

No. 20-1293

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

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ABBVIE INC., ET AL., PETITIONERS

*v.*

FEDERAL TRADE COMMISSION

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*ON PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE THIRD CIRCUIT*

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**BRIEF FOR THE RESPONDENT IN OPPOSITION**

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### QUESTION PRESENTED

The filing of a lawsuit is ordinarily exempt from antitrust scrutiny, but that exemption does not extend to “sham” lawsuits. A lawsuit falls within the sham exception if (1) it is objectively baseless and (2) the litigant brought it with the motive of using the litigation process as an anticompetitive weapon. The question presented is as follows:

Whether a court may take the objective baselessness of a lawsuit into account when evaluating the litigant’s motive for bringing it.

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**OPINIONS BELOW**

The opinion of the court of appeals (Pet. App. 1a-92a) is reported at 976 F.3d 327. The district court's post-trial findings of fact and conclusions of law (Pet. App. 93a-175a) are reported at 329 F. Supp. 3d 98. An opinion of the district court is not published in the Federal Supplement but is available at 2017 WL 4098688. An additional opinion of the district court is reported at 107 F. Supp. 3d 439.

**JURISDICTION**

The judgment of the court of appeals (Pet. App. 208a-209a) was entered on September 30, 2020. A petition for rehearing was denied on December 4, 2020 (Pet. App. 205a-206a). The petition for a writ of certiorari was filed on March 18, 2021. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

## STATEMENT

The Federal Trade Commission (FTC) sued petitioners for violations of Section 5 of the Federal Trade Commission Act (FTC Act), ch. 311, 38 Stat. 719-721 (15 U.S.C. 45). The district court entered judgment for the FTC in part and dismissed the FTC's claims in part. Pet. App. 94a n.1, 175a. The court of appeals affirmed in part, reversed in part, and remanded the case for further proceedings. *Id.* at 208a-209a.

1. The Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Act), Pub. L. No. 98-417, 98 Stat. 1585, regulates the marketing of pharmaceutical drugs. Under the statute, the manufacturer of a new brand-name drug must undergo a comprehensive testing process before receiving marketing approval from the Food and Drug Administration (FDA). *FTC v. Actavis, Inc.*, 570 U.S. 136, 142 (2013). If the FDA approves the brand-name drug, manufacturers of generic versions of that drug may obtain similar marketing approval through an abbreviated process. *Ibid.*

The Hatch-Waxman Act establishes procedures to protect the brand-name manufacturer's patent rights. *Actavis*, 570 U.S. at 143. A generic manufacturer that seeks to market its drug before the brand-name manufacturer's patent expires generally must certify either that the patent is invalid or that the generic drug will not infringe the patent. *Ibid.* When such a certification is filed, the brand-name manufacturer may sue the generic manufacturer to seek judicial resolution of the patent dispute. *Ibid.* If the brand-name manufacturer brings such a lawsuit within 45 days, the FDA must withhold approval for the generic drug for up to 30

months or until the patent lawsuit is resolved, whichever is sooner. *Ibid.*

2. Petitioners own a patent on AndroGel, a brand-name gel that treats low testosterone in men. Pet. App. 8a-9a. Earlier testosterone drugs were generally administered by injection, but AndroGel can be painlessly applied to and absorbed through the skin. *Id.* at 99a-100a. The gel contains the chemical isopropyl myristate, a penetration enhancer (*i.e.*, a substance that facilitates delivery of the testosterone through the skin). *Id.* at 10a.

In 2011, two other companies—Teva Pharmaceuticals USA, Inc. and Perrigo Company—sought FDA approval of generic versions of AndroGel. Pet. App. 3a, 14a-15a. Teva and Perrigo certified that the generic gels did not infringe petitioners' patent. *Ibid.*

That certification rested in part on a pair of related patent-law principles known as the doctrine of equivalents and prosecution-history estoppel. Pet. App. 14a-15a. Under the doctrine of equivalents, a patent covers not only matter within its literal terms, but also “insubstantial alterations that were not captured in drafting the original patent claim but which could be created through trivial changes.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 733 (2002). Prosecution-history estoppel, in turn, operates as a limit on the doctrine of equivalents. *Id.* at 734. Under that rule, a patentee that narrows its claim during prosecution in order to obtain a patent may not later argue that the surrendered subject matter is equivalent to what the patent claims. *Id.* at 734-735.

