

No. 16-1102

In the Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., AND SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

*On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit*

**BRIEF OF AMICI CURIAE THE HISPANIC
LEADERSHIP FUND AND THE NATIONAL
GRANGE OF THE ORDER OF THE PATRONS OF
HUSBANDRY IN SUPPORT OF PETITIONERS**

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INTEREST OF AMICI CURIAE¹

Amici are nonprofit, nonpartisan groups that seek to improve the welfare of their communities by encouraging entrepreneurship and small-business development.

The Hispanic Leadership Fund is dedicated to strengthening working families by promoting commonsense policy solutions that foster liberty, opportunity, and prosperity, with a particular interest in issues affecting the Hispanic community.

The National Grange of the Order of the Patrons of Husbandry is a dedicated fraternal organization that has championed America's farmers, ranchers, and other rural residents for nearly 150 years.

Amici's members include both patent owners and those that compete against patent owners, along with people who depend upon affordable access to connective technologies to overcome barriers of race, poverty, culture, language, and geographic isolation. Amici thus have a significant interest in ensuring the proper "balance between the need to promote innovation' through patent protection, and the importance of facilitating the 'imitation and refinement through imitation,' that are 'necessary to invention itself and the very lifeblood of a competitive economy.'" *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct.

¹ Counsel for all parties received notice of amici's intent to file this brief 10 days before its due date. All parties have consented to the filing of this brief. No counsel for any party authored this brief in whole or in part, and no entity, other than amici, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief.

1923, 1935 (2016) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)).

SUMMARY OF THE ARGUMENT

This case involves two separate Federal Circuit decisions that fundamentally alter some of patent law’s most broadly applicable principles. In one decision, a majority of the *en banc* court cemented a new interpretation of 35 U.S.C. § 103’s ban against patents for obvious subject matter that, in the dissenters’ words, “materially raises the bar for obviousness by disregarding Supreme Court precedent.” Pet. App. 97a (Dyk, J., dissenting); *see* App. 64a–67a (Prost, C.J., dissenting). In another, a panel majority admitted to loosening 35 U.S.C. § 283’s rules for awarding injunctions, making such relief easier to obtain for patentholders whose inventions comprise only minor features of multi-component products. Pet. App. 169a–70a. These alterations to cornerstones of patent law will shape the dynamics of every patent application, every infringement assertion, and every patent lawsuit—everywhere in the United States.

These changes could have profound adverse effects on small businesses and consumers. The *en banc* majority’s new obviousness rules ultimately put a patent’s validity, and entitlement to a 20-year monopoly, in the hands of a jury of unskilled laypeople. And the new rules place undue emphasis upon unreliable “secondary considerations,” Pet. App. 32a, such as crowd enthusiasm for products containing patented features, that shed little light on these features’ true innovative contribution. Such preference for lay opinion over objective legal determination introduces arbitrary uncertainty into the obviousness calculus that harms patentholders and their competitors alike. And the substantially higher hurdles for proving obviousness that

the new rules in impose will encourage a glut of patents for “inventions” that result from nothing more than cobbling together bits from other patents and other widely known information. The added supply of questionable patents will limit creative options of entrepreneurs who must compete in fields already crowded with overlapping, vague, and trivial patents.

Things are made considerably worse by the panel majority’s subversion of a bedrock feature of the “principles of equity” incorporated into Section 283: that the harsh remedy of injunctive relief is only justified to halt irreparable harm actually traceable to infringement. The panel majority’s relaxed standards for finding irreparable harm and for tying it to infringement will permit injunctions to issue when the patentee’s only “harm” results from legitimate competition, not infringement, and will make injunctions routine even for patents covering only minor features in multi-component products—for which the evidentiary and equitable case for injunctive relief is especially weak.

This strengthening of patent monopoly rights for even trivial inventions will be employed by patent trolls to extract higher shakedown royalties, and will give market incumbents new means to unfairly inhibit their less-established rivals’ competitiveness. And the arbitrary uncertainty introduced through the new deference to juries and emphasis on crowd reactions will likely prove a dual-edged sword—both validating *bad* patents and invalidating *good* ones. These ill effects will endanger the survival of many fledgling businesses, and could lead to significant cost increases in certain technology-focused consumer goods.

