

Case No. 2020-1483

United States Court of Appeals
for the Federal Circuit

WPEM, LLC,
Plaintiff - Appellant

v.

SOTI INC.,
Defendant - Appellee

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF TEXAS IN Civil Action No. 2:18-CV-00156,
Honorable Judge Rodney Gilstrap

PETITION FOR REHEARING AND REHEARING *EN BANC*

Attorneys for Appellants:

Ramey & Schwaller, LLP

/s/ William P. Ramey, III
William P. Ramey, III
Texas Bar No. 24027643
wramey@rameyfirm.com
5020 Montrose Blvd., Suite 800
Houston, Texas 77006
(713) 426-3923
(832) 900-4941 (fax)

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4(a) and Federal Rule of Appellate Procedure 26.1, counsel for Appellant WPEM, LLC (“WPEM”) certifies the following:

1. The full name of every party represented by the undersigned is WPEM, LLC of Harris County, Texas.

2. The real party in interest is WPEM, LLC.

3. WPEM, LLC has no parent corporation and there is no publicly held corporation that owns 10% or more of the stock of either corporation.

4. The names of all law firms and the partners or associates that appeared for WPEM, LLC in the district court or are expected to appear in this Court are:

William P. Ramey, III
Donald H. Mahoney III
Ramey & Schwaller, LLP

Harry Laxton
Ramey & Schwaller, LLP
(not expected to appear before this Court)

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court’s decision in the pending appeal. See Fed. Cir. R. 47. 4(a)(5) and 47.5(b).

None.

Date: December 21, 2020

/s/ William P. Ramey, III
William P. Ramey, III

TABLE OF CONTENTS

I.	FEDERAL CIRCUIT RULE 35(b) STATEMENT	1
II.	POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL OF THE COURT	2
III.	ARGUMENT IN SUPPORT OF REHEARING	3
	A. The District Court’s Order Ignores the Presumption of Validity.....	3
	B. WPEM Had No Reason to Question Validity or Enforceability.....	7
	1. The Evidence is Unequivocal that No One Associated with WPEM Knew of the Prior Version of MobiControl.....	7
	2. SOTI’s Online Documentation Provides No Notice Of Prior Versions Of Software	9
	C. The District Court’s Order Effectively Invalidates the ‘762 Patent.....	10
IV.	ARGUMENT IN SUPPORT OF REHEARING EN BANC.....	12
V.	CONCLUSION.....	13

TABLE OF AUTHORITIES

Cases

<i>Cabinet Vision v. Cabnetware</i> , 129 F.3d 595 (Fed. Cir. 1997).....	6
<i>Comput. Docking Station Corp. v. Dell, Inc.</i> , 519 F.3d 1366 (Fed. Cir. 2008).....	6
<i>Insite Vision Inc. v. Sandoz, Inc.</i> , 783 F.3d 853 (Fed. Cir. 2015).....	11
<i>Microsoft Corp. v. i4i Ltd. P'ship</i> , 564 U.S. 91, 131 S. Ct. 2238 (2011)	6, 17
<i>Octane Fitness, LLC v. Icon Health & Fitness, Inc.</i> , 134 S. Ct. 1749 L. Ed. 2d 816 (2014).....	6, 7, 15, 17
<i>Q-Pharma, Inc. v. Andrew Jergens Co.</i> , 360 F.3d 1295 (Fed. Cir. 2004).....	6, 7
<i>Rothschild Connected Devices Innovations, LLC v. Guardian Prot. Servs.</i> , 858 F.3d 1383 (Fed. Cir. 2017)	11
<i>Vehicle Interface Techs., LLC v. Jaguar Land Rover N. Am., LLC</i> , 2015 U.S. Dist. LEXIS 171964.....	15
<i>WPEM, LLC v. SOTI, Inc.</i> , No. 2020-1483, 2020 U.S. App. Lexis 38440 (Fed. Cir. 2020)	6

I. FEDERAL CIRCUIT RULE 35(b) STATEMENT

Based on my professional judgment, I believe the panel decision found at *WPEM, LLC v. SOTI, Inc.*, No. 2020-1483, 2020 U.S. App. Lexis 38440 (Fed. Cir. 2020) (“Decision” or “Written Opinion”) is contrary to the following decision(s) of the U.S. Supreme Court or the precedent(s) of this Court:

1. *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 131 S. Ct. 2238 (2011);
2. *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014);
3. *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1304 (Fed. Cir. 2004); and,
4. *Comput. Docking Station Corp. v. Dell, Inc.*, 519 F.3d 1366 (Fed. Cir. 2008).

and consideration by the full Court is thus necessary to secure and maintain uniformity of the Court’s decisions.