Here, the generic gels that Teva and Perrigo sought to market did not literally infringe petitioners' patent,



because the patent claimed compounds containing isopropyl myristate, while the generic gels used different chemicals. Pet. App. 10a. Teva and Perrigo also explained that petitioners had no viable argument that the chemicals in the generic gels were equivalent to isopropyl myristate. *Id.* at 10a-14a. Petitioners' original application had sought a patent for testosterone gels containing *any* penetration enhancer. *Id.* at 10a. The patent examiner rejected that broad claim, but petitioners eventually overcame that objection by narrowing their claim to isopropyl myristate. *Id.* at 12a. Teva and Perrigo explained that their gels used different enhancers; that petitioners had originally applied for a patent that would have encompassed products using those enhancers; but that petitioners had subsequently narrowed the relevant claims to overcome the examiner's objection. *Id.* at 14a-15a. They argued that, under the rule of prosecution-history estoppel, petitioner could not contend that those different enhancers were equivalent to isopropyl myristate, and that petitioners accordingly had no viable infringement claim. *Ibid.*

Petitioners nevertheless sued Teva and Perrigo, triggering the Hatch-Waxman Act's automatic 30-month stay of FDA approval of the generic drugs. Pet. App. 14a-15a. The lawsuits ended in settlements under which petitioners agreed to grant Teva and Perrigo licenses to petitioners' patents, and Teva and Perrigo agreed not to compete with petitioners until a specified date. *Id.* at 16a-18a.

3. The FTC subsequently sued petitioners under Section 13(b) of the FTC Act, 15 U.S.C. 53(b), alleging that petitioners had violated that statute. Pet. App. 19a; see 15 U.S.C. 45(a)(1) (forbidding "[u]nfair methods of competition in or affecting commerce"). The FTC

raised two claims. Pet. App. 19a. First, it alleged that petitioners' lawsuits formed part of a course of anticompetitive conduct—specifically, that the lawsuits were baseless and that petitioners had filed them solely in order to trigger the 30-month stay of FDA approval and thereby to delay the generic manufacturers' entry into the market. *Ibid.* Second, it claimed that petitioners' settlement with Teva contained an unlawful reverse-payment agreement. *Ibid.*; see *Actavis*, 570 U.S. at 158 (discussing reverse-payment agreements). Only the first claim is at issue here.

The first claim implicates an antitrust principle known as the *Noerr-Pennington* doctrine. See *United Mine Workers of America v. Pennington*, 381 U.S. 657 (1965); *Eastern R.R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127 (1961). Because lawsuits are efforts to influence the conduct of government officials and therefore are protected by the Petition Clause of the First Amendment, the filing of a lawsuit is presumptively exempt from the antitrust laws. See *California Motor Transport Co. v. Trucking Unlimited*, 404 U.S. 508, 510-511 (1972); *Noerr*, 365 U.S. at 138-139. That exemption, however, does not extend to “sham” petitions. *Noerr*, 365 U.S. at 144. A “classic example” of a sham petition is “the filing of frivolous objections to the license application of a competitor, with no expectation of achieving denial of the license but simply in order to impose expense and delay.” *City of Columbia v. Omni Outdoor Advertising, Inc.*, 499 U.S. 365, 380 (1991).

This Court has established a two-part test to determine whether particular lawsuits fall within the sham-litigation exception to *Noerr-Pennington* immunity.

See *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries Inc.*, 508 U.S. 49, 60 (1993) (*PRE*). First, the lawsuit must be “objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits.” *Ibid.* Second, the litigant must have brought the lawsuit with the motive “to interfere directly with the business relationships of a competitor through the use of the governmental process—as opposed to the *outcome* of that process—as an anticompetitive weapon.” *Id.* at 60-61 (brackets, citations, and internal quotation marks omitted; emphasis altered).

