



SUPREME COURT

OF THE UNITED STATES

No. 12-617

Title: Leader Technologies, Inc., Petitioner

v.

Facebook, Inc.

Docketed: November 16, 2012

Linked with 12A312

Lower Ct: United States Court of Appeals for the Federal Circuit

Case Nos.: (2011-1366)

Decision Date: May 8, 2012

Rehearing July 16, 2012

Denied:

~~~Date~~~ ~~~~~Proceedings and Orders~~~~~

Sep 27 2012 Application (12A312) to extend the time to file a petition for a writ of certiorari from October 14, 2012 to November 14, 2012, submitted to The Chief Justice.

Oct 1 2012 Application (12A312) granted by The Chief Justice extending the time to file until November 14, 2012.

Nov 14 2012 Petition for a writ of certiorari filed. (Response due December 17, 2012)

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Party name: Leader Technologies, Inc.

No. \_\_\_\_\_

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

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LEADER TECHNOLOGIES, INC.,  
*Petitioner,*

v.

FACEBOOK, INC.,  
*Respondent.*

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

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**PETITION FOR WRIT OF CERTIORARI**

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## QUESTIONS PRESENTED

The United States Court of Appeals for the Federal Circuit stepped outside the boundaries of its appellate role, as it has done with alarming frequency the past few years, and assumed the role as fact-finder in adjudicating Leader Technologies, Inc.'s patent invalid. As an intermediate federal appellate court, the Federal Circuit is not a trial court, but nonetheless acted as one in the present case and engaged in a form of decision-making at odds with traditional notions of appellate review. The proper role of an appellate court is to decide appeals from the lower court, and should do so based on the decision below and on the arguments presented by the parties below. In far too many instances, however, the Federal Circuit, as it did in this case, takes upon itself to consider evidence not argued to the lower court, disregard the fact-finding below, disregard binding precedent of this Court, and goes beyond the factual record presented to the proper trier of fact in order to engage in its own fact-finding, evidentiary weighing, and advocacy. Not only does this type of appellant court advocacy encourage litigants to retry cases at the appellate level, but more importantly, it denies litigants their due process rights.

The questions presented are:

1. Whether the Federal Circuit violates a litigant's procedural due process rights when it steps outside its appellant role and engages in independent fact-finding, and to what extent it can ignore Rule 52(a) in substituting its view of the factual issues for that of the district courts.

2. Whether the Federal Circuit can disregard Supreme Court precedent on interpretation of verb tense when applied to patent law, or alternatively, construe patent-related Supreme Court precedent in such a way to vitiate this Court's holdings.

**PARTIES TO THE PROCEEDINGS BELOW**

Petitioner, Leader Technologies, Inc., was the appellant in the court below. Respondent, Facebook, Inc., was the appellee in the court below.

**RULE 29.6 STATEMENT**

Pursuant to this Court's Rule 29.6, Leader Technologies, Inc. has no parent company and no publicly held company owns 10% or more of its stock.

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## **PETITION FOR WRIT OF CERTIORARI**

Leader Technologies, Inc. (“Leader”) respectfully submits this petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

## **OPINIONS BELOW**

The opinion of the court of appeals is reported at *Leader Techs, Inc. v. Facebook, Inc.*, 678 F.3d 1300 (Fed. Cir. 2012), and reproduced in the appendix hereto (“App.”) at 1a-17a. The opinion of the district court is reported at *Leader Techs, Inc. v. Facebook, Inc.*, 770 F. Supp. 2d 686 (D. Del. 2011), and reproduced at App. 21a-105a. The Order of the U.S. Court of Appeals for Federal Circuit denying Leader’s Petition for Panel Rehearing and for Rehearing En Banc is not reported. App. 175a-176a.

## **JURISDICTION**

The judgment of the Federal Circuit was entered on May 8, 2012. Leader’s petition for panel rehearing and rehearing en banc was submitted on June 6, 2012. The court of appeals denied the petition for panel rehearing and rehearing en banc on July 16, 2012. Chief Justice Roberts extended the time in which to file a petition for writ of certiorari to and including November 14, 2012. *See* Petitioner’s App. To Extend Time (granted October 1, 2012). The jurisdiction of the Court is invoked under 28 U.S.C. § 1254(1).

## **CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

The Fifth Amendment to the United States Constitution provides, in relevant part, that no person shall be deprived of “property, without due process of law.”

Section One of the Fourteenth Amendment to the United States Constitution provides: “nor shall any State deprive any person of life, liberty, or property, without due process of law.”

Section 102 of the Patent Act, 35 U.S.C. § 102, provides, in relevant part:

A person shall be entitled to a patent unless . . .  
