Nos. 15-1470, -1554, -1556

IN THE

United States Court of Appeals for the Federal Circuit

MENTOR GRAPHICS CORPORATION, an Oregon corporation,
Plaintiff-Cross-Appellant,

v.

EVE-USA, INC., a Delaware corporation,
SYNOPSYS EMULATION AND VERIFICATION, S.A.S.,
formed under the laws of France,
SYNOPSYS, INC., a Delaware corporation,
Defendants-Appellants.

On Appeal from the U.S. District Court for the District of Oregon, Case Nos. 3:10-cv-00954-MO (Lead), 3:12-cv-01500-MO, 3:13-cv-00579-MO, Hon. Michael W. Mosman

DEFENDANTS-APPELLANTS' MOTION TO STAY MANDATE

Eric A. Shumsky
ORRICK, HERRINGTON & SUTCLIFFE LLP
1152 15th Street NW
Washington, DC 20005

Travis Jensen
Scott Lonardo
ORRICK, HERRINGTON & SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, CA 94025

E. Joshua Rosenkranz
Andrew D. Silverman
Daniel A. Rubens
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
jrosenkranz@orrick.com

Counsel for Defendants-Appellants

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES ii

INTRODUCTION & MOTION 1

MOVANT'S STATEMENT OF OPPOSITION OR CONSENT 1

ARGUMENT 2

I. Synopsys' Petition Will Present Substantial Questions. 3

A. Whether A Patentee Is Entitled To Lost Profits Based On The Full Value Of A Multi-Component Product Is A Significant Question Of Substantial Importance. 4

B. Assignor Estoppel's Continued Vitality Is A Substantial Question. 8

II. Good Cause Exists For The Requested Stay. 14

CONCLUSION 18

CERTIFICATE OF INTEREST

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

Page(s)

Cases

Bilski v. Kappos,
561 U.S. 593 (2010) 13

Coastal Dynamics Corp. v. Symbolic Displays, Inc.,
469 F.2d 79 (9th Cir. 1972) 12

Diamond Sci. Co. v. Ambico, Inc.,
848 F.2d 1220 (Fed. Cir. 1988) 8, 12

Edward Katzinger Co. v. Chicago Metallic Mfg. Co.,
329 U.S. 394 (1947) 12

Garretson v. Clark,
111 U.S. 120 (1884) 5, 6

Halo Elecs., Inc. v. Pulse Elecs., Inc.,
136 S. Ct. 1923 (2016) 13, 15

Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.,
134 S. Ct. 1744 (2014) 14

LaserDynamics, Inc. v. Quanta Computer, Inc.,
694 F.3d 51 (Fed. Cir. 2012). 5

Lear, Inc. v. Adkins,
395 U.S. 653 (1969) 8, 10, 11

MedImmune, Inc. v. Genentech, Inc.,
549 U.S. 118 (2007) 10, 12

Mentor Graphics Corp. v. EVE-USA, Inc.,
851 F.3d 1275 (Fed. Cir. 2017) 1

Octane Fitness, LLC v. ICON Health & Fitness, Inc.,
134 S. Ct. 1749 (2014) 14

Pope Mfg. Co. v. Gormully,
144 U.S. 224 (1892) 11

Rodriguez de Quijas v. Shearson/Am. Express, Inc.,
490 U.S. 477 (1989) 9

Samsung Elecs. Co. v. Apple Inc.,
137 S. Ct. 429 (2016) 6

SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC,
137 S. Ct. 954 (2017) 13