Based on my professional judgment, I believe this proceeding involves one or more questions of exceptional importance, namely:

1. When a plaintiff is not aware of any reason to question the validity of an issued United States Patent, is that plaintiff allowed to rely on the statutory presumption of validity when filing a patent infringement lawsuit?

2. While invalidating the claims of a validly issued United States Patent requires clear and convincing evidence, is a District Court allowed to base a finding of exceptionality under §285 for an inadequate pre-suit investigation of patent validity using the lesser standard that the patent is likely invalid when the plaintiff is not aware of any reason to question validity?

II. POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL OF THE COURT

Appellant requests rehearing and *en banc* reconsideration of this appeal to protect an issued United States Patent's presumption of validity¹ and not allow that presumption to be circumvented by a District Court in the Section 285 context. Patent plaintiffs deserve to know where the line of sanctions lies under Section 285, either a patent is presumed valid or it is not. Under the District Court's Order, this patent was not presumed valid and the District Court found the '762 patent invalid under a preponderance of the evidence standard.²

A patent plaintiff is entitled to rely on an issued patent's presumption of validity when filing a lawsuit, absent a reason to question that presumption, and need

¹ *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 140, 131 S. Ct. 2238, 2245 (2011).

² Appx0012.

not perform a pre-suit validity or enforceability investigation.³ The District Court’s Order denies access to the courts for patent holders by creating new pre-suit validity and infringement obligations.

While a District Court has discretion under Section 285 to award fees to a prevailing party in exceptional cases,⁴ it is an abuse of discretion to require:

1. an “invalidity and enforceability pre-filing investigation”⁵ when there is no reason to question validity (or enforceability) and
2. a pre-filing infringement analysis that uncovers other infringing products.⁶

III. ARGUMENT IN SUPPORT OF REHEARING

A. The District Court’s Order Ignores the Presumption of Validity.

The District Court’s Order finding this case exceptional effectively eviscerates the presumption of validity of an issued patent by requiring

1. a validity analysis prior to filing suit;⁷
2. an enforceability analysis prior to filing suit;⁸ and,
3. an infringement analysis that uncovers other potentially infringing

³ *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1304 (Fed. Cir. 2004).

⁴ *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749, 1756, 188 L. Ed. 2d 816 (2014).

⁵ Appx0012.

⁶ Appx0011.

⁷ Appx0012.

⁸ Id..

products.⁹

Such new obligations work to deny access to the courts for plaintiffs and allow a district court an end-run around the statutory presumption of validity, in effect invalidating a patent using a preponderance of the evidence standard.

The District Court was very clear on what it used to find the case exceptional:

In sum, the Court finds that WPEM wholly failed to conduct an **invalidity and enforceability pre-filing investigation and ignored obvious issues that should have been readily apparent to it had it adequately them as part of its own preparation for litigation.** WPEM's failures cause this case to stand out from an ordinary case and warrant a fee recovery by SOTI.¹⁰

The District Court's Order specifically found WPEM's case frivolous because the Accused Technology was in prior art.¹¹ A finding that the Accused Technology is prior art only matters if the District Court is also finding, even if not holding, that the Accused Technology is invalidating regardless that the Order further provides that it did not consider the ultimate merits of these issues.¹² Therefore, while the District Court uses the possibility that the Accused Technology is invalidating prior art to find WPEM's case frivolous, the Order recognizes that it cannot cast this position as one of invalidity as such would require clear and convincing evidence. So, the Order changes its assertion from one of frivolity to one of "evaluation of the

⁹ Appx0011.

¹⁰ Appx0012 (emphasis added).

¹¹ Appx0007.