(b) the invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . .

Section 282 of the Patent Act, 35 U.S.C. § 282, provides, in relevant part:

A patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

## **STATEMENT OF THE CASE**

### **THE FEDERAL CIRCUIT HAS SPURNED ITS ROLE AS AN APPELLANT COURT, AND CONTINUES TO IGNORE SUPREME COURT PRECEDENT.**

Ultimately, boundaries of judicial authority exist to help victims find justice and prevent the unlawful deprivation of their property rights, and along the way to provide fair treatment to the litigants by making roles and responsibilities unambiguous. In the present case, the Federal Circuit introduced profound ambiguity to its proper role within the judicial system. As an intermediate federal appellate court, the Federal Circuit is not (and has no jurisdiction to be) a trial court, but nonetheless acted as one in this case. By engaging in a form of decision-making at odds with established notions of appellate review, the Federal Circuit has once again lost track of the important distinction between trial and appellate court roles and improperly acted as an advocate and as a fact-finder. In finding Leader Technologies, Inc.'s ("Leader") patent invalid, the Federal Circuit made findings of fact that were not argued below, nor relied upon by the district court. Moreover, the facts relied upon by the Federal Circuit were not the basis for, or addressed in, Leader's appeal, thus denying Leader their right of due process to respond to the new evidence that the Federal Circuit cited against them. Such appellate fact-finding runs directly contrary to the procedural due process concept of fundamental fairness. The most treasured principles of due process guaranteed under the Fifth and Fourteenth Amendments include the right to confront one's accuser. The Federal Circuit abused Leader's

right to confront the new evidence brought forward in the secrecy of chambers by the Federal Circuit itself.

It has long been argued that the Federal Circuit, with its abnormally high reversal rate, engages in a form of appellant advocacy not delegated to an intermediate federal appellate court. The Federal Circuit's flirtation with a 50% reversal rate is largely attributed to its *de novo* review of claim construction. In 1998, an *en banc* Federal Circuit determined that it would not give deference to district court findings in these *de novo* reviews. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (*en banc*). While this is not an issue here, such lack of deference to district courts' findings regarding such matters of law is surely an issue worthy of Supreme Court review. What is at issue here, however, is whether the Federal Circuit failed to give deference to the district court's findings of *facts*, and instead affirmed the district court's judgment based upon its own new findings of fact that were untested by a jury or even a hearing. Arguably, this type of appellate court fact-finding is even more egregious because it deprives litigants the opportunity to address the new evidence cited against them.

Due to its unique jurisdiction amongst the circuit courts, the Federal Circuit far too often determines it is more suited to make factual findings in patent cases than the district courts whose domain is specifically such fact-finding. In this case, once the Federal Circuit determined that the district court's finding of facts could not support an invalidity determination as a matter of law, it should have remanded the case back for further findings of fact. Instead, it engaged in its own fact-finding, without a full appreciation of the

proceedings below or even a complete record of the trial, and found the '761 patent invalid on new grounds not argued to the jury or the district court. Leader did not have the opportunity to address the evidence being cited against its patent because the Federal Circuit decided to act as an advocate, a jury and judge in presenting new evidence that was not argued below, and thus finding Leader's U.S Patent No. 7,139,761 ("Leader's patent" or "the '761 patent") invalid. As a result, the issue in this case is whether Leader's rights under the Due Process Clause of the Fifth Amendment and Fourteenth Amendment were violated when they were not afforded an opportunity to address the evidence cited against them prior to the Federal Circuit invalidating their patent on completely new grounds.

Also, rather than remain true to Supreme Court precedent, the Federal Circuit regularly treats such precedent as advisory opinions that it can accept, reject or modify as it sees fit. In this case, the Federal Circuit completely ignored this Court's precedent regarding verb tense which says present tense language includes present and future activity, but not past activities. *Carr v. United States*, 130 S. Ct. 2229, 2233-34 (2010). It also reinstated, as it has done in several recent cases, a "totality of circumstances" invalidity test that this Court overturned fourteen years ago. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 66-67 (1998). Given the Federal Circuit's propensity of late to ignore and/or vitiate this Court's binding precedent, this case necessitates further review to again restrain an intermediate appellant court's unrestrained view of its role in the judicial process.