Scott Paper Co. v. Marcalus Mfg. Co.,
326 U.S. 249 (1945) 11

Sears, Roebuck & Co. v. Stiffel Co.,
376 U.S. 225 (1964) 12

Seymour v. McCormick,
57 U.S. (16 How.) 480 (1854) 6, 7

Virnetx, Inc. v. Cisco Sys., Inc.,
767 F.3d 1308 (Fed. Cir. 2014) 5

Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.,
266 U.S. 342 (1924) 13

Rules

Fed. Cir. R. 41 14

Fed. R. App. P. 41(d)(2) 1, 2

S. Ct. R. 10(c) 3, 4

Other Authorities

Mark A. Lemley, *Rethinking Assignor Estoppel*,
54 Hous. L. Rev. 513 (2016) 13

INTRODUCTION & MOTION

Pursuant to Rule 41(d)(2) of the Federal Rules of Appellate Procedure, Defendants-Appellants (collectively, "Synopsys") respectfully move for an order staying issuance of the mandate pending the filing and disposition of a petition for a writ of certiorari with the Supreme Court of the United States and, if the petition is granted, pending the Supreme Court's final disposition.

This Court issued its opinion and judgment on March 16, 2017. *Mentor Graphics Corp. v. EVE-USA, Inc.*, 851 F.3d 1275 (Fed. Cir. 2017). On May 1, 2017, Synopsys timely filed a petition for rehearing en banc, which this Court denied on September 1, 2017, over a dissenting opinion and two concurring opinions.[1] The mandate is scheduled to issue on September 8, 2017. A petition for writ of certiorari is due on November 30, 2017.

This Court should stay the mandate while Synopsys pursues Supreme Court review of the significant and substantial questions raised by this appeal.

MOVANT'S STATEMENT OF OPPOSITION OR CONSENT

Counsel for Synopsys has conferred with counsel for Mentor about this Motion, and Mentor has stated that it opposes this Motion and will respond.

---

[1] "Op." refers to the panel opinion; "Moore Op." refers to Judge Moore's opinion concurring in the denial of panel rehearing; "Stoll Op." refers to Judge Stoll's opinion concurring in the denial of rehearing en banc; and "Dyk Op." refers to Judge Dyk's opinion dissenting from the denial of rehearing en banc.

ARGUMENT

The Court should grant a stay of the mandate because Synopsys' petition for certiorari will "present … substantial question[s]" for Supreme Court review and because "there is good cause for a stay." Fed. R. App. P. 41(d)(2). Specifically, Synopsys' petition will raise substantial questions on at least two patent issues of great importance. First, Synopsys will ask the Court to clarify that a patentee may not recover lost profits for the entire value of a multi-component product when its infringement claim pertains to only one feature and the patentee has not proven that the patented feature is the sole basis for customer demand. Second, Synopsys will ask the Court to decide whether the doctrine of assignor estoppel remains viable in light of Supreme Court precedent, which emphasizes the importance of ensuring that invalid patents do not impede free competition.

Synopsys also has good cause for a stay. Supreme Court review could obviate altogether certain remand proceedings or could clarify the governing law for remand, which would require any proceedings that had already begun to be redone. As to damages, for example, Supreme Court review could impact the law governing the supplemental damages trial Mentor has requested on the '376 patent as well as Mentor's claims for damages on its '176, '531, and '882 patents, if liability is found. A decision by the Supreme Court on damages could also affect supplemental discovery regarding the '376 patent and discovery on all four patents reinstated

by the panel, including Synopsys' '109 patent. As for assignor estoppel, binding precedent foreclosed Synopsys from challenging the validity of the '376 patent (the sole patent that Synopsys was found to infringe). If Synopsys is ultimately allowed to challenge the patent's validity and prevails, that would eliminate unnecessary remand proceedings on supplemental damages and enhanced damages. Short of that, validity issues could be relevant to the willfulness analysis.

Second, Mentor will suffer no harm from a short stay while the Supreme Court decides whether to grant certiorari. Synopsys obtained a supersedeas bond before this appeal, which will remain in effect throughout the appellate proceedings, and there is already a permanent injunction in effect against Synopsys with regard to the '376 patent. In addition, Mentor's '176 and '531 patents have both expired—meaning Mentor is entitled only to money damages for alleged past infringement of those patents. Only one other asserted Mentor patent has not expired (the '882 patent), but, in five years of litigation, Mentor has never intimated the need for a preliminary injunction for that patent. Thus, as with the expired patents, Mentor can obtain full redress at the conclusion of the litigation.

In short, the circumstances weigh decisively in favor of a stay.

