

No. 13-

IN THE
Supreme Court of the United States

CISCO SYSTEMS, INC.,
Cross-Petitioner,

v.

COMMIL USA, LLC,
Cross-Respondent.

ON CONDITIONAL CROSS-PETITION FOR A WRIT OF
CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

CONDITIONAL CROSS-PETITION
FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

When a court sets aside a jury verdict and orders a new trial, the Seventh Amendment requires that *all* issues be retried “unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 (1931).

In this case, the Federal Circuit directed a retrial of Commil’s claim that Cisco induced infringement of its patent, but forbade retrial of Cisco’s claim that the patent was invalid, even though—as the Federal Circuit held—Cisco’s good-faith belief of the patent’s invalidity can negate the requisite intent for induced infringement.

The question presented is:

Whether, and in what circumstances, the Seventh Amendment permits a court to order a partial retrial of induced patent infringement without also retrying the related question of patent invalidity.

PARTIES TO THE PROCEEDINGS

Cisco Systems, Inc. was the defendant in the district court and appellant in the court of appeals, and is the respondent (No. 13-896) and conditional cross-petitioner in this Court.

Commil USA, LLC was the plaintiff in the district court and appellee in the court of appeals, and is the petitioner (No. 13-896) and conditional cross-respondent in this Court.

CORPORATE DISCLOSURE STATEMENT

Conditional cross-petitioner Cisco Systems, Inc. has no parent corporation and no publicly held company owns 10 percent or more of Cisco's stock.

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**CONDITIONAL CROSS-PETITION
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Cisco respectfully submits this conditional cross-petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case. The Court should deny the petition for a writ of certiorari filed by Commil in No. 13-896 for the reasons set forth in Cisco's brief in opposition to that petition. However, if this Court grants that petition, it should also grant this conditional cross-petition to address Cisco's question presented under the Seventh Amendment.

OPINIONS BELOW

The opinion of the court of appeals is reported at 720 F.3d 1361 and reproduced in the appendix to Commil's petition in No. 13-896 at 1a-39a. The order of the court of appeals denying Cisco's petition for panel rehearing and rehearing en banc is not reported and is reproduced at App. 1a-2a.¹ The orders of the district court directing a partial new trial and excluding any evidence or argument about Cisco's good-faith belief of invalidity are not reported and are reproduced at Commil Pet. App. 40a-47a, and the order denying Cisco's motions for reconsideration and interlocutory appeal is not reported and is reproduced at App. 3a-12a. The order of the court of appeals denying Cisco's petition for mandamus without prejudice is not reported and is reproduced at App. 13a-15a.

JURISDICTION

The judgment of the court of appeals was entered on June 25, 2013. Commil's petition for rehearing en banc was denied on October 25, 2013. Cisco's petition for panel rehearing and rehearing en banc was also denied on October 25, 2013. Commil filed a petition for certiorari on January 23, 2014, and the petition was docketed on January 28, 2014. This conditional cross-petition is timely filed pursuant to this Court's Rule 12.5. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

¹ "App." refers to the appendix to this conditional cross-petition. "Commil Pet. App." refers to the appendix to Commil's petition for a writ of certiorari in No. 13-896. "A__" refers to the court of appeals appendix.

CONSTITUTIONAL PROVISION INVOLVED

The Seventh Amendment to the Constitution provides: “In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”

STATEMENT

A partial retrial violates the Seventh Amendment right to a trial by jury “unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 (1931). The partial retrial ordered by the Federal Circuit in this case asks a jury to decide whether Cisco had a good-faith belief that the patent-in-suit is invalid, but prevents the jury from deciding whether it agrees with Cisco’s substantive arguments as to why the patent is invalid. Because the question of invalidity is *not* “distinct and separable” from the question of Cisco’s good-faith belief of invalidity, the partial retrial cannot be had “without injustice.” Indeed, as Judge O’Malley recognized in partial dissent from the decision below, the retrial cannot help but result in juror confusion. Commil Pet. App. 38a-39a (O’Malley, J., concurring in part and dissenting in part).

The Federal Circuit improperly required Cisco to prove a “clear and indisputable” violation of its Seventh Amendment rights (Commil Pet. App. 18a, 20a), in conflict with clear precedent of this Court and all other circuits. If this Court grants Commil’s petition, Cisco respectfully requests that the Court also grant this condi-

tional cross-petition to consider and reverse the unconstitutionally limited partial retrial ordered by the lower courts in this case.

A. District Court Proceedings

Cisco is a global leader in the development and deployment of wireless networking systems for computers and other devices, and sells devices that provide wireless connectivity through the well-known “WiFi” wireless communication protocol. Commil, a company that does not develop or sell any products, but exists only to hold and monetize intellectual property, accused Cisco of infringing a patent Commil purchased shortly before filing suit, U.S. Patent No. 6,430,395 (“the ’395 patent”). A5805; A5821; A12552-12553.

In August 2007, Commil sued Cisco in the U.S. District Court for the Eastern District of Texas, asserting that Cisco infringed a method claim of the ’395 patent. A1506. Commil’s claims were first tried to a jury in May 2010. That trial included Commil’s assertions that Cisco directly infringed the patent by performing the claimed steps itself and that Cisco induced infringement by Cisco’s customers, as well as Cisco’s defense that the asserted claim is invalid and not infringed by either Cisco or its customers. A135-138. During the trial, Cisco’s local counsel made a comment to which Commil did not object, but that the district judge later concluded inappropriately referred to Commil’s principal’s Jewish heritage. Counsel promptly apologized to Commil, to the court, and to the jury, and the court gave a strongly worded curative instruction. A5838.

In the first trial, the jury found Cisco liable for direct infringement, but not induced infringement, and rejected Cisco’s invalidity defenses. A136-138. The

first jury awarded Commil \$3.7 million in damages, though Commil had offered no evidence to support an award of damages for direct infringement. A139.

After the first jury was dismissed, the district court invited Commil to move for a new trial based on the statement by Cisco's local counsel, which the district court concluded "affected the jury's ability to discharge the functions for which they were empaneled in this case." A6057. Commil filed the invited motion for a new trial, but only on the issues of indirect infringement and damages; Commil sought to preserve the first jury's finding that the asserted claim was not invalid. Cisco objected to a partial retrial, but the district court granted Commil's motion (Commil Pet. App. 5a, 40a-44a) and subsequently denied Cisco's motions for reconsideration and certification for interlocutory appeal, both of which raised the Seventh Amendment issue (App. 3a-12a; A2152-2169; A2228-2234). Cisco petitioned for mandamus, which the Federal Circuit denied without prejudice to renewal after final judgment. App. 13a-15a.

Before the second, partial, retrial on induced infringement, Cisco sought to present evidence that its good-faith belief that the '395 patent was invalid negated the specific intent required for induced infringement. *See generally Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060 (2011) (induced infringement requires actual knowledge that the induced acts would constitute infringement). Commil moved *in limine* to preclude Cisco from presenting this evidence. Commil "expressly argued that it would *unduly confuse the jury* to admit [good-faith belief of invalidity] evidence *without also submitting the validity determination to it to decide.*" Commil Pet. App. 37a (O'Malley, J.) (first emphasis added). The district court agreed with Com-

mil and excluded any evidence or argument of Cisco's good-faith belief of the patent's invalidity, over Cisco's objection and proffer. Commil Pet. App. 46a, 206a-208a; A6365. The second jury then found Cisco liable for induced infringement and awarded Commil \$63.8 million in damages. A162-164.