### PROCEEDINGS BELOW

On July 28, 2010, a jury rendered a verdict finding that Facebook directly and literally infringed each and every asserted claim of Leader’s ‘761 patent. The jury also rejected Facebook’s prior art anticipation and obviousness defenses. It, however, found the ‘761 patent invalid under the on-sale and public-use doctrines pursuant to 35 U.S.C. § 102(b). The district court sustained the jury verdict of invalidity based solely on two findings of fact: (1) the allegedly discredited testimony of the inventor, Michael McKibben, where he testified the invention was *not* ready for patenting before the critical date, and (2) Leader’s present tense response to an interrogatory, provided seven years after the critical date in 2009, stating that the product branded as “Leader2Leader” *is* an embodiment of the ‘761 patent. The district court treated the lack of credibility finding as “affirmative evidence” that Leader2Leader had embodied the patented technology before the critical date—the opposite of Mr. McKibben’s testimony. It further held that Leader’s present tense 2009 interrogatory responses could cover past activity in 2002 and “reasonably be interpreted as an admission that the invention was ready for patenting prior to the critical date.” The district court then concluded that the “combination” of Mr. McKibben’s alleged lack of credibility (converted to an ostensible opposite of what he actually testified) and the interrogatory responses was sufficient to support the verdict under the clear-and-convincing evidence standard.

The Federal Circuit determined that the district court erred in its decision to discredit Mr. McKibben’s

testimony by treating it as affirmative evidence “for drawing a contrary conclusion,” citing this Court’s decision in *Bose Corp. v. Consumers Union of U.S., Inc.* 466 U.S. 485, 512 (1984). With that determination, the district court’s basis for finding the ‘761 Patent invalid was discredited since the Federal Circuit determined that the primary ***factual*** basis for the district court’s ruling was insufficient as a matter of law. At that point, the Federal Circuit should have either reversed the district court’s judgment or remanded it back for further ***factual*** findings. Instead, the Federal Circuit, as it has done in numerous recent cases, engaged in its own fact-finding exercise and applied those new factual findings to the invalidity finding created by its correct interpretation of *Bose*. Specifically, the Federal Circuit reviewed documents cited in footnote 16 of the district court’s decision and interpreted truncated fragments of the documents to find facts to support the jury verdict. App. 9a; App. 91a-92a. Notably, the district court’s opinion did not rely on the documents cited in footnote 16, perhaps because *none* of that evidence was tested against *Pfaff* and its progeny. Instead, the new evidence attempted to associate a potpourri of general non-technical business communications to specific and highly technical patent claims.

To support its newly-minted factual findings, the Federal Circuit simply ignored this Court’s precedent regarding how to construe present tense language, and determined that a present tense interrogatory in 2009 could be used to support activity occurring in 2002. It also reverted back to a “totality of circumstances” analysis for the on-sale and public disclosure defenses that this Court “swept away” in 1998, and which even the Federal Circuit itself “criticized as unnecessarily

vague.” *See Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1046 (Fed. Cir. 2001); *see also Pfaff*, 525 U.S. at 66, n. 11 (quoting *Seal-Flex, Inc. v. Athletic Track & Court Constr.*, 98 F.3d 1318, 1323, n. 2 (Fed. Cir. 1996)).

## **REASONS FOR GRANTING THE PETITION**

### **I. THE FEDERAL CIRCUIT HAS LOST SIGHT OF ITS ROLE AS AN APPELLANT COURT, AND IS USURPING THE ROLE OF THE DISTRICT COURTS.**

Procedural due process imposes constraints on governmental decisions that would otherwise deprive individuals of “property” interests. “The fundamental requirement of due process is the opportunity to be heard ‘at a meaningful time and in a meaningful manner.’” *See Mathews v. Eldridge*, 424 U.S. 319, 333 (1976) (citing *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965)); *see also Grannis v. Ordean*, 234 U.S. 385, 394 (1914).

In substituting the district court’s version of the facts with its own, the Federal Circuit disregarded significant Supreme Court precedent of deferential review towards district courts’ findings of fact, and in so doing, violated Leader’s procedural due process rights. Although the question of invalidity based on the on-sale bar or public use is a question of law, the subsidiary determinations of the district court are questions of fact subject to the Rule 52(a) “clearly erroneous” standard of review, as are the district

court's applications of the facts to the law.<sup>1</sup> *See* Fed. R. Civ. P. 52(a)(6). The Federal Circuit should have reviewed such factual determinations of the district court with strong deference, as Rule 52(a) and the holdings of this Court mandate.

Instead, the Federal Circuit picked apart the record to find random, out-of-context facts to which the district court had not given weight. While disguising its standard of review of invalidity as “a question of law, reviewed *de novo*, based on underlying facts, reviewed for substantial evidence following a jury verdict,” the Federal Circuit in actuality reviewed the underlying facts *de novo*. App. 11a (quoting *Adenta GmbH v. OrthoArm, Inc.*, 501 F.3d 1364, 1369 (Fed. Cir. 2007)). By entirely disregarding the factual findings of the district court, the Federal Circuit ultimately superseded the role of the district court by making its own factual findings relating to the patent's invalidity. Indeed, there is a sharp contrast between the Federal Circuit's current trend of non-deferential review of patent invalidity and the other circuits' review of factual determinations. This is especially evident in appellate court reviews of factual determinations of patent invalidity claims prior to the creation of the Federal Circuit in 1982. Prior to 1982, the appellate courts deferred to the fact finding of the district courts in patent cases, but since then the Federal Circuit has become noticeably non-deferential.