This poses special risks for the communities amici represent, compounding difficulties they already face in American society and commerce.

The decisions below are wrong and conflict with this Court's precedent. The *en banc* majority's conclusion that juries—not courts—have the final say in measuring whether an invention contains sufficient innovative contribution to warrant patent protection breaks from a century of precedent. And nothing warrants that departure. Although obviousness sometimes turns on whether a person of ordinary skill would have a "motivation" to pull together different pieces of prior art, that does not make obviousness a factual issue for a jury to resolve.

Because the hypothetical artisan is presumed to know the relevant art in a particular field of endeavor, the proper question is *not* whether he would have some "motivation" to *seek out* a particular piece of relevant art, in some sort of open-ended psychological investigation. The proper inquiry is instead far more limited, asking whether the artisan would find something beneficial in the prior art *that he already knows*. That question is usually answered on a minimal showing, based solely on the contents of the art at issue, putting it squarely in the wheelhouse of courts, not juries.

The *en banc* majority also imposed improper restrictions on the obviousness inquiry by permitting juries to disregard prior art simply because it might be embodied in a different device, or was adopted for a different purpose, than the challenged invention—or because the art could not be found within a particular patent (although it was ubiquitous outside the patent). This Court made clear in *KSR International Co. v. Teleflex Inc.*, 550 U.S.

398 (2007) that relevant prior art, and a conclusion of obviousness, cannot be side-stepped for such artificial reasons.

The *en banc* majority then improperly *expanded* the obviousness inquiry in giving primary place to “secondary considerations” like crowd reactions, which have long been understood to offer help only in close cases, where an invention’s innovative contribution is at least debatable. They cannot provide the required contribution when none actually exists. The Federal Circuit’s adoption of these improper obviousness standards provides compelling reason to grant Samsung’s petition.

Review is also warranted because the lower court’s new, relaxed standards for injunctive relief cannot be squared with Section 283’s “standards of equity.” Equity demands that a patentee prove irreparable harm traceable to the defendants’ infringement before an injunction will issue. This requirement is not “flexible,” as the panel majority supposed, Pet. App. 170a, to be watered down simply for patentees’ convenience. It must instead remain firm to protect a patentee’s competitors from unduly harsh and unnecessary injunctions—a consideration that is especially important for minority and rural businesses, which, because of historic difficulties, more often find themselves as upstarts forced to compete against more established rivals.

The panel majority’s reason for its admitted departure from traditional equitable standards is also unpersuasive: The difficulty that *some* patentees face proving irreparable harm does not justify lowering the standards for *all* patentees. And while it may be hard for patentees whose inventions comprise only minor features in technologically

complex products to make the required showing, that difficulty is not merely “evidentiary,” Pet. App. 168a, but instead reflects a hard reality: that infringement of such minor features only rarely warrants injunctive relief.

The broader implications of this relaxed standard confirm this conclusion. If one minor patented feature among thousands in a product can support a production-halting injunction, then a profusion of threats of such injunctions, and potential market disruptions, is likely to follow. This could result in price increases that will put the life-altering benefits of many connective technologies out of many people’s reach.

ARGUMENT

I. This case is important for entrepreneurs, small businesses, and consumers, especially those from minority and rural communities.

Patent law reflects a “careful balance between the need to promote innovation’ through patent protection, and the importance of facilitating the ‘imitation and refinement through imitation,’ that are ‘necessary to invention itself and the very lifeblood of a competitive economy.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1935 (2016) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)). “[C]ourts must be cautious before adopting changes” to settled doctrine that would affect that balance, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 739 (2002) (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)), which “risk destroying” both the “legitimate expectations of inventors in their [patented] property,” and the “settled expectations” of others in the “inventing community,” *id.*

The Federal Circuit’s new standards for determining patent obviousness and availability of injunctive relief significantly alter this balance between patentholders and their competitors that sometimes follow fast behind them, adding risk, uncertainty, and expense *to both* ends of the scale. This could harm the prospects of fledgling businesses, and imperil access to the life-altering benefits that Internet-based technologies can provide, especially to those in the communities amici represent.