The district court denied Cisco's post-trial motions and entered final judgment against Cisco for \$74 million including costs and interest. Commil Pet. App. 48a-49a.

B. Court of Appeals Proceedings

Cisco appealed, and the Federal Circuit affirmed in part, vacated in part, and remanded for further proceedings, with each member of the panel (Newman, Prost and O'Malley, JJ.) writing separately. The panel unanimously held that a new trial was required because the district court erroneously instructed the second jury that it could find induced infringement if Cisco "knew or should have known" its customers infringed—an instruction contrary to this Court's decision in *Global-Tech*—and that the error had a prejudicial effect requiring a new trial. Commil Pet. App. 6a-10a (Prost, J.), 22a (Newman, J., concurring in part and dissenting in part), 28a (O'Malley, J.). A panel majority (Prost and O'Malley, JJ.) also held that Cisco was entitled to present evidence of its good-faith belief of the patent's invalidity to negate the requisite intent for Commil's claim of induced infringement. Commil Pet. App. 10a-13a (Prost, J.), 28a-29a (O'Malley, J.); *but see id.* 22a-27a (Newman, J.).²

² These two rulings are the subject of Commil's petition for a writ of certiorari in No. 13-896, which Cisco opposes for the reasons set out in its brief in opposition.

However, a *different* panel majority (Prost and Newman, JJ.) rejected Cisco’s Seventh Amendment argument that a retrial was required on invalidity as well because Cisco’s invalidity defense is intertwined with Cisco’s good-faith belief of invalidity. Commil Pet. App. 17a-20a (Prost, J.), 22a (Newman, J.); *but see id.* 33a-39a (O’Malley, J.). That panel majority ruled that a partial retrial “is appropriate where separate trials would not constitute a clear and indisputable infringement of the constitutional right to a fair trial.” Commil Pet. App. 18a (internal quotation marks omitted). The court of appeals thus remanded for a partial retrial on induced infringement, in which Cisco will be permitted to present its good-faith belief of the patent’s invalidity to a properly instructed jury. However, Cisco will not be able to present its substantive invalidity defenses to that jury.

Judge O’Malley dissented in relevant part. Judge O’Malley concluded that the district court had committed reversible error “by only ordering a partial retrial” and that the panel majority “perpetuate[d] that error by ordering yet another partial retrial” that again violated the Seventh Amendment. Commil Pet. App. 39a. Judge O’Malley explained that a court is “not to ask whether it is *conceivable* that a jury could fairly assess Cisco’s case in these circumstances; we are to assume that, where it is not *clear* that ‘the issue to be retried is so distinct and separable from the others,’ it cannot.” Commil Pet. App. 38a (quoting *Gasoline Prods.*, 283 U.S. at 500 (emphases in original)). Judge O’Malley also noted that *Gasoline Products* “set forth a strict standard for determining when ... circumstances” render partial retrials “permissible” (Commil Pet. App. 33a), and that the courts “repeatedly ha[ve] cautioned

against resort to partial retrials, citing to the guidance from *Gasoline Products*” (*id.* 34a).

Cisco petitioned for panel rehearing and rehearing en banc of the panel’s Seventh Amendment holding. The petition was denied on October 25, 2013, over Judge O’Malley’s noted dissent. App. 1a-2a.

Judge Newman, a member of the original panel, dissented (joined by three others) from the denial of Commil’s separate petition for rehearing, highlighting “the inequity” of the panel’s narrow remand. Commil Pet. App. 63a. In her en banc dissent, Judge Newman recognized that “the issues of infringement and validity are interwoven in the new defense of subjective ‘belief’, and the restricted remand procedure can impart ‘confusion and uncertainty, which would amount to a denial of a fair trial.” *Id.* (quoting *Anderson v. Siemens Corp.*, 335 F.3d 466, 475-476 (5th Cir. 2003)). Accordingly, Judge Newman concluded that “[i]t is only fair that the new jury, at a new trial for determination of this ‘belief’, receives full evidence of the premises.” *Id.* Notwithstanding these statements, Judge Newman and the three judges who joined her opinion did not accept Cisco’s petition for panel and en banc rehearing, which raised this very issue.

REASONS FOR GRANTING THE CONDITIONAL CROSS-PETITION

Commil’s petition in No. 13-896 seeks review of the Federal Circuit’s holding that Cisco is entitled to present evidence of its good-faith belief of the ’395 patent’s invalidity to negate the specific intent required to induce infringement, as well as review of the Federal Circuit’s holding that the instructions given to the second jury were inconsistent with this Court’s decision in

Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060 (2011). Cisco’s brief in opposition explains why Commil’s petition does not merit this Court’s review and should be denied.

If this Court grants Commil’s petition, however, Cisco respectfully submits that the Court should also grant this conditional cross-petition to address the significant constitutional question it raises, namely whether the partial retrial ordered by the district court and perpetuated by the Federal Circuit’s remand violates the Seventh Amendment. The Federal Circuit majority’s ruling is contrary to this Court’s precedent because it inverts the Seventh Amendment’s default rule in favor of full retrials and replaces it with a default position that favors *partial* retrials, a position that places the Federal Circuit in conflict with all other courts of appeals. Additionally, the Federal Circuit wrongly concluded that Cisco’s good-faith belief of the patent’s invalidity was “distinct and separable” from Cisco’s substantive invalidity defense. The Federal Circuit’s mistaken interpretation of the Seventh Amendment is important and likely to recur because the patent cases heard by that court frequently involve multiple interrelated issues and the resulting remands necessarily implicate the Seventh Amendment.

I. THE FEDERAL CIRCUIT’S CONSTITUTIONAL ERROR WARRANTS REVIEW BY THIS COURT

This Court long ago explained that partial retrials violate the Seventh Amendment “unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” *Gasoline Prods. Co. v. Champlin Ref. Co.*, 283 U.S. 494, 500 (1931). This holding, requiring a full retrial unless narrow criteria are

met, properly aligns the Seventh Amendment with common law practice, which did not recognize partial retrials. Rather than abiding by this constitutional preference for full retrials, however, the Federal Circuit inverted this Court's pronouncement by holding that a partial retrial "is appropriate where separate trials would not constitute a clear and indisputable infringement of the constitutional right to a fair trial." Commil Pet. App. 18a (internal quotation marks omitted). The court of appeals thus placed the burden on Cisco to demonstrate that a partial retrial would produce a "clear and indisputable" violation of its Seventh Amendment right, rather than requiring Commil to demonstrate that a partial retrial "may be had without injustice." *Gasoline Prods.*, 283 U.S. at 500.

Furthermore, the issues of induced infringement and invalidity are not "distinct and separable," particularly where Cisco will present as a defense to induced infringement its good-faith belief of the '395 patent's invalidity. As the Federal Circuit has previously concluded, "arguments against infringement are indistinguishably woven with the factual underpinnings of the validity and enforceability determinations." *Witco Chem. Corp. v. Peachtree Doors, Inc.*, 787 F.2d 1545, 1549 (Fed. Cir. 1986). Where the legal arguments and evidence supporting them are so interwoven, the issues are not "distinct and separable" from each other as required by *Gasoline Products*.