4. In the present case, the district court granted the FTC partial summary judgment on the question whether petitioners’ lawsuits were objectively baseless. See Pet. App. 177a-202a. The court held that, given the doctrine of prosecution-history estoppel, “[t]he patent lawsuits against Teva and Perrigo were without question objectively baseless.” *Id.* at 202a. It explained that petitioners had “no plausible argument to overcome \* \* \* the application of prosecution history estoppel,” and that petitioners “could not realistically have expected success on the merits of this issue or have had a reasonable belief that they had a chance to prevail.” *Id.* at 201a-202a.

After a 16-day bench trial, the district court found that petitioners’ lawsuits also satisfied the second, subjective prong of the sham-litigation test. See Pet. App. 20a. The court interpreted that prong to require proof not only that petitioners had intended to use the litigation process to thwart competition, but also that they actually knew that their patent lawsuits were baseless. *Id.* at 122a-123a. The court then found that petitioners had the requisite state of mind. *Id.* at 135a.

The district court explained that the decision to sue was made by petitioners' in-house counsel, without the involvement of petitioners' business executives. Pet. App. 130a. The court found that (1) the in-house lawyers were "experienced patent attorneys" who understood the law of prosecution-history estoppel; (2) they "were aware" that Teva's and Perrigo's FDA applications had expressly invoked prosecution-history estoppel; (3) they "were aware of the prosecution history of the \* \* \* patent"; (4) they had "confidential access" to Teva's and Perrigo's FDA applications, which disclosed their penetration enhancers; and (5) they "were generally aware of the extensive financial success of AndroGel" and "clearly recognized that the entry of generic versions \* \* \* would quickly and significantly erode this ideal financial picture." *Id.* at 133a-135a. In light of those circumstances, the court found by "clear and convincing evidence" that the in-house lawyers "had actual knowledge that the infringement lawsuits \* \* \* were baseless," and that the "only reason for the filing of these lawsuits was to impose expense and delay on Teva and Perrigo so as to block their entry into the \* \* \* market." *Id.* at 135a-136a; see *id.* at 135a (describing the inference from the circumstantial evidence as "ineluctabl[e]").

The district court also found that the FTC had established the other elements of its FTC Act claim. Pet. App. 156a. The court ordered petitioners to disgorge \$448 million in illegal monopoly profits reaped from its anticompetitive conduct. *Id.* at 172a.

The district court dismissed the FTC's second claim, which alleged that petitioners' settlement with Teva contained an unlawful reverse-payment agreement. See Pet. App. 19a.

5. The court of appeals affirmed in part, reversed in part, and remanded the case for further proceedings. Pet. App. 1a-92a.

a. The court of appeals reversed the district court's finding that petitioners' lawsuit against Teva fell within the sham exception to *Noerr-Pennington* immunity, but affirmed the district court's finding that the lawsuit against Perrigo did so. Pet. App. 47a-71a. The court of appeals held that the lawsuit against Teva was not objectively baseless because (in the court's view) petitioners had a plausible argument for invoking an exception to prosecution-history estoppel. *Id.* at 56a-60a. The court held, however, that the lawsuit against Perrigo *was* objectively baseless, explaining that "[n]o reasonable litigant in [petitioners'] position would believe it had a chance of winning." *Id.* at 60a.

Turning to the second prong of the sham-litigation test, the court of appeals concluded that the district court had required the FTC "to prove more than was necessary." Pet. App. 67a. The court of appeals explained that "[t]he ultimate inquiry under sham litigation's subjective prong is a defendant's subjective motivation, not its subjective belief about the merits of its claims." *Ibid.* The court concluded that the FTC accordingly should not have been required to show that petitioners actually knew that their claims were baseless. *Ibid.*

The court of appeals then affirmed the district court's finding that petitioners' lawsuit against Perrigo satisfied the subjective prong. Pet. App. 68a-71a. It explained that a trier of fact may infer motive from "the surrounding circumstances." *Id.* at 69a. It noted that the circumstances cited by the district court—including the lawsuit's objective baselessness, the fact that the

lawyers who decided to file the suit were “experienced patent attorneys who had reviewed Perrigo’s [certification],” the automatic stay provided by the Hatch-Waxman Act, and the fact that the lawyers “knew the extensive financial benefits [petitioners] would receive if generic versions of AndroGel were kept or delayed from entry into the market”—supported the district court’s inference that petitioners “were motivated \* \* \* to impose expense and delay on Perrigo to delay its entry into the \* \* \* market.” *Id.* at 70a.

