No. 14-1802

IN THE

United States Court of Appeals for the Federal Circuit

APPLE INC., A CALIFORNIA CORPORATION,

Plaintiff-Appellant,

v.

SAMSUNG ELECTRONICS CO., LTD., A KOREAN CORPORATION, SAMSUNG ELECTRONICS AMERICA, INC., A NEW YORK CORPORATION, AND SAMSUNG TELECOMMUNICATIONS AMERICA, LLC, A DELAWARE LIMITED LIABILITY COMPANY,

Defendants-Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA, JUDGE LUCY H. KOH

BRIEF OF PUBLIC KNOWLEDGE AND THE ELECTRONIC FRONTIER FOUNDATION AS *AMICI CURIAE* IN SUPPORT OF THE PETITION

CHARLES DUAN
Counsel of Record
PUBLIC KNOWLEDGE
1818 N Street NW, Suite 410
Washington, DC 20036
(202) 861-0020
cduan@publicknowledge.org

Counsel for amici curiae

CERTIFICATE OF INTEREST

Pursuant to Rules 29(a) and 47.4 of the Federal Circuit Rules of Practice, counsel of record certifies as follows:

(1) The full name of every party or amicus represented by counsel to this brief is **Public Knowledge and the Electronic Frontier Foundation**.

(2) The above-identified parties are the real parties in interest.

(3) The corporate disclosure statement of Rule 26.1 of the Federal Rules of Appellate Procedure is as follows: There is no parent corporation to or any corporation that owns 10% or more of stock in the above-identified parties.

(4) The names of all law firms and the partners and associates that have appeared for the party in the lower tribunal or are expected to appear for the party in this court are: **Charles Duan, Public Knowledge**.

Dated: November 2, 2015

/s/ Charles Duan
Charles Duan
Counsel for amici curiae

TABLE OF CONTENTS

CERTIFICATE OF INTEREST i

TABLE OF AUTHORITIES iii

INTEREST OF *AMICI CURIAE* 1

SUMMARY OF ARGUMENT 2

ARGUMENT 3

I. This Case Merits En Banc Review Because the Panel's Holding that the Public Interest "Nearly Always" Favors Patentees Directly Conflicts with Supreme Court Precedent 3

II. The Supreme Court's Repeated Disapproval of Bright Line Rules in Patent Law Further Suggests the Error of the Panel's Categorical Public Interest Rule 6

CONCLUSION 9

CERTIFICATE OF SERVICE 10

TABLE OF AUTHORITIES

Cases

Alice Corp. Pty. Ltd. v. CLS Bank International,
134 S. Ct. 2347 (2014) 1

Apple Inc. v. Samsung Electronics Co.,
No. 14-1802 (Fed. Cir. Sept. 17, 2015) 2–3, 5–6

Bonito Boats, Inc. v. Thunder Craft Boats, Inc.,
489 U.S. 141 (1989) 4

Crown Die & Tool Co. v. Nye Tool & Machine Works,
261 U.S. 24 (1923) 4

eBay Inc. v. MercExchange, LLC,
547 U.S. 388 (2006) 3, 5, 7–8

Graham v. John Deere Co.,
383 U.S. 1 (1966) 5–6

Kendall v. Winsor,
62 U.S. (21 How.) 322 (1859) 5

Kewanee Oil Co. v. Bicron Corp.,
416 U.S. 470 (1974) 4

KSR International Co. v. Teleflex Inc.,
550 U.S. 398 (2007) 7

Medtronic, Inc. v. Mirowski Family Ventures, LLC,
134 S. Ct. 843 (2014) 8

Mercoid Corp. v. Mid-Continent Investment Co.,
320 U.S. 661 (1944) 4

Motion Picture Patents Co. v. Universal Film Manufacturing Co.,
243 U.S. 502 (1917) 4

Octane Fitness, LLC v. Icon Health & Fitness, Inc.,
134 S. Ct. 1749 (2014) 7

Ultramercial, Inc. v. Hulu, LLC,
772 F.3d 709 (Fed. Cir. 2014) 1

Constitutional Provisions

U.S. Const. art. I, § 8, cl. 8 . . . . . 2, 4

Statutes

35 U.S.C. § 283 (2013) 8

—— § 285 7

INTEREST OF *AMICI CURIAE*

Public Knowledge[1] is a non-profit organization that is dedicated to preserving the openness of the Internet and the public's access to knowledge, promoting creativity through balanced intellectual property rights, and upholding and protecting the rights of consumers to use innovative technology lawfully. Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new and emerging technologies.

The Electronic Frontier Foundation is a non-profit civil liberties organization that has worked for over 20 years to protect consumer interests, innovation, and free expression in the digital world. Founded in 1990, EFF represents over 22,000 contributing members. EFF and its members have a strong interest in promoting balanced intellectual property policy that serves both public and private interests.