I. Synopsys' Petition Will Present Substantial Questions.

The Supreme Court has identified certain categories of issues that are of "the character … the Court considers" particularly worthy of certiorari. S. Ct. R. 10(c).

Among those are when "a United States court of appeals has decided an important question of federal law that has not been, but should be settled by th[e] [Supreme] Court, or has decided an important federal question in a way that conflicts with relevant decisions of th[e] [Supreme] Court." *Id*. Synopsys' petition will raise two such issues: when lost profits may be awarded based on the entire value of a multi-component product (I.A.) and whether assignor estoppel remains good law (I.B.).

A. Whether A Patentee Is Entitled To Lost Profits Based On The Full Value Of A Multi-Component Product Is A Significant Question Of Substantial Importance.

As Judge Dyk's dissent from the denial of rehearing en banc (joined by Judge Hughes) makes clear, it is a matter of substantial importance whether a patentee may obtain lost profits based on the entire value of a multi-component product when the infringement pertains to only one feature and other features also drive sales of that product. As Judge Dyk stressed, "apportionment is an important issue that will likely arise in every future lost profits case," Dyk Op. 7—a compelling reason for the Supreme Court to grant cert.

The panel here acknowledged that "the basic principle of apportionment … applies in all of patent damages," Op. 9 n.3, and is "important … and … necessary in both reasonable royalty and lost profits analysis," Op. 17; *accord* Stoll Op. 2. The dissent was certainly reasonable in arguing that, "even though [the panel opinion] purportedly recognizes apportionment's importance," the panel's test "does not

apportion." Dyk. Op. 3.

Under "longstanding Supreme Court authority," *id.* at 1, the patentee "must in every case" where the "patent is for an improvement, and not for an entirely new machine," "separate or apportion … [its] damages between … patented … and … unpatented features." *Garretson v. Clark*, 111 U.S. 120, 121 (1884); *accord* Stoll Op. 2 (quoting this text from *Garretson*); Dyk Op. 2 ("For over a century, it has been established by … the decisions of the Supreme Court … that awards of lost profits must be apportioned between patented and unpatented features."). There is a significant chance that the Supreme Court could agree with Judge Dyk that "[t]he panel decision is … contrary to these cases." Dyk Op. 5.

The apportionment principle has historically been subject to a single narrow exception known as the entire market value rule ("EMVR"). *Virnetx, Inc. v. Cisco Sys., Inc.*, 767 F.3d 1308, 1326 (Fed. Cir. 2014); *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012). Under EMVR, a patentee can obtain lost profits "on the whole machine" only if it shows that "the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature." *Garretson*, 111 U.S. at 121; *accord* Stoll Op. 2. This apportionment principle ensures that the patentee benefits only for the "improvement [it] has added to the usefulness of the machine." *Garretson*, 111 U.S. at 121.

In holding that apportionment is satisfied by the patentee's showing under

Panduit that the infringement caused it to lose sales of the accused product as a whole, Op. 22, Stoll Op. 4, the panel opinion risks that damages for the value of the entire device will be the rule—rather than the exception—when it comes to lost profits. *See* Dyk Op. 8 ("[T]he result here is that true apportionment will never be required for lost profits."). The Supreme Court could well agree with the dissent that the *Panduit* factors are not "the same as the entire market value rule" because they "do not establish that consumer demand is only attributable to the patented feature." Dyk Op. 7. The Court could reasonably conclude instead that proof of the *Panduit* factors establishes only that the patentee would have made the sale but for the infringement, *id.* at 2, and that the "Supreme Court's patent cases make quite clear that more than but-for causation is required for apportionment"—i.e., "[t]he claimed damages must be apportioned between patented and unpatented features," *id.* at 3. Synopsys submits that the Supreme Court is likely to grant certiorari to address whether, unless EMVR has been satisfied, apportionment between patented and unpatented features is required "in every case," *Garretson*, 111 U.S. at 121, even after a patentee shows that the infringement was a but-for cause of its lost sales. *See Seymour v. McCormick*, 57 U.S. (16 How.) 480, 486 (1854).