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<sup>1</sup> Federal Rule of Civil Procedure Rule 52(a)(6) states, “Findings of fact, whether based on oral or other evidence, must not be set aside unless clearly erroneous, and the reviewing court must give due regard to the trial court's opportunity to judge the witnesses' credibility.”

Procedural due process aims to ensure fundamental fairness by guaranteeing a party the right to be heard – apparently a right the Federal Circuit no longer recognizes.

**(A) The Federal Circuit Improperly Conducted a *De Novo* Review of the Facts Despite the Supreme Court’s Substantial Precedent Otherwise**

The Supreme Court has a long history of precedent that clearly delineates the role of the appellate court versus that of the district court. The progeny of cases in which this Court has articulated a standard of deference for appellate review of district court determinations “reflect an accommodation of the respective institutional advantages of trial and appellate courts.” *Salve Regina College v. Russell*, 499 U.S. 225, 233 (1991). Accordingly, Rule 52(a)’s clearly erroneous standard commands “deference to the unchallenged superiority of the district court’s fact-finding ability.” *Id.*

In the seminal case of *Anderson v. Bessemer City*, 470 U.S. 564 (1985), this Court laid out the rationale for why a district court’s findings must be subject to Rule 52(a)’s “clearly erroneous” review. This Court found that the “rationale for deference to the original finder of fact is not limited to the superiority of the trial judge’s position to make determinations of credibility.” *Anderson*, 470 U.S. at 574. Indeed, “[d]uplication of the trial judge’s efforts” not only leads to a “huge cost in diversion of judicial resources” but also requires too much from the parties who “have been already forced to concentrate their energies and

resources on persuading the trial judge that their account of facts is the correct one.” *Id.* at 574-75. As such, the appellate court “oversteps the bounds of its duty under Rule 52(a) if it undertakes to duplicate the role of the lower court.” *Id.* at 573.

Hence, this Court has routinely admonished appellate courts for improperly conducting a fact-finding review of the district court record. Indeed, “[a]n appellate court cannot substitute its interpretation of the evidence for that of the trial court simply because the reviewing court ‘might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent.’” *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 857-58 (1982) (quoting *United States v. Real Estates Boards*, 339 U.S. 485, 495 (1950)). Further, appellate courts should not make factual findings *de novo*. See *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 714 (1986); see also *Maine v. Taylor*, 477 U.S. 131, 144-45 (1986); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 123 (1969). Yet construing the facts differently and making fact findings on its own are precisely what the Federal Circuit has done here. The Federal Circuit ignored the factual bases of the district court’s determination and thereby defied this Court’s directives on the deferential role of the appellate court.

Additionally, instead of remanding the case back to the District Court of Delaware in order to correctly find and apply the facts, the Federal Circuit erroneously upheld the lower court’s findings on an entirely different factual basis that was created in the secrecy

of chambers—one that was never tried and yet was foisted upon Leader by fiat. This conduct goes beyond the purview of an appellate court’s role. *See Icicle Seafoods*, 475 U.S. at 714 (“If the Court of Appeals believed that the District Court had failed to make findings of fact essential to a proper resolution of the legal question, it should have remanded to the District Court to make those findings.”). Indeed this Court declared this sort of conduct out of bounds in stating “[a] court does not have the power, by judicial fiat, to extend its jurisdiction over matters beyond the scope of the authority granted to it by its creators.” *Stoll v. Gottlieb*, 305 U.S. 165, 171 (1938). Accordingly, the Federal Circuit’s lack of deference to the findings of the lower court threatens this Court’s integral jurisprudence on appropriate judicial review standards.

**(B) By Substituting the District Court’s Version of the Facts With its Own, the Federal Circuit Has Strayed From the “Clearly Erroneous” Standard of Review for Patent Invalidity Findings Set Forth by This Court and Other Circuit Courts**

By reviewing the district court’s finding of patent invalidity *de novo*, the Federal Circuit substituted its view of factual issues for that of the district court’s and thereby ignored Rule 52(a). This Court has found that findings of patent invalidity involve subsidiary determinations of fact that are subject to Rule 52(a)’s “clearly erroneous” standard. *See Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986) (For a patent invalidity holding, the “subsidiary determinations of the District Court” on the finding of obviousness “ought to be subject to the Rule”); *see also Graver Tank & Mfg.*

*Co. v. Linde Air Prods. Co.*, 336 U.S. 271, 275 (1949). By contrast, the Federal Circuit engaged in its own fact-finding in this case to uphold a validity finding while lacking any authority to do so.

