2020-2313

In the United States Court of Appeals For the Federal Circuit

GATEARM TECHNOLOGIES, INC.,
Plaintiff-Appellant

v.

ACCESS MASTERS, LLC, BLACKSKY TECHNOLOGIES, INC., GATEARMS.COM, LLC,
Defendants-Appellees

Appeal from the United States District Court for the Southern District of Florida in Case 0:14-cv-62697-RNS, District Judge Robert N. Scola, Jr. and Magistrate Judge Alicia M. Otazo-Reyes

REPLY BRIEF OF PLAINTIFF-APPELLANT GATEARM TECHNOLOGIES, INC.

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CERTIFICATE OF INTEREST

Counsel for the Plaintiff-Appellant GateArm Technologies, Inc. hereby certifies the following:

1. The full name of every party represented by me is:
GateArm Technologies, Inc.

2. The full name of all real parties in interest for the entities, not including the real parties in interest which are the same as the entities, are:
None/Not Applicable.

3. The full names of all parent corporations for the entities and all publicly held companies that own 10% or more of stock in the entities are:
None/Not Applicable.

4. The names of all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency of (b) are expected to appear in this court for the entities, not including those have already entered an appearance in this court, are:
Brian M. Taillon, Esq., Kenneth W. Cohen, Esq., James S. Telepman, Esq., and the law firm of Cohen Norris Wolmer Ray Telepman Berkowitz & Cohen

5. The case title and numbers of any case known to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. See Fed. Cir. R. 47.4(a)(5) and 47.5(b).
None/Not Applicable.

6. Any information required under Fed. R. App. P. 26.1(b) and 26.1(c). See Fed. Cir. R. 47.4(a)(6).
None/Not Applicable.

March 5, 2021

/s/ Andrew D. Lockton
Andrew D. Lockton
Counsel for Plaintiff-Appellant GateArm Technologies, Inc.

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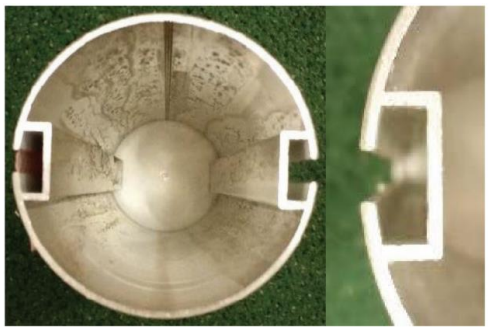
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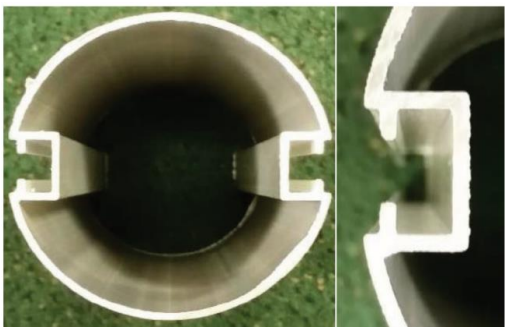
INTRODUCTION

A patent injunction against a specific product extends to any product (1) which is not more than colorably different from the enjoined product and (2) which still infringes. *TiVo, Inc. v. Echostar Corp.*, 646 F.3d 869, 882-84 (Fed. Cir. 2011) (en banc); *KSM Fastening Sys. v. H.A. Jones Co.*, 776 F.2d 1522, 1527-30 (Fed. Cir. 1985), *overruled on other grounds by TiVo*, 646 F.3d 869. Following a consent decree, while an enjoined product lacks a judicial *finding* of infringement there is a judicial *imprimatur*. And "[n]evertheless, such a device is an admitted infringement, and the claims of the patent may be construed in light of that admission when the court undertakes to determine whether a modified device is also an infringement in contempt proceedings." *KSM*, 776 F.2d at 1529. Appellees' Response focuses on refuting application of this Court's precedent to its "new" gate arm.

Appellees' modification is not disputed. Moreover, Appellees are enjoined from, *inter alia*, making and selling their original gate arm or any gate arm that is not more than colorably different from it. Appx855. Yet Appellees are making and selling a "new" gate arm where the only modification is a slight recess, as shown:



Appx38, enjoined gate arm



Appx39, "new" gate arm

The issues here are, primarily, matters of law. GateArm's principal brief addressed the magistrate judge's error in applying this Court's precedent for analyzing the violation of a patent injunction, expressed in *TiVo*, 646 F.3d at 879-84 and *KSM*, 776 F.2d at 1527-1531. App. Br. at 30-53. In *TiVo*, the Court "telescope[d] the current two-fold *KSM* inquiry into one, eliminating the separate determination of whether contempt proceedings were properly initiated," but continued to rely on its analysis. 646 F.3d at 881-83.

Appellees dispute that the analysis articulated in *TiVo*, 646 F.3d 869, controls here and similarly dispute that the *KSM* articulation of contempt following a consent decree applies to this proceeding, despite this being a contempt proceeding following a consent injunction against Appellees' original gate arm. *See generally*, Response; *see also KSM*, 776 F.2d at 1529.

Because all evidence—including findings by the magistrate judge, admissions of Appellees' principals, admissions of Appellees' expert, and USPTO findings—confirms that the "new" gate arm is an obvious modification of the enjoined product, maintaining the same features previously alleged as the basis for infringement of *both* patents and for the injunction, Appellees' Response argues against the precedent of this Court, in insisting that there was no prior "adjudication" or "determination" that the enjoined gate arm was *in fact* an infringing device. Resp. at 25-36. Appellees further argue, contrary to this Court's precedent, that the obviousness of the specific modification cannot be analyzed here, Resp. at 17, 36-38; *but see TiVo*, 646 F.3d at

882-83, and that the failure to analyze the modification based on the prior art and the findings not based on the claim terms was proper, Resp. at 21-22, 38.

Under Appellees' theory, so long as an infringer consents to an injunction, i.e., consent decree, it is immune from contempt for violating that injunction. Appellees are wrong as a matter of law and their argument disregards this Court's established precedent. *See TiVo*, 646 F.3d at 882-84; *see also KSM*, 776 F.2d at 1527-31. Factual admissions and the magistrate judge's findings, presumably adopted by the district judge, show that the "new" gate arm is an obvious modification of the enjoined gate arm, maintains the same features that were the basis for the injunction, and, in relevant part, is the same as the enjoined gate arm. Under this Court's precedent, Appellees' "new" gate arm violates the injunction.

