

No. 20-260

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**In the Supreme Court of the United States**

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PERSONAL AUDIO, LLC,  
*Petitioner,*

v.

CBS CORPORATION,  
*Respondent.*

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

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**BRIEF IN OPPOSITION**

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## QUESTION PRESENTED

1. Whether the Court of Appeals correctly held that Petitioner had waived its challenges to the application of collateral estoppel to its claims for infringement of patent claims that had already been determined (by the PTAB and the Court of Appeals for the Federal Circuit) to be invalid, by failing to raise those arguments in the district court?
2. Whether the Court of Appeals correctly held that Petitioner's challenges to the constitutionality of the *inter partes* review that invalidated its patent claims were properly addressed in its appeal of that decision rather than in the appeal of the collateral infringement litigation?

**LIST OF PARTIES AND CORPORATE  
DISCLOSURE STATEMENT**

All parties are identified in the caption of this brief. The following corporations and publicly held companies own 10% or more of stock in Respondent CBS Corporation: ViacomCBS Inc.

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Respondent CBS Corporation respectfully submits that the Petition for a writ of *certiorari* should be denied.

### **OPINIONS BELOW**

The order of the Court of Appeals (Pet. App. 1a) is published at 946 F.3d 1348 (Fed. Cir. 2020). The order of the Court of Appeals denying panel rehearing and rehearing *en banc* is unreported (Pet. App. at 13a). The opinion of the District Court is unreported. (Pet. App. at 11a).

### **JURISDICTION**

The judgment of the Court of Appeals was entered on January 10, 2020, and the Court of Appeals entered its order denying rehearing on April 1, 2020. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

### **CONSTITUTIONAL AND STATUTORY PROVISION INVOLVED**

Article II, Section 2, Clause 2 of the United States provides:

. . . and [the President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise

provided for, and which shall be established by Law; but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

The Seventh Amendment of the United States 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 reexamined in any Court of the United States, than according to the rules of the common law.

### **STATEMENT OF THE CASE**

1. This Petition is the second that Petitioner has filed seeking to challenge the effects of the decision by the Patent Trial and Appeal Board (“PTAB”) determining that claims 31-35 of U.S. Patent No. 8,112,504 (“the ’504 patent”) are invalid. In 2014, the PTAB made that determination in an *inter partes* review proceeding initiated by the Electronic Frontier Foundation. Petitioner appealed that decision to the United States Court of Appeals for the Federal Circuit. In that appeal, Petitioner argued unsuccessfully that the PTAB’s invalidation of its patent claims violated the Seventh Amendment. A panel of that court unanimously affirmed the PTAB

decision. *Personal Audio, LLC v. Elec. Frontier Foundation*, 867 F.3d 1246 (Fed. Cir. 2017). Petitioner's petition for a writ of *certiorari* with respect to that decision was denied. 138 S.Ct. 1989 (2018).

2. This prior appellate process occurred in tandem with the district court litigation between Petitioner and CBS Corporation ("CBS"). For its own strategic reasons, Petitioner voluntarily agreed to stay its district court litigation for over three years pending resolution of the PTAB proceeding and the appeals relating thereto. Petitioner filed suit against CBS in the United States District Court for the Eastern District of Texas on April 11, 2013, asserting that CBS infringed claims 31-34 of the '504 patent. That suit went to trial in September 2014. CBS moved for judgment as a matter of law at the close of evidence on the grounds that the asserted claims were invalid, not infringed, and also on the ground that the asserted claims were directed to ineligible subject matter under 35 U.S.C. § 101. On September 15, 2014, the jury returned a verdict finding that Petitioner had proved infringement by a preponderance of the evidence, and that CBS had not proved the claims were invalid by clear and convincing evidence. CBS then renewed its motions for judgment as a matter of law.

3. On April 10, 2015, before briefing was completed on CBS's motions for judgment as matter of law, and before any final judgment was entered, the PTAB issued its decision determining that the claims

of the '504 patent at issue in the district court litigation were invalid. Petitioner and CBS jointly moved to stay the district court litigation pending Petitioner's appeal of that PTAB decision. In that joint motion, the parties asserted that the “final outcome of said appeal is likely to affect the outcome of this matter” and that a stay would “save this Court and the parties time and effort.” Pet. App. 20a. The district court granted the joint stay motion on April 30, 2015.

