No. 10-1384

In The
Supreme Court of the United States

MAX RACK, INC.,

Petitioner,

v.

HOIST FITNESS SYSTEMS, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

Jeffrey S. Standley
Counsel of Record
STANDLEY LAW GROUP LLP
6300 Riverside Drive
Dublin, Ohio 43017
(614) 792-5555
litigation@standleyllp.com

Dated: May 11, 2011 *Counsel for Petitioner*

THE LEX GROUP[DC] ♦ 1825 K Street, N.W. ♦ Suite 103 ♦ Washington, D.C. 20006
(202) 955-0001 ♦ (800) 856-4419 ♦ Fax: (202) 955-0022 ♦ www.thelexgroup.com

QUESTION PRESENTED

Whether it is a denial of due process in violation of the Fifth Amendment to the United States Constitution for the Federal Circuit Court of Appeals to merely affirm a decision of the District Court on the scope of a patent property right with no expressed independent analysis of issues for which *de novo* review is required.

PARTIES TO THE PROCEEDING

Pursuant to Rule 1.41(b), the parties here and in the proceeding in the U.S. Court of Appeals for the Federal Circuit are listed.

Petitioner here and appellant below is Max Rack, Inc. The real party in interest is Max Rack, Inc.

Respondent here and appellee below is Hoist Fitness Systems, Inc. The real party in interest is Hoist Fitness Systems, Inc.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

All parent corporations and publicly held companies that own 10% or more of the stock of Max Rack, Inc. are: None.

All parent corporations and publicly held companies that own 10% or more of the stock of Hoist Fitness Systems, Inc. are: None.

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OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit (App., *infra*, 1a) is not reported. The order of the U.S. District Court for the Southern District of Ohio (App., *infra*, 8a) is reported at 2010 U.S. Dist. LEXIS 13374 (6th Cir. August 14, 2009).

JURISDICTION

The judgment of the U.S. Court of Appeals for the Federal Circuit was entered on February 10, 2011. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISION INVOLVED

US Const., amend. V

No person shall... be deprived of life, liberty, or property without due process of law.

RULES ON REVIEW

Federal Circuit Rule 36

> The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and opinion would have no precedential value:

> (a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
>
> (b) the evidence supporting the jury's verdict is sufficient;
>
> (c) the record supports summary judgment, directed verdict, or judgment on the pleadings;
>
> (d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or
>
> (e) a judgment or decision has been entered without an error of law.

STATEMENT OF THE CASE

Max Rack, Inc. ("Max Rack") commenced this patent infringement action against Hoist Fitness Systems, Inc. ("Hoist") on August 19, 2005. Max Rack claimed infringement of United States Patent Nos. 5,215,510 and 5,669,859 (the "'510 and '859

Patents" respectively) (App., *infra*, 85a and 119a). Hoist answered, seeking, among other claims, a declaratory judgment of unenforceability, invalidity, and non-infringement of the patents-at-issue. This petition addresses only issues relating to the '510 patent.

Claim construction briefing in this case was completed on September 25, 2006. A Markman hearing was held on November 1, 2006, but claim term definitions would not be supplied by the court for nearly three years thereafter. Meanwhile, on October 29, 2008, Hoist filed a summary judgment motion that the '510 and '859 Patents were not infringed. Over its objection, Max Rack had no option but to respond to said summary judgment motion without benefit of the Court's claim construction. Max Rack's opposition to Hoist's motion for summary judgment relied on the expert declaration of Max Rack's technical expert. In pertinent part, the expert declared that he had physically examined the accused device and based on that analysis, found that each and every element of the asserted patent claims of the '510 and '859 Patents were present. The opinions provided by the technical expert were based on Max Rack's proposed construction of relevant claim terms. Despite Max Rack's opposition, the District Court granted Hoist's summary judgment motion of non-infringement on August 14, 2009 in the same Order in which the claim terms disputed by the parties were construed.