ARGUMENT

I. THE LANGUAGE OF THE ORDER REFLECTS THAT THE REQUIRED *DE NOVO* REVIEW WAS NOT PERFORMED.

Appellees' Response avoids the issue and misses the mark, relying on out of context quotes rather than analysis. Here, the district judge failed to perform his constitutionally required *de novo* review of the record after GateArm filed its objections. App. Br. at 23-30. That the required *de novo* review was not performed is clear from the Order itself, and cannot be assumed away, as Appellees argue.

The error is clear in the Order's text. The Court reviewed the Report for error, did not state it reviewed the record, and did not cite the record for facts but strictly

relied on the Report for the facts and the analysis. Appx41-42. Appellees mistakenly rely on *Holt v. Crist*, 233 Fed. Appx. 900, 901 (11th Cir. 2007) to argue that we can simply "assume" the district judge performed his constitutionally required role. Resp. at 19 (also citing *Burrell v. Bd. of Trustees*, 125 F.3d 1390, 1395 (11th Cir. 2007)). Appellees reliance is misplaced. In *Holt*, the Eleventh Circuit reviewed the adoption of a report and recommendation, stating that "the district court's statement that it had reviewed the magistrate's report and recommendation and [the] objections is sufficient to satisfy us that it engaged in the requisite *de novo* review. 'We assume that the district court performed its review function properly *in the absence of evidence to the contrary*.'" 233 Fed. Appx. at 901 (quoting *Green v. Branson*, 108 F.3d 1296, 1305 (10th Cir. 1997)) (emphasis added).

Unlike in *Holt*, the district judge made no such statement here. Though the Order cites the legal standard, the Order does not state that the Court reviewed the record or all of the objections below. Appx37-42. Moreover, the Order only addressed two grounds of objection, oversimplifying them, and expressly stating that the remaining grounds were not addressed. Appx41-42 and n.1.

Appellees argue, incorrectly, that a distinction can be drawn from the Order failing to address the objections and still assume that the district judge reviewed those other issues. Resp. at 20. To support not "addressing" the Objections, the district judge relied on *Guice v. Postmaster General, U.S. Postal Service*, 718 Fed. Appx. 792, 795

(11th Cir. 2017), providing further evidence that he did not review all of the objections. *See* Appx41, n.1.

In *Guice*, the district court dismissed claims based solely on the statute of limitations, "it did not need to go any further ***or address*** and specifically reject [the] other arguments." 718 Fed. Appx. at 795 (emphasis added). There, once the district court determined that the statute of limitations barred the claims, it did not go further because the remaining arguments in opposition to dismissal did not address that issue. *See id.* at 796. That is not the case here; GateArm properly objected, raising several independently dispositive issues that were ignored by the Order. *Compare* Appx3299-3323 *with* Appx41-42 *and* Appx1-36.

The Response argues that "[t]he Judge does not have to re-explain everything in the Report, as long as the overall record provides 'sufficient explanation for meaningful appellate review.'" Resp. at 20 (quoting *United States v. Davis*, Nos. 20-10773, 20-10783-GG, 2020 U.S. App. LEXIS 19154, at *3 (11th Cir. June 18, 2020)). But *Davis* does not support Appellees' argument; the "sufficient explanation for meaningful appellate review" was found by incorporating earlier orders which referred to the matters raised. *Ibid.* *Davis* does not support Appellees' argument, however, because the majority of issues raised in GateArm's objections were not addressed in the report—there was no prior order to incorporate. *See Davis*, 2020 U.S. App. LEXIS 19154 at *3; *see also* Appx3316-3323. The Court did not address GateArm's

issues, Appx41 at n.1, and did not incorporate by reference any earlier order which did, *see* Appx41-42; *cf.* Appx3299-3323.

As the Eleventh Circuit held in *Stokes v. Singletary*, 952 F.2d 1567 (11th Cir. 1992), "an appellate court must be satisfied that a district judge has exercised his non-delegable authority by considering the actual testimony, *and not merely by reviewing the magistrate's report and recommendation*." *Id.* at 1576 (emphasis added); *Holt*, 233 Fed. Appx. at 901 (same). The Order, however, contains no evidence that that district judge did anything but "merely . . . review[] the magistrate's report and recommendation." *See Stokes*, 952 F.2d at 1576. Rather, it contains several indications that he only reviewed the report and recommendation, failing to fulfill his constitutionally required review.

Specifically, the Order: (1) does not state that it reviewed the record; (2) does not state that it reviewed the report and all objections; (3) never references the record; (4) only addresses two issues; and (5) in reviewing those two issues, expressly states that it was reviewing whether the *report* performed the correct analysis or considered the two distinct patents. Appx41-42. Such a review cannot be said to be *de novo* and the overwhelming evidence precludes "assuming" a *de novo* review was performed.

Moreover, both the Order and the Report are silent with respect to the majority of issues addressed in GateArm's objections, *compare* Appx3299-3323 *with* Appx1-42, precluding meaningful appellate review of those issues. GateArm identified myriad legal errors in the Report in its Objections, issues which were not

addressed in the Report. Appx3299-3323. The Order's silence on those issues precludes this Court from reviewing the rationale of the District Court because there is nothing in the record explaining the district judge's or magistrate judge's reasoning on those issues. *See* App. Br. at 27-28.

Because the district judge did not perform his constitutionally required *de novo* review, the Order should be reversed and remanded. Further, the Order reflects legal error in the analysis by the district judge and by magistrate judge and this Court should correct those mistakes. *See infra*, Sections III-VIII.

II. APPELLEES ATTEMPT TO EVADE LIABILITY BY ARGUING THAT GATEARM FAILED TO SATISFY ITS BURDEN OF PROOF THAT THE INJUNCTION WAS LAWFUL, CLEAR, AND THAT APPELLEES COULD COMPLY.

Tellingly, in the beginning of Appellees' Response they suggest they can avoid liability even if this Court agrees they violated the injunction with their "new" gate arm, arguing there was no stipulation that the injunction—in the Consent Decree—was (1) valid and lawful and (2) clear, definite and unambiguous, and (3) that they had the ability to comply with the injunction. Resp. at 15 (first citing *McGregor v. Chierico*, 206 F.3d 1378, 1383 (11th Cir. 2000), then citing *FTC v. Leshin*, 618 F.3d 1221, 1232 (11th Cir. 2010)). Appellees argument betrays the weakness of their Response and that the facts found by the magistrate judge and admitted to by Appellees' principals and expert establish that the injunction was violated. *See, e.g.*, App. Br. at 46-48.

