17-372

No. 17-__

IN THE

Supreme Court of the United States

DOW AGROSCIENCES, LLC, MYCOGEN PLANT SCIENCE, INC., AGRIGENETICS, INC., DBA MYCOGEN SEEDS, LLC AND PHYTOGEN SEED COMPANY, LLC,
Petitioners,

v.

BAYER CROPSCIENCE AG AND BAYER CROPSCIENCE NV,
Respondents.

On Petition for a Writ Of Certiorari to the United States Court Of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention"), as incorporated into Chapter 2 of the Federal Arbitration Act ("FAA"), 9 U.S.C. 201 *et seq.*, authorizes a U.S. court to decline recognition and enforcement of an arbitral award that "would be contrary to the public policy" of the United States. Here, recognition and enforcement of a $455 million arbitral award based on duplicative and expired patents is contrary to the U.S. public policy that patents are granted only for "limited Times." But the Federal Circuit held that award enforceable, ruling that a court may not entertain a public-policy challenge in the absence of a prior judicial decision on nearly identical facts.

The question presented is:

Whether a federal court must independently determine whether recognition and enforcement of an arbitral award under the New York Convention would be contrary to the public policy of the United States.

RULE 29.6 STATEMENT

The following entities are parent corporations of Dow AgroSciences, LLC and/or own 10% or more of its stock: Centen Ag Inc.; The Dow Chemical Company; DowDupont Inc.; Mycogen Corporation; and Rofan Services, Inc.

The following entities are parent corporations of Mycogen Plant Science, Inc. and/or own 10% or more of its stock: Centen Ag Inc.; The Dow Chemical Company; DowDupont Inc.; Mycogen Corporation; and Rofan Services, Inc.

The following entities are parent corporations of Agrigenetics, Inc. dba Mycogen Seeds, LLC and/or own 10% or more of its stock: Centen Ag Inc.; The Dow Chemical Company; DowDupont Inc.; Mycogen Corporation; Mycogen Plant Science, Inc.; and Rofan Services, Inc.

The following entities are parent corporations of Phytogen Seed Company, LLC and/or own 10% or more of its stock: Centen Ag Inc.; The Dow Chemical Company; DowDupont Inc.; J.G. Boswell Co.; Mycogen Corporation; and Rofan Services, Inc.

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INTRODUCTION

International arbitration of federal statutory claims poses a threat to U.S. public policy that can be mitigated only by independent judicial review. As this Court held in *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614 (1985), the New York Convention itself requires such a backstop. Federal statutory claims are submitted to international arbitral tribunals under the New York Convention on the express understanding that U.S. courts will have "the opportunity at the award-enforcement stage" to take a second look at the arbitrators' decision, in order to ensure compliance with U.S. public policy. *Id.* at 638.

In the decision below, however, the Federal Circuit precluded any such second-look review. The decision upheld the recognition and enforcement of an arbitral award under the New York Convention ordering petitioners to pay respondents $455 million based on duplicative and expired patent rights whose enforcement violates settled U.S. public policy that patent monopolies may extend only for "limited Times." The Federal Circuit reached that result only by holding that a court may not deny enforcement based on a public-policy challenge unless a prior judicial decision found a violation of the relevant policy in a case involving nearly identical facts.

This Court should grant review to decide whether federal courts may so freely avoid fundamental questions of U.S. public policy in enforcing international arbitral awards. Certiorari is warranted for three reasons. *First*, the decision deepens a clear and existing circuit split. The Fifth, Ninth, and D.C. Circuits require independent judicial review of a party's challenge to enforcement of an arbitral award

on public-policy grounds. The Second and Seventh Circuits, now joined by the Federal Circuit, instead preclude such independent review. Only this Court's intervention can dispel this conflict. *Second*, the decision below conflicts with the plain text, structure and drafting and ratification history of the New York Convention, all of which require independent judicial review to ensure that a private arbitrator does not upend the basic public policy of the nation in which the award is to be enforced. *Third*, the reviewability of public-policy objections to arbitral awards is an issue of great national importance. Without the backstop of effective judicial review, fundamental public policies will go unenforced and parties will be discouraged from entering arbitration agreements in the first place.