The Federal Circuit's inversion of the Seventh Amendment test was not only error, but also brings the Federal Circuit into conflict with all other courts of appeals. Moreover, the patent cases heard by the Federal Circuit frequently implicate questions about the propriety of limited retrials, broadening the impact of the Federal Circuit's faulty understanding of the Seventh

Amendment. Thus, the question presented in this conditional cross-petition is important and likely to recur, and if the Court grants Commil’s petition, it should resolve the question raised by this conditional cross-petition as well.

A. The Federal Circuit Inverted The Seventh Amendment Presumption Against Partial Retrials

1. The Seventh Amendment requires a full retrial unless narrow conditions are met

In *Gasoline Products*, this Court articulated the circumstances under which a partial retrial may comport with the Seventh Amendment. The Court first noted that the common law did not allow for partial retrials; if a retrial was required at common law, then it necessarily encompassed all issues. 283 U.S. at 497-498; *see also* Wright et al., 11 *Federal Practice and Procedure* § 2814 (3d ed. 2012) (“At common law there was no practice of setting aside a verdict in part.”); 3 Blackstone, *Commentaries* *391 (“Granting a new trial ... *preserves entire* and renders perfect that most excellent method of decision, which is the glory of the English law. A new trial is a rehearing of the cause before another jury; but with as little prejudice to either party, *as if it had never been heard before.*” (emphases added)). Nonetheless, reasoning that “the Constitution is concerned, not with form, but with substance,” this Court concluded that “the Seventh Amendment does not exact the retention of old forms of procedure,” *Gasoline Prods.*, 283 U.S. at 498, and may permit partial retrials in narrow circumstances. Thus, the Court incorporated the common law’s requirement of a full retrial as a default and concluded that:

Where the practice permits a partial new trial, *it may not properly be resorted to unless* it clearly appears that the issue to be retried is so distinct and separable from the others that trial of it alone may be had without injustice.

Id. at 500 (emphasis added).

Applying this rule, the Court held that the questions of damages and liability presented in the breach of contract claim at issue in *Gasoline Products* were “so interwoven ... that the former cannot be submitted to the jury independently of the latter without confusion and uncertainty, which would amount to a denial of a fair trial.” 283 U.S. at 500. Thus, the Court held that a partial retrial violated the Seventh Amendment and concluded that the two issues had to be retried together.

In light of this rule, the courts of appeals have concluded that they are obligated to conduct a Seventh Amendment analysis before ordering a partial retrial, and that they may only order a partial retrial in limited circumstances. *See Pryer v. C.O. 3 Slavic*, 251 F.3d 448, 450, 456 (3d Cir. 2001) (reversing district court’s partial trial order and remanding for full retrial where “issues of liability and damages were so intertwined” that they presented a “classic example of where a new trial on all issues is required under the *Gasoline Products* standard”); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1548-1550 (11th Cir. 1996) (finding reversible error in jury instructions for one of two copyright infringement counts, but remanding for new trial on both counts because, “[g]iven [the *Gasoline Products*] standard, we do not believe that a partial new trial ... would be proper”); *Colonial Leasing of New Eng., Inc. v. Logistics Control Int’l*, 770 F.2d 479, 481 (5th Cir. 1985) (per curiam) (quoting *Gasoline Products* test and remanding

for full retrial because “confusion and uncertainty” would result if jury were asked “to discriminate in its treatment of the evidence as to the creditor status of [plaintiff]”); *see also Galdamez v. Potter*, 415 F.3d 1015, 1025 (9th Cir. 2005) (“In *appropriate* situations, we may confine a new trial to particular issues.” (emphasis added)); 11 Wright et al. § 2814 (“The appellate court, in reversing and ordering a new trial, may, *when appropriate*, provide that the new trial be confined to certain issues.” (emphasis added)).

The Seventh Amendment’s default rule, therefore, is the common law rule, namely a full retrial. A partial retrial “may not be resorted to *unless*” it is clear that the issue to be retried is “separate and distinct” from the other issues decided in the first trial. *Gasoline Prods.*, 283 U.S. at 500 (emphasis added). This is consistent with this Court’s Seventh Amendment jurisprudence more generally, which interprets the Seventh Amendment to encompass “the right which existed under the English common law when the Amendment was adopted.” *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 376 (1996); *Baltimore & Carolina Line v. Redman*, 295 U.S. 654, 657 (1935) (“The right of trial by jury thus preserved is the right which existed under the English common law when the amendment was adopted.”). Accordingly, a partial retrial can only be constitutional, if at all, in the limited circumstance where it “clearly appears that the issue to be retried is ... distinct and separable from the others.” *Gasoline Prods.*, 283 U.S. at 500.

2. The Federal Circuit incorrectly held that a partial retrial is appropriate unless a party shows a “clear and indisputable infringement” of its right to a fair trial

Contrary to *Gasoline Products*, the Federal Circuit began its analysis from the baseline that a partial retrial is constitutionally acceptable. Specifically, the panel majority held that “[t]rying issues separately is appropriate where ‘separate trials *would not constitute a “clear and indisputable” infringement* of the constitutional right to a fair trial.’” Commil Pet. App. 18a (emphasis added) (quoting *In re Innotron Diagnostics*, 800 F.2d 1077, 1086 (Fed. Cir. 1986)). The panel majority reiterated this standard in its conclusion:

[W]e cannot say that separate trials on invalidity and induced infringement *would constitute a clear and indisputable infringement* of the constitutional right to a fair trial. Accordingly, we find that holding separate trials on the issues of invalidity and induced infringement does not violate the Seventh Amendment.

Commil Pet. App. 20a (emphasis added).

This turns the Seventh Amendment presumption on its head. By requiring a “clear and indisputable infringement” of constitutional rights in order to find a Seventh Amendment violation, the court of appeals created a presumption in *favor* of partial retrials, rather than against them. The holding puts an unfairly high burden on the party opposing the partial new trial, contrary to this Court’s pronouncements and the text, history, and purpose of the Seventh Amendment.

The panel majority’s erroneous articulation of the standard appears to be the result of its mistaken view that the “clear and indisputable” standard operates as a

substantive limitation on the Seventh Amendment right to a jury trial, when in fact it only applies in the procedural context of a petition for mandamus, not this appeal from a final judgment. The panel majority relied on *Innotron Diagnostics*, 800 F.2d at 1077, and this Court’s opinion in *Bankers Life & Casualty Co. v. Holland*, 346 U.S. 379 (1953), as support for its test. Commil Pet. App. 18a. Both cases, however, considered the propriety of a partial retrial in the specific context of a request for a writ of mandamus. In *Innotron Diagnostics*, the Federal Circuit considered whether a writ of mandamus should issue to overturn a Seventh Amendment challenge to an order separating issues for trial. 800 F.2d at 1078, 1086. *Bankers Life* does not address the Seventh Amendment at all; the decision is wholly focused on mandamus under the All Writs Act. See generally 346 U.S. at 379-385; see also *id.* at 379 (“The question here is whether mandamus is an appropriate remedy to vacate a severance and transfer order[.]”). It is, of course, well-settled that a “party seeking mandamus has ‘the burden of showing that its right to issuance of the writ is *clear and indisputable*.’” *Will v. United States*, 389 U.S. 90, 96 (1967) (emphasis added) (quoting *Bankers Life*, 346 U.S. at 384). But that standard does not apply to this situation, where a substantive Seventh Amendment challenge is raised on appeal from a final judgment.³

³ The panel majority also cited *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008), for the proposition that the Seventh Amendment allows a partial retrial on willfulness without retrying infringement. Commil Pet. App. 19a. But *Voda* arrived at this conclusion with no analysis whatsoever; the entire Seventh Amendment discussion in *Voda* is a single sentence and cites no authority. See 536 F.3d at 1329 (“Additionally, we reject Cordis’s

B. Induced Infringement Is Inextricably Intertwined With Invalidity

Under the proper Seventh Amendment standard, the partial retrial ordered by the district court and the second partial retrial resulting from the Federal Circuit’s remand are unconstitutional because Cisco’s good-faith belief of invalidity is not “distinct and separable” from its actual invalidity defense. A trial in which Cisco’s good-faith belief of invalidity is presented as a defense will necessarily involve substantial questions and evidence regarding Cisco’s actual invalidity arguments. Additionally, the statements during the first trial that served as the basis for the district court’s decision to order a new trial must—if they affected the first trial at all—necessarily have affected the *entire* trial, which further indicates that only a full retrial is possible in this case.