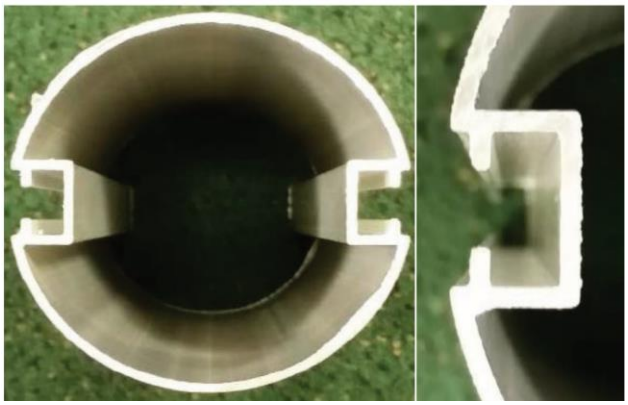
Appellees' deflection is a red herring; the court below never made express findings in the Report or Order that the injunction was (1) valid and lawful, (2) clear

definite and unambiguous, and that (3) the Appellees had the ability to comply because those were not at issue. The facts clearly established these elements. Appx3286. Appellees *agreed* to be enjoined from making and selling the enjoined gate arm, the only issue is whether the "new" product violated that injunction.

The facts are not even in genuine dispute: The modification to Appellees' gate arm are objective and readily identifiable by a visual inspection:



Appx38, enjoined gate arm



Appx39, "new" gate arm

Thus, the issues are whether this Court's precedent in *TiVo* and *KSM* was properly applied and whether the injunction was violated by the minor modification in Appellees' "new" gate arm. Though the facts of the modification are clear, the lower court incorrectly applies this Court's precedent for determining whether the injunction was violated. App. Br. at 30-53. By following the correct analysis, the facts found by the magistrate judge, the admissions of the Appellees and their expert, and the USPTO findings, lead to only one conclusion: The "new" gate arm violates the injunction.

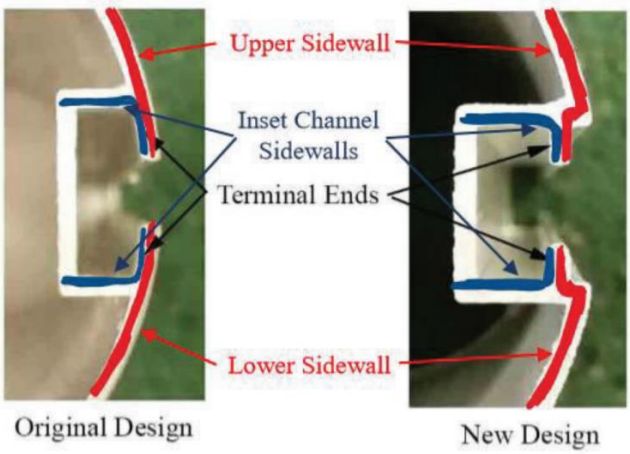
III. GATEARM DID NOT "INVITE" THE LOWER COURT'S ERROR AND IS NOT BARRED BY JUDICIAL ESTOPPEL.

Appellees' Response is equally telling in admitting that the magistrate judge erred in her analysis; Appellees deflect, however, and argue that GateArm "invited" the error. Further, they argue that GateArm is judicially estopped from applying this Court's required analysis for determining whether a modified product violates a patent injunction, arguing that because GateArm asserted literal infringement it is estopped from the application of the "equivalents" analysis for determining if a product is not more than "colorably different" from an enjoined product, as expressed in *TiVo* and *KSM*. Resp. at 16-17. A careful reading of the record, however, reveals that it was *Appellees* who introduced evidence and arguments that misled the magistrate judge and resulted in the error below. *See, e.g.*, Appx18, Appx24-27, Appx30-35.

GateArm's evidence addressed Appellees' "new" gate arm in the context of the claim language for both patents and it introduced the infringement contentions for both the '125 and '200 patents; *Appellees'* characterized the difference as the enjoined gate arm having a "U"-shaped channel versus the "new" gate arm having a "C"-shaped channel, using terminology developed *by Mr. Pikman* (Access Masters' principal) while prosecuting *his* patent applications. *See, e.g.*, Appx18, Appx24-27, Appx30-35.

Adopting Appellees' mistake by analyzing the modification against terminology which does not correspond to the asserted claim scope, the magistrate judge did not

consider that there were two patents infringed by the enjoined gate arm; she did not analyze the modification based on the claim terms and scope of either patent in determining whether the "new" gate arm violated the injunction. Moreover, this led to the failure to consider Appellees' expert admitting that, with regard to the '200 patent's infringement contentions, the "new" gate arm is the same as the enjoined gate arm. App. Br. at 46-48; *see also* Appx26, Appx2369-2370 (Dr. Tipton's testimony that the "blue lines" in the demonstrative are the same between both gate arm, which represented infringement of the '200 patent); Appx17 (demonstrative, reproduced below).



New Design with Shifted Position of the Integrally Formed Sidewall Terminal Ends

Confusingly, Appellees also argue that GateArm is judicially barred from the correct application of this Court's *TiVo* analysis; arguing that because GateArm asserted literal infringement the "colorable difference" analysis cannot then analyze whether the modified product is "equivalent" to the enjoined product, i.e., the contempt-version of the doctrine of equivalent in this Court's precedent. Resp. at 17;

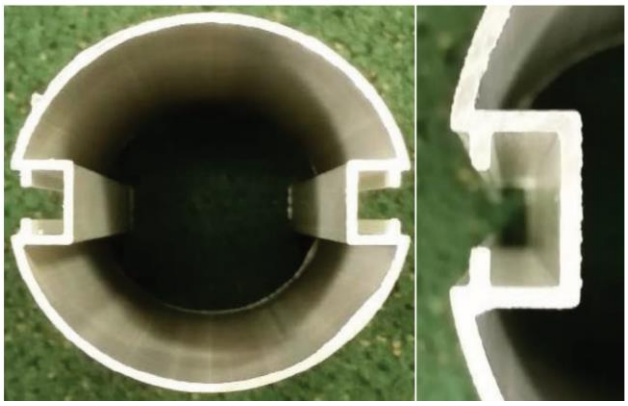
but see KSM, 776 F.2d at 1527; *TiVo*, 646 F.3d at 882-83. Appellees' argument that GateArm is juridically estopped from the correct application of the law concedes the accuracy of GateArm's objection and arguments that the lower court misapplied the law for determining whether the "new" gate arm violated the injunction.

IV. THE "SHORTHAND USE" OF "FINS", "LIPS", "C-SHAPED" CHANNEL, AND "U-SHAPED" CHANNEL DID NOT ADDRESS CONTINUED INFRINGEMENT OF THE PATENTS, ONLY THE *PHYSICAL* MODIFICATION OF APPELLEES' GATE ARM.

