding.

STATEMENT OF THE ISSUES

Did the district court err in finding that CMS failed to present triable issues of material fact showing entitlement to the prior art exceptions under § 102(b)(1)?

STATEMENT OF THE CASE

I. FACTUAL BACKGROUND

A. Background on Relevant Parties and Third Parties.

TSS has a long history of producing innovative thermal packaging solutions for the cold-chain packaging market. *See* Appx00649-Appx00814, at Appx00667, ¶ 3 (Cardinale Decl.). In 2014, TSS's founder, Salvatore Cardinale, identified polyethylene terephthalate ("PET"), which is commonly used for plastic water bottles and other containers, as the ideal material for satisfying unmet demand for recyclable (or green) packaging alternatives for food, medical, and other specialty fields. *See* Appx01686-Appx01874, at Appx01714-16 (Ex. 1 (TSS_00001915)). Mr. Cardinale then developed an all-PET thermal packaging solution named Renewliner. This product is inserted into containers (such as cardboard boxes) to

keep food or medicine cold when shipped. Renewliner is manufactured by Turner, a third party.

CMS is an insulation manufacturer. Prior to its relationship with TSS, CMS did not work in the cold chain industry. CMS entered the industry only after being approached by TSS as a potential insulation manufacturer. Appx01686-Appx01874, at Appx01716. Mr. Cardinale initially contacted CMS in order to find a manufacturer for his idea of "green packaging alternatives" for his medical, food, and specialty shipment customers. Appx01686-Appx01874, at Appx01715 (TSS_00001916)). After collaborating with TSS for several months in 2015, CMS developed a PET insulation product, which it patented as the '007 Patent. Years later, CMS sued TSS, alleging that Renewliner infringes.

Paul Turner founded Turner Fiberfill, Inc. in 2003. His company produces thermal bonded polyester fiber products for use in the furniture, bedding and shipping industries. Because of this significant industry experience, Turner has extensive knowledge of polyester fiber products, including the raw materials needed for inputs, and the processes and machinery used to manufacture final products.

B. Technology Background.

1. Overview of Nonwoven Textiles.

The '007 Patent pertains to the field of "nonwoven" materials. These are textile products used in medical and surgical applications, filtration systems,

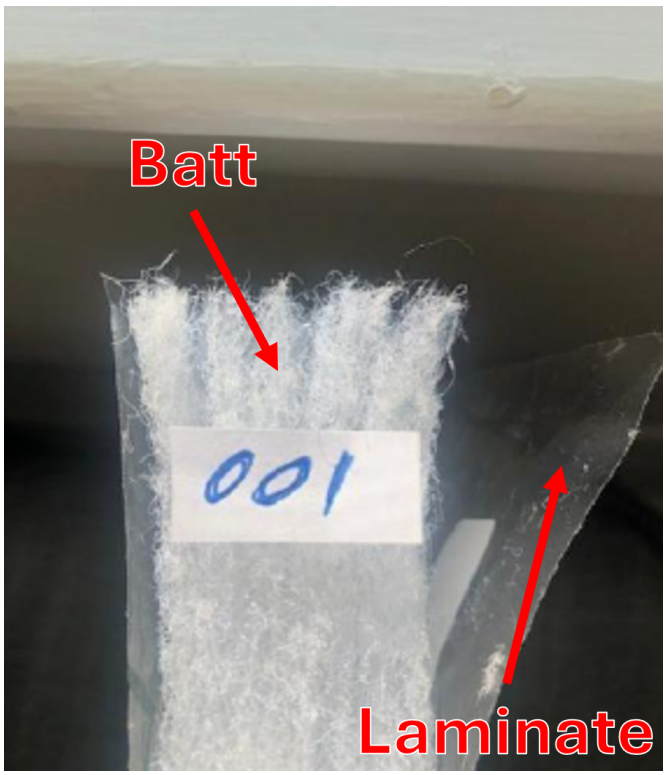
building and construction, shoes, garments, and, as applied here, cold chain shipping insulation.

Nonwovens are made by tangling fibers into what is called a "web" using mechanical entanglement, chemical bonding or heat. The web is then compounded using various methods to create a desired thickness. The resulting sheet of nonwoven material is known as a "batt."

In PET nonwovens, often two different types of fibers are used, high melt fibers and low melt (or binder) fibers. When making a thermoplastic batt, the high melt fibers have a higher melting point than the low melt or binder fibers. To add rigidity to a thermoplastic batt, sufficient heat is applied to melt the binder fibers which "binds" the high melt fibers together when the batt is cooled. One notable benefit of using PET fibers, beyond physical performance, is recyclability. PET thermoplastics can be recycled using common recycling techniques.

Laminates are applied to the top and bottom face of a thermoplastic batt to enhance insulative properties. As with fiber material, laminate materials vary by application. Common laminates include, paper, metallic films, PET films or other pre-formed nonwovens. Additionally, the method for adhering a laminate to a batt further depends on the application and the laminate material used. TSS's Renewliner, for example, uses a PET laminate, which results in a shiny surface (laminate has green text and images printed on it):

TSS's Renewliner with adhered Laminate
(Parachuru Reb. Rpt. ¶ 100) (Appx08288-Appx08982, at Appx08943).



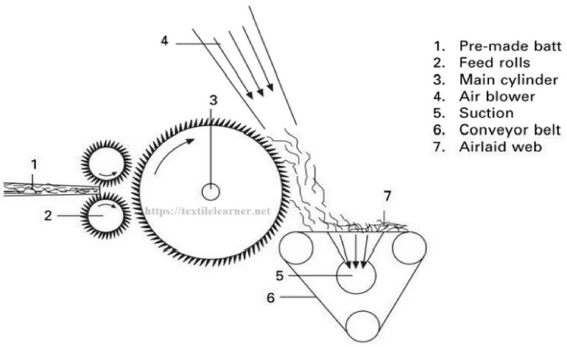
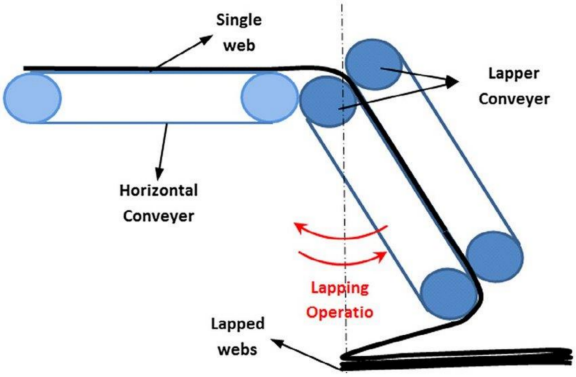
TSS's Renewliner with Laminate Partially Removed
(annotated) (Appx00649-Appx00814, at Appx00679-85).

2. Manufacturing Processes (Air-Laying vs. Cross-Lapping).

In the field of nonwovens, two common methods of creating a batt are "air laying" and "carding and cross-lapped". TSS's Renewliner has always been made

using carding and cross-lapping, while CMS's product has always been made using air-laying. *See* Appx01055-Appx01090, at Appx01063-73 (Henderson Dep. Tr. 47:6-49:3).; Appx09739-Appx09794, at Appx09772-74 ¶ 4 (Turner Decl.).; Appx03604-Appx05303, at Appx04029-47 (Turner Dep. Tr. 36:7-11) (testifying that Turner's machine for creating insulation is "totally different" from air laying).

In air laying, fibers are deposited onto a web using air pressure. This causes mechanical tangling and gives form to the batt. In carding and cross-lapped, fibers are combed into a thin web and continuously folded onto a batt until a desired thickness is achieved. These processes are generally illustrated below:

Air Laying Process	Carded and Cross Lapping Process
	

Appx02843-Appx03073, at Appx03017-19 (Parachuru Reb. Rpt.) ¶¶ 70-72. As shown above, air-laying and cross-lapping are different manufacturing processes, and use different machines to form the respective webs. CMS's own expert acknowledged the two processes are not interchangeable. *See* Appx03604-Appx05303, at Appx03987-88 (Osswald Dep. Tr. 56:4-58:1). This incompatibility

was corroborated through the unrebutted testimony of multiple third-party witnesses. *See* Appx03450-Appx03603, at Appx03470 (Cobb Dep. Tr. 47:6-49:2) ("[i]n the manufacture of nonwovens, carded and air lay are two very different processes"); *id.* Appx03603 (Speight Dep. Tr. 86:2-24) (describing process); Appx03604-Appx05303, at Appx04039 (Turner Dep. Tr. at 35:20-36:11) (carding process is "totally different" from air laying).

Moreover, the products resulting from air laying and cross-lapping have different properties. Both parties' experts agreed that these different manufacturing processes impact a batt's properties. *See* Appx03604-Appx05303, at Appx03986 (Osswald Dep. Tr. 52:16-19). TSS's expert similarly explained that "fiber packing densities . . . are substantially different between air laid [sic] and cross laid webs. There is very little similarity between the processes and products of air laying and cross lapping processes." Appx02843-Appx03073, at Appx03017-18 (Parachuru Reb. Rpt.) ¶ 71.

C. Relevant Chronology.

1. TSS Contacts CMS to Make Denim Insulation.

In or around April 2015, Sal Cardinale contacted CMS to inquire about a manufacturing partnership. Appx00649-Appx00814, at Appx00666-67 ¶ 3 (Cardinale Decl.). At that time, CMS was focused on providing materials for furniture manufacturers and had no experience with cold-chain packaging. The

partnership entailed TSS supplying the know-how and CMS supplying the manufacturing facilities. In May 2014, the parties began collaborating through telephone and email conversations on a new product line that CMS would manufacture for TSS. *See* Appx01686-Appx01874, at Appx01714-16 (Ex. 1 (TSS_00001915)).