The scope of damages available to a patentee is an issue the Supreme Court views as exceedingly important. *See, e.g.*, *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 432 (2016). And the particular question presented here—whether

proving that infringement caused a lost sale is the same thing as apportionment—has major consequences for innovation. Apportionment prevents what the Court deemed "a very grave error": "enormous and ruinous verdict[s]" awarding full profits to a patentee who contributed only "an improvement of small importance when compared with the whole machine." *Seymour*, 57 U.S. at 491. "The possibility of a manufacturer having to pay an amount that far exceeds the value of what it might unknowingly take from a patentee would be a significant disincentive to enter a market." IP Scholar Reh'g Amicus Br. at 7. The risk is particularly acute in high-tech industries. As the industry amici explained: "Today's high-tech products and services are extremely complex and incorporate many components, features and, often, standardized technology." Hewlett-Packard Panel Amicus Br. at 3. If damages are not "based only on the value of the patented invention's contribution, … undue windfall awards … [will] threaten the continued development and availability of complex multi-component products and services." *Id.* Supreme Court review is warranted to ensure that such verdicts do not chill innovation.

* * *

A clear pronouncement regarding the appropriate measure of lost profits in the context of multi-component devices is needed. Indeed, the concurring and dissenting opinions from the denial of rehearing suggest that even the judges of this Court may not agree on how to apply the panel's damages test going forward.

Compare Stoll Op. 3 ("This undisputed fact finding [on *Panduit*] established that … the patented features were what imbued … the emulator with marketable value.") *with* Dyk Op. 7 ("The panel never says or even suggests that the *Panduit* factors and the entire market value rule are the same."). The Supreme Court is likely to grant certiorari and hold that lost profits may not be awarded on the entire value of a multi-component product unless the patentee can—at a minimum—demonstrate that the patented feature was the sole driver of that product's sales. The substantial damages question is itself a sufficient basis to justify a stay.

B. Assignor Estoppel's Continued Vitality Is A Substantial Question.

The doctrine of assignor estoppel, which bars an inventor from challenging the validity of his own patent, finds its genesis not in the Patent Act but in the common law. Here, however, the panel was powerless to reject the doctrine because prior circuit precedent held that assignor estoppel had "continued vitality … [even] after *Lear*[, *Inc. v. Adkins*, 395 U.S. 653 (1969)]." Op. 8 (citing *Diamond Sci. Co. v. Ambico, Inc.*, 848 F.2d 1220, 1222-26 (Fed. Cir. 1988)). Moreover, under binding circuit precedent, there was "no[] dispute that assignor estoppel applies to the facts of this case," because Synopsys was in privity with the inventor-assignor of the '376 patent application. Op. 8. That is, clear Circuit precedent blocked Synopsys from challenging the '376 patent's validity because one of its inventors assigned the patent application to his then-employer, Mentor, and then, years later,

briefly worked at Synopsys after it acquired a company the inventor founded. Op. 3-4, 8.

Judge Moore's concurrence in the denial of panel rehearing (joined by Judge Chen) demonstrates why Supreme Court review is warranted. As explained below, the Court's decision in *Lear* raises substantial questions about assignor estoppel's continued vitality, but as Judge Moore's concurrence explains: The Supreme Court "endorsed at least one application of assignor estoppel" before *Lear*, "the issue of assignor estoppel was not squarely presented before the Court in *Lear*," and thus, Judge Moore concludes, *Lear* did not overrule the earlier case (at least not explicitly). Moore Op. 5. Accordingly, regardless of how convinced the judges of this Court may have been that assignor estoppel could not survive the Supreme Court's analysis in *Lear*, this Court considered itself "bound" not to retire the assignor estoppel doctrine, as Synopsys urged it to do. *Id.* at 4. As Judge Moore wrote: "If a precedent of [the Supreme Court] has direct application in a case, yet appears to rest on reasons rejected in some other line of decisions, the Court of Appeals should follow the case which directly controls, leaving to [the Supreme Court] the prerogative of overruling its own decisions." *Id.* (quoting *Rodriguez de Quijas v. Shearson/Am. Express, Inc.*, 490 U.S. 477, 484 (1989)). Because this Court found itself "precluded [by Supreme Court precedent] from doing away with the doctrine in its entirety," only the Supreme Court can address

and definitely resolve the matter. *Id.* at 5.[2]