A. Raising the obviousness bar and relaxing injunctive-relief standards will be bad for entrepreneurs.

1. First, in a process that was troubling in its opacity, and lacking for its failure to include amici and other affected stakeholders, a sharply divided Federal Circuit made big changes to established doctrine for determining obviousness under Section 103 that “materially raise[]” the obviousness standard. Pet. App. 82a (Dyk, J. dissenting). Rather than follow the required approach to obviousness, which involves an objective legal determination, *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 406, 427 (2007), the *en banc* majority decided that obviousness issues are “jury questions,” and imposed a system for reviewing jury findings on obviousness that, though a combination of hypothetical findings and legal assumptions, permits the jury to “dismiss relevant prior art and find almost any patent nonobvious by narrowly defining the relevant technology,” Pet. App. 90a (Dyk, J., dissenting). The *en banc* majority also required that “secondary considerations” of obviousness be considered in every case, Pet. App. 22a–23a, allowing crowd reactions and sales figures to stand in for the innovative leap that an invention might otherwise lack. Pet. App. 91a (Dyk, J., dissenting). These

multiple changes will make proving obviousness “far more difficult,” *id.*, even for the most trivial of inventions.

The proof here is in the pudding. The *en banc* majority’s decision upholds jury findings of non-obviousness that would have never passed muster under the proper legal inquiry. It allows cursors displaying “current character string[s],” Pet. App. 46a, to become part of a “patent monopoly,” *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 150 (1950), although they are so obvious as to appear in virtually every computer. And it removes ubiquitous and obvious design features like toggle-switch icons, Pet. App. 29a, from the fund of “resources available to skillful” people, *id.* at 152–53, although the rest of the patenting world recognizes these as obvious. Pet. App. 84a. n.3 (Dyk, J., dissenting). This not only puts U.S. entrepreneurs at a disadvantage versus their foreign counterparts, it a symptom of a serious malfunction in the U.S. patent system.

These revised obviousness standards will introduce a flood of new patents—or newly reinvigorated patents—with no discernable inventive contribution onto a field of invention already crowded with patents.² Many complex electronic products like smartphones already contain several hundreds of thousands of patented technologies.³ Indeed, even a single semiconductor *within* a smartphone

² Mark Lemley, *The Surprising Resilience of the Patent System*, 95 Tex. L. Rev. 1, 3 (2016) (*Surprising Resilience*).

³ RPX Corp, Amend. No. 3 to Form S-1, 59 (Apr. 11, 2011), <bit.ly/2ooj3bh>.

might “embody hundreds of thousands of ‘potentially patentable technologies.’”⁴ This profusion of patents already makes innovation hard, as it is virtually impossible for a company to know of every patent that might be infringed by its products.⁵

Adding more patents onto this crowded field will make it even more costly to innovate, forcing greater expenditures on research and development, licensing fees, and litigation defense. And the dubious quality of these additional patents will prove particularly troublesome. Traditionally, inventors and entrepreneurs could rely on their own experience and skill to identify technical areas where patents would be likely to proliferate, and areas of common knowledge that should remain patent-free. But under the new obviousness regime, patented technologies could be lurking undetected within the fund of common knowledge, waiting to ensnare unwitting infringers. Moreover, an entrepreneur encountering this new species of patent will have a hard time evaluating its validity. When a patent’s obviousness depends not on its innovation beyond prior art, but instead on public reactions to the patented technology or the subjective views of twelve unskilled jurors, then sorting the good patents from the bad is virtually impossible.

These difficulties created by the *en banc* majority’s raised obviousness standards will create new, fertile

⁴ Bronwyn H. Hall & Rosemarie Ham Ziedonis, *The Patent Paradox Revisited: An Empirical Study of Patenting in the U.S. Semiconductor Industry, 1979-1995*, 32 RAND J. Econ. 101, 110 (2001).