b. The court of appeals reversed the district court’s award of disgorgement, holding that the FTC Act did not authorize the court to award such relief. See Pet. App. 77a-87a. That holding accords with this Court’s subsequent decision in *AMG Capital Management, LLC v. FTC*, 141 S. Ct. 1341 (2021). The court of appeals also reversed the district court’s dismissal of the FTC’s claim that petitioners’ settlement with Teva contained an illegal reverse-payment agreement, and it remanded the case for further proceedings on that claim. Pet. App. 29a-47a, 92a.

#### ARGUMENT

Petitioners contend (Pet. 16-34) that the court of appeals misapplied the subjective prong of the sham exception to *Noerr-Pennington* immunity. The current interlocutory posture of the case is a sufficient reason to deny the petition for a writ of certiorari. In any event, the court of appeals’ resolution of the question presented here is correct and does not conflict with any decision of this Court or another court of appeals. Further review is not warranted.

1. The court of appeals reversed the dismissal of the FTC’s claim that petitioners’ settlement with Teva con-

tained an illegal reverse-payment agreement, and it remanded the case for further proceedings on that claim. Pet. App. 29a-47a. The interlocutory posture of the case “alone furnishe[s] sufficient ground for the denial of the application.” *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916); see, e.g., *National Football League v. Ninth Inning, Inc.*, 141 S. Ct. 56, 57 (2020) (statement of Kavanaugh, J., respecting the denial of certiorari); *Abbott v. Veasey*, 137 S. Ct. 612, 613 (2017) (statement of Roberts, C.J., respecting the denial of certiorari).

This Court’s practice of denying interlocutory review promotes judicial efficiency, because the proceedings on remand sometimes may affect the consideration of the issues presented in a petition. It also enables issues raised at different stages of lower-court proceedings to be consolidated in a single petition for a writ of certiorari. See *Major League Baseball Players Ass’n v. Garvey*, 532 U.S. 504, 508 n.1 (2001) (per curiam) (“[W]e have authority to consider questions determined in earlier stages of the litigation where certiorari is sought from the most recent of the judgments of the Court of Appeals.”). This case presents no occasion for the Court to depart from its usual practice.

2. The court of appeals correctly applied the sham-litigation exception to *Noerr-Pennington* immunity. A lawsuit satisfies the subjective prong of the sham-litigation exception if the litigant brought suit with the intent “to interfere directly with the business relationships of a competitor through the use of the governmental *process*—as opposed to the *outcome* of that process—as an anticompetitive weapon.” *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries Inc.*, 508 U.S. 49, 60-61 (1993) (brackets, citations, and

internal quotation marks omitted; emphasis altered). In determining whether the defendant acted with that motive, the trier of fact may properly consider both “direct” and “circumstantial” evidence of intent. *Village of Arlington Heights v. Metropolitan Housing Development Corp.*, 429 U.S. 252, 266 (1977). Because petitioners invoked attorney-client privilege to shield communications involving their in-house counsel, there was “no direct evidence” of petitioners’ motives. Pet. App. 66a (citation omitted). The district court instead focused on “circumstantial evidence.” *Ibid.*

The district court and court of appeals correctly held that the circumstantial evidence in this case supported the inference that petitioners’ suit against Perrigo was commenced for an improper purpose. Pet. App. 71a, 136a. Both courts held that the lawsuit was objectively baseless. *Id.* at 68a, 135a. Both courts also inferred that, because petitioners’ in-house lawyers had extensive experience, understood the law of prosecution-history estoppel, and were aware of the prosecution history of the patent at issue here, they must have had actual knowledge that the lawsuit was baseless. *Ibid.* The courts then inferred that, because these experienced lawyers knew that the lawsuit was baseless, their motive for filing it “could not have been success on the merits,” *id.* at 68a, and that the attorneys must instead have been motivated by a desire “to impose expense and delay on \* \* \* Perrigo so as to block [its] entry into the \* \* \* market,” *id.* at 135a-136a. Cf. *Furnco Construction Corp. v. Waters*, 438 U.S. 567, 577 (1978) (explaining that, once legitimate reasons for an employment action have been eliminated, the trier of fact may infer that the employer was motivated by an illegitimate reason). That inference was bolstered by the fact that the



attorneys “were generally aware of the extensive financial success of AndroGel” and “clearly recognized that the entry of generic versions of AndroGel \* \* \* would quickly and significantly erode this ideal financial picture.” Pet. App. 134a-136a; see *id.* at 70a.