In its Order granting summary judgment of non-infringement, the District Court finally construed the terms of the '510 patent. The

dispositive terms upon which the decision was ultimately based are found in claim 1 of the '510 patent: "...said vertically extending bars being pivotally attached to said horizontal guide means at at least one of the tops and bottom of each of said bars", App. 133a. The District Court focused on the specific words "pivotally attached."

The District Court ultimately decided that the phrase in question meant ""the vertically extending bars are attached to the horizontal guide means so that the vertically extending bars **can turn about the point of attachment as if on a shaft or pin**, and each vertically extending bar must pivotally attach to the horizontal guide means at the top or bottom, or both ends of the vertically extending bars." Opinion and Order, App. 38a-39a, *Max Rack, Inc. v. Hoist Fitness Systems, Inc.*, No. 102, 2010 U.S. Dist. LEXIS 13374 (6th Cir. August 14, 2009). The phrase "can turn about the point of attachment as if on a shaft or pin" describes pivotal motion.

Having construed the disputed terms, the District Court proceeded to rule on Hoist's motion for summary judgment. The District Court acknowledged Max Rack's technical expert's personal review and testing of the accused device. The Court also acknowledged that Max Rack's technical expert provided testimony that Hoist's accused device had pivotal motion. *Id.* at App. 65a-66a.

Summary Judgment of non-infringement was granted in favor of Hoist because the District Court concluded that the testimony provided in Max Racks

expert's declaration did not establish that the accused device possessed the "pivotally attached" element. *Id.* at App. 67a-68a. The District Court reached that conclusion only after it inconsistently revised its construction. In discounting Max Rack's expert's opinion about the existence of "pivotal motion", the District Court stated "[I]t is not pivotal motion that the claim defines, but rather pivotal attachment." *Id.* App. 68a, emphasis added. Notably, Max Rack was never presented with the opportunity to submit evidence that the accused device possessed the claim elements as inconsistently construed by the Court. Max Rack appealed the District Court's decision. In a one word opinion, the Federal Circuit "affirmed" the decision of the District Court pursuant to Federal Circuit Rule 36.

REASONS FOR GRANTING THE PETITION

DUE PROCESS OF LAW IS VIOLATED WHEN THE FEDERAL CIRCUIT COURT OF APPEALS MERELY AFFIRMS A DECISION OF THE DISTRICT COURT ON THE SCOPE OF A PATENT PROPERTY RIGHT WITH NO EXPRESSED INDEPENDENT ANALYSIS OF ISSUES FOR WHICH *DE NOVO* REVIEW WAS REQUIRED

A person's right to the protection of his or her intellectual property is provided by the United States Constitution at Article I, Section 8 declaring that Congress shall have power "[t]o promote the Progress of Science and useful Arts, by securing for

limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8. 35 U.S.C. § 101 *et seq.* was enacted to implement this Constitutional mandate thereby allowing inventors to receive patents for their inventions.

The interpretation of patents is a matter of law.[1] This Court explained the benefits of reserving the interpretation of patents to the judges of our Federal Courts in *Markman v. Westview*, 517 U.S. 370 (1996), as follows:

> Finally, we see the importance of uniformity in the treatment of a given patent as an independent reason to allocate all issues of construction to the court. As we noted in *General Elec. Co.* v. *Wabash Appliance Corp.*, 304 U.S. 364, 369 (1938), "[t]he limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius

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[1] The two elements of a simple patent case, construing the patent and determining whether infringement occurred, were characterized by the former patent practitioner, Justice Curtis. 'The first is a question of law, to be determined by the court, construing the letters patent, and the description of the invention and specification of claim annexed to them. The second is a question of fact, to be submitted to a jury.'

Winans v. *Denmead*, 15 How., at 338; see *Winans* v. *New York & Erie R. Co.*, 21 How., at 100; *Hogg* v. *Emerson*, *supra*, at 484; cf. *Parker* v. *Hulme*, 18 F. Cas. 1138, 1140." 517 U.S. 384-5.