1. Induced infringement is not distinct and separable from invalidity where a good-faith belief of invalidity is presented as a defense

The Seventh Amendment, as elaborated in *Gasoline Products*, prohibits partial retrials when the issue “subject to retrial [is] so interwoven with other issues in the case that [it] cannot be submitted to the jury ... without confusion and uncertainty.” *Anderson v. Siemens Corp.*, 335 F.3d 466, 475-476 (5th Cir. 2003) (internal quotation marks omitted); *see also Gross v. FBL Fin. Servs., Inc.*, 588 F.3d 614, 621 (8th Cir. 2009) (“[I]f claims and counterclaims are inextricably intertwined, then it could be unfair to order a new trial on only a

argument that, under the Seventh Amendment, a new trial on willfulness would require a new trial on infringement.”).

portion of the case.”); *Morrison Knudsen Corp. v. Fireman’s Fund Ins. Co.*, 175 F.3d 1221, 1255-1256 (10th Cir. 1999) (Seventh Amendment “bars a limited retrial when two issues are inextricably intertwined.”); *Bateman*, 79 F.3d at 1549 (“The two counts are sufficiently interwoven and intertwined so as to require a new trial on both counts.”).

Induced infringement and invalidity are two such inextricably intertwined issues, particularly where a good-faith belief of invalidity will be presented as a defense to inducement. As the Federal Circuit has noted when considering the relationship between infringement and validity, the “arguments against infringement are indistinguishably woven with the factual underpinnings of the validity and enforceability determinations.” *Witco Chem. Corp.*, 787 F.2d at 1549. In that case, because of the intertwined nature of these issues, the entire jury verdict was vacated and all of the issues retried together. *Id.* The same result is required here.

The defense of a good-faith belief of invalidity necessarily implicates significant substantive validity issues.⁴ To present a good-faith belief of invalidity defense, Cisco (and future defendants) will be required to explain the legal concept of patent invalidity to the jury and to put forth the evidence on which its invalidity belief is based. The jury could not rationally conclude that Cisco had a good-faith belief of invalidity without

⁴ At least five Federal Circuit judges apparently agree with this proposition. *See* Commil Pet. App. 37a (O’Malley, J.) (noting “the potential for confusion because of the interwoven nature of the invalidity claims and Cisco’s good faith defense to induced infringement”); *id.* 63a (Newman, J., joined by Rader, C.J., Reyna and Wallach, JJ., dissenting from denial of rehearing) (specifically concluding that “the issues of infringement and validity are interwoven”).

considering the merits of the invalidity evidence. But jury confusion will abound, and the defense will be unfairly diluted, if the actual invalidity question is kept from the jury. As Judge Newman concluded, “[i]t is only fair that the new jury, at a new trial for determination of [Cisco’s good-faith] ‘belief’, receives full evidence of the premises.” Commil Pet. App. 63a (opinion dissenting from denial of rehearing); *see also Nissho-Iwai Co. v. Occidental Crude Sales Inc.*, 729 F.2d 1530, 1538-1539 (5th Cir. 1984) (complete retrial required on both claims where “an understanding of the [second claim] required an understanding of the [first claim]”).

Indeed, Commil conceded below that it would confuse the jury to allow Cisco to present evidence of its good-faith belief of invalidity without also presenting its substantive invalidity arguments. Commil “expressly argued that it would unduly confuse the jury to admit [good-faith belief of invalidity] evidence *without also submitting the validity determination to it* to decide.” Commil Pet. App. 37a (O’Malley, J.).⁵

A court must also take into account “considerations of equity and practicality” in determining whether a

⁵ Commil’s argument about jury confusion persuaded the district court to *exclude* Cisco’s evidence of its good-faith belief of the patent’s invalidity in the second trial. Commil Pet. App. 37a (“[I]t was in response to this argument that the evidence was excluded.”). In other words, the district court agreed with Commil that Cisco’s good-faith belief of invalidity was too intertwined to be tried separately from Cisco’s actual invalidity arguments, but responded by erroneously excluding Cisco’s good-faith belief argument (rather than ordering a full retrial). The Federal Circuit correctly reversed the district court’s error in excluding Cisco’s good-faith belief evidence, but did not go far enough, as the correct result is to allow a properly instructed new jury to address *both* induced infringement and invalidity.

partial retrial is constitutionally permissible. *Wilson v. Maritime Overseas Corp.*, 150 F.3d 1, 13 (1st Cir. 1998). The panel majority did not elaborate on the mechanics of a partial retrial limited to induced infringement, in which Cisco will be permitted to present evidence of its good-faith belief of invalidity but not evidence of actual invalidity. Judge O'Malley suggested in dissent that the third jury "will need to be told that it is not permitted to conclude [that] it agrees with Cisco's belief" that the '395 patent is invalid. Commil Pet. App. 38a. Cisco will argue on remand that such an instruction is improper under Federal Rule of Evidence 403, but even if the prior validity verdict and appeal go unmentioned, the jury will nevertheless be confused when Cisco presents evidence of its belief that the '395 patent is invalid without actually seeking a finding of invalidity. *See id.* (O'Malley, J.) (noting that Cisco will be forced to retry the issue "in a posture that ... dilute[s] th[e] defense").

2. To the extent the error giving rise to the partial new trial affected the original verdict, it necessarily affected the entire original verdict

Courts have also routinely held that partial retrials are inappropriate where it appears that the error on which the new trial order is based affected the entire jury verdict. *E.g.*, *Buckley v. Mukasey*, 538 F.3d 306, 321 (4th Cir. 2008) (complete new trial required where court "cannot say that the district court's evidentiary error did not permeate the trial"); *see also* Commil Pet. App. 35a (O'Malley, J.) ("Partial retrials must also be avoided where it is possible that the very error that is deemed to warrant a new trial may have impacted the jury's determination of other issues." (citing *Pryer*, 251 F.3d at 455)). This general rule also reflects the Sev-

enth Amendment’s default in favor of a full retrial insofar as it suggests that in cases of uncertainty, a full retrial is the constitutionally appropriate remedy.

Here, the district court believed that local counsel’s statements called into question the fairness of the proceeding and result. Commil Pet. App. 44a. Cisco believed that counsel’s apology and the district court’s strong curative instruction sufficed to remedy any harm caused by the statements, which drew no objection at the time. But once the district court rejected Cisco’s position, all aspects of the jury’s verdict should have been set aside. A court’s power to order partial retrials “is to be exercised with caution and not when the error which necessitates a new trial is in respect of a matter which might well have affected the jury’s determination of other issues.” *Geffen v. Winer*, 244 F.2d 375, 376 (D.C. Cir. 1957).