⁵ Dan L. Burk & Mark A. Lemley, *Policy Levers in Patent Law*, 89 Va. L. Rev. 1575, 1614 (2003).

ground for patent trolls, which already make up more than half of all patent-assertion activity. *Surprising Resilience*, *supra* note 2, at 4. They will breathe new life into patents that were bought cheap when they were deemed worthless, and will allow trolls to obtain undue leverage over businesses that actually create products. These new standards will also give further encouragement to established industry leaders like Apple—those with the resources to patent their inventions and vigorously litigate their rights—to leverage their newly enhanced patent rights to stifle competition from less-established rivals.

These threats already inhibit the development of new products in many industries, forcing industry upstarts to refrain from even legitimate forms of competition to avoid the opportunism of trolls and the ire of their more-established, patent-wielding rivals. Studies confirm that firms forced to work under actual threats of infringement suits already do less research and development on valuable, but potentially infringing technologies than those facing no such asserted threats.⁶ And in surveys, startup executives admit that litigation risks frequently force their firms to make substantial shifts in strategy or exit business lines entirely.⁷ Surveys also show that such threats have outsized impact on smaller firms. Chien, note 7, *supra*, at 462. These anti-competitive consequences of aggressive patent

⁶ Catherine Tucker, *The Effect of Patent Litigation and Patent Assertion Entities on Entrepreneurial Activity 2* (MIT Sloan Sch. of Mgmt., Working Paper No. 5095-14, 2014).

⁷ Colleen Chien, *Startups and Patent Trolls*, 17 STAN. TECH. L. REV. 461, 461-62 (2014); *see also* Robin Feldman, *Patent Demands and Startup Companies: The View from the Venture Capital Community* 49 (UC Hastings Research Paper No. 75, 2013).

enforcement are thus already inhibiting American entrepreneurship and technological innovation. And things will only get worse if the *en banc* majority's decision is left standing.

Rural and minority businesses will suffer most of all. Historically, minorities have found it harder to start and develop businesses than whites, because of inequalities in experience and education, access to capital, as well as lending and other types of discrimination.⁸ Rural business development and employment have also lagged behind that in metropolitan markets, both because of rural businesses' distance from commerce centers, and because the poverty, poor health, and lack of education prevalent in rural areas place severe limitations on the available labor supply.⁹

Because of these difficulties, rural and minority-owned businesses tend to be smaller, fewer in number, and undercapitalized compared to their peers.¹⁰ This provides them little capacity to absorb increased litigation defense

⁸ Robert W. Fairlie et al., U.S. Dep't of Commerce, Minority Bus. Dev. Agency, *Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: the Troubling Reality of Capital Limitations Faced by MBEs* 13, 17-27 (2010) (*Troubling Reality*), <bit.ly/29JNO29>.

⁹ Council of Econ. Advisors, Executive Office of the President, *Strengthening the Rural Economy – the Current State of Rural America* Section B (Strengthening the Rural Economy), <bit.ly/1JVKWvm>.

¹⁰ *Troubling Reality* 9; Deborah Markley et al., RUPRI, *Access to Capital in Rural America: Supporting Business Startup, Growth and Job Creation in the Wake of the Great Recession, Interim Brief 2* (Apr. 2012), <bit.ly/2ohyhOX>.

costs, or to raise additional capital for design, research, and development to mitigate increased risks of infringement. Accordingly, the influx of obvious patents from the *en banc* majority's harder obviousness standard could close markets to many entrepreneurs from minority and rural communities.

2. The proliferation of non-inventive, obvious patents fostered by the new obviousness standards will be made considerably worse by the dramatically strengthened weapons for enforcing *all* patent rights that the panel majority's new standards for obtaining injunctive relief facilitates. These new standards will greatly expand the availability of injunctive relief to patentees, providing even greater leverage to trolls and market incumbents alike.

Threats of injunctions already provide a patentholder with great potential to unfairly hamper rivals' competitiveness by forcing them to work under a double threat—both from debilitating damages for infringement and from business-crippling injunctive relief. Injunction threats can also force businesses to cease production after large investments have been made, which can be especially disruptive when the patented technology is incorporated into larger products in a manner that is not easily designed around.¹¹

This negative impact on competition will be greatly enhanced if the causal nexus standard is relaxed, and many small-business owners will be left to wonder whether any single feature of their products might become the source of an injunction that forces them out of business. But rural

¹¹ Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 Tex. L. Rev. 1991, 2008-10 (2007).

and minority-owned businesses will once again suffer most of all, because these increased anti-competitive risks will be piled atop historical indignities and disadvantages that minority-owned and rural businesses are only now beginning to overcome.