When the district court's factual findings that a witness' credibility can be treated as evidence of the opposite was rejected, the district court's decision became a one-legged stool based solely upon the present tense interrogatory response and the legal question of verb tense. Notwithstanding the equally weighty question as to whether the rejected witness credibility question and the present tense interrogatory question were sufficient to meet the "heavy burden" of clear and convincing evidence standard, the Federal Circuit nonetheless overstepped its bounds when it marched off into extra-jurisdictional territory by assembling new evidence and argument in chambers and making a new finding of facts. In essence, the Federal Circuit's practice of overreaching its proper judicial review has displaced the appropriate standard of review for patent invalidity determinations.

Not only has the Federal Circuit flouted substantial precedent of this Court, it has also significantly strayed from the standard of review of patent invalidity findings that the other federal courts of appeal practiced prior to the Federal Circuit's creation. Circuit courts characteristically accorded strong deference to a lower court's factual findings inherent in patent invalidity determinations and applied the Rule 52(a) "clearly erroneous standard of review." *See, e.g., Mayview Corp. v. Rodstein*, 620 F.2d 1347, 1353 (9th Cir. 1980) (In a review of a district court's patent invalidity finding, "[i]t is for the trial court to resolve

conflicts in the evidence, and we may overturn the district court's resolution only if it is clearly erroneous"); *see also Norfin, Inc. v. IBM Corp.*, 625 F.2d 357, 361 (10th Cir. 1980) (The district court's findings of fact relating to the public use and on sale grounds for a patent invalidity determination "may not be set aside unless . . . clearly erroneous."). Indeed, the court in *Norfin* asserted that appellate courts "cannot, absent clear error, substitute [their] judgment for that of the trial court." *Norfin*, 625 F.2d at 361 (citation omitted).

Additionally, in *Bird Provision Co. v. Owens Country Sausage, Inc.*, 568 F.2d 369 (5th Cir. 1978), the Fifth Circuit discussed judicial review of invalidity findings based on grounds of prior public use. The court noted that while the "ultimate question of patent validity is one of law," such a conclusion of law "must be based on the results of several basic factual inquiries." *Bird Provision*, 568 F.2d at 372 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 86 (1960)). Further, "[f]indings of fact in patent cases, *no less than in other areas of law*, are tested on appeal under the strictures of the 'clearly erroneous' review standard of Fed. R. Civ. P. 52(a)." *Id.* (emphasis added) (citation omitted). Indeed, the court found that patent cases "seem particularly suited for review limitations imposed by Rule 52(a)" since they "so frequently involve conflicts in the evidence." *Id.*

The Federal Circuit, by reviewing patent invalidity factual determinations *de novo*, essentially purports to distinguish patent cases from other areas of law in its non-deferential review of the district court's findings. In effect, the Federal Circuit brushed the findings of the district court aside and made its own findings to

support a claim of patent invalidity. Such a practice not only weakens the integrity of the judicial system but also threatens the rights of litigants. As stated by this Court, “the trial on the merits should be ‘the “main event” . . . rather than a ‘tryout on the road.’” *Anderson*, 470 U.S. at 575 (quoting *Wainwright v. Sykes*, 433 U.S. 72, 90 (1977)). Accordingly, review of factual findings relating to patent invalidity must be subject to the “clearly erroneous” standard, which confers appropriate deference to the trier of fact. Otherwise, as happened here, litigants will be unjustly surprised by an appellate court’s new factual findings that were not tried or relied upon by the district court.

## **II. THE FEDERAL CIRCUIT HAS STRAYED FROM SUPREME COURT PRECEDENT IN ITS EFFORT TO PROVIDE RESULTS-ORIENTED JURISPRUDENCE.**

### **(A) The Federal Circuit has Decided an Important and Recurring Issue of Verb Tense Interpretation in a Manner that Conflicts with Recent Rulings of this Court and other Circuit Courts**

The Federal Circuit’s finding that a present tense interrogatory response can be representative of past events cannot be reconciled with this Court’s rulings on tense. In rejecting Leader’s argument that the use of the present tense limited its interrogatory responses to the time at which they were given, the Federal Circuit disregarded both basic rules of grammar and also this Court’s explicit rulings on tense construction. This Court has routinely emphasized the significance of verb tense as a tool of interpretation. *See, e.g., Carr*, 130 S. Ct. at 2236 (“Consistent with normal usage, we have

frequently looked to Congress' choice of verb tense to ascertain a statute's temporal reach"); *United States v. Wilson*, 503 U.S. 329, 333 (1992) ("Congress' use of a verb tense is significant in construing statutes.").