> of others and the assurance that the subject of the patent will be dedicated ultimately to the public." Otherwise, a "zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field," *United Carbon Co.* v. *Binney & Smith Co.*, 317 U.S. 228, 236 (1942), and "[t]he public [would] be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights." *Merrill* v. *Yeomans*, 94 U.S. 568, 573 (1877). It was just for the sake of such desirable uniformity that Congress created the Court of Appeals for the Federal Circuit as an exclusive appellate courts for patent cases, H. R. Rep. No. 97-312, pp. 20-23 (1981), observing that increased uniformity would "strengthen the United States patent system in such a way as to foster technological growth and industrial innovation." *Id.*, at 20.

517 U.S. at 390.

The United States Court of Appeals for the Federal Circuit ("Federal Circuit") was established in 1982 and possesses exclusive jurisdiction over appeals from the United States district courts relating to patents. The Federal Circuit is the only voice and has the final say on the interpretation of

patents, absent review by this Court. In reviewing questions of patent interpretation, as with reviewing all issues of law, the appropriate standard is *de novo*. "This court may not give deference to the trial court's factual decisions underlying its claim construction. This court's prior en banc decision requires a review of the district court's claim construction without the slightest iota of deference." *Trading Techs. Int'l, Inc. v. eSpeed, Inc.*, 595 F.3d 1340, 1351 (Fed. Cir. 2010).

The phrase "*de novo* determination" has an accepted meaning in the law. It means an independent determination of a controversy that accords no deference to any prior resolution of the same controversy. *United States v. Raddatz*, 447 U.S. 667, 690 (1980). *See also*, *Renegotiation Board v. Bannercraft Clothing Co.*, 415 U.S. 1, 23 (1974) (A "*de novo* proceeding" is a review "unfettered by any prejudice from the [prior] agency proceeding and free from any claim that the [agency's] determination is supported by substantial evidence."); *United States v. First City National Bank*, 386 U.S. 361, 368 (1967) ("Review *de novo*" means "that the court should make an independent determination of the issues" and should "not...give any special weight to the [prior] determination of" the administrative agency.)

Procedural due process is derived from the 5th Amendment: "No person shall ... be deprived of life, liberty, or property without due process of law." (U.S. Const. amend. V). While what process is due has been, and will continue to be, much debated, it has been established that due process is satisfied if, at a minimum, the following are provided: an opportunity to be heard, notice of an adverse

proceeding, the right to defend and confront witnesses, the right that the decision maker's conclusion rest on the legal rules and evidence adduced, an impartial decision maker, and a decision maker that should state "the reasons for his determination and indicate the evidence he relied on." *Goldberg v. Kelly*, 397 U.S. 254, 271 (1970).

It is incumbent then, in judicial proceedings involving the interpretation of patents to avoid "the zone of uncertainty" that the litigants are afforded all procedural due process rights, importantly including the right for a well-stated and reasoned opinion accompanying the decision. 517 U.S. at 390 (*quoting United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942). In the context of *de novo* review of claim construction by the Federal Circuit, sitting as the decision maker, it is also incumbent that litigants be provided the reasons for the determination and the evidence relied upon.

While the Federal Circuit is an appellate court bound by the Federal Rules of Appellate Procedure, the Federal Circuit is special among federal appellate courts because it additionally operates in accordance with the Federal Circuit Rules. Federal Circuit Rule 36 ("Rule" or "Rule 36") entitled "Entry of Judgment – Judgment Affirmance without Opinion" provides:

> The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and opinion would have no precedential value:
>
> (a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
>
> (b) the evidence supporting the jury's verdict is sufficient;
>
> (c) the record supports summary judgment, directed verdict, or judgment on the pleadings;
>
> (d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or
>
> (e) a judgment or decision has been entered without an error of law.