As demonstrated in our rehearing petition and the amicus brief of Public Knowledge and 16 intellectual property professors, the continued vitality of assignor estoppel after *Lear* is a substantial question worthy of Supreme Court review. There are compelling arguments that in abolishing licensee estoppel, the Supreme Court in *Lear* "signaled equal distaste for assignor estoppel." Public Knowledge Reh'g Amicus Br. at 4. The rationale for licensee estoppel was that it is unfair for "a licensee … to enjoy the benefit afforded by the agreement while simultaneously urging that the patent which forms the basis of the agreement is void." *Lear*, 395 U.S. at 656 (quotation marks omitted). In rejecting that judge-made rule, *Lear* commanded that neither estoppel nor "ordinary contract principles" should "muzzle[]" those "with enough economic incentive to challenge" a patent's validity, *id*. at 669-70, because the Patent Act recognizes how "important" it is that "competition should not be repressed by worthless patents," *id*. at 664 (quotation marks

[2] The opinion concurring in the denial of panel rehearing suggests this case is not a strong vehicle for addressing the continued existence of assignor estoppel because "Synopsys devoted approximately one page of its brief to this [C]ourt to the issue of assignor estoppel … [and] Synopsys' petition for rehearing was no more detailed." Moore Op. 2. This poses no obstacle to Supreme Court review. A party need not raise an argument foreclosed by precedent—let alone present an extended argument—in order to preserve the issue for Supreme Court review. *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 125 (2007) ("That petitioner limited its contract argument[s] to a few pages of its appellate brief does not suggest a waiver; it merely reflects counsel's sound assessment that the argument would be futile" based on "[c]ircuit … precedent[.]").

omitted). Otherwise, "the public may continually be required to pay tribute to would-be monopolists without need or justification." *Id.* at 670. Assignor estoppel, no less than licensee estoppel, impedes this "strong federal policy favoring the full and free use of ideas in the public domain." *Id.* at 674.

The Supreme Court's own statements demonstrate that it views these policy issues attendant to assignor estoppel as important. The Supreme Court in *Lear* discussed the "strong federal policy favoring the full and free use of ideas in the public domain," 395 U.S. at 674, and emphasized the "*important public interest* in permitting full and free competition in the use of ideas which are in reality a part of the public domain" by wiping invalid patents off the rolls, *id.* at 670 (emphasis added). Assignor estoppel exalts private equities and contract rights over this important public interest, despite the Supreme Court's admonition that "the right to make the [invalidity] defen[s]e is not only a private right to the individual, but it is founded on public policy, which is promoted by his making the defen[s]e, and contravened by his refusal to make it." *Pope Mfg. Co. v. Gormully*, 144 U.S. 224, 235 (1892). The Supreme Court has a long history of striking down rules that, like assignor estoppel, interfere with a party's ability to challenge otherwise "specious patents" that impede "full and free competition." *Lear*, 395 U.S. at 670, 674 n.19.[3]

[3] *See, e.g.*, *Pope Mfg.*, 144 U.S. at 236-37 (refusing to enforce contract in which defendant promised not to contest patent's validity); *Scott Paper Co. v. Marcalus*

Supreme Court review is as likely here as it was in those cases.

Like licensee estoppel and estoppel by deed, assignor estoppel is based on a similar perceived unfairness of "sell[ing] something and later … assert[ing] that [it] is worthless." *Diamond Sci.*, 848 F.2d at 1224. As the Ninth Circuit held before this Court's creation, by rejecting that rationale as to licensee estoppel, *Lear* also eliminated the rationale for assignor estoppel. *Coastal Dynamics Corp. v. Symbolic Displays, Inc.*, 469 F.2d 79 (9th Cir. 1972); *cf. Diamond Sci.*, 848 F.2d at 1223 (collecting post-*Lear* authorities rejecting assignor estoppel). The command of *Lear* applies the same: the strong public interest in wiping invalid patents off the books trumps the private equities attendant with licensing or deeding property.