Recognizing that neither the magistrate judge nor the district judge compared the "new" gate arm to the claim terms of the subject patents—the '125 patent *and* the '200 patent—Appellees argue that the magistrate judge's focus on alternate terms "fins", "lips", "C"-shaped channel, and "U"-shaped channel was proper and merely "shorthand" for the claim terms. *See* Resp. at 21-22, 38. But those terms were used only with respect to framing the physical modification; they do not define the scope of the claims of the patents-in-suit or substitute for an analysis of whether the "new" gate arm was merely an obvious modification of the enjoined gate arm and whether it maintained the same features which where the admitted basis for the injunction. App. Br. at 43-46. The physical modification is clear:



Appx38, enjoined gate arm



Appx39, "new" gate arm

The magistrate judge's terminology of "fins" or "lips" identified the portion of the sidewall that extends into the opening of the channel to retain the LED light strip within the gate arm. *See, e.g.*, Appx16, Appx1755 (claim 1 of '125 patent), Appx1768 (claim 1 of '200 patent). She adopted the terms "C"-shaped channel and "U"-shaped channel based on Appellees' characterization of that modification. *See, e.g.*, Appx23-25. But these terms do not alter the claim terms of the subject patents and do not address that the claims of the patents are still infringed—particularly since Appellees admitted infringement judicially and extrajudicially. App. Br. at 43-53, 57-60.

It was legal error for the magistrate judge to determine whether Appellees violated the injunction based on substitute terms which were not claim terms of the patents in suit, are not part of the claim constructions, and are not commensurate with the scope of the asserted patent claims. App. Br. at 43-46. Accordingly, the decision of the lower court should be reversed and remanded to properly analyze the violation.

V. APPELLEES DO NOT ADDRESS THE FAILURE OF THE LOWER COURT TO COMPARE THE "NEW" GATE ARM TO THE ASPECTS OF THE ENJOINED GATE ARM THAT ARE A BASIS FOR THE INJUNCTION

A critical issue raised in GateArm's appeal is that the analysis below did not evaluate the modified aspects of the "new" gate arm against those aspects of the enjoined gate arm "that were previously alleged to be, and were a basis for," the injunction. *TiVo*, 646 F.3d at 882; *see also KSM*, 776 F.2d at 1529-30 (addressing the admitted scope of the patent claims based on a Consent Decree). Appellees' only argument, which makes up the majority of the Response but is no defense at all, is that there was a Consent Decree and therefore no prior "adjudication" of infringement. Resp. at 25-36. But that entire argument is premised on intentionally misreading *KSM* and requiring an *explicit* admission of infringement. *See* Resp. at 28-31. *KSM*, however, did not turn on an express admission of infringement in a Consent Decree, it held that the Consent Decree itself was an admitted infringement. 776 F.2d at 1526, 1529.

As this Court explained, "where an injunction is written narrowly against a particular infringing device, contempt may, nevertheless, be found on the basis of a modified infringing device." *Id.* at 1526. This is because "[a]n enjoined party under a narrow decree will not be permitted to escape on a purely 'in rem' theory that only a particular device is prohibited, where it is evident that the modifications do not avoid infringement and were made for the purpose of evasion of the court's order." *Ibid.* "The issue in contempt proceedings is violation *vel non* of the injunction, not patent

infringement." *Id.* at 1528. When cases are litigated to a final determination, "the injunction must be interpreted in light of the rulings of the court on the scope of the claims." *Id.* at 1529. This Court explained further that:

> On the other hand, with a consent decree, an adjudged device conceivably could have been found *not* to fall within the scope of the claim upon a full trial. Nevertheless, such a device is an admitted infringement, and the claims of the patent may be construed in light of that admission when the court undertakes to determine whether a modified device is also an infringement in contempt proceedings.

Ibid. (emphasis in original).

As this Court made clear in *KSM*, with a patent injunction in a Consent Decree, the consent decree *is* the adjudication of infringement and that for determining whether that injunction is violated the claims are viewed in light of that prior admission and adjudication of infringement. *See ibid.*; *see also id.* at 1530 (addressing that the modified device must "fall[] within the admitted or adjudicated scope of the claims" for a finding of contempt). Appellees' arguments are contrary to this Court's precedent.

Because the lower court did not analyze the modification in the "new" gate arm by comparison to the aspects of the enjoined gate arm "that were previously alleged to be, and were a basis for, the prior finding of infringement," the lower courts legally erred. *See TiVo*, 646 F.3d at 882. Indeed, Appellees' expert admitted that with respect to the aspects of the enjoined gate arm that that were previously alleged to be, and were a basis for, the prior finding of infringement" of the '200 patent, the "new" gate

arm was the same. *See ibid.*; *see also* App. Br. at 46-48. Accordingly, the lower court's order was the product of legal error and clearly erroneous considering the fact findings and admission. App. Br. at 33-43, 46-48, 50-53, 57-60.

VI. THE REPORT IS CLEAR THAT THE DECISION WAS BASED *SOLELY* ON AN ANALYSIS OF THE '125 PATENT AND DID *NOT* ADDRESS THE '200 PATENT.

Appellees' ask that this court infer or divine that the magistrate judge considered the Appellees' infringement of the '200 patent when determining whether the "new" gate arm was not more than colorably different from the enjoined gate arm and still infringing. Resp. at 42-44. The error is plain in the Report and the district judge's Order. Appx31-35; Appx41-42. The magistrate judge *only* analyzed the "new" gate arm in the context of claims of the '125 patent. Appx31-35. The district judge did not identify any analysis with respect to the '200 patent; rather, he determined that the report did not need to identify the '200 patent because the *TiVo* analysis focuses on the comparison of products. Appx41-42.