This Rule permits the Federal Circuit, under certain circumstances, to issue a judgment of affirmance without opinion and it regularly does so – even in patent cases on issues requiring a *de novo* determination such as claim construction. That

is to say, in certain instances the Federal Circuit conducts an independent determination of claim construction that accords no deference to any prior resolution of that controversy and issues a judgment of affirmance without an opinion. It is of note that other Federal Circuit Courts of Appeal have similar rules to the Federal Circuit's Rule 36; however, no other appellate court is permitted to construe patent claims. Accordingly, unlike other areas of the law where different circuits can and do reach different conclusions, the Federal Circuit is effectively the court of last resort for claim construction.

The Federal Circuit justified the existence and use of Rule 36 in *United States Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554 (Fed. Cir. 1997), citing Supreme Court dicta in support:

> Appeals whose judgments are entered under Rule 36 receive the full consideration of the court, and are no less carefully decided than the cases in which we issue full opinions. The Rule permits the court to dispense with issuing an opinion that would have no precedential value, when the circumstances of the Rule exist. *See Taylor v. McKeithen*, 407 U.S. 191, 194 n.4, 32 L. Ed. 2d 648, 92 S. Ct. 1980 (1972) ("We, of course, agree that the courts of appeals should have wide latitude in their decisions of whether or how to write opinions. That is especially true with respect to summary affirmances.")

United States Surgical Corp. v. Ethicon, Inc., 103 F.3d 1554, 1556 (Fed. Cir. 1997).

In *Taylor*, the Supreme Court vacated and remanded the Court of Appeals' judgment because the lower court did not provide an explanation underlying the reasons for its summary reversal of the district court. *Taylor v. McKeithen*, 407 U.S. 191, 194 (1972). However, because summary affirmances - like summary reversals - obscure the court's rationale, no one, including the Supreme Court and the Appellant, can ascertain from a decision rendered in accordance with Rule 36 on issues for which *de novo* review is mandatory whether an independent determination according no deference to any prior resolution occurred or, even assuming that the proper review occurred, on what basis the Federal Circuit determined that Rule 36 rendered a written opinion unnecessary. Notably, the *Ethicon* rationale and Rule 36 justification, that there is no "precedential value" for a decision involving *de novo* review of claim construction is at odds with the concept that "[t]he public [would] be deprived of rights supposed to belong to it, without being clearly told what it is that limits these rights." 517 U.S. at 390 (*quoting Merrill v. Yeomans*, 94 U.S. 568, 573 (1877).

It has been said that the function of an appellate court ...

> ...is, briefly stated, the function, not of declaring justice between man and man, but of settling the law. The court exists, not for the individual

> litigant, but for the indefinite body of litigants, whose causes are potentially involved in the specific cause at issue. The wrongs of aggrieved suitors are only the algebraic symbols from which the court is to work out the formula of justice."

Cardozo, *Jurisdiction of the Court of Appeals*, § 6 (2d ed. 1909).

Without an explication of the reasons underlying the Federal Circuit's affirmance of a lower court, there is no assurance that *de novo* review occurred at all.[2] Thus, the Appellant's patent rights may be stripped away (e.g., in the case of an adverse summary judgment decision) or limited (e.g., in certain claim construction decisions) without so much as even a scintilla of evidence that the Federal Circuit engaged in *de novo* review. Moreover, and perhaps more importantly, the public's (or in Justice Cardozo's words, "the infinite body of litigants") right to fully understand the metes and bounds of a patent are never fully developed. *Id.*

Rule 36 further insults the notions of fair play and transparency by not requiring identification of