¹² Appx0005-0006.

strength of [WPEM's] litigation position.”¹³

The District Court's Order further found that SOTI's other asserted grounds of invalidity and enforceability did not establish that WPEM's claims were clearly frivolous¹⁴ but, the District Court used these other SOTI asserted, but unproven, grounds of invalidity and enforceability as evidence supporting “the unreasonable manner in which the case was litigated.”¹⁵

Finally, the Court notes, despite WPEM's repeated assertion that SOTI must prove issues related to invalidity and enforceability “conclusively,” the Court reviews these issues not as a conclusive determination on the merits but “with respect to the substantive strength of a party's litigating position.” *Octane*, 572 U.S. at 554.

16

and

The Court notes that it considers these issues as part of an ‘evaluation of the strength of [WPEM's] litigation position’ and expresses no opinion on the ultimate merits of these issues. [citation omitted]¹⁷

Accordingly, the District Court's Order strips the presumption of validity and enforceability from the ‘762 patent when assessing whether the case is exceptional

¹³ Appx0006.

¹⁴ *See id.*

¹⁵ Appx0007-0009.

¹⁶ Appx0009.

¹⁷ Appx0006.

under Section 285. Such a holding is exceedingly alarming given the District Court also held that it was not making a determination of validity or enforceability as such a finding would require a mini trial:¹⁸

Unlike, anticipation by the Accused Technology, where proof of WPEM's claims of infringement" would have actually yielded proof of invalidity as a matter of law, "the frivolity of [WPEM's] claims" in view of SOTI's other grounds of invalidity and unenforceability are not "reasonably clear" without conducting "a 'mini-trial' on the merits." *SFA Sys.*, 793 F.3d at 1348. On the merits, SOTI would face the heavy burden of proving by clear and convincing evidence that the Asserted Patent is invalid as anticipated or unenforceable due to inequitable conduct. The Court declines to engage in the sort of hypothetical fact-finding that would be required to determine these issues, particularly where other circumstances clearly demonstrate the exceptionality of this case.¹⁹

The District Court's Order states WPEM's case cannot be considered frivolous for reasons of patent validity or enforceability because such would require "the heavy burden" of proof by clear and convincing evidence, but nevertheless finds the case frivolous because the Asserted Technology is reasonably prior art, which is a different standard than "clear and convincing" and not a finding of invalidity, only that it is prior art. Further, the District Court's use of the other SOTI asserted grounds of invalidity and unenforceability as evidence of an additional grounds to find the case exceptional is an abuse of discretion as each asserted additional ground

¹⁸ Appx0007-0009.

¹⁹ Appx0009.

requires proof by clear and convincing evidence. In this case, the Order’s reasoning leaves “a definite and firm conviction that a mistake has been made.”²⁰

The District Court’s Order allows a finding of exceptionality in every case where a plaintiff does not discover prior art before filing suit, but dismisses its case promptly upon the defendant presenting prior art that may affect the patent’s validity. If the presumption of validity means anything, surely it allows a plaintiff to rely on it for the filing of a lawsuit. If anything, the early dismissal of a lawsuit upon the presentation of prior art is exactly what the rules should encourage rather than sanction as the District Court has done. It is exceedingly shocking that a district court can find a patent “likely invalid” and then sanction a plaintiff for an inadequate pre-suit investigation that failed to uncover prior art that *may* invalidate the patent.

B. WPEM Had No Reason to Question Validity or Enforceability.

1. The Evidence is Unequivocal that No One Associated with WPEM Knew of the Prior Version of MobiControl.

Prior to September 25, 2019, Taylor, Ms. Pantoja, Mr. Hughes and everyone at Ramey & Schwaller, LLP were unaware of the of the January 13, 2013 release notes concerning the SOTI’s Speed Lockdown Functionality features in its

²⁰ *Rothschild Connected Devices Innovations, LLC v. Guardian Prot. Servs.*, 858 F.3d 1383 (Fed. Cir. 2017) quoting *Insite Vision Inc. v. Sandoz, Inc.*, 783 F.3d 853, 858 (Fed. Cir. 2015).

MobiControl Version 10.²¹ However, Taylor was very aware of SOTI, Inc. as they were a Mobile Device Management (MDM) solution provider that AT&T resold. In fact, SOTI's MobiControl was the platform on which Taylor implemented his SafeCell™ in 2012 that incorporated the speed lockdown functionality, i.e. in 2012, prior to SOTI's January release notes, Taylor installed his speed lockdown function in SOTI's system (Proof-of-Concept (POC)). Then, later in January of 2013, SOTI miraculously came out with its own speed lockdown functionality.