The parties' collaboration began by discussing a recyclable thermal box liner made of 85% denim. Appx01686-Appx01874, at Appx01720 (Henderson Dep. Tr. 26:13-16). In the context of the denim product, the parties discussed the possibilities of both an unfaced product that could be placed in a plastic bag and a product faced with paper. *Id.* at Appx01720-21 (26:23-27:1). In October 2014, CMS's then-Technical Sales Manager, Chris Benner, began shipping denim samples to Mr. Cardinale for testing. *Id.* at Appx01727-33 (TSS_00000813)). TSS requested more denim samples in March 2015. *Id.* at Appx01735-38 (TSS_00001105- 1108).

On June 4, 2015, Mr. Benner sent an email to TSS with the subject "Patentable Concept for 1-piece insulated shipper inserted into a box," stating:

> CMS is sharing this confidential information as part of our collaboration efforts to secure this (50,000+) units per week worth of new business. Please note the patent search has begun and the potential patentability claims look promising. We can discuss joint filing to protect both of our company's interests?

Appx01744-54 (TSS_00003802-11). The email contained photos of a denim product marked "Prototype Confidential." *Id.* TSS did not find the denim product

suitable and, therefore, continued to work with CMS to find an alternative solution. Appx01686-Appx01874, at Appx01864 ¶ 4 (Cardinale Decl.).

2. Sal Cardinale's Idea for a PET Thermal Liner.

In 2015 TSS began developing a recyclable all-thermoplastic product. *See* Appx06318-Appx06333, at Appx06322-23. By at least June 2015, TSS's President, Sal Cardinale, spoke with its film supplier, Timothy Wilson, about a thermoplastic (PET) fibrous batt insulation with thermoplastic (PET) film adhered to both sides of the insulation. *See* Appx01686-Appx01874, at Appx01860-62 ¶¶ 2-3 (Wilson Decl.); Appx01739-43 (Wilson Dep. Tr. 33:8-18); Appx06318-Appx06333, at Appx06322-23. Mr. Wilson was a plastics expert and had insights into how best to adhere PET film to the PET batt. Mr. Cardinale recognized at the time that such a product would advantageously be curbside recyclable and believed that TSS's customers would find such a solution attractive. *See id.* at Appx06325; Appx01686-Appx01874, at Appx01846-49 (TSS_00003876). Mr. Wilson eventually recommended a two-layer film.

In early 2015 Mr. Cardinale contacted Paul Turner to explore a possible all-PET insulation product. Appx09772-74 ¶ 2 (Turner Decl.). At that time, Turner already had decades of experience manufacturing non-woven polyester materials for various applications including mattresses and other furniture and thus was a natural fit as a manufacturing partner. *Id.* Because of this, Turner regularly maintained PET

material in stock with which to manufacture PET fibrous batts "off-the-shelf." *Id*. at Appx09773 ¶ 5.

In conversations between Mr. Cardinale and Mr. Turner, Mr. Cardinale described the product he envisioned for his customers. Mr. Cardinale specified that he wanted a polyester batt with a density of one pound per cubic foot. *Id.* ¶ 3. Mr. Cardinale did not provide any documentation or sample products to Turner on which to base the Turner Renewliner product. *Id.*

3. TSS's Early Product Development.

After forming his initial idea, Mr. Cardinale contacted ***both*** CMS and Turner to request samples of their respective fibrous PET batts. *See* Appx01686-Appx01874, at Appx01863-67 ¶¶ 9-10 (Cardinale Decl.; Appx09739-Appx09794, at Appx09772-74 ¶ 2 (Turner Decl.); Appx09775-81 (8/3/23 Cardinale Dep. Tr. 73:1-10). Although TSS requested that CMS and Turner manufacture an all-PET product that was curbside recyclable and suitable for use as insulation in the cold supply chain, the manufacturers retained freedom to manufacture their product based on their existing manufacturing capabilities and specifications. For instance, Turner would manufacturer Renewliner using its carding and cross-lapped manufacturing system whereas CMS would utilize its air-laid manufacturing system. This resulted in several differences between CMS's and Turner's respective products:

CMS	Turner (Renewliner)
• Manufactured by air laid process • Fibers sources by CMS • 15% binder fiber content • Unknown quantity of fiber deniers (thickness)	• Manufactured by cross-lapping process • Fibers from Turner's existing inventory • 35% binder fiber content • 15-20 denier polyester fibers and 4 denier binder fibers

Appx09739-Appx09794, at Appx09750; Compare Appx09681-Appx09738, at Appx09690 (CMS002865), *id.* at Appx09694 (CMS0007026), *id.* at Appx09696 (CMS0015516), *id.* at Appx09704 (CMS002883), *id.* at Appx09707 (CMS002973), *id.* at Appx09717(CMS002854), *id.* at Appx09720(CMS002885), *id.* at Appx09723 (CMS002386), *id.* at Appx09725 (CMS002912), *id.* at Appx09737 (CMS002856) (CMS product information) with Appx09739-Appx09794, at Appx09791-92 (TURNER_00000016) (Turner product information). Notably, CMS has never disclosed to TSS (even during litigation) certain critical specifications for its product – namely, the respective thicknesses of its product's component fibers.

Also importantly, neither CMS nor Turner sourced the film for their respective Renewliner products—TSS was always the source of that component. *See* Appx09739-Appx09794, at Appx09772-74 ¶ 7 ((Turner Decl.) ("Since Turner Fiberfill began manufacturing Renewliner for Turner, we always received the polyester film from Thermal Shipping."); Appx06318-Appx06333, at Appx06325; Appx01686-Appx01874, at Appx01860 ¶ 5 (Wilson Decl.); Appx06336-

Appx06370 at Appx06355 (TSS_00003888). Invoices from CMS to TSS support that TSS always supplied the film to CMS. *See* Appx05516-Appx06012, at Appx05600 (Henderson Decl.) (invoices noting "PET facings applied to BOTH sides to be supplied by TSS"). Thus, after receiving Mr. Cardinale's request, both companies sent TSS samples of "unfaced" (meaning no film) PET batts. Turner, however, sent its sample of its PET batt to TSS first, as corroborated by both Turner's and TSS's respective presidents. Appx09739-Appx09794, at Appx09746; *see also* Appx09772-74 ¶ 2 (Turner Decl.) ("By mid-2015, Turner Fiberfill had sent samples of a polyester fibrous batt to [TSS]"); Appx09775-81 (8/3/23 Cardinale Dep. Tr. 73:1-10).

> Q. At that time, July 16, 2015, did TSS, to your knowledge, have any polyester insulation from anybody other than [Cellulose] in its possession?
>
> A. Yes.
>
> Q. And who would that have been from?
>
> A. Likely Turner FiberFill.
>
> Q. And when would -- to your knowledge, when would TSS have received such polyester insulation from Turner?
>
> A. First half of 2015, perhaps as early as the end of 2014.

CMS sent its samples later, in "the July or August of 2015 timeframe." Appx01686-Appx01874, at Appx01863-67 ¶ 10 (Cardinale Decl.); Figure 1, below.

Through this process, TSS learned that Turner's and CMS's respective experiences working with PET batts significantly differed. For example, Turner "knew how to adhere [PET film] to the [PET] batt based on decades of experience working with non-woven materials." Appx09739-Appx09794, at Appx09771-74 ¶ 7 (Turner Decl.). Given this experience, Turner made specific recommendations to TSS regarding composition of low-melt "binder" fibers that, based on Turner's manufacturing process, would "sufficiently hold the fiber materials together." *Id*. at Appx09773 ¶ 6. Turner and TSS explored a potential collaboration by experimenting on various composition options, ultimately landing on a low-melt fiber content of 35% as compared to other PET fibers with a higher melting point. *Id.*

CMS, on the other hand, had no specific experience with adhering PET film to PET batts. Because of this, TSS instructed its film supplier (Mr. Wilson) to explain to CMS's Chris Benner how to adhere the film to a PET batt and to suggest changes to CMS's manufacturing process. *See* Appx01635-Appx01685, at Appx01652; Appx01686-Appx01874, at Appx01860-62 ¶ 6 (Wilson Decl.) ("The subject of our discussion and subsequent email was to provide [CMS] with information about the PET liner that was being sent to them on behalf of TSS. My impression from my interactions with Mr. Benner is that applying PET film to both sides of a PET batt was new to them and that changes were needed to [CMS's]

manufacturing line."); *id.* at Appx01768-70 (TSS_00001826) (Mr. Wilson instructing CMS's Chris Benner on how to adhere film). Following Mr. Wilson's instructions, Mr. Benner reported back that "it held" and asked for further instructions. *Id.* at Appx01771-78 (TSS_00003824); Figure 1, below. After this discussion, on September 18, 2015, CMS manufactured and sent additional, unfaced, PET batt samples to TSS. Appx09681-9738, at Appx09706-9715; Figure 1 below.

Mr. Cardinale testified that CMS never conveyed to TSS the idea of laminating film on both sides of the insulation. *See* Appx09739-Appx09794, at Appx09775-81 (8/3/23 Cardinale Dep. Tr. 58:23-59:10). Rather, Mr. Cardinale testified that it was his idea to add film on opposing sides of the PET batt. *See id*. Appx09779 (58:11-22). TSS encouraged CMS to use film on both sides and provided instructions to CMS accordingly. *See* Appx06318-Appx06333, at Appx06324-25; Appx01686-Appx01874, at Appx01863-67 ¶¶ 8-10 (Cardinale Decl.; Appx01635-Appx01685, at Appx01674-77 (TSS_00001152-1154); Appx01686-Appx01874, at Appx01860-62 ¶ 6 (Wilson Decl.); Appx01643-64, at Appx01658-59; Appx01686-Appx01874, at Appx01768-70 (TSS_00001826); *id*. at Appx01771-78 (TSS_00003824). At the same time, when Mr. Benner (a named inventor) was deposed on his inventive contribution, he invoked the Fifth Amendment and refused to answer any questions on the topic. Appx01091-Appx01141, at Appx01122-24 (Benner Dep. Tr. 13:4-8, 15:14-20).