In this case, the only possible conclusion is that the comments which occasioned the partial retrial—if they affected the verdict at all—necessarily would have affected the jury’s determination on all issues. There is simply no basis on which the district court could have discerned that the comments affected the jury’s deliberations on induced infringement but had no impact on invalidity and direct infringement. *See* Commil Pet. App. 37a (O’Malley, J.) (“If the trial court believed the verdict truly was compromised, how could he—and how can we—assume the misconduct infected only a *portion* of their deliberations?”).⁶

⁶ The courts of appeals have also routinely held that issues should be retried together when “there is reason to think that the verdict may represent a compromise among jurors with different views on whether the defendant was liable.” *Pryer*, 251 F.3d at 455 (internal quotation marks omitted); 11 Wright et al. § 2814

II. THE FEDERAL CIRCUIT’S HOLDING CREATES A CONFLICT WITH THE OTHER COURTS OF APPEALS

The Seventh Amendment test adopted by the Federal Circuit, holding that a partial retrial was appropriate unless *Cisco* could prove a clear and indisputable violation of its Seventh Amendment rights, is at odds with long-settled precedent from the other courts of appeals. The other circuits have routinely recognized and applied the Seventh Amendment’s presumption in favor of full retrials. *Rice v. Community Health Ass’n*, 203 F.3d 283, 290 (4th Cir. 2000) (“A partial new trial may be granted ... only if ‘it clearly appears that the issue to be retried is so distinct and separable[.]’” (internal quotation marks omitted)); *Butler v. Dowd*, 979 F.2d 661, 678 (8th Cir. 1992) (Beam, J., concurring specially) (“In this circuit, a district court in considering a trial on less than all of the issues must determine that ... the issues are clearly distinct.”); *Davidson Oil Country Supply Co. v. Klockner, Inc.*, 917 F.2d 185, 187 (5th Cir. 1990) (recognizing that *Gasoline Products* “counsels against restrictive remand where there is doubt whether there might be confusion or injustice from a restrictive new trial”); *Vizzini v. Ford Motor Co.*, 569 F.2d 754, 760 (3d Cir. 1977) (“[P]artial new trials should be granted ‘only in those cases where it is plain that the error which has crept into one element of the verdict did not in any way affect the determination of any other

(same). Here, the original jury found liability for direct infringement, no liability for induced infringement, and rejected Cisco’s invalidity arguments. See Commil Pet. App. 39a (O’Malley, J.) (noting that first jury easily could have “agree[d] not to invalidate the claims of the ’395 patent only because it found no induced infringement and understood that its direct infringement finding carried with it a smaller damages award”); see also *Morrison Knudsen Corp.*, 175 F.3d at 1255.

issue.”); *Thompson v. Camp*, 167 F.2d 733, 734 (6th Cir. 1948) (district court considering partial new trial “should proceed with caution” and should grant new trial “only in those cases where it is plain that the error ... did not in any way affect the determination of any other issue”).⁷

As the First Circuit recently held, this Court’s conclusion in *Gasoline Products* “that the Seventh Amendment ‘does not compel a new trial of [all issues]’ ... does not tilt the constitutional balance in favor of a limited retrial.” *Drumgold v. Callahan*, 707 F.3d 28, 48 (1st Cir. 2013) (alteration in original) (quoting *Gasoline Prods.*, 283 U.S. at 499). Quite the opposite: The Seventh Amendment tilts the constitutional balance in favor of the common law practice requiring a full retrial, “unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.” *Gasoline Prods.*, 283 U.S. at 500. The Federal Circuit’s inversion of this standard, placing the presumption in favor of rather than against partial retrials, is in conflict with not only this Court’s pronouncements but the approach of all the other courts of appeals.

⁷ See also *Wilson*, 150 F.3d at 13 (“Normally, an order remanding a case for a new trial should encompass all of the issues in the case.”); *Caskey v. Village of Wayland*, 375 F.2d 1004, 1009-1010 (2d Cir. 1967) (“Partial new trials should not be resorted to ‘unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice.’” (quoting *Gasoline Prods.*, 283 U.S. at 500)); *Continental Cas. Co. v. Howard*, 775 F.2d 876, 883 (7th Cir. 1985); *Lies v. Farrell Lines, Inc.*, 641 F.2d 765, 774 (9th Cir. 1981); *Haynes Trane Serv. Agency, Inc. v. American Standard, Inc.*, 573 F.3d 947, 966 (10th Cir. 2009); *Shessel v. Murphy*, 920 F.2d 784, 787 (11th Cir. 1991); *Camalier & Buckley-Madison, Inc. v. Madison Hotel, Inc.*, 513 F.2d 407, 421 (D.C. Cir. 1975).

III. THE QUESTION PRESENTED IS IMPORTANT AND LIKELY TO RECUR

The Federal Circuit's patent docket frequently involves cases raising multiple fact issues, including direct infringement, indirect infringement, willfulness, validity, and damages. The Seventh Amendment standard for partial retrials may be implicated any time the Federal Circuit remands for a retrial on one of these issues. As a result, the erroneous holding that a party challenging a partial retrial must demonstrate "a clear and indisputable infringement of the constitutional right to a fair trial" (Commil Pet. App. 20a) will encroach upon the Seventh Amendment rights of many parties. Moreover, the Federal Circuit's holding that induced infringement is sufficiently distinct from invalidity to try the issues separately is particularly likely to recur in light of its (correct) concurrent holding that evidence of a good-faith belief of invalidity may be presented to negate the specific intent required to induce infringement.

In patent infringement trials, multiple issues are often submitted to the jury. For example, in this case, the first jury was asked to decide direct infringement, induced infringement, validity, and damages. Patent infringement cases may also include questions of willful infringement, patent misuse, inequitable conduct or fraud, and antitrust violations. *E.g.*, *Acumed LLC v. Stryker Corp.*, 483 F.3d 800, 804 (Fed. Cir. 2007) (jury trial included infringement, willfulness, invalidity, and damages); *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363 (Fed. Cir. 2007) (jury trial included validity, damages, and inequitable conduct); *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1346 (Fed. Cir. 1998) (jury trial included validity, infringement, fraud, patent misuse, antitrust violations, and damages). The losing par-

ty at trial frequently appeals many issues; Cisco here appealed direct infringement, indirect infringement, validity, and damages. The Federal Circuit is therefore frequently confronted with cases in which a remand could encompass some but not all issues tried to the jury, and thus presented with the question whether a remand for a partial retrial is constitutionally permissible. *E.g.*, *ArcelorMittal France v. AK Steel Corp.*, 700 F.3d 1314, 1326 (Fed. Cir. 2012) (remanding “for a limited new trial addressing only infringement under the correct claim construction and whether [defendant] has pertinent commercial success evidence sufficient to overcome the prima facie case of obviousness”); *Comaper Corp. v. Antec, Inc.*, 596 F.3d 1343, 1345 (Fed. Cir. 2010) (affirming claim construction and jury verdict on infringement, but vacating jury’s invalidity verdict and remanding for a new trial on invalidity); *Insi-tuform Techs., Inc. v. CAT Contracting, Inc.*, 385 F.3d 1360, 1362 (Fed. Cir. 2004) (affirming jury verdict on infringement, but vacating and remanding judgment on willfulness and damages).