The regulatory context in which this case arises reinforces the district court’s factual findings. Pet. App. 70a. Under the Hatch-Waxman Act, the filing of a lawsuit triggers an automatic 30-month stay of FDA approval, even if the lawsuit lacks merit. *Ibid.* In that context, there is an “[e]specially” serious risk that a patent holder will pursue lawsuits it knows to be baseless in order “to delay [a competitor’s] entry into the \* \* \* market.” *Ibid.*

The court of appeals’ factbound application of the subjective prong of the sham-litigation test does not warrant further review. See Sup. Ct. R. 10 (“A petition for a writ of certiorari is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law.”); *United States v. Johnston*, 268 U.S. 220, 227 (1925) (“We do not grant a certiorari to review evidence and discuss specific facts.”). That is particularly so given that both of the courts below agreed that petitioners’ lawsuit against Perrigo satisfied that test. See *Kyles v. Whitley*, 514 U.S. 419, 456-457 (1995) (Scalia, J., dissenting) (“[U]nder what we have called the ‘two-court rule,’ the policy [against reviewing alleged misapplications of properly stated rules] has been applied with particular rigor when district court and court of appeals are in agreement as to what conclusion the record requires.”) (citing *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U.S. 271, 275 (1949)).

3. Petitioners contend that the decision below conflicts with this Court’s precedents. Those arguments are unsound.

a. Petitioners argue (Pet. 19) that the decision below “improperly merges the objective and subjective elements, collapsing the ‘two-part’ test into a single inquiry.” That is incorrect. The court of appeals recognized that the test “has two prongs,” and that the FTC was required to satisfy both “the objective baselessness prong” and “the subjective motivation prong.” Pet. App. 48a-49a. It then analyzed each prong separately. See *id.* at 51a-64a (objective baselessness); *id.* at 64a-71a (subjective motivation).

The court of appeals treated objective baselessness as one relevant circumstance in assessing subjective motivation. Contrary to petitioners’ contention, however, it did not treat the two prongs as equivalent. Rather, the court explained that a finding of objective baselessness will “not necessarily” lead to the inference that a litigant acted with improper motive. Pet. App. 69a. For instance, “a company might file an objectively baseless lawsuit because it subjectively (though unreasonably) expected the lawsuit to succeed.” *Ibid.* The court simply concluded that, given circumstances such as in-house counsel’s experience and awareness of the history of the patent, that alternative explanation for the filing of an objectively baseless lawsuit was not plausible here. *Id.* at 70a.

If the sham-litigation exception did not have a discrete objective component, and depended solely on the presence or absence of an improper motive, the objective unreasonableness of a particular suit would clearly be relevant to the determination whether an improper motive existed. Cf. *Cheek v. United States*, 498 U.S.

192, 203-204 (1991) (holding that a taxpayer’s objectively unreasonable belief in the legality of his conduct may negate criminal liability under federal tax laws, but recognizing that “the more unreasonable the asserted beliefs or misunderstandings are, the more likely the jury \* \* \* will find that the Government has carried its burden of proving knowledge”). The fact that objective baselessness is a separate element of the sham-litigation standard provides no justification for declining, in assessing a party’s likely motive in filing suit, to give that baselessness the evidentiary weight to which it would otherwise be entitled.

