United States Court of Appeals for the Federal Circuit

XITRONIX CORPORATION,
Plaintiff-Appellant

v.

KLA-TENCOR CORPORATION, DBA KLA-TENCOR, INC., A DELAWARE CORPORATION,
Defendant-Appellee

2016-2746

Appeal from the United States District Court for the Western District of Texas in No. 1:14-cv-01113-SS, Judge Sam Sparks.

ON PETITION FOR PANEL REHEARING AND REHEARING EN BANC

MICHAEL S. TRUESDALE, Law Office of Michael S. Truesdale, PLLC, Austin, TX, filed a response to the petition for plaintiff-appellant.

AARON GABRIEL FOUNTAIN, DLA Piper US LLP, Austin, TX, filed a petition for panel rehearing and rehearing en banc for defendant-appellee. Also represented by BRIAN K. ERICKSON, JOHN GUARAGNA.

Before PROST, *Chief Judge*, NEWMAN, MAYER[1], LOURIE, DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN, HUGHES, and STOLL, *Circuit Judges*.

NEWMAN, *Circuit Judge,* dissents from the denial of the petition for rehearing en banc.

LOURIE, *Circuit Judge,* dissents from the denial of the petition for rehearing en banc without opinion.

PER CURIAM.

O R D E R

Appellee KLA-Tencor Corporation filed a petition for panel rehearing and rehearing en banc. A response to the petition was invited by the court and filed by appellant Xitronix Corporation. The petition for rehearing and response were first referred to the panel that heard the appeal, and thereafter, to the circuit judges who are in regular active service. A poll was requested, taken, and failed.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on June 22, 2018.

FOR THE COURT

June 15, 2018
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

[1] Circuit Judge Mayer participated only in the decision on the petition for panel rehearing.

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NEWMAN, *Circuit Judge*, dissenting from denial of the petition for rehearing en banc.

I write because of the importance of this decision to the judicial structure of patent adjudication, and the future of a nationally consistent United States patent law.

In this case, the complaint states that the asserted violation of patent law may support violation of antitrust law—a *Walker Process* pleading based on charges of fraud or inequitable conduct in prosecution of the patent appli-

cation in the Patent and Trademark Office.[1] The three-judge panel assigned to this appeal held that the Federal Circuit does not have jurisdiction, did not reach the merits, and transferred the appeal to the Fifth Circuit.[2] This jurisdictional ruling is contrary to the statute governing the Federal Circuit, and contrary to decades of precedent and experience. Nonetheless, the en banc court now declines to review this panel ruling.

I write in concern for the conflicts and uncertainties created by this unprecedented change in jurisdiction of the Federal Circuit and of the regional courts of appeal. With the panel's unsupported ruling that the Supreme Court now places patent appeals within the exclusive jurisdiction of the regional circuits when the pleading alleges that the patent issue may lead to a non-patent law violation, we should consider this change en banc.

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[1] In *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, the Supreme Court held that the use of a patent obtained through intentional fraud on the USPTO to create or preserve a monopoly may expose the patent holder to antitrust liability. 382 U.S. 172, 176–77 (1965). This court has summarized that: "In order to prevail on a *Walker Process* claim, the antitrust-plaintiff must show two things: first, that the antitrust-defendant obtained the patent by knowing and willful fraud on the patent office and maintained and enforced the patent with knowledge of the fraudulent procurement; and second, all the other elements necessary to establish a Sherman Act monopolization claim." *TransWeb, LLC v. 3M Innovative Props. Co.*, 812 F.3d 1295, 1306 (Fed. Cir. 2016).

[2] *Xitronix Corp. v. KLA-Tencor Corp.*, 882 F.3d 1075 (Fed. Cir. 2018) ("Transfer Order").

The District Court's Decision was Limited to Patent Issues[3]

The district court received a complaint for "*Walker Process* antitrust claims based on KLA's alleged fraudulent procurement of a patent." Dist. Ct. Dec. at *1. Xitronix alleged that the "entire prosecution" of the patent was tainted by fraud or inequitable conduct in the Patent and Trademark Office. J.A. 54 (¶111); J.A. 63 (¶145).

The panel now rules that the appealed issues of fraud and inequitable conduct in obtaining the patent do "not present a substantial issue of patent law," Transfer Order, 882 F.3d at 1078, and therefore that the jurisdiction of the Federal Circuit, 28 U.S.C. § 1295(a)(1), does not apply to this appeal. The panel states: "The underlying patent issue in this case, while important to the parties and necessary for resolution of the claims, does not present a substantial issue of patent law," and that "[s]omething more is required to raise a substantial issue of patent law sufficient to invoke our jurisdiction." Transfer Order, 882 F.3d at 1078. We are not told what that "[s]omething more" might be.

Neither party had questioned our appellate jurisdiction. The panel raised the question sua sponte, and now holds that a Supreme Court decision on state court malpractice jurisdiction, *Gunn v. Minton*, 568 U.S. 251 (2013), removed Federal Circuit jurisdiction of *Walker Process* patent appeals.

If the issues of inequitable conduct or fraud in procuring the patent are no longer deemed to be a substantial

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[3] 2016 WL 7626575 (W.D. Tex. Aug. 26, 2016) ("Dist. Ct. Dec.").

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