4. The district court case remained stayed until the denial of Petitioner's petition for a writ of *certiorari* on May 14, 2018, ended its appeal of the PTAB decision determining that the asserted claims of the '504 patent were invalid. On May 29, 2018, Petitioner and CBS submitted a Joint Status Report to the district court. In that Report, CBS argued, *inter alia*, that Petitioner was collaterally estopped from challenging the invalidity of claims 31-34 of the '504 patent. Petitioner did not present any argument to the district court to oppose the application of collateral estoppel. Pet. App. 20a. Instead, Petitioner stated that it “did not oppose entry of judgment under a reservation of its right to appeal.” *Id.* Petitioner explained its position as follows:

However, Personal Audio believes that current authority supports rendering a judgement in favor of the Defendant CBS so that these issues can be appealed. Personal Audio agrees there is no current precedent for doing otherwise at this time,

although Personal Audio reserves its rights to argue these issues on appeal.

4. The district court entered judgment on July 11, 2018, noting that the “Parties agree that current authority requires rendering a judgment in favor of CBS.” One week later, the Patent Office cancelled claims 31-35 of the ’504 patent. Petitioner appealed from the district court’s judgment on August 10, 2018.

5. On January 10, 2020, the Federal Circuit affirmed the district court’s judgment. The panel explained that there were two independent bases for its affirmance:

To the extent that Personal Audio challenges the Board’s final written decision, the district court lacked jurisdiction to consider the challenges, and we have no jurisdiction to review them on appeal from the district court’s judgment. The exclusive avenue for review was a direct appeal from the final written decision. To the extent that Personal Audio challenges the district court’s determination of the consequences of the affirmed final written decision for the proper disposition of this case, Personal Audio conceded that governing precedent required judgment for CBS. We therefore affirm the district court’s judgment.

Petitioner's motion for rehearing *en banc* was denied on April 1, 2020.

6. The Petition attempts to gloss over a critical fact issue that is central to Petitioner's request for *certiorari*: the PTAB's invalidity determination was based on prior art that was not before the jury at all. The PTAB's invalidity determination rested on two independent grounds. One of those grounds, the Patrick/CBC reference, was not presented to the jury as a basis for invalidity of the asserted claims of the '504 patent. The other reference relied on by the PTAB to support its invalidity determination was different from, but related to, one of the references that was before the jury. Because the Patrick/CBC reference provided an independent basis for invalidating Claims 31-35 of the '504 patent, any factual overlap between the art before the jury and the other art is irrelevant to Petitioner's claims.

In the very first paragraph of its Statement of the Case, Petitioner makes the factual representation that certain prior art references relied upon by CBS in the jury trial on validity "are factually indistinguishable from the Patrick/CBC reference." This is not correct and, critically, no court below has so held (or even been asked to address this issue). The three prior art references at issue in the jury trial are completely unrelated to, and factually different than, the Patrick/CBC reference on which the PTAB based its invalidity determination. Petitioner does not deny that the references are not the same publications. See Petition at 8 (conceding that "the EFF cited slightly

different publications in its IPR petition”). Petitioner nonetheless asserts—without support from any precedent from this Court—that the reexamination clause can apply based on the alleged similarity of the references. Because Personal Audio did not make any Seventh Amendment argument before the district court, there was no factual determination below as to the factual similarities *vel non* of these references. What is undisputed is that the PTAB decision invalidating Claims 31-34 of the ’504 patent (the decision that was affirmed on appeal and as to which this Court denied *certiorari*) rested upon a prior art reference that was not presented to the jury.

### REASONS TO DENY THE PETITION

1. Petitioner did not argue in the Petition that there is any conflict in the Federal Circuit as to the impact of a final determination of invalidity of patent claims on an ongoing litigation alleging infringement of those claims—particularly where there has been no judgment entered in that ongoing litigation. The panel’s decision was unanimous and rehearing *en banc* was denied. Petitioner also does not identify any Federal Circuit cases that are in conflict with the decision here, or even any dissent articulating the position that Petitioner advocates.