In November 2015, CMS was still conducting trial runs of "facing both sides of this [] material to ensure that the production-quality meets the expectation and obtains the approval of [TSS's] customers." Appx01635-Appx01685, at Appx01678-80 (TSS_00001365). It was not until late November that CMS first produced a viable product with film adhered. *See* Appx00936-Appx01050, at Appx00961-74 ¶ 6, Ex. B (CMS001699) (Henderson Decl.); Appx05516-Appx06012, at Appx05581-5621(Henderson Decl. and Exs. A-D); *id.* at Appx05587-92 (CMS002749-2754); Appx09681-Appx09738, at Appx09689-92 (CMS002865). Even still, CMS conditioned future production orders on it being able to successfully pass trial runs at least through the beginning of January 2016. *See* Appx05516-Appx06012, at Appx05600 ("Must be trial-run").

TSS kept the development processes with Turner and CMS separate and independent. For example, TSS never supplied Turner with any information about the CMS product or any of the samples that CMS eventually provided to TSS. *See* Appx09739-Appx09794, at Appx09771-74 ¶ 3 (Turner Decl.) ("Thermal Shipping never sent any [] product samples to Turner Fiberfill. Nor did Thermal Shipping provide [Turner] with any documentation about how to manufacture Renewliner."); Appx03604-Appx05303, at Appx04028-47 (Turner Dep. Tr. 25:19-23) ("Q. You don't remember [TSS] giving you a sample? A. No. Q. And you don't recall TSS giving you any documents? A. No.").

Turner also never spoke with or received samples from CMS; in fact, Turner was totally unaware of CMS's existence at the time. *See* Appx09739-Appx09794, at Appx09772-74 ¶ 8 (Turner Decl.) ("I was unfamiliar with CMS in the 2015-2016 timeframe. I never spoke with them or received any product samples from them in that timeframe.")); Appx03604-Appx05303, at Appx04028-47 (Turner Dep. Tr. 50:9-11) ("Q. Before this litigation, had you ever heard of CMS? A. No.").

4. TSS Places Orders for Renewliner from Both Manufacturers in early 2016.

Relevant to the district court's decision are two separate purchase orders from TSS in early 2016 (before the effective filing date of the '007 Patent), one each to CMS and Turner, respectively.

First, on February 23, 2016, TSS issued Purchase Order #12964 to CMS for a product sale to TSS's customer Dinner Thyme (the "Dinner Thyme PO"). *See* Appx00649-Appx00814, at Appx00673 (TSS_00001791); Figure 1 below. This purchase order specified a sale of the "GREEN 1.0pcf Polyester" product. *Id.* For this product, CMS's Chris Benner and its president both acknowledged that TSS supplied the film for the Dinner Thyme sale. Once CMS received the film from TSS, TSS contacted CMS and provided "detailed instructions how we [TSS] would like the 2 rolls of our printed PET film mounted and run to create a seam that is least noticeable." Appx01330-Appx01396, at Appx01390 (CMS0032928). Importantly,

CMS was unable to manufacture the product for over two months, finally doing so on ***April 27, 2016***. *See id.* Appx01395 (CMS0032911); Figure 1 below.

Second, TSS independently issued Purchase Order #13519 to Turner on April 22, 2016, for a Renewliner sale to Juicero. *See* Appx00815-935, at Appx Appx00899 (TSS_00001520); Figure 1 below. The purchase order indicates it was "received in full" and delivery was scheduled for April 28, 2016. *Id.* Turner manufactured this product pursuant to TSS's purchase order. *See* Appx00936-1050, at Appx01038 (Turner Dep. Tr. 45:2-20). This purchase order shows that Turner's Renewliner was "on sale" no later than April 22 – before CMS had manufactured its corresponding product for the DinnerThyme order, let alone shipped it.

5. The Parties File Competing Patent Applications.

Immediately after issuing the Dinner Thyme PO to CMS, TSS filed U.S. Provisional Application No. 62/299,471 titled "T Shaped Insulation for Boxes" on February 24, 2016. Appx05516-6012, at Appx05993-6012; Figure 1 below. On June 27, 2016 – two months after Renewliner was on sale – CMS filed the application that would eventually issue as the '007 Patent. Appx00059-0069; Figure 1 below. TSS filed a non-provisional patent application on February 24, 2017, which eventually issued as U.S. Patent No. 11,691,402.

Below is a timeline summarizing some of the key facts discussed in the preceding section.

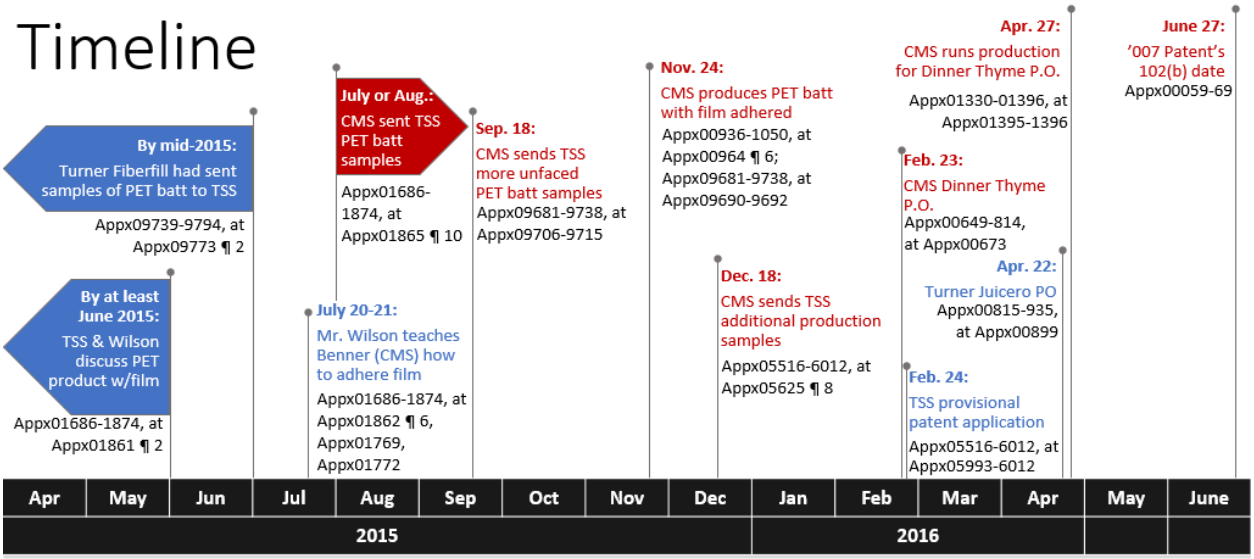


Figure 1.

II. PROCEDURAL HISTORY OF THE LITIGATION

Although TSS first filed for its patent application, CMS's application issued first, in August 2021, as the '007 Patent. In May 2022, CMS filed the district court action.[1] In January 2024, TSS moved for summary judgment on the ground that the '007 Patent was subject to an on-sale bar. Appx00649-Appx00814, at Appx00655-57, Appx00659-60. With its motion, TSS included a declaration from its technical expert, Dr. Radhakrishnaiah Parachuru, who analyzed the current and prior art versions of Renewliner (both made by Turner), compared the two, and concluded

[1] CMS originally filed suit on January 26, 2022 in the Western District of Michigan. CMS voluntarily dismissed that case in in order to file the case below.

that they were materially the same with respect to CMS's allegations of infringement. *See generally id.* at Appx00675-86.[2]

CMS opposed TSS's motion, relying on the Dinner Thyme PO. Appx00936-Appx01050, at Appx00950. CMS invoked the prior art exception of 35 U.S.C. § 102(b)(1)(B), arguing essentially that the Dinner Thyme PO demonstrated that its product had been "publicly disclosed" prior to the April 2016 date of Turner's first sale of Renewliner. *Id.* at Appx00952. On May 10, 2024, the district court denied TSS's Motion, finding that the Dinner Thyme PO satisfied the "public disclosure" exception under § 102(b)(1)(B). Appx01430-Appx01432, at Appx01431.

On July 31, 2024, this Court issued its precedential order in *Sanho Corp. v. Kaiject Tech. Int'l Ltd.*, 108 F.4th 1376 (Fed. Cir. 2024), interpreting the "public disclosure" requirements of § 102(b). Thereafter, on September 27, 2024, TSS moved for reconsideration of the district court's previous order, arguing that the Dinner Thyme PO at most showed a private sale and did not qualify as a "public disclosure" under *Sanho*. *See* Appx06336-Appx06370, at Appx06348-50. CMS opposed, arguing that TSS and Turner did not "independently develop" the Renewliner that Turner sold in April 2016. Appx06416-Appx06441, at Appx06426,

[2] CMS has never disputed, and does not dispute now, that the Renewliner it accuses of infringement is materially the same as the prior art version from 2016. Appx01269-Appx01329, at Appx01275.

Appx06433-35. CMS argued that it had provided various "'quotes,' pricing, and physical samples of the CMS Product to TSS and prospective third-party customers," thus making the April 2016 Turner Sale a disclosure "made by the inventor . . . or by another who obtained the subject matter disclosed directly or indirect from the inventor" under § 102(b)(1)(A). *Id.* at Appx06421, Appx06431.

On December 14, 2024, the district court granted TSS's motion for reconsideration, finding that the '007 Patent was invalid under § 102(a)(1). The court acknowledged that under *Sanho*, the Dinner Thyme PO was alone insufficient to establish the public disclosure exception, and CMS had not come forward with any other evidence showing the exception applied. Appx00003-Appx00012, at Appx00006-8.