This case presents an excellent vehicle to resolve the question presented. On independent, *de novo* review, the tribunal's award of $455 million based on duplicative and expired patent rights violates U.S. public policy. The Federal Circuit's choice of a circumscribed standard of review thus determined the outcome.

This Court should grant the petition.

OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the Federal Circuit is reported at 680 F. App'x 985, and is reproduced at App. 1a-30a. The Federal Circuit's order denying rehearing is reproduced at App. 51a-52a. The district court's opinion is available at 2016 WL 205378 and is reproduced at App. 31a-50a.

JURISDICTION

The court of appeals denied rehearing on May 12, 2017. On July 31, 2017, the Chief Justice extended the time for filing a petition for a writ of certiorari to

September 11, 2017. This Court has jurisdiction under 28 U.S.C. 1254(1).

CONSTITUTIONAL, STATUTORY AND TREATY PROVISIONS INVOLVED

Section 207 of the FAA, 9 U.S.C. 207, provides:

> Within three years after an arbitral award falling under the [United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards] is made, any party to the arbitration may apply to any court having jurisdiction under this chapter for an order confirming the award as against any other party to the arbitration. The court shall confirm the award unless it finds one of the grounds for refusal or deferral of recognition or enforcement of the award specified in the said Convention.

Article V(2) of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, June 10, 1958, 21 U.S.T. 2517 (reproduced in full at App. 53a-61a), provides in relevant part:

> Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that:
>
> * * *
>
> (b) The recognition or enforcement of the award would be contrary to the public policy of that country.

U.S. Constitution art. I, § 8, cl. 8 provides:

> The Congress shall have Power ... To 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.

Section 101 of the Patent Act, 35 U.S.C. 101, provides:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

STATEMENT OF THE CASE

A. Statutory Background

While U.S. policy favors agreements to arbitrate and enforcement of the awards that result, *see, e.g.*, *Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 581-84 (2008), that policy does not override other fundamental U.S. public policies. Accordingly, the New York Convention, as incorporated into U.S. law by the FAA, provides that a court need not enforce an arbitral award "falling under" the Convention, 9 U.S.C. 202, if the court "finds that ... [t]he recognition or enforcement of the award would be contrary to the public policy of that country." N.Y. Convention, art. V(2)(b) (reprinted at App. 56a); *see* 9 U.S.C. 207 (providing exception to enforcement where a court "finds one of the grounds for refusal or deferral of recognition or enforcement of the award specified in the [New York] Convention").

Neither the New York Convention nor the FAA specifies which public policies may serve as a basis for declining to confirm an award. The Convention instead envisions that a court will invoke the

public-policy exception wherever necessary to "protect the integrity of the legal order to which it belongs." UNCITRAL Secretariat Guide on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 239 (2016 ed.) (UNCITRAL Guide), *available at* http://www.uncitral.org/pdf/english/texts/arbitration/NY-conv/2016_Guide_on_the_Convention.pdf. In accord with this principle, "public policy is generally interpreted to mean those fundamental rules of the State where recognition and enforcement of an award is sought from which no derogation can be allowed." *Id.* at 244.

In *Mitsubishi*, this Court similarly recognized the importance of balancing the policy favoring enforcement of arbitration agreements against other U.S. public policies. The Court allowed antitrust claims to be subject to arbitration under the New York Convention, but only with the caveat that federal courts would, in enforcement proceedings, take a second look to ensure conformity with U.S. public policy: "Having permitted the arbitration to go forward, the national courts of the United States will have the opportunity at the award-enforcement stage to ensure that the legitimate interest in the enforcement of the antitrust laws has been addressed." 473 U.S. at 638.