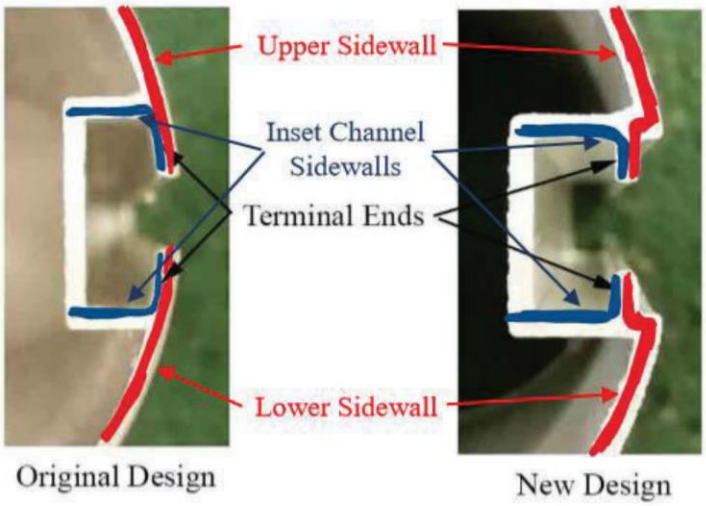
The *TiVo* analysis, however, requires comparing the devices *based on* the features which were admitted or adjudged to be infringing. *TiVo*, 646 F.3d at 882-83; *see also KSM*, 776 F.2d at 1529-30. The narrow focus on only construed claims of the '125 patent means that the '200 patent, and its infringement, was ignored. *See* Appx31-35. This is especially clear because the finding that the "fins" or "lips"—i.e., the portion which retains an LED light strip within the gate arm—are part of the upper and lower inset channel sidewalls means the magistrate judge *found* that the

"new" gate arm had *the same features* which were alleged as corresponding to the claim limitations of the '200 patent. *See* Appx30-30; *see also* App. Br. at 57-60. Further, Dr. Tipton testified that, with respect to the features corresponding to the claim limitations of the '200 patent, both the enjoined gate arm and "new" gate arm are the same. *See* App. Br. at 57-60.

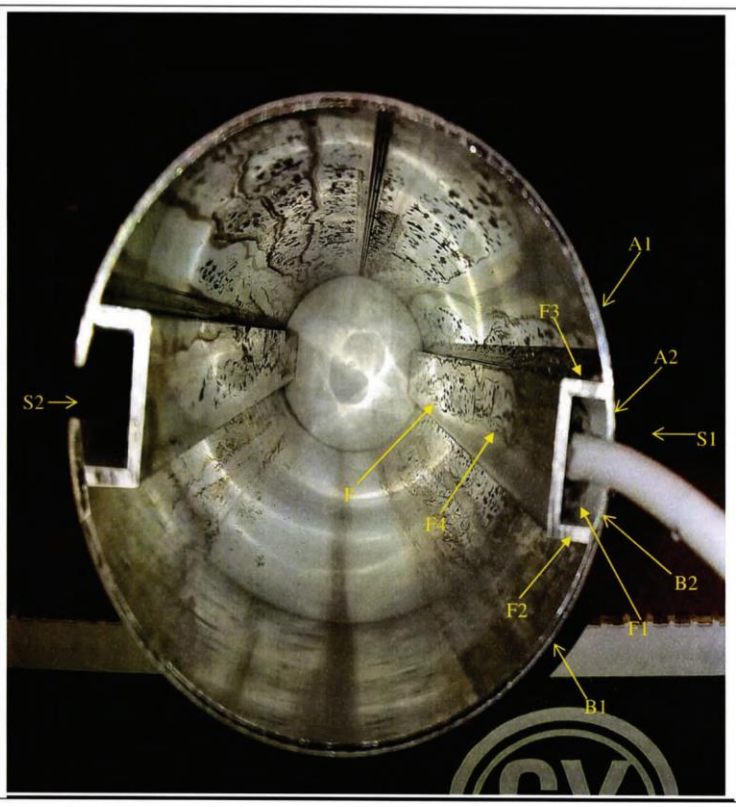
VII. GATEARM'S DEMONSTRATIVE EXHIBIT WAS PRESENTED AND ARGUED AS SHOWING THE INFRINGEMENT CONTENTIONS OF BOTH THE '125 AND '200 PATENTS WITH RESPECT TO BOTH THE ENJOINED AND "NEW" GATE ARMS.

Appellees' also argue that the different colors in GateArm's demonstrative did not address the infringement contentions for the enjoined gate arm and "new" gate arm. Resp. at 22-23. But that issue was raised to Appellees in Dr. Rice's rebuttal expert report, Appx1287-1291, and was raised in GateArm's briefs, Appx1398-1399, Appx1487-1488, Appx3309-3312, Appx3322-3323; *see also* Appx2257-2258 (Dr. Rice's testimony).

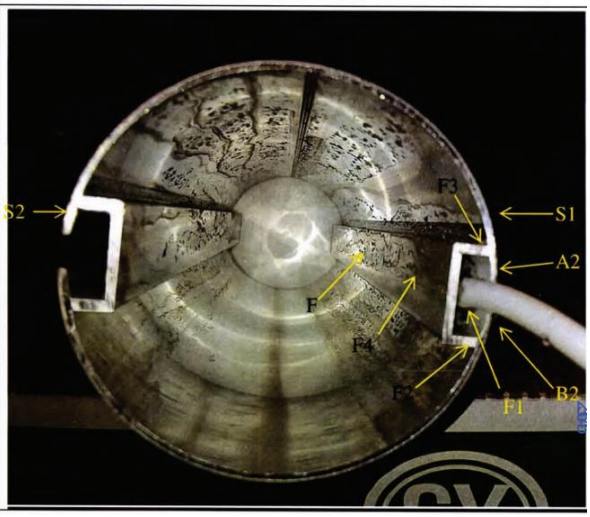
Though the figure with red and blue lines was a demonstrative, the underlying infringement contentions for the '125 and '200 patents were admitted as evidence, Appx1928, Appx1939, and the demonstrative identified the relevant aspects of the enjoined gate arm and those same aspects on the "new" gate arm:



New Design with Shifted Position of the Integrally Formed Sidewall Terminal Ends

said first elongated inset channel having a first opening formed by a first pair of inset channel sidewalls integrally joined to a first inset channel backwall,	The first elongated inset channel (F) has a first opening (F1) formed by a first pair of inset channel sidewalls (F2,F3) integrally joined to a first inset channel backwall (F4).	
said first side surface having a first upper sidewall including a terminating end and a first lower sidewall including a terminating end which ends terminate partially within said first opening and spaced from each other;	The first side surface (S1) has a first upper sidewall (A1) that includes a terminating end (A2) and a first lower sidewall (B1) that includes a terminating end (B2) which ends terminate partially within the first opening spaced apart from each other.	

'125 patent contentions, specifically A1, A2, B1, and B2

said first elongated inset channel having a first opening formed by a first pair of inset channel sidewalls integrally joined to a first channel backwall, said inset channel walls including a first upper terminating end and a first lower terminating end, said ends terminate partially within said first opening and spaced from each other;	The first elongated inset channel (F) has a first opening (F1) formed by a first pair of inset channel sidewalls (F2,F3) integrally joined to a first inset channel backwall (F4). The accused device has an upper terminating end (A2) and a lower terminating end (B2) which each terminate partially within the first opening spaced apart from each other.	