b. Petitioners argue (Pet. 19-20) that this Court’s decisions have “focus[ed] on the litigant’s abuse of process,” but that the decision below focuses on the mere “intent to undermine a competitor.” Contrary to that characterization, the court of appeals *did* focus on abuse of process. For example, the court explained that the application of the subjective prong “should focus on whether the baseless lawsuit conceals an attempt to interfere directly with the business relationships of a competitor through the use of the governmental *process*—as opposed to the *outcome* of that process—as an anticompetitive weapon.” Pet. App. 48a (citation omitted). In applying that standard, moreover, the court explained that petitioners had abused the governmental process by seeking to inflict “collateral injury” through “the Hatch-Waxman Act’s 30-month stay.” *Id.* at 70a. To be sure, the court also used the shorthand phrase “motivation \* \* \* to thwart competition.” *Id.* at 69a. But this Court has used the same shorthand. See, e.g., *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 556 (2014) (“baseless claims [brought] in an attempt to thwart competition”); see also Pet. App.

49a (quoting *Octane Fitness*'s formulation). Read as a whole, the court of appeals' opinion clearly and correctly distinguished between litigation that is intended to prevent competition by delaying a foreordained adverse outcome, and litigation that is intended to prevent competition through successful enforcement of the plaintiff's patent rights.

c. Petitioners argue (Pet. 21) that the subjective-motivation prong of the sham exception requires a showing that the defendant "actually knew or believed" that the lawsuit lacked merit. This Court, however, has never formulated the prong in that way. It has asked simply whether the litigant sought to "interfere directly with the business relationships of a competitor through the use of the governmental process \* \* \* as an anti-competitive weapon," without requiring a separate inquiry into whether the litigant subjectively believed that the lawsuit lacked merit. *PRE*, 508 U.S. at 60-61 (citations, emphases, and internal quotation marks omitted). Petitioners correctly note (Pet. 21) that a defendant's beliefs about the merits of the lawsuit can be a highly relevant "indicat[or]" of the defendant's motive, but the court of appeals' decision is fully consistent with that principle. The court acknowledged that, although "evidence of a defendant's belief about the merits \* \* \* is not required in every case," such evidence "may be relevant to determining a defendant's motivation." Pet. App. 68a.

In any event, petitioners' argument would fail even under their preferred standard. The district court found that petitioners had acted with "actual knowledge that the suits lacked merit" and "with no expectation of prevailing." Pet. App. 170a; see *id.* at 135a ("[T]hese attorneys had actual knowledge that the infringement

lawsuits \* \* \* were baseless.”); *id.* at 136a (“They had no expectation of prevailing in the lawsuits.”). This case accordingly would be a poor vehicle for considering petitioners’ contention. See *Herb v. Pitcairn*, 324 U.S. 117, 126 (1945) (“[O]ur power is to correct wrong judgments, not to revise opinions. We are not permitted to render an advisory opinion, and if the same judgment would be rendered by the [lower] court after we corrected its views of federal laws, our review could amount to nothing more than an advisory opinion.”).

4. Contrary to petitioners’ suggestion (Pet. 25-27), the decision below does not conflict with any decision of another court of appeals. Petitioners argue (Pet. 25-26) that the Federal Circuit has recognized a presumption that patent lawsuits are brought in good faith. See *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1369 (1998), cert. denied, 526 U.S. 1130 (1999). The Federal Circuit has recognized, however, that any such presumption can be “overcome \* \* \* by affirmative evidence of bad faith.” *Ibid.* And any such presumption was overcome in this case, because the circumstantial evidence “leads ineluctably to an inference that \* \* \* [petitioners] acted in bad faith.” Pet. App. 135a.

Petitioners also argue (Pet. 26) that other courts of appeals, in assessing a litigant’s motive for bringing a suit, have considered evidence that the defendant knew that its claims lacked merit. See *Tyco Healthcare Grp. LP v. Mutual Pharmaceutical Co.*, 762 F.3d 1338, 1348 (Fed. Cir. 2014); *In re DDAVP Direct Purchaser Antitrust Litigation*, 585 F.3d 677, 694 (2d Cir. 2009), cert. denied, 561 U.S. 1038 (2010); *Handgards, Inc. v. Ethicon, Inc.*, 743 F.2d 1282, 1288-1289 (9th Cir. 1984), cert. denied, 469 U.S. 1190 (1985). But the court of appeals likewise acknowledged that “a defendant’s belief about

the merits of its claims may be relevant to determining a defendant's motivation." Pet. App. 68a. The court simply held that such evidence "is not required in every case." *Ibid.* None of the decisions that petitioners cite says otherwise.