B. Adding subjectivity into the obviousness inquiry creates arbitrary uncertainty that harms patentholders.

What makes the *en banc* majority's decision especially problematic is that it introduces subjectivity that cuts both ways. Giving lay jurors the final say in patent obviousness, and elevating the importance of secondary obviousness considerations, both add arbitrary uncertainty that might disguise the obviousness of patents containing no true inventive contribution. Or they might also allow true inventiveness to be overlooked.

This could have an adverse impact on the value of patents to protect and secure funding for fledgling businesses. Start-up companies, with no revenues to invest and no hard assets against which to borrow, often rely on patents to convince investors of their businesses' viability, to provide security for loans, and, of course, to protect their proprietary developments from being stolen by rivals. Patents thus set startups on a growth path, through which they can expand, create jobs, and generate further innovations.¹² But adding uncertainty can substantially weaken patents' value in the eyes of investors, lenders,

¹² J. Farre-Mensa et al., USPTO, Office of the Chief Economist, *The Bright Side of Patents* 3, 6 (USPTO Working Paper No. 2015-2, Jan. 2016), <bit.ly/1N34XNk>.

and competitors, with devastating effects on the availability of capital. This introduction of uncertainty into patent rights could fall especially hard on minority-owned and rural businesses, which have a harder time finding funding than their peers.¹³ Because of these collective ill effects, great ideas that are only economically viable with proper patent protection will be left on the drafting table, never to get to market.

C. This case could lead to cost increases for connective technologies that are essential to consumers.

The new regime ushered in by the Federal Circuit's decisions is also likely to adversely affect consumers. The innovation costs that both decisions impose on innovators will create serious cost pressures in many patent-heavy industries, such as smartphones and other consumer electronics. Indeed, patent royalties already nearly exceed the cost of the hardware that goes into a smartphone.¹⁴

Increasing the price of such technologies could adversely impact Americans' quality of life, because for many, consumer electronic devices like smartphones are not luxuries. The connection they offer to the Internet is vital in the modern technological age, to connect to job opportunities, access information, participate in civil society,

¹³ SBA, *Access to Capital among Young Firms, Minority-owned Firms, Women-owned Firms, and High-tech Firms* (Apr. 2013), <bit.ly/2oRSQiX>.

¹⁴ Ann Armstrong et al., *The Smartphone Royalty Stack: Surveying Royalty Demands for the Components Within Modern Smartphones 2* (WilmerHale Working Paper Apr. 2014) (*Smartphone Royalty Stack*), <bit.ly/1QTIDYv>.

and communicate with others. Indeed, today those without Internet connections experience decreased social and economic mobility and diminished quality of life, which “compounds inequalities for historically marginalized groups.”¹⁵

Minorities and traditionally poorer rural communities disproportionately look to smartphones as the most affordable way to obtain Internet access.¹⁶ But cost is also the leading reason many of these disadvantaged people cite for being unable to obtain access.¹⁷ Accordingly, price increases could make Internet-access technologies too expensive for many current adopters, and will put the Internet further out of reach for those who have not yet connected.

II. The decisions below misinterpret this Court’s precedent and are erroneous.

The Court has cautioned that the balance of interests maintained in patent doctrine is so delicate, and reliance upon it so entrenched, that responsibility for any doctrinal changes “rests with Congress,” not the courts. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S.

¹⁵ FCC, *Connecting America: the National Broadband Plan* 129 (2011), <<http://bit.ly/1JHqKMN>>; see also HUD, *Understanding the Broadband Access Gap*, PDR Edge, <bit.ly/1Zq9Gks>; Lisa M. Coleman, *Creating a Path to Universal Access: The FCC’s Network Neutrality Rules, the Digital Divide, & the Human Right to Participate in Cultural Life*, 30 Temp. J. Sci., Tech. & Envt’l L. 33, 49-50 (2011).