'200 patent contentions, specifically F2, F3, A2, and B2.

Accordingly, Appellees argument here is meritless: These issues and evidence were presented to the lower court, required to be analyzed by this Court's precedent, but were rejected and not analyzed based on accepting Dr. Tipton's impermissible legal testimony. *See* App. Br. at 33-39.

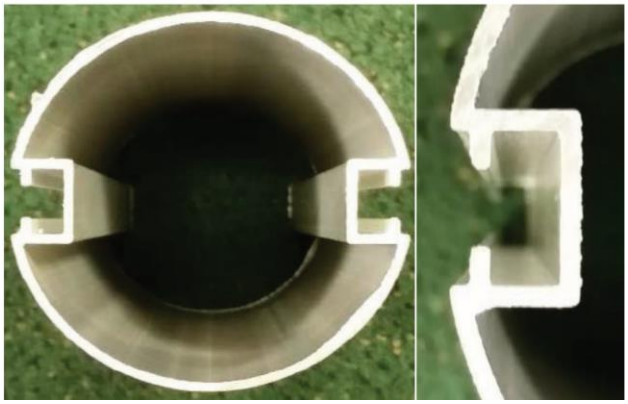
VIII. GATEARM PROPERLY OBJECTED TO THE REPORT AND RECOMMENDATION.

Presumably to address this deficiency at least partially, Appellees state, without any legal argument or explanation, that GateArm did not "properly" object to the Report. Resp. Br. at 23-24. Without support or explanation, Appellees assert that a party must object to the enumerated fact findings or else no objection is proper. Resp. Br. at 23-24. Appellees argument would preclude every party from ever being able to object, and preserve appellate issues, where the objection is based on an incorrect application of law, since that would not have been a "fact finding" enumerated below. *See* Resp. Br. at 23-24.

As addressed *supra*, and identified throughout GateArm's principal brief, the modification is clear:



Appx38, enjoined gate arm



Appx39, "new" gate arm

The issue is, based on objective facts and admissions by Appellees and their expert, and under the correct legal analysis, whether Appellees' "new" gate arm violates the injunction. But the lower court did not consider those facts under the correct legal analysis; thus, the decision should be reversed and remanded to properly consider the evidence—including relevant evidence that was required to be considered yet was not.

IX. PRECEDENT FROM *TIVO* AND *KSM* APPLIES HERE, AND UNDER THE PROPER ANALYSIS APPELLEES' "NEW" GATE ARM VIOLATES THE INJUNCTION.

The primary difference between the parties' positions is a dispute over the application of this Court's precedent for determining a violation of a patent injunction. The facts admitted to by Appellees and their expert should be conclusive for this matter, and further, no evidence contradicts the USPTO or GateArm's expert addressing the insignificance of Appellees' modification. Therefore, Appellees' advocate for a re-interpretation of this Court's precedent—in a way contrary to the

express teachings of this Court. But Appellees' interpretation would allow alleged infringers to consent to an injunction, violate it, and avoid contempt finding by arguing that the original device had not previously be "adjudged" infringing. Resp at 25-36. Indeed, the majority of the Response is dedicated to various forms of the argument that Appellees cannot be held in contempt because Appellees entered into the Consent Decree and therefore the enjoined gate arm was not "adjudicated" as infringing.

Appellees' argument misses the point of a contempt proceeding for the violation of a patent injunction: "[T]he issue in contempt proceedings is the violation *vel non* of the injunction, not patent infringement." *Compare* Resp. at 25-36 *with KSM*, 776 F.2d at 1528. Appellees' argument can be characterized as: Because the injunction is contained in a Consent Decree, they cannot be found in contempt for violating the injunction, since the Consent Decree prevented an adjudication on the merits of the enjoined gate arm. *See* Resp. at 25-36. Appellees' arguments to the contrary are without merit.

A. For the Contempt Proceeding, Appellees' Enjoined Gate Arm is an Admitted Infringement of the Patents in the Manner Previously Alleged.

This Court's precedent is clear: Through the entry of the consent decree, Appellees' original—enjoined—gate arm was "adjudged" an admitted infringement. *See KSM*, 776 F.2d at 1529. Nevertheless, the main defense Appellees raise, in several different forms, is that because the consent decree obviated a need for a trial on the

merits there was no "adjudication" of infringement and therefore contempt cannot be found based on the insignificant modification made to the enjoined gate arm. *See* Resp. at 25-36. Indeed, in seven (7) separate sections Appellees make the same basic argument that there is no contempt because GateArm did not prove that the enjoined gate arm infringed the claims. *See ibid.*

Appellees' arguments fail because they refuse to acknowledge the difference between a contempt proceeding and a patent-infringement action. The question is not whether the "new" gate arm infringes in the abstract, or even in the traditional patent-infringement analysis, but whether the "new" gate arm violated *the injunction*. *TiVo*, 646 F.3d at 882-83; *KSM*, 776 F.2d at 1528. The contempt analysis must analyze the modification against previous allegations of infringement which were the basis for the injunction. *TiVo*, 646 F.3d at 882-83. And the scope of the claims for determining that subsequent infringement is based on the previously adjudged *or admitted* claim scope upon which the injunction was based. *KSM*, 776 F.2d at 1529-30; *see also TiVo*, 646 F.3d at 882.

Appellees' "new" gate arm is the same as the enjoined gate arm in all relevant respects. While Appellees argue the minor modification of recessing the sidewall slightly is "significant"—though found by the USPTO to be an obvious modification of the '125 patent—Appellees and their expert *admitted* that with respect to the allegations of infringement of the '200 patent the two gate arms are the same. Because the "new" gate arm is not different from the enjoined gate arm it is not more

than colorably different from the enjoined gate arm and still infringes. *See TiVo*, 646 F.3d at 882-83; *see also KSM*, 776 F.2d at 1529-30.

That the injunction was the result of a consent decree, and therefore not from a judicial "finding" of infringing, does not evade that selling the enjoined product or any product not more than colorably different violates the injunction. *See KSM*, 776 F.2d at 1526, 1529-30. The consent decree is an adjudication; it is judgment with a judicial *imprimatur* on the change in the relationship between the parties.

B. Appellees Stipulated They Are Enjoined From Selling the Original Gate Arm *and* Any Gate Arm That is Not More Than Colorably Different From the Original Gate Arm.