As to CMS's "made by the inventor" argument, the district court noted that CMS had failed to meet its burden of coming forward with evidence of "an antecedent disclosure to [TSS] to show derivation under § 102(b)(1)(A)." *Id.* at Appx00008. Specifically, the district court noted undisputed evidence showing that "by June 2015, [TSS] was working with its supplier . . . on the concept of an all-PET product with a PET batt and PET film adhered to both sides." *Id.* The district court further noted that while CMS relied on a June 24, 2015, email its employee sent to TSS, that email "did not show a batt with film attached to both sides or an all-PET product with film adhered to both sides, foldable without the need for creases,

grooves, or cutlines." *Id.* The district court concluded that CMS "did not put forth evidence that it originated the ideas that TSS ultimately disclosed" to Turner and found the asserted claims of the '007 Patent to be anticipated under § 102(a)(1)'s on-sale bar. *Id.*[3]

SUMMARY OF THE ARGUMENT

The district court correctly granted TSS's motion for summary judgment of invalidity. Under this Court's burden framework for invalidity, TSS had the initial "burden of going forward with evidence that there is [ ] anticipating prior art." *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d 1375, 1380 (Fed. Cir. 2015). TSS satisfied that burden by identifying the April 2016 Renewliner sale to Juicero. Accordingly, CMS "then had the burden of going forward with evidence either that the prior art does not actually anticipate," or "that it is not prior art." *Id.* CMS does not dispute that Renewliner embodies the asserted claims; indeed, CMS accuses the product of infringement and does not dispute that Renewliner did not materially change from the prior art period to the present. *See Vanmoor v. Wal-Mart Stores, Inc.*, 201 F.3d 1363, 1366-67 (Fed. Cir. 2000) (affirming summary judgment of invalidity and holding that patentee's infringement allegations provided adequate

[3] CMS subsequently moved for reconsideration of this order, which the district court denied on March 10, 2025. *See* Appx09658-Appx09680; Appx09848-Appx09853.

proof to meet the accused infringer's burden to prove anticipation); *Evans Cooling Sys., Inc. v. GMC*, 125 F.3d 1448, 1451 (Fed. Cir. 1997); *Gamevice, Inc. v. Nintendo Co. Ltd.*, No. 18-CV-01942-RS, 2023 WL 7194871, at *2 (N.D. Cal. Oct. 31, 2023). Therefore, it became CMS's burden to come forward with evidence showing that Turner's Renewliner sold in April 2016 "is not prior art" because one of the § 102(b) exceptions applies. *Dynamic*, 800 F.3d at 1380. However, CMS failed to come forward with such evidence, thus failing to raise a genuine issue of material fact that either prior art exception listed in 35 U.S.C. § 102(b)(1)(A) and (B) applies.

In considering the prior art exception in § 102(b)(1)(A), the district court correctly concluded that CMS failed to come forward with evidence that the Turner Renewliner was obtained "directly or indirectly" from the named inventors. Appx00013-Appx00022, at Appx00015, Appx00018. In doing so the district court addressed both: (1) CMS's argument that Turner obtained disclosures from CMS itself; and (2) CMS's argument that because TSS had alleged that Mr. Cardinale was a co-inventor, he should be deemed an "inventor" for purposes of assessing the prior art exceptions. Under both theories the court found that CMS failed to carry its burden. Appx00013-Appx00022.

In considering the prior art exception in § 102(b)(1)(B), the district court correctly found that CMS's commercial activity prior to the Turner sale consisted of only private activity not qualifying as a "public disclosure" under this Court's

precedent. As a result, the Turner sale remained invalidating prior art not falling into any of the exceptions of § 102(b)(1). *Id.*

As CMS did not present sufficient evidence to create a genuine issue of material fact that should be resolved by a jury, summary judgment was appropriate. Therefore, the district court's decision to find the '007 Patent invalid should be affirmed.

ARGUMENT

I. STANDARDS OF REVIEW

A. Summary Judgment.

The Ninth Circuit "review[s] *de novo* a district court's grant of summary judgment" and "'will affirm if the district court applied the correct substantive law and the evidence reveals no genuine issue of material fact when viewed in the light most favorable to the party opposing summary judgment.'" *Black Star Farms LLC v. Oliver*, 600 F.3d 1225, 1229-30 (9th Cir. 2010). While it is true that the evidence of the non-movant is to be believed, the "mere existence of a scintilla of evidence in support of the plaintiff's position will be insufficient[.]" *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986); *see also Edwards Lifesciences Corp. v. Meril Life Scis. Pvt. Ltd.*, 96 F.4th 1347, 1355 (Fed. Cir. 2024) (affirming summary judgment under Ninth Circuit law because "no reasonably minded juror could draw [the] inference" appellant asserted on appeal).

Where, as here, "the record taken as a whole could not lead a rational trier of fact to find for the non-moving party, there is no 'genuine issue for trial,'" and the Court must affirm summary judgment. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). Further, it is insufficient for the nonmoving party to rely on circumstantial evidence or speculation to overcome a motion for summary judgment. *Metacel Pharms. LLC v. Rubicon Rsch. Priv. Ltd.*, No. 2023-2386, 2025 WL 1178384, at *4 (Fed. Cir. Apr. 23, 2025); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181, 1193 (Fed. Cir. 2006) ("Conclusory allegations and attorney arguments are insufficient to overcome a motion for summary judgement."). Instead, the nonmoving party must "submit conflicting evidence in the form of an affidavit or other admissible evidence." *Id.*; *Biotec Biologische Naturverpackungen GmbH & Co. KG v. Biocorp, Inc.*, 249 F.3d 1341, 1353 (Fed. Cir. 2001) ("The party opposing the [summary judgment] motion must point to an evidentiary conflict created on the record at least by a counter statement of a fact or facts set forth in detail in an affidavit by a knowledgeable affiant. Mere denials or conclusory statements are insufficient."); *see also, Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986).

CMS argues that the district court should have denied TSS's motion for summary judgment because "a jury could also reject [TSS's] independent-conception claim as insufficient without even considering [CMS's] competing evidence." Op. Br. at 33. At summary judgment, however, a district court is not

permitted to base its decision on such speculations. *Metacel*, 2025 WL 1178384, at *4. Instead, the burden of the nonmoving party is to "designate 'specific facts showing that there is a genuine issue for trial.'" *Homeland Housewares, LLC v. Sorensen Rsch. & Dev. Tr.*, 581 F. App'x 869, 874 (Fed. Cir. 2014) (citing *Celotex*, 477 U.S. at 324).

B. Anticipation (35 U.S.C. § 102) under the AIA.

1. On-sale bar post-AIA.

Under the post-AIA version of 35 U.S.C. § 102(a), whether a reference is prior art is assessed based on the effective filing date of the claimed invention, rather than the date of the invention. While the claimed invention's disclosure in a printed publication, public use, or sale presumably bars patentability, there are exceptions which fit into two broad categories.

First, § 102(b) 'contains two largely parallel exceptions at subsections (b)(1)(A) and (b)(2)(A).'" *Id.*; 35 U.S.C. § 102(b). "The subsection (b)(1)(A) exception applies to disclosures covered by section 102(a)(1) ('described in a printed publication, or in public use, on sale, or otherwise available to the public') created within one year before patent filing. It 'provides a prior art exception for a 'disclosure' that was either made by the inventor ... or by another who obtained the subject matter disclosed directly or indirectly from the inventor.'" *Id.* "The parallel provision at subsection (b)(2)(A) applies to disclosures covered by section 102(a)(2)

(patent applications filed by another)." *Id.* "It provides a prior art exception for 'subject matter disclosed' that 'was obtained directly or indirectly from the inventor.'" *Id.* *Sanho*, 108 F.4th at 1381.

"Second, section 102(b) contains two provisions directed at disclosures by another (that is, not by the inventor) after the 'subject matter disclosed' was 'publicly disclosed by the inventor' in subsections (b)(1)(B) and (b)(2)(B)." *Id.* "Subsection (b)(1)(B) refers to activities by the inventor or a third party that would otherwise be invalidating disclosures under section 102(a)(1) ('described in a printed publication, or in public use, on sale, or otherwise available to the public') made within one year of the patent filing, and subsection (b)(2)(B) refers to patent applications by another (section 102(a)(2) disclosures) that disclosed the 'subject matter [already] disclosed' by the inventor, without regard to the one-year time limit. In summary, these provisions except from prior art disclosures that were made after the invention was 'publicly disclosed' by the inventor." *Id.*

The Court's recent decision in *Sanho Corp. v. Kaijet Tech. Int'l Ltd.*, is instructive. 108 F.4th 1376, 1378. The case involved a petition for *inter partes* review challenging the validity of Sanho's patent where the primary prior art reference was filed four months before the priority date of Sanho's patent. *Id.* at 1379. Sanho, however, argued that the reference did not qualify as prior art because, before its filing date, the inventor had privately sold a product that allegedly

embodied the claimed invention. The PTAB rejected that argument, finding the claims invalid.

Sanho renewed its argument on appeal, pointing to the fact that "there was no confidentiality or nondisclosure agreement" governing the sale. *Id.* at 1385. The Court disagreed, finding that "the sorts of disclosures that qualify for the exception in section 102(b)(2)(B) are a narrower subset of 'disclosures' (*i.e.*, the disclosures that are 'public')." *Id*. at 1381-82 (citing *Hibbs v. Winn*, 542 U.S. 88, 101 (2004) and *Helsinn Healthcare S. A. v. Teva Pharms. USA, Inc.*, No. 2016-1284, 2018 WL 1583031, at *4 (Fed. Cir. Jan. 16, 2018) (O'Malley, J., concurring in denial of rehearing *en banc*)). The Court further reasoned that:

> '[P]ublicly disclosed by the inventor' must mean that it is reasonable to conclude that the invention was made available to the public. If the subject matter of the invention were kept private, the inventor would not have disclosed the invention to the public. [Section 102(b)] thus works to protect inventors who share their inventions with the public from later disclosures made by others.