¹⁶ Aaron Smith, Pew Research Ctr., *U.S. Smartphone Use in 2015* 6 (2015).

¹⁷ U.S. Dep’t of Commerce, Nat’l Telecomm. & Info. Admin., *Digital Nation: Expanding Internet Usage* 11 (Feb. 2011).

722, 739 (2002). Accordingly, the Federal Circuit’s admitted changes to established patent doctrine alone warrant review. But the particular direction the lower court has taken patent doctrine is particularly problematic, and cannot be squared with this Court’s precedents.

A. The Federal Circuit’s changes to obviousness law conflict with 150 years of Court precedent.

First, the *en banc* majority broke with more than 150 years of this Court’s precedent in holding that a patent’s obviousness is a fact question on which courts should defer to juries. Pet. App. 31a. The Court has long recognized obviousness to be a “legal determination,” because it takes a court to measure whether an invention contains the innovative contribution Section 103 requires, and that involves no factual inquiry where “the content of the prior art, the scope of the patent claim, and the level of ordinary skill in the art are not in material dispute.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007) (citing *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966)); see also *id.* at 406 (citing *Hotchkiss v. Greenwood*, 11 How. 248 (1851)).

In suggesting that this fundamentally legal inquiry somehow becomes a factual one whenever it involves examining whether a person of ordinary skill in the art would be “motivated” to combine elements of prior art, Pet. App. 43a, the *en banc* majority improperly applies a “formalistic conception of the word” “motivation” against *KSR*’s explicit instruction, 550 U.S. at 419, and fundamentally misunderstands the nature of the “motivation” inquiry.

KSR explained that the “motivation” inquiry captures a “helpful insight”—that even all when elements of a patented claim are present in the prior art, the invention may still provide an innovative leap when one ordinarily skilled in the art would have no reason—no “motivation”—to combine those disparate elements. *Id.* at 418. After all, inventions are almost always “combinations of what, in some sense, is already known.” *Id.* at 418–19.

But that does not make the inquiry any less legal—which is why it was resolved on summary judgment in *KSR*, *id.* at 426–27. Properly understood, the “motivation” inquiry is not the free-wheeling exploration of the inner psychological workings of a hypothetical artisan that the *en banc* majority supposed it to be. Pet. App. 31a. It instead primarily concerns the content of the art and knowledge in the relevant “field of endeavor,” 550 U.S. at 417. And the inquiry usually leads to a finding of obviousness, because the motivation is usually “apparent” from an examination of that art and the design “problem” that the hypothetical artisan of ordinary skill was trying to solve. *Id.* at 418, 420.

This is because the person of ordinary skill is presumed to possess all the knowledge in the relevant field of endeavor. *See Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U.S. 485, 494 (1900). There is thus no need to consider whether an artisan designing an intuitive unlocking mechanism would need some affirmative “motivation” to seek out ideas in particular articles on wall-mounted touchscreens; rather the inquiry concerns whether he would be “motivated” to combine *what he already knows*, which can occur when “design need or market pressure” suggest a beneficial reason for the combination. *KSR*, 550 U.S. at 421.

Thus “design need” to solve a problem—here, the well-known need for “an intuitive unlock mechanism,” Pet. App. 44a—can provide all the “motivation” that the developer needs, and accordingly, when the “field of endeavor” includes all of the relevant prior art, and that prior art “t[eaches] a number of methods to achieve” that outcome, “the proper question to *** ask[]” is whether a person “of ordinary skill, facing the wide range of needs created by developments in the field of endeavor, would have seen a benefit” to the combination. 550 U.S. at 424.

That question is usually answered “yes,” and leads to a determination that the invention is obvious, when the combination is a “design step well within the grasp of a person of ordinary skill in the relevant art,” *id.* at 427, because a person of ordinary skill will be likely to probe all of his background knowledge for solutions to a particular design problem, and use whatever he finds. He needs no further “motivation.”