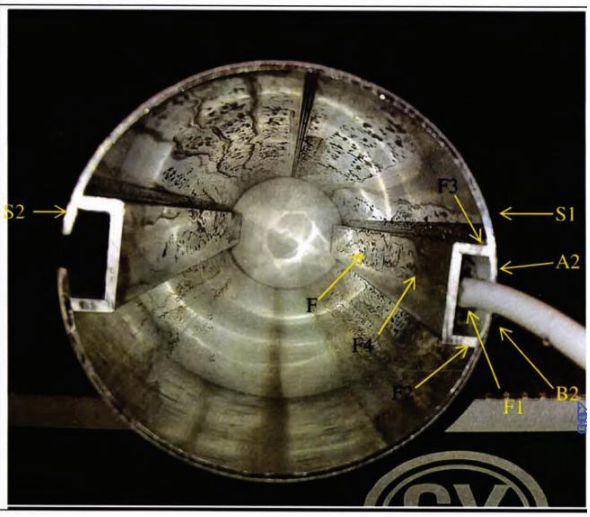
Though Appellees' spend the majority of their Response arguing that GateArm was required to prove the enjoined device infringed the asserted patents, Resp. at 25-36, they are silent on the fact that they "are [judicially] enjoined from manufacturing, advertising, marketing, distributing, selling, offering to sell, importing or exporting the originally accused 'LED Arm for a Gate' or any colorable imitation thereof," Appx1879. Again, this addresses the fundamental issue that in this contempt proceeding, the issue is the violation of the injunction—it is not a new patent-infringement proceeding. *See supra*, Section IX(A); *see also KSM*, 776 F.2d at 1526, 1529-30. The question here is whether the "new" gate arm is merely a colorable imitation of the enjoined gate arm; an inquiry requiring an analysis of the prior infringement contentions which were a basis for the injunction. *See TiVo*, 646 F.3d at 882-83; *see also KSM*, 776 F.2d at 1529-30.

Appellees' argument that they cannot be found to have violated the injunction unless GateArm *also* proves the enjoined gate arm infringes is without merit. *See* Resp. at 25-36. The enjoined gate arm is enjoined; Appellees' cannot make and sell the enjoined gate arm or any other gate arm that is merely a colorable imitation of the enjoined gate arm. Appx1879. Under the proper legal analysis, the "new" gate arm is merely a colorable imitation of the enjoined gate arm; it is an obvious and insignificant modification made merely to avoid liability under the "purely 'in rem' theory" rejected by this Court in *KSM* and *TiVo*. *Compare* Resp. at 25-36 *with TiVo*, 646 F.3d at 882-83 *and KSM*, 776 F.2d at 1526, 1529-30.

C. Under the "Not More Than Colorably Different" Analysis in *TiVo* and *KSM*, Appellees' "New" Gate Arm Violates the Injunction.

The proper analysis requires comparing Appellees' "new" gate arm to the enjoined gate arm *based on* the features of the enjoined gate arm that were alleged to infringe and were the basis for the injunction. *See TiVo*, 646 F.3d at 882. That requires analyzing the modification based on the prior art to determine whether that modification is obvious, to determine its innovative significance. *Id.* at 882-83 and n.1. The analysis looks to see if the two devices are functionally equivalent, which employs a test *similar to* the normal doctrine of equivalents, but which only focuses on the specific modification. *KSM*, 776 F.2d at 1527. Neither the magistrate judge nor the district judge performed this required analysis. Appx30-35; Appx41-42.

Appellees' "new" gate arm maintains the features previously alleged to infringe, particularly, the '200 patent. The magistrate judge found so, Appellees' admitted so, and Appellees' expert confirmed it. Error resulted, however, because Appellees' led the magistrate judge astray by arguing "C"-shaped channels versus "U"-shaped channels. The minor recession in the "new" gate arm was determined insignificant by the USPTO, Appx1801-1833; Appx1843-74; App. Br. at 41-43, and nevertheless maintains the same features alleged to infringe, particularly, the '200 patent, i.e., the portion that extends into the channel to retain the LEDs are included on the upper and lower inset channel sidewalls:

said first elongated inset channel having a first opening formed by a first pair of inset channel sidewalls integrally joined to a first channel backwall, said inset channel walls including a first upper terminating end and a first lower terminating end, said ends terminate partially within said first opening and spaced from each other;	The first elongated inset channel (F) has a first opening (F1) formed by a first pair of inset channel sidewalls (F2,F3) integrally joined to a first inset channel backwall (F4). The accused device has an upper terminating end (A2) and a lower terminating end (B2) which each terminate partially within the first opening spaced apart from each other.	

Appx1939, '200 patent contentions, specifically F2, F3, A2, and B2

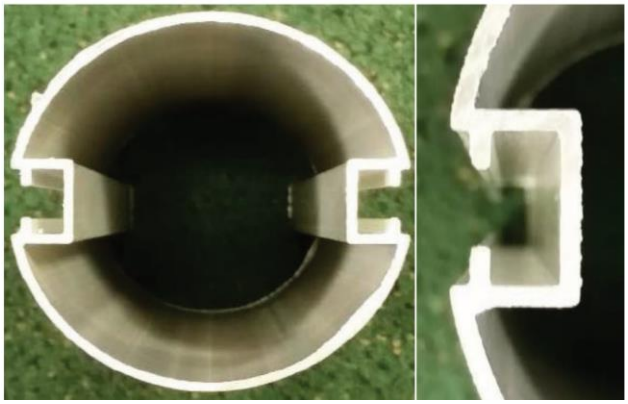
Appellees' "C"-shaped channel argument admits the "new" gate arm includes what the '200 patent claims and what was a basis for the injunction. *See ibid.* By their own statements and arguments, Appellees violated the injunction.

D. Appellees' Response Does Not Address That the USPTO Determined That the Modification was Obvious in Light of the '125 Patent and the Prior Art.

Addressing the obviousness issues cursorily and superficially, Appellees fail to address that the USPTO made repeated and unwavering determinations that recessing the LED-retaining sidewalls was an obvious modification to the embodiment of the '125 patent identical to Appellees' enjoined gate arm. *See* App. Br. at 41-43; *see also* Appx1801-1833; Appx1843-74. There is only one modification at issue, recessing a portion of the sidewall into the channel, as shown:



Appx38
Pictures of the enjoined product



Appx39
Pictures of the modified product.

This modification was addressed as innovatively insignificant—obvious—by the USPTO based on the '125 patent and the prior art. Appx1801-1833; Appx1843-74. The magistrate judge did not consider this evidence and avoided performing the analysis based on a misunderstanding of *TiVo*. *See* Appx30-33. *TiVo* requires analyzing the obviousness of the *modification*, instead of the normal analysis of the obviousness of the *invention*. *TiVo*, 646 F.3d at 882-83 and n.1.