Sanho, 108 F.4th at 1382. The court concluded that § 102(b)'s exceptions "operate to ensure that, if the subject matter is sufficiently disclosed 'to the public,' a patentee will not be prevented from obtaining a patent merely because a third party disclosed what was already publicly disclosed by the inventor." *Id.* at 1383.

This Court therefore held that the inventor's provision of samples and its sale to Sanho did not publicly disclose the claimed subject matter because there was no

evidence that the samples or sales were publicized. *See id.* Thus, there was no public disclosure under Section 102(b). *See id.* at 1385.

2. Burden of Proof for Anticipation Defense.

CMS relies on *Tech. Licensing Corp. v. Videotek, Inc.*, 545 F.3d 1316, 1329 (Fed. Cir. 2008) to argue that its burden was "one of production only" that "the April 2016 purchase order does not qualify as prior art." Op. Br. at 32. This argument fails to appreciate the burden that *Tech. Licensing* and similar cases place on CMS.

As explained in *Tech. Licensing*, there are multiple burdens when assessing whether a particular reference is prior art. First, "when an alleged infringer attacks the validity of an issued patent, our well-established law places the burden of persuasion on the attacker to prove invalidity by clear and convincing evidence." *Tech. Licensing*, 545 F.3d at 1327. While the burden of persuasion never shifts, "[a] quite different burden is that of going forward with evidence—sometimes referred to as the burden of production—a shifting burden the allocation of which depends on where in the process of trial the issue arises." *Id.* This burden requires "both producing additional evidence and presenting persuasive argument based on new evidence or evidence already of record, as the case may require." *Id.*

This understanding of two distinct burdens of proof was reaffirmed in *Dynamic Drinkware* where the court stated that burden of persuasion to prove unpatentability by a preponderance of the evidence never shifts to the patentee, but

"a second and distinct burden, the burden of production, or the burden of going forward with evidence, is a shifting burden." *Dynamic Drinkware, LLC v. Nat'l Graphics, Inc.*, 800 F.3d at 1378-1380 (citing *Tech. Licensing*, 545 F.3d at 1327).

When assessing a claim of invalidity, the alleged infringer "has the burden of going forward with evidence that there is such anticipating prior art" which, in the case of a post-AIA patent, means identifying art that is prior to the effective filing date of the patent. *Tech. Licensing*, 545 F.3d at 1327; 35 U.S.C. § 102(a)(1). At that point, the patent owner "has the burden of going forward with evidence either that the prior art does not actually anticipate, or, as was attempted in this case, that it is not prior art…" *Tech. Licensing*, 545 F.3d at 1327. In the case of a post-AIA patent, art is not "prior art" when one of the exceptions under § 102(b) applies. *See, e.g.*, 35 U.S.C. § 102(b)(1) ("A disclosure made 1 year or less before the effective filing date of a claimed invention ***shall not be prior art*** to the claimed invention under subsection (a)(1) if…").

As the Court explained in *Tech. Licensing*, this burden requires the patent owner to "produc[e] sufficient evidence and argument" necessary to show that the disclosure does not qualify as prior art. *See Tech. Licensing*, 545 F.3d at 1327 (discussing patent owner's burden of proving patent-in-suit is entitled to the benefit of a filing date prior to the alleged prior art); *see also Dynamic Drinkware*, 800 F.3d at 1379-1380 (citing *Tech. Licensing*, 545 F.3d at 1327); *see also Merck Serono S.A.*

v Hopewell Pharma Ventures, Inc., No. 2025-1210, 2025 WL 3030020, at *12 (Fed. Cir. Oct. 30, 2025).

Stated differently, "once a challenger (the alleged infringer) has introduced sufficient evidence to put at issue whether there is prior art alleged to anticipate the claims being asserted, prior art that is dated earlier than the apparent effective date of the asserted patent claim, the patentee has the burden of going forward with evidence and argument to the contrary." *Tech. Licensing*, 545 F.3d at 1329.

II. TSS SATISFIED ITS BURDEN OF COMING FORWARD WITH ON SALE BAR EVIDENCE

The district court correctly found that TSS satisfied its initial burden of "going forward with evidence that there is" anticipating prior art (*Dynamic Drinkware*, 800 F.3d at 1379; *Tech. Licensing*, 545 F.3d at 1327) by presenting evidence that Renewliner was "on sale" (Section 102(a)(1)) no later than April 22, 2016 (approximately two months before the '007 Patent's earliest effective filing date). TSS also presented evidence from its expert, Dr. Parachuru, who tested and compared the version of Renewliner accused of infringement with its 2016 counterpart and confirmed they were materially identical. *See generally* Appx00649-Appx00814, at Appx00674-55; *Vanmoor*, 201 F.3d at 1366 (finding that defendant's burden of proving anticipation was satisfied by patent owner's allegations of infringement).

On appeal, CMS does not dispute these facts. It concedes that Turner's Renewliner was on sale before the effective filing date of the '007 Patent. *See* Op. Br. at 30 (referencing the April 2016 purchase order as "the product being offered for sale"). It also concedes that the April 2016 Renewliner product embodied each and every limitation of the asserted claims of the '007 Patent. Thus, CMS had "the burden of going forward with evidence" that the 2016 Renewliner "is not prior art". *Dynamic Drinkware*, 800 F.3d at 1380; *Tech. Licensing*, 545 F.3d at 1327. Stated differently, CMS had to come forward with evidence of applicability of the exceptions of either post-AIA 35 U.S.C. § 102(b)(1)(A) or (B) and, the only issue is whether CMS met that burden. As discussed below, the district Court correctly found that it did not. Appx00013-00022.

III. CMS FAILED TO COME FORWARD WITH EVIDENCE THAT ANOTHER OBTAINED THE PATENTED INVENTION FROM THE NAMED INVENTORS

The prior art exception under § 102(b)(1)(A) applies if the prior art disclosure "was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor[.]" Here, the prior art disclosure is Turner's Renewliner, which was placed on sale no later than April 2016. At the core of the district court's decision regarding § 102(b)(1)(A) is CMS's failure to come forward with evidence that Turner either directly or indirectly obtained that subject matter from any inventor. Without such evidence,

CMS has not met its burden under *Dynamic Drinkware* and *Tech. Licensing* to overcome TSS's *prima facie* showing that Renewliner anticipates the asserted claims of the '007 Patent.

CMS's argument to the contrary fails for several reasons. First, CMS relies on an attenuated chain of indirect disclosures supported only by speculation, not evidence. CMS failed to come forward with evidence that its inventors disclosed any relevant subject matter to TSS *and* that TSS, in turn, passed on that subject matter to Turner. Second, CMS also fails to account for the undisputed evidence showing TSS independently came up with its ideas, and discussed those ideas with Turner, a company with vast experience in the manufacturing of PET nonwovens. Instead of coming forward with evidence sufficient to create a triable issue of fact, CMS relies on speculation, incomplete timelines, unknown communications from former employees, and muddled issues of inventorship claims by TSS. This is insufficient to meet its burden and overcome summary judgment.

A. CMS did not come forward with evidence that it disclosed the claimed invention to TSS.

CMS failed to come forward with evidence showing any disclosure in the first link of the chain – *i.e.*, a disclosure of the relevant subject matter from its inventors to TSS. The evidence shows that in 2015, TSS was actively seeking out and engaging multiple product manufactures for a specific customer need. As discussed above, TSS initially engaged with CMS to make a paper or denim insulation product.

There is no assertion that samples of these products disclosed the invention of the '007 Patent. Once Mr. Cardinale shifted his focus to an all-PET product, TSS also engaged Turner, a company with years of experience making similar nonwoven products. Appx09739-Appx09794, at Appx09771-74 ¶¶ 2, 5 (Turner Decl.); Appx03604-Appx05303, at Appx04034-35 (Turner Dep. Tr. 17:25-18:9); Appx00936-Appx01050, at Appx00962-74 (Henderson Decl.), Ex. C (CMS0003143). As discussed above, Turner's prior experience was crucial in suggesting and experimenting with binder fiber mixtures for batt construction and in explaining to TSS how to adhere thermoplastic film to a PET batt. The evidence provided by TSS and corroborated by Turner shows that Turner was fully capable of manufacturing a product to meet TSS's needs without obtaining ideas from CMS. *Id.*

CMS, on the other hand, argues that co-inventor Chris Benner "disclosed" the invention in a June 2015 email to Sal Cardinale. Op. Br. at 28-30. As CMS concedes, the June 2015 email, at most, was "alluding" to a "potential product" without any disclosure of any claim limitation. There is no disclosure of the claimed invention. Further, the district court correctly noted that "Cellulose's June 24, 2015, email did not show a batt with film attached to both sides or an all-PET product with film adhered to both sides, foldable without the need for creases, grooves, or cut lines." Appx00013-Appx00022, at Appx00018. Put another way, the June 24 email

did not disclose the claimed invention to TSS. This is not a speculative weighing of the evidence by the district court, rather an objective statement about what CMS did and did not include in its communications to TSS.

CMS came forward with no cogent evidence from Mr. Benner explaining this email. Rather, as noted above, Mr. Benner refused to answer any questions at his deposition regarding his role (or lack thereof) with respect to the claimed invention. Instead, CMS relies on a hearsay declaration from Matthew Henderson, CMS's president. Appx0147-1582, at Apx01510-1512. But Mr. Henderson conceded that he was not present for any conversations between Mr. Benner and TSS. Appx03074-Appx03449, at Appx03397. (Henderson Dep. Tr. 209:23-210:5). Mr. Henderson's declaration lacks foundation, is hearsay, and such speculative statements cannot create a genuine dispute of fact to overcome summary judgment. *Mirror Worlds Techs., LLC v. Meta Platforms, Inc.*, 122 F.4th 860, 875 (Fed. Cir. 2024).