[2] Finally, the decisionmaker's conclusion as to a recipient's eligibility must rest solely on the legal rules and evidence adduced at the hearing. *Ohio Bell Tel. Co. v. PUC*, 301 U.S. 292 (1937); *United States v. Abilene & S. R. Co.*, 265 U.S. 274, 288-289 (1924). To demonstrate compliance with this elementary requirement, the decision maker should state the reasons for his determination and indicate the evidence he relied on. *Cf. Wichita R. & Light Co. v. PUC*, 260 U.S. 48, 57-59 (1922) (*Goldberg*, 397 U.S. 271).

which of its five sub-sections the decision fell under such that a written opinion is unnecessary. Such latitude hints that the Federal Circuit is infallible, permits the Federal Circuit to effectively stand as the last resort, prevents review of the decisions of the Federal Circuit, and erodes the public's confidence in the appellate process and in the value of patents.[3]

In light of this, Petitioner asserts that the Federal Circuit's use of Rule 36 is a violation of the Fifth Amendment's Due Process Clause for issues requiring *de novo* review.[4]

[3] The Supreme Court is equally dependent upon the thoroughness with which issues are sifted and explored before they reach the Court. In this process the opinions below play an important role. They compel analysis and formulation of the issues in a controversy, sharpen responsibility in adjudication, and advise litigants and the appellate court of the factors that control decisions. Only by such a process is the controversy adequately focused for the consideration of the Supreme Court.

Frankfurter and Landis, *The Judiciary Act of 1925*, 42 Harv. L. Rev. 1, 23-24 (1928).

[4] In *Browder v. Director, Dept. of Corrections*, 434 U.S. 257 (1978), the Court granted a petition for certiorari on several grounds, of which one was a constitutional challenge of the Seventh's Circuit's then existing rule relating to "unpublished opinions." Because *Browder* was dismissed by the Court for lack of jurisdiction, the Court determined that it did not need to rule on the propriety of unpublished opinions and reserved that issue "for another day." 434 U.S. at 272, fn 1. Petitioner submits that the constitutional issues relating to decisions without opinions are similar in many ways to the constitutional

In this case, Max Rack appealed a combined claim construction/summary judgment decision, in part, on the basis that the district court's claim construction was erroneous and that application of the erroneous construction resulted in the court's conclusion of non-infringement.

On February 10, 2011, the Federal Circuit affirmed the district court's grant of summary judgment of non-infringement and claim construction order without opinion, citing Rule 36 – a rule that secrets any *de novo* review that may have occurred and any rationale by which the Federal Circuit reached the same conclusion as the lower court. App. 2a. By invoking Rule 36, the Federal Circuit avoids scrutiny of its decisions preventing an Appellant such as Max Rack from seeking further review. In so doing, the Federal Circuit simultaneously diminished Max Rack's patent rights as it denied Max Rack due process in violation of the Fifth Amendment.

The problem with the Federal Circuit's affirmance without opinion in this case, is that it does not address the glaring inconsistency the District Court gave to claim construction and how that inconsistency led to the finding of non-infringement. Because of the inconsistency below, in reviewing the Federal Circuit's Rule 36 affirmance, the parties, this Court and the public are left in a quandary about the appropriate scope to ascribe to the claims of the patent at issue and the propriety of the ultimate determination that summary judgment

issues relating to unpublished opinions and that the "another day" the Court referred to in its *Browder* decision is today.

was warranted. Max Rack appealed to the Federal Circuit fully expecting *de novo* review of the construction. One can never know if that review occurred.

The Inconsistency Below

Claim 1 of the '510 patent recites, in pertinent part, "...said vertically extending bars being pivotally attached to said horizontal guide means at at least one of the tops and bottom of each of said bars". App. 133a. This element was referred to as Claim Element 1.10 at the district court level. Claim 1 additionally provides that "said horizontal guide means being attached to said frame." App. 133a. Claim 4, depending ultimately from claim 1, recites that the "horizontal guide means are comprised of two pairs of horizontally extending elongated bars, one pair of each side of said frame...". App. 134a. Thus under the Doctrine of Claim Differentiation, claim 1 encompasses exercise apparatus wherein the vertically extending bars are pivotally attached, at either the top, the bottom, or both top and bottom of each vertically extending bar, to horizontally extending elongated bars.