This is not to say that the Seventh Amendment is violated any time the Federal Circuit remands on one but not all issues. However, the frequency with which the Federal Circuit is confronted with cases raising multiple issues on appeal elevates the importance of confirming the Seventh Amendment’s presumption against partial retrials “unless it clearly appears that the issue to be retried is ... distinct and separable.” *Gasoline Prods.*, 283 U.S. at 500.

Further, practice suggests that the Federal Circuit routinely orders partial retrials with little or no legal analysis, even when the parties specifically raise Seventh Amendment objections. For example, in *Voda v. Cordis Corp.*, 536 F.3d 1311, 1329 (Fed. Cir. 2008), the

Federal Circuit rejected without elaboration the argument that “under the Seventh Amendment, a new trial on willfulness would require a new trial on infringement.” *See also Robert Bosch, LLC v. Pylon Mfg. Corp.*, 719 F.3d 1305, 1318 (Fed. Cir. 2013) (en banc) (citing *Voda* for the proposition that “precedent ... indicates” that infringement and willfulness are not interwoven).⁸ The Federal Circuit’s persistent lack of Seventh Amendment analysis unfairly prejudices the constitutional rights of litigants before that court and provides additional grounds for this Court’s review.

⁸ To the extent that the Federal Circuit’s decisions in *Voda* and *Robert Bosch* conclude that infringement and willfulness are *always* distinct issues that can be retried individually, the Federal Circuit’s approach to the Seventh Amendment is in conflict with the other circuits for the additional reason that other circuits hold that the propriety of partial retrials should be decided on a case-by-case basis considering the totality of the circumstances. *Davidson Oil*, 917 F.2d at 187 (“[A] court must consider the totality of the circumstances in determining realistically whether all issues need to be retried.”); *Slater v. KFC Corp.*, 621 F.2d 932, 938 (8th Cir. 1980) (“[T]he issues of damages and liability *in this case* are so interwoven as to require a new trial on both.” (emphasis added)); *Dunlap v. G. & C. Towing, Inc.*, 613 F.2d 493, 497 (4th Cir. 1980) (“In the circumstances of this case, we feel it appropriate to order a complete new trial.”); 11 *Wright et al.* § 2814 (“The court must consider the totality of the circumstances in determining realistically whether all issues need to be retried even though the immediate impact of the error complained of was on a particular issue.”). That the Seventh Amendment requires case-by-case analysis also explains the frequently inconsistent results on the most commonly litigated Seventh Amendment question: whether damages can be retried separately from liability. *Compare, e.g., Dunlap*, 613 F.2d at 497 (damages and liability must be retried together), *and Slater*, 621 F.2d at 938 (same), *with Broan Mfg. Co. v. Associated Distribs.*, 923 F.2d 1232, 1241 (6th Cir. 1991) (“*In this case* the damages issues are adequately distinct from the liability questions that a new trial on damages alone is appropriate.” (emphasis added)).

CONCLUSION

The Court should deny Commil's petition for a writ of certiorari in No. 13-896 for the reasons set forth in Cisco's brief in opposition. If this Court grants Commil's petition in No. 13-896, however, it should also grant this conditional cross-petition for the reasons stated above.

Respectfully submitted.

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FEBRUARY 2014

APPENDIX

1a

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

No. 2012-1042

COMMIL USA, LLC,
Plaintiff-Appellee,
v.

CISCO SYSTEMS, INC.,
Defendant-Appellant.

Appeal from the United States District Court for the
Eastern District of Texas in case no. 07-cv-0341,
Magistrate Judge Charles Everingham.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

* * *

Before RADER, *Chief Judge*, NEWMAN, LOURIE,
DYK, PROST, MOORE, O'MALLEY, REYNA, WALLACH,
TARANTO, and CHEN, *Circuit Judges*.¹

O'MALLEY, *Circuit Judge*, dissenting without opinion
from the denial of the petition for rehearing en
banc.

PER CURIAM.

¹ *Circuit Judge* Hughes did not participate.

ORDER

A combined petition for panel rehearing and rehearing en banc was filed by defendant-appellant, and a response thereto was invited by the court and filed by plaintiff-appellee. The petition for rehearing was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response were referred to the circuit judges who are authorized to request a poll of whether to rehear the appeal en banc. A poll was requested, taken, and failed.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) The petition of defendant-appellant for panel rehearing is denied.

(2) The petition of defendant-appellant for rehearing en banc is denied.

(3) The mandate of the court will issue on November 1, 2013.

FOR THE COURT

October 25, 2013
Date

/s/ Daniel E. O'Toole
Daniel E. O'Toole
Clerk

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

No. 2:07-cv-341

COMMIL USA, LLC,

v.

CISCO SYSTEMS, INC.,

MEMORANDUM OPINION AND ORDER

I. Introduction

Pending before the court are defendant Cisco Systems, Inc.'s ("Cisco") motions for: (1) reconsideration or, in the alternative, clarification of the court's order granting a new trial on the issues of indirect infringement and damages (Dkt. No. 362); and (2) certification of the new trial order for interlocutory appeal (Dkt. No. 368). For the reasons discussed below, the court DENIES the motions.

II. Factual and Procedural Background

On December 29, 2010, the court issued a memorandum opinion and order granting plaintiff Commil USA, LLC's ("Commil") motion for new trial on the issues of indirect infringement and damages. The court concluded that Cisco's counsel's statements regarding

religious preference were improper and that the jury's verdict was inconsistent with substantial justice. The court incorporates by reference the factual and procedural background as discussed in its December 29, 2010 opinion.

III. Discussion

A. Reconsideration

Motions for reconsideration serve a very limited purpose: "allowing a party to correct manifest errors of law or fact or to present newly discovered evidence." *Templet v. HydroChem Inc.*, 367 F.3d 473, 479 (5th Cir. 2004) (quoting *Waltman v. Int'l Paper Co.*, 875 F.2d 468, 473 (5th Cir. 1989)); *AMP Plus, Inc. v. Texas Instruments, Inc.*, No. Civ.A.3:04CV2636-R, 2006 WL 522108 at *2 (N.D. Tex. 2006) (quoting *Texas Instruments, Inc. v. Hyundai Elecs. Indus., Co.*, 50 F.Supp.2d 619, 621 (E.D. Tex. 1999)). A Rule 59(e) motion for reconsideration "calls into question the correctness of a judgment." *Templet*, 367 F.3d at 479 (quoting *In re Transtexas Gas Corp.*, 303 F.3d 571, 581 (5th Cir. 2002)). Such a motion "is not the proper vehicle for rehashing evidence, legal theories, or arguments that could have been offered or raised before the entry of judgment." *Id.* (citing *Simon v. United States*, 891 F.2d 1154, 1159 (5th Cir.1990)). "Reconsideration of a judgment after its entry is an extraordinary remedy that should be used sparingly." *Id.*

Rule 60(b) sets out five specific bases for granting relief from a final order: (1) mistake, inadvertence, surprise, or excusable neglect; (2) newly discovered evidence; (3) fraud, misrepresentation or misconduct of an adverse party; (4) the judgment is void; and (5) satisfaction, discharge or release of the judgment. FED. R. CIV. P. 60(b). In addition, Rule 60(b)(6) provides that a

court may relieve a party from a final judgment for “any other reason justifying relief from the operation of the judgment.” FED. R. CIV. P. 60(b)(6). This “any other reason” clause is a “grand reservoir of equitable power” to do justice in a case when relief is not warranted by the five enumerated grounds—such relief “will be granted only if ‘extraordinary circumstances’ are present.” *AMP Plus*, 2006 WL 522108 at *2 (quoting *Batts v. Tow-Motor Forklift Co.*, 66 F.3d 743, 747 (5th Cir. 1995)).