CMS next points to a series of documents including budgetary quotes regarding potential size and shape of insulation material. These documents are irrelevant. To begin with, they are each dated ***after*** Turner submitted its samples to TSS and therefore fail to show any actionable disclosure from CMS to TSS. Second, the materials do not disclose any information regarding the claimed invention; for example, there are no specifications to enable another party to manufacture the claimed invention (particularly not a party using a fundamentally different

manufacturing process from CMS's air laying process). There is, for example, no disclosure of binder fiber lengths, thickness (called denier), or the composition of polyester fibers to binder fibers.

CMS then points to "various quotes and physical samples" which were provided to TSS and TSS's prospective customers. Op. Br. at 12. CMS cites emails from November 2015 where Chris Benner explains a need to "conduct a trial run of facing both sides of this 1.5" material" before asking about when "CMS should expect to receive the trial rolls of PET film" that TSS would ship to CMS. Appx01236-Appx01268, at Appx01247-48. The emails do not disclose the subject matter of the '007 Patent. CMS makes no assertion, nor is there any expert testimony that these product samples embodied the subject matter of the '007 Patent. In any event, by the time CMS sent these samples to TSS, the unrefuted evidence shows that Turner already possessed the know-how to create PET fibrous batts and how to adhere a PET film to the batt. *See supra*, Figure 1.

CMS states that all these efforts culminated in TSS's first sale on February 23, 2016 with the Dinner Thyme Purchase Order. These arguments are inapposite. First, the purchase order in question does not disclose the subject matter of the '007 Patent. CMS presents no evidence of Sal Cardinale receiving these samples. Second, the very next day after this PO issued, and well before TSS could have received any samples, TSS filed its provisional patent application describing

Renewliner, its own PET insulation product. U.S. Provisional Application No. 62/299,471 titled "T Shaped Insulation for Boxes". Appx05516-6012, at Appx05993-6012. TSS's patent filing further dispels any notion that it could have obtained the subject matter of the '007 Patent on or after that date.

Fundamentally, CMS failed to produce evidence of the named inventors disclosing the subject matter of the '007 Patent to Cardinale or anyone else at TSS. As the district court properly found, mere speculation of a disclosure is insufficient to survive summary judgment. Appx00013-0022, at Appx00019.

B. CMS did not come forward with evidence that Turner obtained the subject matter of the '007 Patent from TSS.

CMS failed to produce evidence that its named inventors disclosed the subject matter of the '007 Patent to Cardinale. While CMS argues that samples and specifications provided to TSS constitute subject matter "obtained from" the named inventors, CMS fails to account for the unrebutted testimony about TSS's separate business relationship with Turner. Both Cardinale and Turner confirmed that their business relationship began in 2015 – not 2016 as CMS now claims. *Compare* Appx09739-Appx09794, at Appx09772-74 ¶ 2 (Turner Decl.) *with* Op. Br. at 31. More importantly, the unrebutted evidence shows that Turner had years of experience manufacturing PET nonwovens and was able to rapidly provide samples to TSS – again, long before any alleged disclosure by CMS of samples or other information. Appx09739-Appx09794, at Appx09772-74 (Turner Decl.) ¶¶ 2-7.

Moreover, CMS's samples did not include film, a fact CMS implicitly recognizes since it stops short of claiming these samples and specifications actually disclosed the claimed invention, a necessary step for a prior art exception.

CMS argues that the district court speculated about the origins of the Turner Renewliner. Op. Br. at 38. Not so. CMS failed to address unrebutted evidence showing that Cardinale, independently came up with the idea of an all-PET product (with PET film on both sides). Appx09615-Appx9630, at Appx09619-9625. This evidence is corroborated by the testimony of Timothy Wilson, a third-party film supplier who confirmed his discussions with Cardinale about such a product long before any alleged disclosure to which CMS now points. *Id.*; *see also Thomson, S.A. v. Quixote Corp.*, 166 F.3d 1172, 1176 (Fed. Cir 1999) (testimony from a person who worked with alleged prior inventor factored into the totality of the circumstances in corroborating oral testimony of prior disinterested inventor); *Hahn v. Wong*, 892 F.2d 1028, 1032-33 (Fed. Cir. 1989) (corroboration "may consist of testimony of a witness, other than an inventor, to the actual reduction to practice").

In response to this argument, CMS argues that a jury could find that CMS conceived of the invention before TSS, and that Mr. Cardinale's claim as a co-inventor is only supported by a self-serving declaration. Op. Br. at 32-35. Both of these arguments miss the point entirely: as the district court correctly held, the issue properly focuses on what (if any) disclosures the '007 Patent's inventors made; the

fact that the inventors (allegedly) conceived of their invention first is immaterial without a disclosure to TSS or Turner that could form the basis of an exception under § 102(b)(1)(A). The district court correctly held that CMS failed to show "that its alleged disclosures to [TSS] predate Cardinale's knowledge of the concept." Op. Br. at 32-33 (citing Appx09851). While CMS now argues that a jury (and the court at summary judgment) might reject TSS's evidence, this is not a basis to deny summary judgment; indeed, under this theory no summary judgment could ever be granted in the face of an opposing argument that the jury might wholesale discredit the movant's evidence (even if unrebutted).

Also critically, CMS fails to address the fact that Turner's product uses a fundamentally different cross-lapped and carding manufacturing process with machines that are incompatible with CMS's air laying process. *Id.* ¶ 4. Turner's product also uses a different blend, different fiber lengths, presumably different fiber deniers (because CMS never disclosed its fiber specifications to TSS), and in fact used fibers that came from Turner's own inventory with film sourced by TSS. *Id.* ¶¶ 5-7. Thus, the unrebutted evidence shows that Turner ***did not*** obtain—and, given these several differences, ***could not use***—any subject matter from CMS.

On appeal, CMS quibbles with the district court's order explaining its burden at this stage in the case. Op. Br. at 32. In its Opening Brief, CMS argues that its burden "was one of production only, i.e., 'the burden of going forward with

evidence' that the April 2016 purchase order does not qualify as prior art because the subject matter was obtained from Cellulose." *Id.* Not only did the district court apply this exact standard, but it explicitly found that CMS failed to meet it. Appx00013-Appx00022, at Appx00018-19 ("Cellulose did not *put forth evidence* that it provided that concept or other aspects of the claimed invention"). In other words, the district court did not evaluate CMS's evidence, weigh it improperly, or draw inferences against CMS. Instead, the district court found that CMS did not provide any evidence of this disclosure at all. *Id*.

CMS relies on *BASF Corp. v. SNF Holding Co.*, 955 F.3d 958, 967 (Fed. Cir. 2020), to support its position that the fact finder is "entitled to make reasonable inferences" in resolving invalidity disputes under § 102. Op. Br. at 38. But *BASF* does not stand for CMS's proposition that a court must deny summary judgment where a party presents only speculation as to critical facts. In *BASF*, the record included undisputed facts from the nonmovant showing that the public had access to the patented invention through public factory tours, newspaper articles and a commemoration video. Such evidence was a sufficient basis on which a factfinder may reasonably infer that the "public use" prong of § 102 applied. Here, by contrast, CMS does not point to any actual evidence disclosing (1) the claimed invention from CMS to TSS or (2) the claimed invention from TSS to Turner. CMS admits its speculation by claiming—not that its argument is supported by specific facts but

that—it is "the only reasonable explanation[.]" Op. Br. at 37. While a factfinder may make reasonable inferences from the evidence, a nonmovant cannot avoid summary judgment by seeking to fill in evidentiary gaps with speculation. *See Nat'l Steel Corp. v. Golden Eagle Ins. Co.*, 121 F.3d 496, 502 (9th Cir. 1997) ("Conclusory allegations . . . without factual support, are insufficient to defeat summary judgment"); *Harper v. C.R. England, Inc.*, 687 F.3d 297, 306 (7th Cir. 2012) (inferences supported only by "speculation or conjecture" do not suffice to defeat summary judgment). The district court correctly found that such speculative arguments cannot overcome a motion for summary judgment. *Ferring*, 437 F.3d at 1193 ("Conclusory allegations and attorney arguments are insufficient to overcome a motion for summary judgment").

C. CMS's argument about TSS's alternative joint inventorship defense fails.

CMS argues that the district court should have denied TSS's motion for summary judgment solely on the basis that TSS "contradicts" its alternative defense that Cardinale, should have been named "a co-inventor" of the '007 Patent. Op. Br. at 33. This argument is legally improper for multiple reasons.

First, CMS essentially argues that TSS's joint inventorship defense precludes TSS from prevailing on its on-sale bar invalidity defense. This argument violates the fundamental tenet of civil litigation that a defendant "may state as many separate claims or defenses as it has, regardless of consistency." FED. R. CIV. P. 8(d)(3).

Procedurally, the Ninth Circuit precludes using "one of two inconsistent" defenses "as evidence in the trial of the other" because it "would place a litigant at his peril in exercising the liberal pleading…provisions of the Federal Rules." *Oki Am., Inc. v. Microtech Int'l, Inc.*, 872 F.2d 312, 314 (9th Cir. 1989). CMS's argument runs squarely afoul of this prohibition.

Second, CMS's apparent argument that TSS is estopped due to any alleged inconsistent positions, the doctrine of judicial estoppel does not apply where "there has been no judicial acceptance of the asserted inconsistent position." *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 666 (Fed. Cir. 1988). Here, the district court did not accept any "asserted inconsistent position" because it explicitly ***denied*** TSS's separate motion for summary judgment of joint inventorship. *Id.*; *see also* Appx06318-Appx06333.