Taylor had been developing his SafeCell™ product for over a year before he was approached by AT&T, Inc. to fully integrate Speed Lockdown Functionality in SOTI's Mobicontrol. He filed a patent application on the WPEM product in May of 2013 that issued as the '762 patent. The concept for the WPEM product of Speed Lockdown Functionality was completed in the fall of 2012 and the final WPEM product development was completed in early 2013.²² A patent application was not filed until May of 2013 but could have, and should have, been filed at least in the fall of 2012.²³ Unfortunately, AT&T did not move forward with Taylor's SafeCell™ product.²⁴

In 2012, it was Taylor's understanding that SOTI was not working on any

²¹ Appx0621-626 at ¶12; Appx0619-620 at ¶s 6,7; Appx0448-0451 at ¶6.

²² Appx0624-0626; Appx0444.

²³ Appx0621-626 at ¶18.

²⁴ Appx0621-626 at ¶19.

solution to address distracted driving for the MobiControl platform, especially as AT&T was working with Taylor using SOTI's MobiControl.²⁵ In retrospect, he does not know if SOTI took what they learned from the extensive functionalities of his SafeCell™ demonstrated during the AT&T POC to develop their version 10, but clearly there is some evidence of this²⁶ as SOTI's January release notes were created immediately after Taylor implemented his speed lockdown on SOTI's MobiControl system in 2012.²⁷

Taylor had no knowledge that SOTI's MobiControl had speed lockdown functionality in January of 2013. Taylor first became aware of the functionality of SOTI Inc.'s "MobiControl" solution in early December 2017 from reviewing the SOTI Manual "MCHelp.pdf" from the Internet. He came upon the SOTI Manual while browsing the Internet for mobile device management solutions.²⁸

2. SOTI's Online Documentation Provides No Notice Of Prior Versions Of Software.

The District Court's Order's assertion that a reasonable pre-suit investigation would have included looking for other versions of the software is not supported by the law or by the text it quotes. The Order points to language providing:

²⁵ Appx0624-0626; Appx0443-0444.

²⁶ Appx0621-626 at ¶16.

²⁷ Appx0268.

²⁸ Appx0621-626 at ¶3.

“IMPORTANT: - PLEASE READ BEFORE UPGRADE” and directs readers to a URL link “for important notes for the latest version of MobiControl.” (See Dkt. No. 1 ¶ 10; Dkt. No. 54-1 ¶ 8.)²⁹

Specifically, the language the Order quotes provides for “latest versions,” not prior versions. Thus, even if this Court were to accept that WPEM should have looked online, the quoted language provides no suggestion that there are prior versions available, only latest versions. As such, no reasonable inference can be taken from this language that there are prior versions available on-line.

C. The District Court’s Order Effectively Invalidates the ‘762 Patent.

In weighing the evidence about WPEM’s pre-suit conduct, the District Court may consider, among other factors, “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case)[,] and the need in particular circumstances to advance considerations of compensation and deterrence.”³⁰ The exceptional case determination must find support in a preponderance of the evidence.³¹ However, the preponderance of the evidence standard should not be allowed to weaken the statutory presumption of validity and effectively invalidate the ‘762 patent.

In the present case, the District Court’s Order effectively ignores the

²⁹ Appx0011.

³⁰ *Octane Fitness*, 134 S. Ct. at 1756 n.6

³¹ *Id.* at 1758.

presumption of validity, a statutory presumption. Although patentees and their attorneys must conduct reasonable pre-suit investigations of their infringement assertions, they are generally permitted to rely on the statutory presumption of validity.³² Especially when there was no reason to question validity of the Asserted Patent, as is the case here.³³

The evidence before this Court shows the clearly erroneous nature of the District Court's Order because infringement of the Accused Technology was investigated, pre-suit, and there was no reason to question validity. Beginning in February of 2018, Taylor, working with Mr. Hughes and Mr. Ramey, began the development of a detailed claim chart based on Taylor's earlier preliminary chart showing the functionality in the SOTI MobiControl solution in comparison to the claims in the '762 patent. Further, the unrebutted evidence before the District Court was that prior to receiving evidence from SOTI, neither Taylor, Hughes or anyone at the law firm of Ramey & Schwaller, LLP were aware there were any other versions of SOTI's MobiControl with Speed Lockdown Functionality.³⁴ In fact, there is evidence before the Court that SOTI developed the Accused Technology only after

³² *Vehicle Interface Techs., LLC v. Jaguar Land Rover N. Am., LLC*, Civil Action No. 12-1285-RGA, 2015 U.S. Dist. LEXIS 171964 (D. Del. 2015), *citing Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295, 1303 (Fed. Cir. 2004).