In its motion for reconsideration, Cisco seeks reconsideration under Rules 59(e) and 60(b)(6) of the court’s order granting a new trial. Cisco argues that the court committed numerous manifest legal errors in its order. First, Cisco argues that the court’s order is inconsistent with the Fifth Circuit’s recent decision in *U.S. v. Morin*, 627 F.3d 985, 1000 (5th Cir. 2010). Second, Cisco argues that the court’s finding of partial prejudice (i.e., the court concluded that the jury’s verdict was tainted only as to indirect infringement and damages—not direct infringement and invalidity) is belied by the factual record and conflicts with binding precedent. Finally, Cisco argues that if the court does not grant its motion for reconsideration, then the court should clarify the scope of its new trial order by: (1) ordering Commil to refrain from making reference to the damages verdict rendered in the first trial; (2) preventing Commil from reasserting the contributory infringement claims it withdrew during the first trial; and (3) confirming that the court will not instruct the jury that certain issues have already been decided in another trial.

i. *The Fifth Circuit's Decision in Morin*

Cisco argues that the Fifth Circuit's recent decision in *U.S. v. Morin*, 627 F.3d 985, 1000 (5th Cir. 2010), requires that the court deny Commil's motion for new trial. In *Morin*, the court addressed whether to grant a new trial based on an unsubstantiated suggestion that the defendant had contacted "other drug dealers." *Id.* Despite finding that the prosecutor's question was "obviously improper," the Fifth Circuit declined to disturb the district court's conclusion that the question did not affect the defendant's substantial rights. The court first reiterated the longstanding principle that "the trial judge's on-the-scene assessment of the prejudicial effect [of an improper remark], if any, carries considerable weight." *Id.* (quoting *United States v. Munoz*, 150 F.3d 401, 415 (5th Cir.1998)). The court then explained that the record in *Morin* supported the district court's conclusion because the prosecutor's improper comment "was a solitary, isolated event." *Id.* Moreover, the court noted that the prosecutor "never attempted to raise the line of questioning again and did not refer to the question in closing." *Id.* Finally, the court found that the trial judge "further 'mitigated the prejudicial effect' of the question through general instructions admonishing the jury that the remarks of the attorneys are not evidence and that the jurors must base their decision on evidence." *Id.* (quoting *Munoz*, 150 F.3d at 415). After considering the totality of the evidence arrayed against Morin and giving considerable weight to the trial judge's conclusions regarding the prejudicial effect of the prosecutor's remark, the court concluded that the "isolated question did not affect the jury's verdict." *Id.*

The court is not persuaded that the Fifth Circuit's decision in *Morin* requires that this court reconsider its

decision to grant a new trial in this case. As the *Morin* court noted, this court is in the best position to evaluate the prejudicial effect of Cisco's counsel's improper comments on Commil's substantial rights and the jury's verdict. The court did just that and concluded that the prejudicial effect warranted a new trial. As such, the court concludes that the totality of the record justifies this court's decision to grant a new trial.

ii. *Partial Prejudice*

As the court explained in its order granting a new trial, the jury found for Commil on validity and direct infringement and awarded Commil 3.7 million in damages. The jury, however, found that Cisco did not induce infringement of the patent-in-suit. Commil requested that the court evaluate the prejudicial effect of Cisco's counsel's improper religious comments on the issues of induced infringement and damages. The court did so and granted Commil's motion for new trial on those issues.

Cisco's argument that the record does not support the court's conclusion that Cisco's counsel's improper statements prejudiced only the issues of induced infringement and damages was already rejected by the court when it granted the motion for new trial. *AMP Plus*, 2006 WL 522108 at *2 ("a motion for reconsideration is not 'the proper vehicle for rehashing old arguments'"). As mentioned above, this court is in the best position to evaluate the prejudicial effect of Cisco's counsel's improper religious comments on Commil's substantial rights and the jury's verdict. The court is not persuaded that it committed a manifest error of law or fact in granting the partial new trial. Therefore, the court denies Cisco's motion for reconsideration on the

grounds that the court's finding of partial prejudice is unsupported by the record. *Id.*

Furthermore, the court concludes that Cisco waived its arguments¹ that controlling precedent precludes the court's finding of partial prejudice. *Templet*, 367 F.3d at 479 (stating that a motion for reconsideration "is not the proper vehicle for rehashing evidence, legal theories, or arguments that could have been offered or raised before the entry of judgment.") As pointed out by Commil in its reply brief to its motion for new trial (Dkt. No. 355), Cisco's response to the motion for new trial never contested Commil's contention that if the court granted a new trial, that trial should be limited to the issues of indirect infringement and damages. In addition, Cisco forwent its opportunity to file a surreply brief, where it had another chance to make the very arguments it now advances in its motion for reconsideration. *See* Local Rule CV-7(f). As such, the court rejects Cisco's argument that the court should reconsider its decision to grant a partial new trial on the grounds that the court's decision is in conflict with binding precedent.²

¹ This includes Cisco's arguments that: (1) Federal Circuit case law precludes a finding of partial prejudice with respect to related infringement and validity issues; (2) binding Fifth Circuit case law precludes a finding of partial prejudice whenever the issues are inextricably "interwoven"; and (3) binding Fifth Circuit case law precludes a finding of partial prejudice where the jury has rendered a compromise verdict.

² In its motion for reconsideration, Cisco includes what is seemingly a motion for judgment as a matter of law, arguing that any new trial on inducement would be futile as a matter of law. To the extent that Cisco seeks affirmative relief in the form of a judgment as a matter of law, such relief is improper at this juncture.

iii. *Clarification of New Trial Order*

In its request for clarification, Cisco asks the court to issue an order: (1) directing Commil to refrain from making reference to the damages verdict rendered in the first trial; (2) preventing Commil from reasserting the contributory infringement claims it withdrew during the first trial; and (3) confirming that the court will not instruct the jury that certain issues have already been decided in the first trial. Although Commil represents that it will not reference the prior jury's verdict on damages and will not revive its claim for contributory infringement, Commil argues that it is premature to take up these issues and suggests that they can be more properly addressed in a motion in limine or at the final pre-trial conference. The court agrees with Commil and concludes that the court will be in the best position to address these issues at the final pre-trial conference.

B. Certification

In its motion for certification, Cisco argues that the court's order granting a new trial is subject to immediate appeal under 28 U.S.C. § 1292(b). An order is appropriate for certification if (1) it involves a controlling question of law, (2) as to which there is substantial ground for difference of opinion, and (3) an immediate appeal may materially advance the ultimate termination of the litigation. *Litton Systems, Inc. v. Raytheon Co.*, Misc. No. 344, 1992 WL 276681, *2 (Fed. Cir. 1992); *see also Clark-Dietz and Associates-Engineers, Inc. v. Basic Const. Co.*, 702 F.2d 67, 69 (5th Cir. 1983). Satisfying these three statutory criteria is not always sufficient, "as district court judges have unfettered discretion to deny certification even when all three are satisfied." *Marsall v. Portland*, No. CV-01-1014-ST, 2004

WL 1774532, at *1 (D. Or. Aug. 9, 2004) (internal quotations omitted); *see also Gallimore v. Miss. Pac. R.R.*, 635 F.2d 1165, 1168 (5th Cir. 1981) (“[t]his court’s denial of...[a petition for certification]...may be for any of a number of reasons largely unrelated to the perceived merits of the order sought to be appealed from, particularly in the context of interlocutory appeals from orders granting new trials.”)