Instead, the Federal Circuit in this case found that the present tense verb "embodies" can actually account for past embodiments of the Leader2Leader® product, absent overt stipulations to the contrary. App. 13a. Yet under existing Supreme Court precedent, the present verb tense used by Leader in its answer to the interrogatory was restricting in itself. *See Carr*, 130 S. Ct. at 2236 ("[A] statute that regulates a person who 'travels' is not readily understood to encompass a person whose only travel occurred before the statute took effect."); *see also Dole Food Co. v. Patrickson*, 538 U.S. 468, 478 (2003) (plain text of statutory provision required certain interpretation "because it is expressed in the present tense"); *Ingalls Shipbuilding, Inc. v. Dir.*, 519 U.S. 248, 255 (1997) (relying on Congress' "use of the present tense" of key word to determine plain meaning of statute); *Gwaltney of Smithfield, Ltd. v. Chesapeake Bay Found., Inc.*, 484 U.S. 49, 59 (1987) ("[T]he undeviating use of the present tense strongly suggests [that] the harm sought to be addressed . . . lies in the present or the future, not in the past."). Further, influential authority mandates interpretation of the present tense verb "embodies" to apply only to the present time of the interrogatory response. *See The Dictionary Act*, 1 U.S.C. § 1 (2000) ("In determining the meaning of any Act of Congress . . . words used in the present tense include the future as well as the present"); *see also* App. 185a, Raymond W. Pence & Donald W. Emery, *A Grammar of Present Day English* 262 (2d ed. 1963) (The present tense "in general

represents present time.”). Thus the Dictionary Act, by implication, commands that the present tense generally does not include the past. *See Carr*, 130 S. Ct. at 2236. Accordingly, the Federal Circuit disregarded this Court’s substantial precedent when it interpreted “embodies” to constitute not only present but also *past* iterations of the Leader2Leader® product.

The Federal Circuit’s decision conflicts with other circuit courts’ rulings on tense, and threatens adverse evidentiary consequences. The circuit courts have consistently adhered to this Court’s emphasis on tense construction in order to construe the meaning of the present tense. *See, e.g., De Palacios v. Holder*, 651 F.3d 969, 976 (9th Cir. 2011) (use of the present tense includes both the present and the future); *Sherley v. Sebelius*, 644 F.3d 388, 394 (D.C. Cir. 2011) (“use of the present tense in a statute strongly suggests it does not extend to past actions”); *Harrold v. Astrue*, 323 Fed. Appx. 114, 116 (3d Cir. 2009) (finding that the present tense of the statute informs the reading of it); *United States v. Diaz*, 295 Fed. Appx. 375, 376 (2d Cir. 2008) (same); *United States v. Jackson*, 480 F.3d 1014, 1019 (9th Cir. 2007) (noting that the use of tenses in statutes generally is significant and “one would not refer in the present tense to something that had already happened”); *Medberry v. Butler*, 185 F.3d 1189, 1193 (11th Cir. 1999); *Baños v. O’Guin*, 144 F.3d 883, 885 (5th Cir. 1998) (“[T]he language of § 1915(g), by using the present tense, clearly refers to the time when the action or appeal is filed or the motion for IFP status is made.”).

Notably, the circuit courts' understanding of the present tense is not limited to instances of statutory interpretation. For example, the District of Columbia Circuit has found that a declaration in the present tense that stated, "I am aware of no. . . photographs . . . *being maintained*. . . in any file" cannot support a finding that the declarant "never maintained, collected or used" the photographs at issue. *Maydak v. United States*, 363 F.3d 512, 520 (D.C. Cir. 2004) (citation omitted). Additionally, in *United States v. Ofchinick*, 883 F.2d 1172, 1181 (3d Cir. 1989), the Third Circuit found relevant that the special interrogatory questions asked by the government were phrased in the present rather than the past tense; as such, the government was limiting their inquiry to the present time, not the past. The circuit courts agree that the use of the present tense in statements does not comprehend acts of the past. *Zimmer v. Travelers Ins. Co.*, 521 F. Supp. 2d 910, 945 (S.D. Iowa 2007) (present tense testimony from a doctor refers to the patient's present state of mental health and cannot be used to cover possible health issues in the past); *United States v. Chin*, 910 F. Supp. 889, 894-95 (E.D.N.Y. 1995) (present tense answers insufficient to show that five years ago and earlier, ammunition was not manufactured within New York). As such, a finding that Leader's 2009 present tense interrogatory response *pertained only to the time that it was given* is entirely consistent with the circuit courts' interpretations of the present tense, both in the statutory and evidentiary context.