That makes the obviousness of the ’721 patent straightforward. The patent itself describes the relevant field of endeavor as touchscreens, Pet. App. 44a, which encompasses both Neonode’s finger-sliding unlocking method for hand-held devices, and Plaisant’s wall-mounted screen designs, which supplied the idea for a toggle icon to represent the finger-sliding motion. Nothing suggests the artisan of ordinary skill could not recognize the benefits of Plaisant’s toggle-icon design and incorporate it into the Neonode’s finger-sliding unlocking mechanism. That made it *obviously* obvious.

In seeking to uphold the jury’s contrary jury findings, the *en banc* majority imposed “rigid rules that limit the obviousness inquiry” in artificial and illogical ways that separately conflict with this Court’s precedents. The *en*

banc majority permitted the jury to conclude that a person developing a smartphone unlocking mechanism might not have been motivated to utilize Plaisant because it involved a wall-mounted controller. Pet. App. 31a. But this improperly cleaves the relevant field of endeavor—prevention of accidental activation in touchscreens *generally*—improperly in two, because “[c]ommon sense teaches” that “familiar items may have obvious uses beyond their primary purposes.” *KSR*, 550 U.S. at 420. The idea that a person of ordinary skill would *disregard* his own knowledge of Plaisant simply because it involved wall-mounted designs “makes little sense.” *Id.*

The *en banc* majority ran into similar problems in analyzing the ’172 patent’s obviousness, confining the inquiry too narrowly by holding that an artisan of ordinary skill might reject the prior art in Xromics because it concerns word completion, not word correction, Pet. App. 52a. And it compounded that problem by putting undue emphasis on “the explicit content of issued patents,” 550 U.S. at 419, by claiming Robinson did not disclose all the prior art, when the only missing element—a “current character string” in the primary typing area—is used in virtually all computers, Pet. App. 49a.

Neither could the Court simply rely on “secondary considerations,” *id.* 32a, such as crowd reactions, market success, or industry recognition to avoid a determination that these inventions were obvious. These secondary considerations may help resolve close cases. *See* Pet. 25. But they cannot bridge the unbridgeable gap that results when a patent lacks a basic innovative contribution, or overcome a “prima facie case of obviousness,” as Apple contended. Pet. App. 110a (Judge Reyna, J., dissenting). Commercial success is not invention.

B. Lowering the irreparable harm standard to allow injunctions for minor features in multi-component products is inconsistent with *eBay* and Section 283.

The panel majority’s relaxed standards for injunctive relief are similarly in conflict with Section 283 and the Court’s precedents. The panel majority assumed, based on the “discretionary nature of the four-factor test for injunctive relief,” that the “causal nexus” requirement is “flexible,” to be watered down as it deemed necessary to vindicate the right of patentees like Apple “to exclude competitors from using their property rights,” even when their inventions comprise only minor, isolated features of more complex products. Pet. App. 170a–71a. That cannot be correct.

As Judge Prost properly recognized in her dissent, the causal nexus standard is neither flexible nor discretionary. The existence of irreparable harm and the connection to infringement that are both incorporated into the causal nexus standard are both “indispensable prerequisite[s]” that must be met before injunctive relief is justified over other less intrusive remedies. Pet. App. 205a. This is because an injunction is only justified to remedy an irreparable injury caused by infringement. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). Indeed, as the courts have universally recognized, the need for irreparable injury is not merely a “factor” to be weighed in the balance with other equitable considerations, but it is instead a *necessary* condition that must exist before any

form of injunctive relief is justified over other, less intrusive remedies.¹⁸ The irreparable harm requirement is thus necessarily more stringent than the other equitable factors analyzed in determining whether injunctive relief should issue. It is not so pliable, as the panel majority suggests, that it can be modified merely to suit the needs of patentees, because this standard does not exist to protect patentees. It instead exists to protect a patentee's *competitors*, by ensuring that injunctions issue only as necessary to stop irreparable harm actually caused by infringement, and are not “entered on account of ‘irreparable harm caused by otherwise lawful competition.’” Pet. App. 302a (quoting *Apple Inc. v. Samsung Elecs., Co.*, 735 F.3d 1352, 1361 (Fed. Cir. 2013)).