Notably, CMS's present argument highlights its own inconsistent litigation positions. After successfully opposing TSS's motion for summary judgment on joint inventorship, CMS now takes the opposite position and argues that the presence of that defense alone should suffice to overcome TSS's on-sale bar defense. But CMS cannot have it both ways: if Mr. Cardinale is not a joint inventor, the patent is invalid; if he is a joint inventor, he was entitled to practice the patent through his company (TSS). Either way, CMS cannot prevail on infringement, and this only underscores why a defendant is permitted to plead alternative defenses. *See Astor Chauffeured*

Limousine Co. v. Runnfeldt Inv. Corp., 910 F.2d 1540, 1548 (7th Cir. 1990) (inconsistent pleadings are "acceptable because, at the end of the day, only one of these positions can obtain [sic], and the pleader is limited to a single recovery no matter how many different (and conflicting) theories it offers.").

However, CMS is incorrect that there is any inconsistency between these defenses. Indeed, the district court correctly determined the opposite:

> [TSS's] inventorship claim depends on whether [CMS's] Chris Benner (an inventor) independently conceived of the idea of all-PET product with a PET batt and PET film adhered to both sides before [TSS] communicated that idea to him. That is a different question than whether [TSS] derived a concept from [CMS]. [TSS] could have derived its idea without derivation regardless of whether Mr. Cardinale is a joint inventor.

Appx00013-Appx00022, at Appx00019. Thus, the district court correctly focuses on the ***different requirements*** for proving joint inventorship and on-sale bar defenses and recognized that each defense can be adjudicated entirely independently from the other. In any event, CMS's argument does not alter the equation: CMS had the burden of coming forward with evidence that a prior art exception under § 102(b) applies, and it failed to meet that burden.

D. Even if Cardinale were an inventor, CMS failed to present evidence that Turner obtained the invention from Cardinale.

As with its arguments regarding disclosures coming directly or indirectly from CMS to Turner, CMS again fails to address its burden of production of evidence showing that Turner obtained the subject matter of the invention from Cardinale or

anyone else at TSS. The entirety of CMS's argument on this point is speculative and is premised on the idea that in the event Mr. Cardinale is an inventor, that fact alone is sufficient evidence to show Turner obtained the invention from him.

But as stated above, Turner had been working in the nonwoven industry with PET fibers long before his relationship with Mr. Cardinale began. Evidence provided by TSS from both Mr. Cardinale and Mr. Turner shows the extent of disclosures from TSS to Turner in developing the Turner Renewliner was limited. This is because Mr. Turner's experience and institutional knowledge allowed him to manufacture the Renewliner based on Mr. Cardinale's description of a "polyester batt with a density of one pound per cubic foot." Appx09739-9794, at Appx09773 ¶ 3 (Turner Decl.).

CMS makes no effort to show any specific disclosure of the ***claimed invention*** to Turner. CMS cites to an "Exclusive Manufacturing Agreement" between TSS and Turner as somehow confirming that TSS provided Turner with a specification to make the Renewliner. Op. Br. at 15. But the cited agreement came in July 2016, *after* the Juicero purchase order and the agreement's "specification" page is blank. Appx00815-935, at Appx00900-00915.

Further, the district court also noted CMS's lack of evidence regarding the subject matter ultimately disclosed to Turner. The district court correctly found that CMS failed to come forward with evidence showing that Mr. Cardinale "shared

[CMS's] information and has established only that it is chronologically possible that information came from the inventors." Appx09848-Appx09853, at Appx09852. Such a "chronological possibility" highlights CMS's dearth of evidence on this point and underscores why summary judgment was appropriate. The court correctly found that CMS premised its argument, without evidence, on the idea that the disclosures must have come from CMS or Mr. Cardinale. In doing so CMS ignored other possibilities such as ideas coming from Turner's own experience, other non-inventor TSS employees, the public domain, or other sources. *Id.* The court concluded that CMS's argument that Turner must have obtained the subject matter of the invention from either CMS or Mr. Cardinale is "only an inferential argument." *Id.* Thus, there is no genuine issue of material fact regarding this exception.

IV. CMS HAS NOT COME FORWARD WITH EVIDENCE THAT ITS PRIVATE SALES ACTIVITIES CONSTITUTE A "PUBLIC DISCLOSURE."

A. CMS has made no showing that the sample products it sent disclosed the relevant aspects of the '007 Patent to the public.

The district court properly found that CMS did not meet its burden of coming forward with evidence that § 102(b)(1)(B)'s "public disclosure" exception applied. CMS only stated evidence pertaining to *private* sales and the provision of three samples sent to TSS customers on a trial basis at TSS's request. There is no dispute that, at the time, CMS's product was only available to TSS and select customers on a trial basis; even then, CMS only made the product available on a per-request basis

(and using components, like the product's film, that TSS expressly provided). CMS had not begun to generally market its product, had not filed for a patent application, had not listed the product on its website, and ***had not even given a name to the product*** (which was later named InfinityCore). *See* Op. Br. at 5-16. There is no genuine issue of material fact with respect to § 102(b)(1)(B) because, for at least the following three reasons, the limited, ***private*** commercial activity to which CMS points cannot, as a matter of law under *Sanho*, rise to the level of a "public disclosure." *Sanho*, 108 F.4th at 1379 (finding the private provision of a sample is not a public disclosure).

First, CMS has not shown that any of the three instances in which it sent product samples prior to April 2016 made the claimed subject matter of the '007 Patent broadly "publicly available." CMS has only shown that it engaged in discrete private commercial activity *through TSS* during the relevant time period. CMS does not claim to have made the product generally available for purchase by the public or to have publicly marketed the product's existence at this time. CMS itself proclaims that it sent these samples "in support of *Thermal Shipping's concerted effort* to develop interest, and therefore sales, for the new product among potential customers." Op. Br. at 44. CMS points to no activity of its own seeking to publicize either its product or the '007 Patent's claimed invention. Indeed, archived snapshots of CMS's website beginning late 2015 and extending through August 2016 show

that CMS did not market, advertise, or otherwise disclose its all-PET product on its packaging insulation webpage, but marketed only an insulation product made of paper. *See* Appx06336-Appx06370, at Appx06352 ¶¶ 3-5; Appx06356-Appx06368. CMS's "evidence" of communications with TSS about these samples only serves to demonstrate the ***private*** nature of this activity, especially since many of the communications were designated—by CMS—as "confidential" under the protective order. *See, e.g.*, Appx05516-Appx06012, at Appx05582-621 (Henderson Decl.) Exs. A-D. Much like the appellant in *Sanho*, where this Court found that the private provision of a sample for evaluation is not a public disclosure, CMS has only shown that it supplied samples of its product in response to private requests for evaluation and testing. *See Sanho*, 108 F.4th at 1379, 1385. Also like in *Sanho*, CMS fails to show what happened to these samples after they were sent, that they were included in a downstream public disclosure, or that the prospective customers subsequently incorporated the insulation into any public-facing products. *See id.* at 1379 ("There is also nothing in the record to indicate . . . what became of those devices.").

Second, CMS has not shown that any of the product samples to which it points as public disclosures actually disclosed the subject matter of the '007 Patent to the few third parties who received them, much less the general public. CMS argues that it made product samples available for inspection and testing to TSS, Nurture Life, and Munchery and that these parties could have readily revealed the nature of the

samples' construction. This is pure attorney argument; CMS failed to come forward with any evidence that any third party ***could*** ascertain the nature of the product's construction let alone that such a party ***did so***. For example, CMS has not shown how these parties could have ascertained the fiber types, composition blend, fiber lengths, and/or thicknesses (denier) of the samples' construction that are part of the subject matter of the '007 Patent. CMS lacks any evidence that such a third party ever did so. CMS's argument is, again, based solely on speculation.

Third, CMS's argument focuses on advocating what standard this Court should adopt to determine that a sale publicly discloses the relevant subject matter under § 102(b)(1)(B), and then tries to apply that standard to its limited activity between December 2015 and January 2016. But, as in *Sanho*, the Court need not determine the exact contours of the "public disclosure" exception. It is sufficient that here, like in *Sanho*, the referenced activity involved only private commercial behavior without any broader disclosure or marketing of the claimed invention to the general public. *See Sanho*, 108 F.4th at 1385. Private commercial activity is "clearly not enough to qualify for the exception in § 102(b)(2)(B), even if we assume [ ] that the device did embody the subject matter of the invention." *Id.*

Even if the Court were to now address the standard for determining that a sale publicly discloses the relevant subject matter under § 102(b)(1)(B), CMS has still not shown that a trier of fact could find that the samples it sent were "publicly

accessible." As *Sanho* makes clear, the legislative history of § 102(b)(1)(B) states that "[w]hether an invention has been made available to the public is the same inquiry that is undertaken under existing law to determine whether a document has become publicly accessible." *Sanho*, 108 F.4th at 1383 (citing 157 CONG. REC. at S1370 (statement of Sen. Jon Kyl)). "A document is publicly accessible if it 'has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art, exercising reasonable diligence, can locate it and recognize and comprehend therefrom the essentials of the claimed invention without need of further research or experimentation.'" *Cordis Corp. v. Boston Sci. Corp.*, 561 F.3d 1319, 1333 (Fed. Cir. 2009). "In general, '[a]ccessibility goes to the issue of whether interested members of the relevant public could obtain the information if they wanted to.'" *Id.* Although distribution to a limited number of entities with a binding agreement of confidentiality may defeat a finding of public accessibility, such a binding legal obligation is not essential. *Id.* "We have noted that '[w]here professional and behavioral norms entitle a party to a reasonable expectation' that information will not be copied or further distributed, we are more reluctant to find something a 'printed publication.'" *Id.* at 1333-34. Here, as discussed above, the general public did not have access to CMS's product in early 2016; CMS was only able to provide samples ***upon TSS's request*** and to the extent that TSS first provided CMS with film to make the product. CMS has not come

forward with any evidence rising to the level of public accessibility discussed in *Cordis*. Moreover, any discussion regarding confidentiality agreements is expressly foreclosed in *Sanho*. *See Sanho*, 108 F.4th at 1385 (finding a non-confidential but otherwise private sale does not result in an invention's subject matter being "publicly disclosed" for purposes of § 102(b)(2)(B)).