Accordingly, the Federal Circuit's holding in this case is not only incompatible with the repeated findings of the circuit courts and this Court, but also potentially detrimental to future holdings of the weight that

certain testimonial evidence has. The Federal Circuit found that since Leader failed to both “qualify” its present tense interrogatory responses as exclusive of the past and to “specify any date ranges,” Leader’s admissions therefore covered both the time of the interrogatory responses and any point in the past. App. 13a-14a. As such a finding goes starkly against both this Court’s and circuit court precedent, its implications towards the potential misinterpretations of present tense testimony are numerous. Never before have parties been required to qualify a present tense testimonial statement with a specific date range in mind, for fear that years later in the litigation their words may be turned against them. Such a precedent, if established here, would make depositions and interrogatories tortuous since litigants will be forced to ignore the present tense of the question and answer all possible permutations of the question for all times past. This practice would essentially render the Federal Rules of Evidence regarding evidentiary burdens meaningless. *See, e.g.*, Fed. R. Evid. 301 (“this rule does not shift the burden of persuasion, which remains on the party who had it originally.”). For fear of being blindsided by this issue like Leader has been, litigants would be forced to interpret each and every future interrogatory for its permutational land mines and go overboard to prevent future surprises. Both the rules of grammar and the long-standing practice of statutory interpretation must guide the courts in recognizing the significance of tense in the evidentiary context and the importance of clearly delineating the parameters of the present tense as inclusive only of the present and future.

**(B) This Court’s Decision in *Pfaff* Requires a Limitation-by-Limitation Analysis to Prove Invalidity under § 102(b), Yet the Federal Circuit Eliminated the Need for Such Analysis**

Nearly fourteen years ago, this Court held that in order for an on-sale bar to apply two conditions must be satisfied before the critical date. “First, the product must be the subject of a commercial offer for sale” and “[s]econd, the invention must be ready for patenting.” *Pfaff*, 525 U.S. at 67. The Federal Circuit later stated that “the Supreme Court’s ‘ready for patenting test’ applies to the public use bar under § 102(b).” *Invitrogen Corp. v. Biocrest Mfg.*, LP, 424 F.3d 1374, 1379 (Fed. Cir. 2005). Shortly after the *Pfaff* decision the Federal Circuit stated that “the first determination in the § 102(b) analysis must be whether the subject of the barring activity met each of the limitations of the claim, and thus was an embodiment of the claimed invention.” *Scaltech Inc. v. Retec/Tetra, L.L.C.*, 178 F.3d 1378, 1383 (Fed. Cir. 1999); *see also* *Gemmy Indus. Corp. v. Chrisha Creations Ltd.*, 452 F.3d 1353, 1359-60 (Fed. Cir. 2006); *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1355 (Fed. Cir. 2002); *Dana Corp. v. Am. Axle & Mfg., Inc.*, 279 F.3d 1372, 1375 (Fed. Cir. 2002); *Helifix Ltd. v. Blok-Lok, Ltd.*, 208 F.3d 1339, 1350 (Fed. Cir. 2000). This limitation-by-limitation, or element-by-element, analysis follows the holding of *Pfaff* because the Court in *Pfaff* found that the product offered for sale contained all elements of the claimed invention when applying the “ready for patenting” analysis and therefore was the subject of the offer for sale. *Pfaff*, 525 U.S. at 68.

*Pfaff* requires that the invention must be ready for patenting for an on-sale use bar to apply. This can be shown in two ways: “by proof of reduction to practice before the critical date; or by proof that prior to the critical date the inventor had prepared drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention.” *Id.* at 56. Both showings inherently require an element-by-element analysis of the claimed invention to the product offered for sale. Such an analysis is further supported in *Pfaff* by the Court’s finding that the subject of the offer for sale included drawings that were sent to the manufacturer fully disclosed all elements of the claimed invention. *Id.* at 68-69. All the elements in the claimed invention must be shown in the subject of the offer for sale or public use just as found in *Pfaff*.

The Federal Circuit in its decision below failed to address the lack of any element-by-element analysis shown by Facebook in proving invalidity under § 102(b); even after the jury failed to follow its instructions to do so. App. 146a-147a. In its appeal, Leader argued that an “accused infringer must prove that a prior use or offer for sale met each and every claim limitation through clear evidence. . . .” App. 178a. Facebook provided no evidence of source code, expert testimony, engineering testimony, technical documents, schematics, or correspondence to support its position that the Leader2Leader product suite met all the claim limitations of the claimed invention before December 11, 2002. *Id.* However, Facebook did attempt on an element-by-element basis to prove that other prior art references anticipated the claimed invention. App. 178a-179a. The jury, though, correctly

rejected that anticipation defense. Even though Facebook had every version of Leader’s source code in its possession, it did not even attempt to introduce this code to prove invalidity. App. 179a. Such an omission should be fatal to Facebook’s claims since it proves by direct inference that Facebook *could not prove its case with the hardest evidence of all*—Leader’s source code—and therefore resorted to innuendo and trial theater. While trial theater may confuse a jury into erroneous conclusions, it should not sway federal judges. Facebook failed to prove on sale and public use bars through an element-by-element analysis because the 2002 Leader2Leader did not incorporate the claimed invention at that time.