Even if some assignors might, theoretically, offer an implied warranty of validity when they assign a patent, *see* Moore Op. 5, that rationale for the doctrine is obsolete in the modern era where (as was the case here) inventors assign patent *applications* to their employers "as a condition of employment," without actually

---

Mfg. Co., 326 U.S. 249, 257-58 (1945) ("The patent laws preclude … the patent assignment [from] … operat[ing] to estop the assignor from asserting that which the patent laws prescribe, namely, that the invention of an expired patent is dedicated to the public …."); *Edward Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394, 401-02 (1947) ("[The] specific contract not to challenge the validity of [the] patent can no more override congressional policy than can an implied estoppel."); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964) (holding state law cannot prohibit practicing of invention that is in the public domain); *MedImmune*, 549 U.S. at 135 (holding licensee need not repudiate the license before challenging invalid patent).

selling the invention to the employer, much less warranting or certifying its validity. Mark A. Lemley, *Rethinking Assignor Estoppel*, 54 Hous. L. Rev. 513, 525 (2016); *see Westinghouse Elec. & Mfg. Co. v. Formica Insulation Co.*, 266 U.S. 342, 352-53 (1924) (assignment of patent application may further undermine assignor estoppel). In this modern context, "[a]n inventor has no special knowledge as to whether her invention is patentable …, for example, whether the claims [her employer's] lawyers may later write are indefinite." Public Knowledge Reh'g Amicus Br. at 5.

This issue is cert-worthy for the further reason that the Supreme Court has recently and repeatedly emphasized the important separation-of-powers considerations at play when the judiciary creates and applies rules that are not grounded in the Patent Act as passed by Congress. *Bilski v. Kappos*, 561 U.S. 593, 602-03 (2010) ("Th[e] [Supreme Court] has more than once cautioned that courts should not read into the patent laws limitations and conditions which the legislature has not expressed." (quotation marks omitted)). It has regularly struck down such non-statutory, judge-created rules and doctrines, including: laches for patent damages claims brought within the statute of limitations, *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 967 (2017); limitations on what qualifies as a patentable process, *Bilski*, 561 U.S. at 602-04; an extra-statutory bifurcated test for enhanced damages, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S.

Ct. 1923, 1931-34 (2016); and a non-statutory framework for awarding attorneys' fees and reviewing fee decisions, *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1755-58 (2014); *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744, 1748-49 (2014). As an entirely judge-made doctrine with no basis in the Patent Act, assignor estoppel's days are numbered.

* * *

The continued vitality of assignor estoppel is just the kind of substantial federal question that is worthy of certiorari. There is a strong chance that the Court will take the case and vindicate the important public interest in ridding the books of invalid patents. This alone warrants a stay.

II. Good Cause Exists For The Requested Stay.

Apart from the merits of Synopsys' cert petition, there is good cause for a stay. A brief delay will not prejudice Mentor and, significantly, it will ensure that the district court and the parties do not needlessly waste time and resources on further proceedings that are then upset by the Supreme Court.

A. The Practice Note to Federal Circuit Rule 41 indicates that a stay is warranted where it would "forestall action in the trial court or agency that would necessitate a remedial order of the Supreme Court if the writ of certiorari were granted." That is precisely the situation here.

First, Supreme Court review of either of the questions discussed above could

upend any action taken on the '376 patent on remand. At least two issues regarding the '376 patent remain for remand: (1) Mentor's request for a supplemental damages trial on emulator sales not covered by the jury's verdict, Appx194-99, and (2) Mentor's claim for enhanced damages, if it proves willfulness, *see* Op. 32. Abolition of assignor estoppel would clear the way for Synopsys to prove the '376 patent invalid, which would require vacating the damages award and would eliminate the proceedings on enhanced damages and the supplemental damages trial. Even short of proving invalidity, Synopsys' invalidity arguments could bear on willfulness by demonstrating Synopsys' good faith, reasonable belief that the '376 patent was invalid. *Halo Elecs.*, 136 S. Ct. at 1932-33. Any willfulness proceeding conducted without permitting Synopsys an opportunity to raise such arguments would thus have to be vacated and restarted.