³³ Appx0621-626 at ¶s16-18.

³⁴ Appx0621-626 at ¶9.

learning of it from Taylor, when in 2012 he installed his version of software with speed lockdown functionality on SOTI's 2012 software product.³⁵ At the very least this is very strong evidence that there was no duty to investigate whether a prior version of SOTI's software product had speed lockdown functionality because AT&T was looking to Taylor for that functionality.³⁶

IV. ARGUMENT IN SUPPORT OF REHEARING EN BANC

Rehearing *en banc* is necessary to maintain the uniformity of this Court's decisions. The Panel Decision is in direct conflict with precedent from the U.S. Supreme Court and precedent from this Court, as follows:

1. While a patent is presumed valid³⁷ and a district court may consider, among other factors, "frivolousness, motivation, objective unreasonableness ... [,] and the need in particular circumstances to advance considerations of compensation and deterrence"³⁸ in a Section 285 motion, is a district court allowed to base a finding of exceptionality on an inadequate pre-suit investigation of validity when the plaintiff had no reason to question validity? Are patent plaintiffs entitled to know the line for a district court to award sanctions in a Section 285 context, either there

³⁵ Appx0621-0626 at ¶16.

³⁶ Appx0268.

³⁷ *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 131 S. Ct. 2238 (2011).

³⁸ *Octane Fitness*, 134 S. Ct. at 1756 n.6

is a presumption of validity or there is not? Where does a Section 285 award constitute an abuse of discretion?

2. Does a finding of exceptionality based on an inadequate pre-suit investigation of validity, when the plaintiff had no reason to question validity, allow a district court to effectively invalidate a patent under a preponderance of the evidence standard?³⁹

V. CONCLUSION

Appellants respectfully request this Court grant this Petition for a rehearing and reconsideration *en banc*.

Date: December 21, 2020

Respectfully submitted,

Ramey & Schwaller, LLP

/s/ William P. Ramey, III
William P. Ramey, III
Texas State Bar No. 24027643
5020 Montrose Blvd., Suite 800
Houston, Texas 77006
713-426-3923 (Telephone)
832-900-4941 (Facsimile)

ATTORNEYS FOR WPEM, LLC

³⁹ *Octane Fitness*, 134 S. Ct. at 1758.

CERTIFICATE OF SERVICE

I certify that I served a copy on counsel of record on December 21, 2020 by
ECF filing.

By: /s/ William P. Ramey, III

William P. Ramey, III
Ramey & Schwaller, LLP
Texas State Bar No. 24027643
5020 Montrose Blvd., Suite 800
Houston, Texas 77006
(713) 426-3923 (Telephone)
(832) 900-4941 (Facsimile)
wramey@rameyfirm.com

ATTORNEYS FOR WPEM, LLC

CERTIFICATE OF COMPLIANCE WITH FED. R. APP. P. 32(a)(7)(B)

The undersigned counsel of records for Appellant WPEM, LLC, certifies that this Request for Rehearing and Rehearing *en banc* complies with the typeface requirement provided in Rule 32(a)(5) and type-volume limitation provided in Rule 32(a)(7)(B) of the Federal Rules of Appellate Procedure. In preparing this certificate, I relied on word-count program of Microsoft Word. This Brief contains 2528 words.

Dated: December 21, 2020

By: /s/ William P. Ramey, III

William P. Ramey, III
Ramey & Schwaller, LLP
Texas State Bar No. 24027643
5020 Montrose Blvd., Suite 800
Houston, Texas 77006
(713) 426-3923 (Telephone)
(832) 900-4941 (Facsimile)
wramey@rameyfirm.com

ATTORNEYS FOR WPEM, LLC