The district court construed claim element 1.10 to mean that "the vertically extending bars are attached to the horizontal guide means so that the vertically extending bars can turn about the point of attachment as if on a shaft or pin, and each vertically extending bar must pivotally attach to the horizontal guide means at the top or bottom, or both ends of the vertically extending bars." Opinion and Order, App. 38a-39a, *Max Rack, Inc. v. Hoist Fitness*

Systems, Inc., No. 102, 2010 U.S. Dist. LEXIS 13374 (6th Cir. August 14, 2009). The construction alludes to the motion between vertically extending bars and the horizontal guide means as indicia of a pivotal attachment. However, the district court's analysis of Max Rack's expert's opinion on non-infringement denounced reliance on the existence of such motion to prove that vertically extending bars are pivotally attached to the horizontal guide means. "It is not pivotal motion that the claim defines, but rather pivotal attachment. *Id.* App. 68a, emphasis added. Thus, the court construed Claim Element 1.10 on the basis of the motion and, in the same order, contradictorily modified the construction rendering ambiguous whether the claim element requires the motion at all.

With the inconsistent claim construction in hand, the District Court granted Hoist's motion for summary judgment. The District Court found that Max Rack's technical expert, who had opined that there was pivotal motion consistent with the District Court's original construction of Claim Element 1.10, did not support the inconsistent definition; i.e. "it is not pivotal motion that the claim defines, but rather pivotal attachment." *Id.* App. 68a. All that one can take from the Rule 36 affirmance is that the inconsistent definitions were not error.

Petitioner asserts it is a denial of Due Process for the Federal Circuit to affirm, without opinion, inconsistencies in claim construction which lead to an alleged necessary finding that an expert's opinion does not support a claim of infringement because he

did not rely on the unavailable inconsistent claim construction.

In some instances, as occurred in this case, the District Courts will issue claim construction orders in conjunction with their rulings on Summary Judgment. Petitioner clarifies it is not this practice which violates Due Process of Law, but asserts that the practice can lead to Due Process violations and has done so in this case. Specifically, when a party in opposition to a motion for summary judgment of non-infringement, relies on the declaration of an expert witness who has conducted in person analysis and testing of the accused device, and thus has a reliable and relevant opinion, it is a violation of Due Process for the judge and a *de novo*-reviewing court to find that the expert's opinion cannot create a genuine issue of material fact when – to no fault of the non-movant – the expert has not addressed infringement under a court's inconsistently adopted, and later in time, construction of the claims.

In this case, when Max Rack's expert opined on the issue of infringement and formulated his declaration in support of Max Rack's Motion in Opposition, he did not have the benefit of knowing how the court would construe the terms of the patent, or more importantly, to know that the court would contradict itself in its own construction. Interestingly, had the lower court only relied on the first portion of its construction for Claim Element 1.10, Max Rack's expert's opinion would not have been discounted.

Max Rack and the public are left with a valid patent that has been inconsistently construed. Had the Federal Circuit truly conducted *de novo* review of claim construction, the blatant contradiction of the lower court's construction related to Claim Element 1.10 would have been addressed and corrected. The public would have been afforded notice of the metes and bounds of the patent claims of the '510 patent. Importantly to Max Rack, their technical expert's opinion would have provided the necessary support for the claim of infringement. In that case, summary judgment would not have been properly granted. However, where, as here, the Federal Circuit issues a Rule 36 affirmance, review of the reviewer is difficult to request.

CONCLUSION

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

Respectfully submitted,

Jeffrey S. Standley
Counsel of Record
STANDLEY LAW GROUP LLP
6300 Riverside Drive
Dublin, Ohio 43017
(614) 792-5555
litigation@standleyllp.com

Counsel for Petitioner

APPENDIX