5. Petitioners' concerns (Pet. 27-32) about the practical consequences of the decision below are misplaced. For example, petitioners are wrong in contending (Pet. 27) that the decision below will discourage protected petitioning by expanding the sham exception to *Noerr-Pennington* immunity. That contention rests on the flawed premise (*ibid.*) that the decision below "deprives the subjective element of an independent role in the sham inquiry." As explained above, the court of appeals applied the two parts of the sham inquiry separately; it did not improperly merge them. See pp. 13-14 *supra*.

Equally mistaken is petitioners' prediction (Pet. 29) that the decision below will lead courts to apply the sham-litigation exception to "nearly every \* \* \* filing [of] an infringement suit under the Hatch-Waxman Act." Under the first prong of the sham-litigation test, a lawsuit is immune from antitrust scrutiny unless it is objectively baseless, even if the lawsuit ultimately fails. See *PRE*, 508 U.S. at 60. Petitioners provide no reason to believe that a substantial number of infringement lawsuits will be objectively baseless, either in the Hatch-Waxman context or elsewhere. And even when a brand-name manufacturer has filed an objectively baseless lawsuit, it is still immune from antitrust claims unless it intended to use the litigation process as an anti-competitive weapon. See *id.* at 61.

Finally, petitioners are wrong to argue (Pet. 31-32) that the decision below will undermine attorney-client privilege. Petitioners' concerns about privilege flow

from the unusual facts of this case. Petitioners delegated the authority to bring the lawsuits at issue here wholly to their in-house lawyers; “no business executives were in any way involved—not even with a perfunctory sign-off.” Pet. App. 130a. Petitioners’ concerns about privilege are unlikely to arise in the typical case, where business executives will have at least some involvement in litigation decisions.

In any event, petitioners’ concerns are misplaced even with respect to this case. The district court “d[id] not and w[ould] not draw any negative inference as to subjective intent based on [petitioners’] decision to invoke the attorney-client privilege.” Pet. App. 133a. The court simply recognized that, because petitioners had invoked that privilege, there was no direct evidence of petitioners’ motive for filing suit, making it necessary to turn to circumstantial evidence instead. *Ibid.*

While petitioners complain (Pet. 31-32) that they were forced to choose between maintaining their privilege and introducing direct evidence to counter the district court’s inferences, “the legal system is replete with situations requiring the making of difficult judgments as to which course to follow.” *Demore v. Kim*, 538 U.S. 510, 530 n.14 (2003) (citation and ellipsis omitted). And there is no evident workable alternative to the approach that the courts below took here. If courts in these circumstances were barred from considering indirect evidence of subjective motive, a litigant could forestall any judicial inquiry into the sham exception simply by delegating litigation decisions to its lawyers and then invoking attorney-client privilege.

**CONCLUSION**

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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MAY 2021



No. 20-1293

IN THE SUPREME COURT OF THE UNITED STATES

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ABBVIE INC., ET AL., PETITIONERS

v.

FEDERAL TRADE COMMISSION

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**CERTIFICATE OF SERVICE**

It is hereby certified that all parties required to be served have been served with copies of the **BRIEF FOR THE RESPONDENT IN OPPOSITION**, via e-mail and first-class mail, postage prepaid, this 19th day of May 2021.

**[See Attached Service List]**

As required by Supreme Court Rule 33.1(h), I certify that the document contain 4,725 words, excluding the parts of the document that are exempted by Supreme Court Rule 33.1(d). I declare under penalty of perjury that the foregoing is true and correct. Executed on May 19, 2021

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May 19, 2021

Due to the continuing delay in receiving incoming mail at the Department of Justice, in addition to mailing your brief via first-class mail, we would appreciate a fax or email copy of your brief. If that is acceptable to you, please fax your brief to Charlene Goodwin, Case Management Supervisor, Office of the Solicitor General, at (202) 514-8844, or email at **SupremeCtBriefs@USDOJ.gov**. Ms. Goodwin's phone number is (202) 514-2217 or 2218. Thank you for your consideration of this request.

20-1293  
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