A favorable decision from the Supreme Court on damages presents similar risks of having to roll back district court orders and redo fact and expert discovery, hearings, and trials—wasting the district court and the parties' time and resources. A decision from the Supreme Court on the appropriate measure of lost profits, for example, would determine the scope and standard for any supplemental damages trial, requiring any developments in the case (including discovery about supplemental damages) to be scrapped and begun again.

Moreover, in light of the panel's decision, the '376 patent is not the only

remaining patent in this case. Claims related to Synopsys' '109 patent and Mentor's '176, '531, and '882 patents remain pending, and Supreme Court review could disrupt district court proceedings on each of those patents as well. Mentor seeks lost profits damages on each of those patents. It would not make sense to hold a trial on any of those patents when a pending cert petition in the same case puts in flux the very damages regime under which the district court is operating.

Even proceeding with litigation short of trial would risk wasting resources. A Supreme Court decision on damages could clarify the governing standard and require new and different fact discovery and expert opinions. Interrogatory responses, document productions, and admissions as well as depositions and expert reports performed on remand might have to be scrapped and would all have to be redone so the parties could follow the Court's guidance. A stay of proceedings could avert such potentially costly and unnecessary litigation on remand.

B. While denial of a stay would impose substantial injury in the form of wasted time and resources to the district court and the parties, granting a short stay would not prejudice Mentor. With respect to the '376 patent, Mentor is protected from prejudice in three different ways. First, Mentor's award of $36 million may, if sustained, be eligible to accruing interest at the federal statutory rate. Second, that award is secured by a supersedeas bond that will remain in effect throughout the appellate proceedings, so Mentor faces no risk of non-recovery. D.Ct. Dkt.

874, 887. Third, at Mentor's urging, the district court entered a permanent injunction against infringement of the '376 patent. A204-07. That injunction remains in force today. CAFC Dkt. 35 (denying motion for stay).

Even as to the supplemental damages trial that Mentor has requested, that trial is only for money damages and has been stayed during the appeal. *See* D.Ct. Dkt. 885. Waiting several more months to see if the Supreme Court will grant review before completing proceedings will have no adverse impact on Mentor. Indeed, as explained above, a stay will likely save Mentor (and Synopsys) from expending resources on unnecessary proceedings.

As for the other Mentor patents reinstated by the panel, Mentor has yet to prove infringement. A few months' delay in a litigation that has already been pending for years will not prejudice Mentor's ability to prosecute these claims. The '176 and '531 patents have both expired, so Mentor's claim is only for money damages if it proves infringement, and there has never been any suggestion that Synopsys would be unable to pay. The same is true for damages for the '882 patent. Although the '882 patent remains active, Mentor has never—during five years of litigation—moved for a preliminary injunction or even intimated that one is needed to protect its rights. Moreover, the Patent Office has ordered ex parte reexamination of the '882 patent, *see* Order dated June 20, 2017, Control No. 90/013,960, and Synopsys has already developed and implemented a new design

that further distinguishes Synopsys' technology from the '882 patent.[4]

Thus, as with the '376 patent, should Mentor ultimately prevail on any of the reinstated patents, relief afforded at the conclusion of the district court proceedings will afford Mentor full redress.

CONCLUSION

This Court should grant Synopsys' motion to stay issuance of the mandate pending the filing and disposition of a writ for certiorari in the Supreme Court and, if the petition is granted, pending the Supreme Court's final disposition of the case.