Cisco contends that the court’s order involves multiple controlling questions of law as to which there are substantial grounds for difference of opinion, including: (1) whether the court’s grant of a new trial on only two of many closely related issues is inconsistent with controlling precedent; (2) whether it is permissible to instruct the new jury that Cisco has already been found to directly infringe the patent-in-suit or that the patent has already been deemed valid; and (3) whether the court’s grant of a new trial is appropriate in light of *Morin*, 627 F.3d at 1000.

First, considering that the court has concluded that Cisco waived its argument that the court’s grant of a partial new trial is contrary to controlling precedent, the court denies Cisco’s motion to certify this issue for appeal. Second, the court is not convinced that any issues regarding the court’s prospective jury instructions are subject to substantial grounds for difference of opinion. Generally, substantial grounds for difference of opinion are found where:

a trial court rules in a manner which appears contrary to the rulings of all Courts of Appeals which have reached the issue, if the circuits are in dispute on the question and the Court of Appeals of the circuit has not spoken on the point, if complicated questions arise under foreign

law, or if novel and difficult questions of first impression are presented.

DuPree v. Kaye, Civil Action No. 3:07-CV-0768-B ECF, 2008 WL 294532, *3 (N.D. Tex. 2008) (citing 24 AM. JUR. 2D APPELLATE REVIEW § 123 (2007)). Courts have even found “a question of first impression, standing alone, insufficient to demonstrate a substantial ground for difference of opinion.” *In re Flor*, 79 F.3d 281, 284 (2nd Cir. 1996). The satisfaction of this requirement is reserved for “difficult and pivotal questions of law not settled by controlling authority.” *Caraballo-Seda v. Municipality of Hormigueros*, 395 F.3d 7, 9 (1st Cir. 2005). The court is not persuaded that the present case meets this requirement, and therefore, denies Cisco’s motion to certify any issues regarding the court’s prospective jury instructions.

Finally, because the issue of whether the court’s grant of a partial new trial was appropriate in light of *Morin* does not involve a pure question of law, the court denies Cisco’s motion to certify the issue for interlocutory appeal. *U.S. v. Morin*, 627 F.3d 985, 1000 (5th Cir. 2010). Certification is proper only in circumstances involving a pure issue of law—i.e., a question the appellate court can efficiently decide without making an intensive inquiry into the record. *See Pittway Corp. v. Fynetics, Inc.*, 9 F.3d 977 (Fed. Cir. 1993) (“[f]or proper certification, it is necessary ‘that the order involve a clear-cut question of law against a background of determined and immutable facts.’”); *Raber v. Pittway Corp.*, 17 F.3d 1444 (Fed. Cir. 1993) ([g]iven the limited applicability of the question and its connection with the facts of this case, we do not consider this order appropriate for immediate review....”); *Smith v. AET Inc., Ltd.*, Civil Action Nos. C-07-123, C-07-124, C-07-126, 2007 WL 1644060, *6 (S.D. Tex. 2007) (conclud-

ing that the orders were not appropriate for interlocutory review because the “arguments set forth in regard to both appealed orders are heavily fact-based and necessarily involve a review of the factual record.”). The issue of whether the facts of *Morin* are sufficiently similar to the facts of this case is a prime example of an issue that would require the appellate court to make an intensive inquiry into the record of this case. Cisco’s argument to the contrary is untenable in light of the fact that it spent a substantial portion of its motion for reconsideration exploring the facts of *Morin* and then applying those facts to the record in this case. As such, the court denies Cisco’s motion for certification of this issue.

IV. Conclusion

For the foregoing reasons, the court DENIES Cisco’s motions for: (1) reconsideration or, in the alternative, clarification of the court’s order granting a new trial on the issues of indirect infringement and damages (Dkt. No. 362); and (2) certification of the new trial order for interlocutory appeal (Dkt. No. 368). The court is not persuaded that it committed a manifest error of law in granting Commil’s motion for partial new trial on the issues of indirect infringement and damages. Furthermore, the court is not convinced that the issues presented for appeal meet the requirements of 28 U.S.C. § 1292(b).

SIGNED this 23rd day of February, 2011.

/s/ Charles Everingham IV

CHARLES EVERINGHAM IV

UNITED STATES MAGISTRATE JUDGE

APPENDIX C

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Miscellaneous Docket
No. 975

IN RE CISCO SYSTEMS, INC.,
Petitioner.

[file stamps omitted]

On Petition for Writ of Mandamus to the United States
District Court for the Eastern District of Texas in case no.
07-cv-0341, Magistrate Judge Charles Everingham, IV.

ON PETITION

Before RADER, *Chief Judge*, NEWMAN, and BRYSON,
Circuit Judges.

BRYSON, *Circuit Judge.*

ORDER

Cisco Systems, Inc. petitions for a writ of mandamus to direct the United States District Court for the Eastern District of Texas to vacate its order granting Commil USA, LLC a new trial on issues of indirect infringement and damages. Alternatively, Cisco moves to direct the trial court not to instruct the new jury that Cisco has been found to infringe Commil's patent

or otherwise reference the prior trial. Cisco also moves to stay proceedings in the trial court pending our disposition of its petition.

The jury determined that Commil's patent was valid, that Cisco directly infringed the patent, and that Cisco did not induce others to infringe. The jury awarded damages based on those determinations. After the trial, the district court granted Commil a partial new trial on the issues of inducement and damages because of statements made by Cisco's counsel in the presence of the jury.

Cisco's petition urges that we grant the requested relief on the grounds that a new trial was not warranted and a partial trial of inducement is improper without retrying the issues of direct infringement and patent validity. The writ of mandamus is available in extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power. *In re Calmar, Inc.*, 854 F.2d 461, 464 (Fed. Cir. 1998). A party seeking a writ bears the burden of proving that it has no other means of obtaining the relief desired, *Mallard v. United States Dist. Court for Southern Dist. of Iowa*, 490 U.S. 296, 309 (1989), and that the right to issuance of the writ is "clear and indisputable," *Allied Chem. Corp. v. Daiflon, Inc.*, 449 U.S. 33, 35 (1980).

In the papers submitted, Cisco has not shown why it cannot raise any challenge to the district court's determinations on appeal from a final judgment. Although Cisco argues that the trial court's order "will impose on Cisco the monumental time and expense of an unnecessary retrial," that is generally insufficient to warrant mandamus relief. *See Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 383 (1953) ("[I]t is established that the extraordinary writs cannot be used as substi-

tutes for appeals ... even though hardship may result from delay and perhaps unnecessary trial”). Because Cisco has failed to meet its burden of establishing the extraordinary circumstances necessary to grant mandamus relief, we deny the petition.

Accordingly,

IT IS ORDERED THAT:

- (1) The petition for a writ of mandamus is denied.
- (2) The motion for a stay is moot.

FOR THE COURT

MAR 04 2011
Date

/s/ Jan Horbaly
Jan Horbaly
Clerk

cc: Henry B. Gutman, Esq.
Richard A. Sayles, Esq.
Clerk, United States District Court For The Eastern District Of Texas, Marshall Division

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