2. Petitioner did not articulate any conflict between the decision below and this Court’s precedents. Petitioner makes a cursory argument that the decision below is contrary to *Blonder-Tongue Labs, Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971),

but fails to explain what the alleged inconsistency is. The statement from *Blonder-Tongue* cited by Petitioner simply states the law as the Federal Circuit applied it in this case. This Court held in *Blonder-Tongue* that the operation of collateral estoppel was not automatically accepted because the patent owner “must be permitted to demonstrate, if he can, that he did not have ‘a fair opportunity procedurally, substantively and evidentially to pursue his claim the first time.’” 402 U.S. at 333. The Federal Circuit applied exactly that principle, citing *Blonder-Tongue* and its progeny, in *XY, LLC v. Trans Ova Genetics, L.L.C.*, 890 F.3d 1282, 1294-95 (Fed. Cir. 2018), to apply collateral estoppel to pending infringement litigations based on the patent owner’s full and fair opportunity to challenge the finding of invalidity in the IPR. As Petitioner itself admitted in the district court, *XY LLC* was the controlling precedent here and Petitioner has failed to explain how it is inconsistent with this Court’s decision in *Blonder-Tongue*.

3. Petitioner has waived the arguments made in the Petition in two ways. First, as the Federal Circuit found, Petitioner waived the arguments it makes in its Petition concerning the application of collateral estoppel because it failed to make them before the district court. Pet. App. 9a. Petitioner does not dispute the fact that it chose not to raise any arguments in the district court opposing the entry of judgment against it based on collateral estoppel grounds. Petitioner addresses this critical issue only in a single paragraph at the very end of the Petition—

without citing a single case supporting its view that it was allowed to make its arguments for the first time before the Court of Appeals. Petition at 13-14. Second, as the Federal Circuit also found, Petitioner's challenges based on the constitutionality of the IPR process itself, such as its Seventh Amendment and Appointments Clause arguments, were raised and rejected in the original appeal of the PTAB ruling. Pet. App. 9a. Petitioner does not address this issue in the Petition.

4. This case would be a particularly inappropriate vehicle to address the issues of the interrelationship of PTAB decisions and co-pending infringement litigations. As a result of Petitioner's strategic decision to agree to a stay of the district court litigation before CBS's post-trial motions were decided and before judgment was entered, this Court would be faced with multiple procedural and factual issues to decide in the first instance. For example, Petitioner admits that the PTAB's invalidation of the '504 patent was based on prior art references that were different from any of the references that were before the jury. *See* Petition at 8. In support of its Petition, Petitioner asserts that because the references were "similar," the Reexamination Clause is in play. *Id.* at 11. Indeed, Petitioner's entire Seventh Amendment argument is premised on the jury having made a factual determination that was inconsistent with the PTAB ruling—which would require this Court to make a factual determination whether the same operative facts were before the jury and the PTAB. Because Petitioner chose not to raise

this issue and make this argument in the district court litigation, this Court would have to resolve the factual issue of whether the references were the same in the first instance. Moreover, because the district court never had an opportunity to rule upon CBS's post-trial motions, it is far from clear that Petitioner's challenge to the application of collateral estoppel here would be dispositive to this case. CBS had raised multiple other grounds in its post-trial motions for the district court to enter judgment in its favor that would not be impacted by the issues raised in the Petition.

5. The decision below rests on a straightforward application of collateral estoppel and waiver law to the facts of this case. Petitioner admitted that the issue of whether a party is collaterally estopped from continuing to assert infringement claims when those claims have been finally determined to be invalid has been addressed by the Federal Circuit in numerous cases, including *XY, LLC*, 890 F.3d 1282. Petitioner fails to explain precisely what fundamental error it contends was made below. At its heart, the Petition is asserting that, in the particular facts and circumstances of this case, collateral estoppel was improperly applied. Even putting aside the fundamental issues of Petitioner's waiver of these arguments by failing to raise them below and the improper collateral attacks on the PTAB decision, the Petition does not argue that this case has any broader impact beyond the dispute between these two parties. The Petition fails to show that there was a fundamental error with the Federal Circuit's affirmance that warrants further review.

**CONCLUSION**

The Petition for a writ of *certiorari* should be denied.

Respectfully submitted,

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