CMS has failed to show that the product samples it sent in December 2015 and January 2016 were anything more than discrete private transactions, has failed to show that those samples actually disclosed the subject matter of the '007 Patent, and has failed to show that a member of the public would have known that its product existed prior to April 2016. For all of these reasons, this Court should affirm the district court's finding that CMS cannot show that the public disclosure exception applies.

B. CMS fails to show the district court abused its discretion in refusing to reopen fact discovery.

CMS's argument that the district court should have granted its request for additional discovery in light of *Sanho* is also unfounded.

A district court's denial of a request to reopen discovery is reviewed for abuse of discretion. *Panatronic USA v. AT&T Corp.*, 287 F.3d 840, 846 (9th Cir. 2002); *Cornwell v. Electra Cent. Credit Union*, 439 F.3d 1018, 1026 (9th Cir. 2006). *See also Laub v. United States DOI*, 342 F.3d 1080, 1093 (9th Cir. 2003) (District courts have broad discretion to oversee discovery.). A district court abuses its discretion

only if "the movant diligently pursued its previous discovery opportunities, and if the movant can show how allowing additional discovery would have precluded summary judgment." *Panatronic*, 287 F.3d at 846.

CMS argues that before *Sanho*, it had no reason to inquire into the extent of TSS's public disclosures of the Renewliner product prior to the '007 Patent filing date. Op. Br. at 46. But this is simply not true. In its original Invalidity Contentions served on December 5, 2022, TSS alleged that the '007 Patent was invalid for the on-sale bar based on sales that TSS made of Renewliner in 2016. *See* Appx00254-Appx00325, at Appx00272 ("TSS offered for sale and sold the accused Renewliner product by at least January 6, 2016."). After disclosure of those contentions, CMS took numerous depositions, including of TSS, TSS's film supplier Timothy Wilson, and Turner, and propounded 118 document requests, 18 interrogatories, and 12 requests for admissions. CMS was fully on notice of the on-sale bar defense for more than two years prior to TSS's Motion for Reconsideration that is the subject of this appeal and had a full and complete opportunity to engage in fact discovery on this issue. CMS was therefore fully aware that any public disclosure of the subject matter of the '007 Patent prior to the patent's filing date was highly relevant and could have pursued discovery on this issue at any point during fact discovery. The district court thus did not abuse its discretion in holding that "*Sanho* is an intervening decision on a legal issue that does not discernably affect discovery given that

inventorship and the on-sale bar have always been part of this lawsuit." Appx00003-Appx00012, at Appx00011; Appx00013-Appx00022, at Appx00021.

In support of its contention that it is entitled to additional fact discovery CMS cites solely to *InteliClear, LLC v. ETC Glob. Holdings, Inc.*, 978 F.3d 653 (9th Cir. 2020). Op. Br. at 46. However, *InteliClear* is inapposite because in that case *fact discovery had not even occurred yet* when the district court granted summary judgment. *InteliClear*, 978 F.3d at 661-64 ("To date, no discovery has been conducted and oral argument in the district court was cancelled."). Here, there has been extensive fact discovery, including document requests, interrogatories, and depositions of TSS, TSS's film supplier Timothy Wilson, and Turner.

Further, CMS has not shown how allowing additional discovery would have precluded summary judgment. Instead, CMS baldly asserts that TSS's public disclosures of the Renewliner product "may well prove to be significant." Op. Br. at 46. As the district court found and is still the case on appeal, "Cellulose's summary assertion that discovery will illuminate the issue is not supported by any examples." Appx00003-Appx00012, at Appx00011; Appx00013-Appx00022, at Appx00021. Indeed, the language of § 102(b) has not changed since the start of this lawsuit; CMS could have engaged in the discovery it now posits during the original fact discovery in this case. For example, CMS elected not to ask Sal Cardinale about these issues at either of his depositions. Even if *Sanho* had somehow changed

§ 102(b), CMS did not seek to reopen discovery immediately when the decision issued on July 31, 2024, but rather months later and only after TSS had filed its motion for reconsideration.

Because CMS fails to explain why it could not have diligently pursued discovery on any public disclosure under § 102(b)(1)(B) during the fact discovery period and has not shown how allowing additional discovery would have precluded summary judgment, the district court did not abuse its discretion in denying CMS's request to reopen fact discovery.

V. THE ON-SALE BAR APPLIES TO THIRD PARTY SALES DESPITE ARGUMENTS MADE BY *AMICI CURIAE*

Amici Curiae puts forth a separate argument that third-party sales, by themselves, should not be considered prior art. They claim that "ambiguity" remains regarding who must make a sale in order for an inventor to be barred from obtaining a patent. There is no such ambiguity. The statutory language of 35 U.S.C. § 102(a)(1) is clear: it makes no distinction between *who* makes any of the enumerated disclosures. Further, this application of the statute does not contradict the purported policy goals of the America Invents Act. The *Amici* seek to read into the statute limitations that Congress never intended.

The Supreme Court has explained that "[e]very patent statute since 1836 has included an on-sale bar." *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 586 U.S. 123, 129 (2019). The AIA "retained the on-sale bar" and did not "alter[] the

meaning of the 'on sale' bar." *Id.* at 130. With this backdrop, this Court has oft discussed the long-established rule that *who* places the invention on-sale is irrelevant:

> First, the text of [pre-AIA] section 102(b) [on-sale bar] … stat[es] only that a 'person shall be entitled to a patent unless ... the invention was ... on sale in this country, more than one year prior to the date of the application for patent in the United States.' By phrasing the statutory bar in the passive voice, ***Congress indicated that it does not matter who places the invention 'on sale'; it only matters that someone—inventor, supplier or other third party—placed it on sale***.

Special Devices, Inc. v. OEA, Inc., 270 F.3d 1353, 1355 (Fed. Cir. 2001); *see also Zacharin v. United States*, 213 F.3d 1366, 1371 (Fed. Cir. 2000) ("under this court's precedents, it is of no consequence that the sale was made by a third party, not by the inventor"); *Abbott Labs. v. Geneva Pharms., Inc.*, 182 F.3d 1315, 1318 (Fed. Cir. 1999) ("[T]he statutory on-sale bar is not subject to exceptions for sales made by third parties either innocently or fraudulently"). In *Helsinn*, the Supreme Court validated this Court's precedent – for example, it expressed approval that the Court "has long held that 'secret sales' can invalidate a patent." *Helsinn*, 586 U.S. at 131 (citing *Special Devices*, 270 F.3d at 1357). Thus, the Supreme Court held that "when Congress reenacted the same language in the AIA, it "adopted the earlier judicial construction of that phrase." *Id.* The Amici Curiae thus invite this Court to abandon decades of its own precedent and reinterpret the AIA version of the on-sale bar in

plain contradiction of the Supreme Court's holding in *Helsinn*. The Court should decline that invitation.

The *Amici's* argument essentially asks that the Court interpret the on-sale bar inconsistently with the rest of the statute. Section 102(a)(1) clearly identifies five categories of prior art, where "the claimed invention" was "patented," "described in a printed publication," "in public use," "on sale," and "otherwise available to the public." Importantly, the statute does not explicitly limit any of these categories based on *who* provided the disclosure. Yet, the Amici argue that only one of the five provisions—the "on sale" bar—should be limited to foreclose third-party activity. At the same time, the *Amici* make no argument that a third-party patent, third-party printed publication, third-party public use, or other third-party activity should prevent an inventor from obtaining a patent. In fact, *Amici* embrace this inconsistency, arguing that these other activities specifically encompass third party activity to prevent a patent.

Plainly, had Congress intended to limit the scope of the on-sale bar in the context of third-party activity, it could have done so. For example, in the neighboring § 102(b), the AIA explicitly identifies categories of persons to whom the exceptions apply: "inventor," "joint-inventor," or "another" who obtained the subject matter "directly or indirectly from the inventor or a joint inventor." 35 U.S.C. § 102(b)(1)(B). Section 102(a)(1) includes no such qualifications and, as

already discussed, the Supreme Court has held that the AIA did not alter the scope of the on-sale bar. Put another way, § 102(b)(1)(B) treats a third-party sale under § 102(a)(1) as any other third-party disclosure under § 102(a)(1).

For these reasons, the Court should decline the *Amici's* proposed reinterpretation of the on-sale bar.

CONCLUSION

The district court correctly held the '007 Patent invalid. TSS offered to sell the allegedly infringing product (Renewliner) months before CMS filed its patent application and, as the district court correctly held, CMS fundamentally failed to meet its burden of coming forward with evidence that either of the on-sale bar exceptions applied. *First*, CMS failed to provide evidence that anyone at TSS received the invention from the named inventors or that anyone at TSS disclosed that information to Turner. *Second*, CMS failed to produce evidence that its alleged February 2016 disclosure was anything more than a private sale. The district court's summary judgment decision should be affirmed.

Dated: December 29, 2025

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

By: */s/ Ryan R. Smith*
Ryan R. Smith
Christopher D. Mays

Attorneys for Defendant/Appellee
SC MARKETING GROUP, INC.

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B) and Federal Circuit Rule 32 because it contains 12,889 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b).

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DATED: DECEMBER 29, 2025

/s/ Ryan R. Smith
Counsel for Defendant/Appellee

CERTIFICATE OF SERVICE

I certify that today I caused this document to be filed electronically with the Clerk of Court using the CM/ECF system, and thereby served via CM/ECF on all parties and counsel of record.

DATED: DECEMBER 29, 2025

/s/ Ryan R. Smith
Counsel for Defendant/Appellee