Respectfully submitted,

/s/ E. Joshua Rosenkranz

E. Joshua Rosenkranz
ORRICK, HERRINGTON & SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000

Counsel for Defendants-Appellants

September 6, 2017

[4] The district court opined that Synopsys' new design raises genuine issue of material fact as to infringement of one of Mentor's two asserted independent claims. *See* July 28, 2014 Hearing Tr. (sealed) at 15:1-9. Subsequent proceedings thereafter in the district court and in this Court, further strengthen Synopsys' argument that its new technology does not infringe the other asserted independent claim.

FORM 9. Certificate of Interest **Form 9 Rev. 03/16**

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Mentor Graphics Corp., an Oregon Corp. **v.** EVE-USA, Inc., a Delaware Corporation, Synopsys Emulation and Verification S.A.S., formed under the laws of France, and Synopsys, Inc., a Delaware Corporation

Case No. 2015-1470, -1554, -1556

CERTIFICATE OF INTEREST

Counsel for the:
☐ (petitioner) ☒ (appellant) ☐ (respondent) ☐ (appellee) ☐ (amicus) ☐ (name of party)

Synopsys, Inc., Synopsys Emulation and Verification S.A.S., and EVE-USA, Inc.

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10 % or more of stock in the party
Synopsys, Inc.	None	See Attachment A
EVE-USA, Inc.	None	See Attachment A
Synopsys Emulation and Verification S.A.S	None	See Attachment A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (**and who have not or will not enter an appearance in this case**) are:

See Attachment B

September 6, 2017
Date

/s/ E. Joshua Rosenkranz
Signature of counsel

Please Note: All questions must be answered

E. Joshua Rosenkranz
Printed name of counsel

cc: Counsel of Record

Reset Fields

ATTACHMENT A

3. Parent corporations and publicly held companies that own 10% or more of stock in the party.

(a) Synopsys, Inc. has no parent corporation.

(b) EVE-USA, Inc. is a wholly owned subsidiary of Synopsys, Inc., a publicly held corporation.

(c) Synopsys Emulation and Verification S.A.S. is owned by Synopsys Global Licensing and Distribution Limited Liability Company. Synopsys Global Licensing and Distribution Limited Liability Company is owned by Synopsys Ireland Limited. Synopsys Ireland Limited is owned by Synopsys, Inc., a publicly held corporation. No publicly held corporation directly owns 10% or more of Synopsys Emulation and Verification S.A.S.'s stock.

ATTACHMENT B

4. The names of all law firms and the partners or associates that appeared for party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter and appearance in this case) are:

COOLEY LLP
Reuben H. Chen
Kathryn D. Duvall
Christen M.R. Dubois (no longer with firm)
Michael G. Rhodes
Ricardo Rodriguez (no longer with firm)
Javier Torres (no longer with firm)

KASOWITZ BENSON TORRES LLP
Uttam Dubal (no longer with firm)
Gabriel S. Gross (no longer with firm)
Joseph H. Lee (no longer with firm)
Douglas E. Lumish (no longer with firm)
Jeffrey G. Homrig (no longer with firm)

MILLER NASH GRAHAM & DUNN LLP
Dennis P. Rawlinson
Justin C. Sawyer

ORRICK, HERRINGTON & SUTCLIFFE LLP
Robert J. Benson
James C. Brooks
Gino Cheng (no longer with firm)
Jesse Y. Cheng
Scott D. Lindlaw (no longer with firm)
Richard F. Martinelli
Christopher R. Ottenweller
Cam T. Phan (no longer with firm)

Christina M. Von der Ahe

PERKINS COIE LLP
Scott D. Eads (no longer with firm)
Stephen F. English
Julia E. Markley

SIDLEY AUSTIN LLP
David T. DeZern (no longer with firm)
Leonard J. Denbina (no longer with firm)
Aseem S. Gupta (no longer with firm)
David T. Pritikin
M. Patricia Thayer (no longer with firm)
Sue Wang (no longer with firm)
Philip W. Woo (no longer with firm)

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system on September 6, 2017.

I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

ORRICK, HERRINGTON & SUTCLIFFE LLP

/s/ E. Joshua Rosenkranz
E. Joshua Rosenkranz
Counsel for Defendants-Appellants