Public Knowledge and EFF have previously served as *amici* in patent cases. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014).

---

[1]Pursuant to Federal Rule of Appellate Procedure 29(a), all parties received appropriate notice of and consented to the filing of this brief. Pursuant to Rule 29(c)(5), no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than *amici*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief. In the interest of disclosure, counsel for EFF, Vera Ranieri, while employed at a previous firm, represented both Apple and Samsung in patent matters unrelated to the present case.

SUMMARY OF ARGUMENT

From the very inception of this constitutional republic has it been the case that the privilege of the patent grant is circumscribed by the public interest, that the exclusive rights given to inventors cannot reach beyond that which would "promote the progress of science and useful arts." U.S. Const. art. I, § 8, cl. 8. Yet the panel decision stated that "the public interest nearly always weighs in favor of protecting property rights." *Apple Inc. v. Samsung Elecs. Co.*, No. 14-1802, slip op. at 21 (Fed. Cir. Sept. 17, 2015).

This proposition, that the public interest "nearly always" favors the patentee, runs contrary to the constitutional basis for the patent system, as well as long-standing law. Its mention in the panel desision is seriously harmful, warranting en banc review. This is so for at least two reasons.

First, the weight of Supreme Court precedent, following the Constitution, unquestionably shows that any right or privilege given to a patentee must only be given in furtherance of the public interest. To assume that one such privilege, namely the right to seek an injunction, "nearly always" promotes the public interest is thus contrary to that controlling precedent.

Second, the Supreme Court has now repeatedly reversed bright-line rules that the Federal Circuit devised, on the grounds that many matters of patent law are not amenable to black-and-white tests. The claim that the public interest nearly

always favors patentees is precisely one such bright-line rule. As such, it is almost certainly inappropriate, particularly in view of the specific dictates of *eBay* that injunctive relief is not amenable to simple rules.

The petition for rehearing en banc contends that the panel decision deviated from *eBay*, which "made clear that injunctions should no longer issue automatically in patent infringement cases." Pet. Reh'g En Banc 1, Oct. 19, 2015. The panel's analysis of the public interest factor of *eBay* is a case of such a deviation. *See Apple*, No. 14-1802, slip op. at 13 (Prost, J., dissenting). En banc rehearing is warranted to place this decision in line with controlling Supreme Court precedent, to avoid misapplication of the public interest factor among the lower courts, and to ensure that the patent system serves the progress of knowledge that it is intended to serve. The petition should be granted.

ARGUMENT

I. This Case Merits En Banc Review Because the Panel's Holding that the Public Interest "Nearly Always" Favors Patentees Directly Conflicts with Supreme Court Precedent

The panel decision substantially erred by creating a bright-line rule that "the public interest *nearly always* weighs in favor" of patentees. *Id.* at 21 (emphasis added); *cf. id.* at 13 (Prost, J., dissenting) (majority's view will "categorically bias the public interest factor"). Supreme Court law states that the public interest

is always a limitation on patent rights, not a reason for broadening them. The panel's bold statements diametrically contradict that established law.

The Supreme Court has long recognized the public interest to be a value intertwined with patent law and its protections of exclusivity. This is because "the federal patent laws must determine not only what is protected, but also what is free for all to use." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989). More importantly, advancement of the public interest underlies the very constitutional basis for patents: "the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents, but is 'to promote the progress of science and the useful arts.' " *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917) (quoting U.S. Const. art. I, § 8, cl. 8); *see also id.* at 511 ("This court has never modified this statement of the relative importance of the public and private interests involved in every grant of a patent."); *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944) ("The patent is a privilege. But it is a privilege which is conditioned by a public purpose."); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974) (promotion of progress is "stated objective" of the patent power); *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 35 (1923) ("The sole reason and purpose of the constitutional grant to Congress to enact patent laws is to promote the progress of science and useful arts . . . .").

Consequently, any rights or privileges conferred upon a patentee must be cir-

cumscribed by this substantial public interest. "The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby." *Graham v. John Deere Co.*, 383 U.S. 1, 5–6 (1966). The Supreme Court has specifically critiqued overemphasis of the exclusive economic advantage of patents: "the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly." *Kendall v. Winsor*, 62 U.S. (21 How.) 322, 327–28 (1859).

The function of the public interest as a limitation on patent rights underlies the relevant fourth factor of *eBay Inc. v. MercExchange, LLC*, which requires courts to consider whether "the public interest would not be disserved by a permanent injunction." 547 U.S. 388, 391 (2006). As Justice Kennedy observed in concurrence, the nature of many patent cases today means that often "an injunction may not serve the public interest." *Id.* at 397 (Kennedy, J., concurring); *see also Apple*, No. 14-1802, slip op. at 13–14 (Prost, J., dissenting).