**1. The Federal Circuit Decision Below Disregards This Court’s Holding in *Pfaff*.**

The Federal Circuit denied Leader’s right to have its patent evaluated by the clear “ready for patenting” standard articulated in *Pfaff*. The Federal Circuit simply failed to address Leader’s “ready for patenting” contentions and erroneously stated that “[n]or for the purposes of the on-sale bar, does Leader contest that the invention was ‘ready for patenting’ prior to the critical date.” App. 12a. This opening remark by the Federal Circuit merely parrots Facebook unsupported mantra. To the profound contrary, Leader has vehemently contested that the invention was ready for patenting. Even the trial court did not agree with the Federal Circuit’s false statement in its opinion, stating that “Leader contends that Facebook failed to establish that the claimed invention was ready for patenting. . . .” App. 64a-65a. Leader also contested

that the invention was not “ready for patenting” in its appeal to the Federal Circuit. App. 180a.

In its appeal, Leader argued that the district court erred in construing two of Leader’s interrogatory responses “as an admission that the invention was ready for patenting prior to the critical date.” App. 180a. Leader argued that these “responses say nothing about whether Leader2Leader included the patented technology before December 11, 2002.” *Id.* Leader still contends that these interrogatory responses cannot prove that the invention was “ready for patenting” because Facebook’s interrogatory was in the present tense and Leader answered in the present tense as of the date of the interrogatory in 2009. App. 181a. In fact, the district court’s Order on Sep. 4, 2009 limited Leader’s answer to the present tense, to every Leader product or service that Leader contends practices any of the asserted claims. Leader’s answer should not have been treated as an admission by the district court or the Federal Circuit.

The Federal Circuit clearly erred in failing to address whether the claimed invention was ready for patenting prior to the critical date.

## **2. The Federal Circuit Has Again Adopted A Totality of Circumstances Test**

The Federal Circuit searched the record and found what it could to try and justify the lower court’s ruling of patent invalidity under the § 102(b) bars. However, the Federal Circuit did not apply any “ready for patenting” test that incorporates an element by element analysis. Rather the court of appeals applied

the pre-*Pfaff* “totality of the circumstances’ test to determine the trigger for the on-sale bar.” *Pfaff*, 525 U.S. at 66, n.11. The Federal Circuit construed Leader’s interrogatory responses into an admission that Leader2Leader product in 2002 incorporated the claimed invention and faulted Leader for not specifying a date range, despite the district court’s instructions to answer in the present tense. App. 13a-14a. The Federal Circuit also cited to pre-critical date documents “describ[ing] the software as facilitating the same type of user interaction described in the ‘761 patent’s embodiments, such as document management.” App. 15a. Without hard element-by-element tests, this reference to “document management” is meaningless innuendo. The Federal Circuit went even further and cited to Leader’s financial condition in 2002 to support its conclusion that there was enough evidence to uphold invalidity under § 102(b). App. 7a. (“Leader was making every effort to sell that product in the marketplace.”). Leader’s financial condition was never the subject of analysis at trial, so the Federal Circuit’s citations to Leader’s finances as alleged proof of on-sale bar are also meaningless at worst, and innuendo at best. Leader testified that they were selling a number of different products like Leader Phone® and Leader Alert® which Facebook failed to differentiate from Leader2Leader® and which Leader testified did not contain the invention prior the critical date when it became ready for patenting. The Federal Circuit’s mention of a single business email to American Express is irresponsible since Facebook never even mentioned American Express at trial. In short, the Federal Circuit’s chase through footnote 16 to find new evidence is meaningless at worst, and more innuendo at best, since none of the footnote contents were tested

pursuant to the *Pfaff* element-by-element analysis. App. 9a; App. 91a-92a.

The Federal Circuit looked at the totality of Leader's case, taking into consideration factors that were not articulated in *Pfaff* and concluded that it was enough to satisfy the on sale and public use bar under § 102(b). This type of analysis was explicitly rejected under *Pfaff*. *Pfaff*, 525 U.S. at 66, n.11.

### CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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## HOT LINKS TO APPENDIX FOR

[Petition for Writ of Ceriorari, \*Leader Technologies, Inc. v. Facebook, Inc.\*, No. 12-617 \(U.S. Supreme Court Nov. 16, 212\)](#)

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