These determinations were improperly rejected by the magistrate judge based on a misreading of *TiVo*. *See* Appx30-35. The evidence was admitted into the record and the arguments were made; Appellees have no response to overcome these determinations. Under *TiVo* this evidence was required to be considered. 646 F.3d at 883. Moreover, it should likely be conclusive for establishing that the "new" gate arm was merely a colorable imitation of the enjoined gate arm.

E. Appellees Conflate "the Law on Obviousness" with the Determination of the Obviousness of the Modification, Which Must be Considered in Determining a Violation of a Patent Injunction.

In analyzing whether Appellees' modification was more, or not more, than colorably different, the magistrate judge erred because she failed to consider the obviousness of that modification. App. Br. at 41-43; *see also TiVo*, 646 F.3d at 882-83. Appellees argue that the obviousness was properly considered and rejected, relying on an out of context statement in *TiVo* that the *law* on obviousness is not binding on the determination of obviousness of the modification. Resp. at 36-38 (citing *TiVo*, 646 F.3d at 882 n.1). This was the same mistake made by the magistrate judge and used as the basis to disregard GateArm's evidence relating to the obviousness of Appellees' modification. *See* Appx32-33.

The "law on obviousness" encompasses more than the obviousness of a modification. *See TiVo*, 646 F.3d at 882-83 and n.1. For contempt:

> The court *must* look to the relevant prior art, if any is available, to determine if the modification merely employs or combines elements already known in the prior art in a matter that would have been obvious

> to a person of ordinary skill in the art at the time the modification was made.

Id. at 882 (emphasis added). But the Court noted that while "the law on obviousness," which addresses the obviousness of complete *inventions*, is not necessarily binding in contempt proceedings because generally only a single limitation is modified. *Id.* at 882 n.1. Nevertheless, the Court explained that "the innovative significance of the modification is best viewed in light of the existing art and from the perspective of one of ordinary skill in the art." *Ibid.* "A nonobvious modification may well result in a finding of more than a colorable difference." *Id.* at 882-83.

The overwhelming evidence here—indeed, the only evidence—is that the *specific* modification at issue was an obvious modification to the '125 patent; more specifically, to the embodiment in the '125 patent identical to Appellees' enjoined gate arm. Appx1801-1833; Appx1843-74. The magistrate judge erred by disregarding obviousness evidence and not performing the required analysis for determining the modification's significance. App. Br. at 41-43; *see also TiVo*, 646 F.3d at 882-83. Appellees' response only perpetuates that error.

F. Appellees' Response Fails to Overcome Their Admission Through Patent-Marking That the "New" Gate Arm and Enjoined Gate Arm are the Same, Specifically With Respect to the Modification.

Appellees fail to address that the lower courts erred by failing to consider their design-patent marking when determining whether the "new" gate arm maintained the same features as the enjoined gate arm. *See* App. Br. at 51-53. As their design patent

makes clear, the only claimed portion of the design is the outer surface of the gate arm—including the portion corresponding to the construed claim terms of the '125 patent. *See ibid.* That Appellees marked both the enjoined gate arm and the "new" gate arm is a further admission that the two products are not different, an admission only strengthened by their statements to customers. *See ibid.* Further, they admit and argue that the "new" gate arm has a "C"-shaped channel, i.e., maintains the same features of the enjoined gate arm that were alleged to infringe, particularly, the '200 patent and were a basis for the injunction. *See* App. Br. at 29-30, 46-48.

X. APPELLEES MISSTATE DR. TIPTON'S TESTIMONY BECAUSE THE LOWER COURT RELIED ON HIS INADMISSIBLE TESTIMONY IN REACHING THE DECISION BELOW.

Dr. Tipton impermissibly testified about the scope of the claim terms, violating this Court's holding in *O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, 521 F.3d 1351 (Fed. Cir. 2008). App. Br. at 48-50, 56-57. Because the magistrate judge relied on that testimony, Appellees argue that it was not testimony on claim scope. Resp. at 42-43. Appellees' argument is incorrect. Dr. Tipton's only admitted testimony was addressing the claim scope of the *two* patents with respect to both the enjoined gate arm and the "new" gate arm. App. Br. at 48-50, 56-57. That testimony was improperly admitted into evidence and improperly relied on.

Accordingly, the Order should be reversed and remanded so that contempt can be analyzed based on the proper evidence and so that proper evidence is not excluded based on improper testimony.

XI. APPELLEES ARE NOT EXEMPT FROM LIABILITY.

Though not presenting a clear argument, Appellees' Response states—without explanation or evidence—that they are exempt from liability based on the settlement agreement. The district judge struck that portion of Appellees' response to GateArm's objection because it was not raised below, *see* Appx41, yet Appellees' present here—without explanation or evidence—that they are absolved based on the agreement. Appellees have no support for this position, and it conflicts with the fact that the "new" gate arm is the same as the enjoined gate arm. They cannot evade liability under this theory. Appellees waived this issue below, *see* Appx41, and cannot attempt now to evade liability by asking this Court to weigh that evidence in the first instance, a request that would require remand for a determination in the district court.

CONCLUSION

The magistrate judge erred in the application of this Court's precedent. Though the Order shows that the district judge did not review the record *de novo* as he was required to do, to the extent that he adopted her analysis, the Order errs for failing to apply this Court's precedent. Improper evidence was relied upon, the required analyses were bypassed, and evidence supporting those analyses was not considered.

Accordingly, the Order should be reversed and remanded for application of the correct analysis—comparing the enjoined and "new" gate arms based on the prior infringement of *both* patents in suit. Moreover, as the findings and admissions

establish that the "new" gate arm maintains the features that infringed the '200 patent, and were a basis for the injunction against that patent, this Court can find—without weighing evidence—that the "new" gate arm violates the injunction.

March 5, 2021

Respectfully submitted,

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PROOF OF SERVICE

I hereby certify that on March 5, 2021, I electronically filed the foregoing Reply Brief of Plaintiff-Appellant GateArm Technologies, Inc. with the Clerk of the United States Court of Appeals for the Federal Circuit using the CM/ECF filing system, which would ordinarily send notice to all counsel of record and constitutes electronic service pursuant to Fed. Cir. R. 25(e)(1). Counsel of record includes:

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CERTIFICATE OF COMPLIANCE

1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B), as extended by Federal Circuit Rule 32(b)(1), because this brief contains 6,968 words, as counted by Microsoft Word, excluding the parts of this brief exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rules 28(a)(12) and 32(b)(2).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word 2019 in 14-point, Garamond font.

March 5, 2021

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