It is thus concerningly problematic that the panel presumed that "the public interest nearly always weighs in favor of protecting property rights." For one thing, this assumption is classic *circulus in probando*: in attempting to assess

whether a patent injunction is in the public interest, the panel directs courts to assume first that a patent injunction is in the public interest.

But more importantly, the panel forgoes the mandatory analysis of the public interest factor when determining whether a permanent injunction is a proper remedy in a patent infringement case. The opinion merely concludes that "the public generally does not benefit when competition comes at the expense of a patentee's investment-backed property right," *Apple*, No. 14-1802, slip op. at 21, without any analysis of why the public interest factor ought to be characterized that way.

To assume that the public interest "nearly always" favors an injunction, all but ignoring issues like consumer choice and competition, *see id.*, is to "enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby" as *Graham* warned against. En banc rehearing is necessary to correct this substantial error.

II. The Supreme Court's Repeated Disapproval of Bright Line Rules in Patent Law Further Suggests the Error of the Panel's Categorical Public Interest Rule

The panel's striking statement that the public interest "nearly always" favors patentees further demands en banc review because it creates a bright line rule for analysis of injunctive relief, in the midst of a wave of Supreme Court rulings washing away such bright line rules.

Most pertinent to the present case, the Supreme Court has explicitly disapproved of rigid rules in the very context of injunctive relief. In *eBay*, the Supreme Court considered this Court's former "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." *See* 547 U.S. at 391. The Court explicitly invalidated this "general rule," finding it inconsistent with the text of the Patent Act and "the long tradition of equity practice." *Id.* at 391–92.

In other contexts, the Supreme Court has also rejected rigid rules. *Octane Fitness, LLC v. Icon Health & Fitness, Inc.* overturned this Court's two-part test for exceptional cases under the 35 U.S.C. § 285 attorney fee shifting statute, finding the test "overly rigid," one that "superimposes an inflexible framework onto statutory text that is inherently flexible." *See* 134 S. Ct. 1749, 1756 (2014). Similarly, in *KSR International Co. v. Teleflex Inc.*, the Supreme Court held that a strict application of the teaching, suggestion, or motivation test "addressed the question of obviousness in a manner contrary to [the Patent Act]." 550 U.S. 398, 407 (2007). *KSR* added that "[r]igid preventative rules that deny fact finders recourse to common sense . . . are neither necessary under our case law nor consistent with it." *Id.* at 421.

Of particular note, the Supreme Court has specifically criticized the use of new patent rules that are not grounded in the statutory text. Besides the exam-

ples above, *Medtronic, Inc. v. Mirowski Family Ventures, LLC* considered a rule that the burden of proof shifted from patentee to accused infringer in declaratory judgment suits when the accused infringer was a licensee. *See* 134 S. Ct. 843, 849 (2014). The Supreme Court held that the Declaratory Judgment Act provides no support for shifting this burden. *See id.* at 849–51. Indeed, the Supreme Court suggested that shifting the burden would "recreate[] the dilemma that the Declaratory Judgment Act sought to avoid." *Id.* at 851. And of particular significance to the present petition, the Supreme Court relied on "general public interest considerations" to find that they "do not favor a change in the ordinary rule imposing the burden of proving infringement upon the patentee." *Id.* at 852.

There is no statutory basis for a bright line rule that the public interest "nearly always" favors an injunction; instead, the Patent Act provides for injunctions "in accordance with the principles of equity." 35 U.S.C. § 283 (2013); *see eBay*, 547 U.S. at 391–92. And given that the Supreme Court has repeatedly disapproved of unwarranted "rigid," "general," or "categorical" rules, the panel's categorical public interest rule here cannot be justified.

The en banc court should reject the panel's simplistic public interest analysis. It should ensure that future determinations properly conform with the Supreme Court's flexible precedent requiring that rights given to patentees are within the public interest. Accordingly, it should grant the petition for rehearing.

CONCLUSION

For the foregoing reasons, the Court should grant the petition for rehearing en banc.

Respectfully submitted,

Dated: November 2, 2015

/s/ Charles Duan

CHARLES DUAN
Counsel of Record
PUBLIC KNOWLEDGE
1818 N Street NW, Suite 410
Washington, DC 20036
(202) 861-0020
cduan@publicknowledge.org

Counsel for amici curiae

CERTIFICATE OF SERVICE

I hereby certify that on November 2, 2015, I caused the foregoing **Brief of Public Knowledge and the Electronic Frontier Foundation as *Amici Curiae* in Support of the Petition** to be electronically filed with the Clerk of the Court using CM/ECF, which will automatically send email notification of such filing to all counsel of record.

Dated: November 2, 2015

/s/ Charles Duan
Charles Duan
Counsel for amici curiae