Moreover, to justify an injunction, equity traditionally requires that irreparable injury be traceable to the defendant's “wrongful,” *Parker v. Winnipiseogee Lake Cotton & Woollen Co.*, 67 U.S. 545, 551 (1862) or “illegal act,” *Bonaparte v. Camden & A.R. Co.*, 3 F. Cas. 821, 827 (C.C.D.N.J. 1830); *see also* Pet. 29. The need for a true connection between the irreparable harm and improper conduct is much a practical barrier as a legal one, because if infringement is not causing irreparable harm, it is not

¹⁸ *See, e.g., Miss. Power & Light Co. v. United Gas Pipeline Co.*, 760 F.2d 618, 629 (5th Cir. 1985); *Holly Sugar Corp. v. Goshen Cty. Coop. Beet Growers Ass'n*, 725 F.2d 564, 569–70 (10th Cir. 1984); *In re Arthur Treacher's Franchisee Litig.*, 689 F.2d 1137, 1145–47 (3d Cir. 1982); *Ciechon v. City of Chicago*, 634 F.2d 1055, 1057–58 (7th Cir. 1980); *Los Angeles Mem'l Coliseum Comm'n v. Nat'l Football League*, 634 F.2d 1197, 1201–02 (9th Cir. 1980); *see also Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 506-07 (1959) (“The basis of injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies.”).

really “harm” at all, but simply the consequence of lawful competition. And that “harm” will not be remedied even if infringement is enjoined.

Further, the true difficulty in measuring irreparable harm for minor features of much more complex devices is not “evidentiary,” as the panel majority asserted as justification for its watered-down standard. Pet. App. 169a. It actually reflects a hard reality: that infringement should seldom, if ever, justify a permanent injunction, because a single minor component seldom *causes* lost sales or lost market share when it “is but a small component of the product the companies seek to produce.” *eBay*, 547 U.S. at 396-97 (Kennedy, J., concurring).

Nor could the panel majority properly assume that it should discard traditional causation standards to prevent “entire industries of patentees”—those who produce inventions that appear in “many-featured products”—from being denied protection of their “right to exclude competitors” from using their property. Pet. App. 171a. On the contrary, the Federal Circuit has held that the causal nexus standard *can* be satisfied even for inventions destined to become part of more technologically complex products, like i4i’s text-processing programs that Microsoft incorporated in its Word software, *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 839–40, 861–62 (Fed. Cir. 2010). But as *i4i* illustrates, irreparable harm is likely to occur only when infringing features are *core* to the appeal of the competitor’s infringing products. *Id.* at 861–62. In most circumstances—and especially where patented inventions are but “minor features” among “many thousands,” Pet. App. 203a (Prost., C.J., dissenting)—irreparable harm is unlikely, and damages should provide adequate compensation.

C. Patent rights involve vital public interests that weigh against awarding injunctions for minor features in multi-component products.

The panel majority was also wrong to conclude that “the public interest nearly always weighs in favor of protecting property rights *** when the patentee practices his inventions.” Pet. App. 181a. On the contrary, a “patent by its very nature is affected with public interest,” *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 343 (1971) (internal quotation marks omitted), because patent-assertion activities often have “far-reaching social and economic consequences,” *id.* at 343, well beyond the interests of those involved in a particular dispute.

Indeed, nowhere in patent law is the need for considering these larger societal and economic implications more paramount than in circumstances when a patentee seeks an injunction for infringement on patents covering only small features that are to be integrated into much larger products. If any single patented feature among the thousands present in a complex product like a smartphone could be enjoined, that would encourage a profusion of threats for extortionate royalties, each backed by the credible threat to enjoin development of the entire end product, or to force expensive design-arounds that greatly increase production costs. That could have tremendously disruptive impacts on the markets for these products, and greatly increase their cost.

Given the enormous societal and economic significance of connective technologies like smartphones, and connection between the price of these devices and the availability of these technologies, these price pressures could have

very broad implications, especially for the vulnerable communities amici represent. Thus, in considering whether an injunction should enter for infringement on a patent covering a minor feature within a much larger device, courts should be especially mindful of the broader societal and economic impact of such remedies, and especially *reluctant* to award them for fear of unleashing these potentially disruptive forces.

CONCLUSION

For all these reasons, Samsung's petition for writ of certiorari should be granted.

Respectfully submitted,

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