B. The Arbitration Proceedings

1. In 2012, respondents ("Bayer") commenced an arbitration against petitioners ("Dow") in the International Court of Arbitration,[1] asserting that certain Dow crop products infringed four U.S. patents belonging to Bayer's "Leemans" family of patents.

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[1] Bayer initially filed suit against Dow in the U.S. District Court for the Eastern District of Virginia, but the court ordered the parties to arbitration.

Bayer asserted, and the arbitral tribunal later found, that the Leemans patents are directed to a gene (the *pat* gene) that provides herbicide resistance to crops. The Leemans patents have been controlled by Bayer CropScience NV (or a predecessor) since at least 1992; a Bayer CropScience NV predecessor acquired ownership of them in or around July 1999. The last-expiring Leemans patent (reissue patent No. RE44,962) is effective until 2023.[2]

In 1992, 20 years before the arbitration commenced, Bayer's predecessor had agreed to license the Leemans patents to Dow's predecessor on a royalty-free basis. Bayer's infringement claims depended on its contention that Dow had breached the license agreement by sublicensing the *pat* gene to third party MS Tech. Having terminated the license for breach, Bayer asserted that it was free to bring claims for patent infringement.

Bayer also asserted in the arbitration that, in addition to exposing Dow to patent-infringement claims, the purported MS Tech sublicense gave rise to a damages claim for breach of contract under French law. Bayer's claim for contract damages rested on a "lost opportunity" theory: If Dow had not breached the 1992 license agreement, it instead would have pursued a non-breaching "Option B" product under an agreement with MS Tech. Bayer alleged that Dow's pursuit of this Option B would have resulted in MS Tech making payments to Bayer under a separate agreement between those two companies, running from the projected 2016 launch of the Option B product until the expiry of the MS Tech agreement in

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[2] The other three Leemans patents (U.S. Patent Nos. 5,561,236; 5,646,024; and 5,648,477) expired by 2014.

2030. According to Bayer's contract theory, Dow's breach made Dow liable for Bayer's loss of this hypothetical revenue.

2. During the arbitration, Dow filed with the U.S. Patent and Trademark office ("PTO") a request for *ex parte* reexamination of the Leemans patents. Dow argued, and PTO examiners ultimately found, *see* C.A.J.A. 9857, 9615, 9819, 9834, 9845; C.A. Dkt. 98, 99, that the Leemans patents are invalid based on "nonstatutory" or "obviousness-type" double-patenting—a longstanding doctrine arising from fundamental public policy, under which a patentee may not obtain a second patent for a putative "invention" that is not patentably distinct from a previously issued patent. *See, e.g.*, *Abbvie Inc. v. Mathilda & Terence Kennedy Inst. of Rheumatology Trust*, 764 F.3d 1366, 1372 (Fed. Cir. 2014). As Dow explained to the PTO, Bayer CropScience AG owns a second family of patents (the "Strauch" patents, U.S. Patent Nos. 5,273,894 and 5,276,268)—which, like the Leemans patents, claim the *pat* gene used in Dow's accused products. The Strauch patents, which for patent-law purposes claim the same invention as the Leemans patents, had expired by January 2011.[3]

The PTO ultimately agreed with Dow. In a series of office actions that relied on the "public policy ... to prevent the unjustified or improper timewise extension of the 'right to exclude' granted by a patent," C.A.J.A. 9829, the PTO rejected the asserted claims of the Leemans patents. Although the PTO noted that the Strauch and Leemans patents are formally owned

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[3] The Strauch patents were also covered by the royalty-free 1992 license agreement. Bayer did not assert the Strauch patents in the arbitration.

by separate Bayer subsidiaries, it determined that the Leemans patents are invalid because "Bayer's common ownership of the patents has resulted in an unjustified time-wise extension of Bayer's right to exclude others from practicing the invention." C.A.J.A. 9854; *see* C.A.J.A. 9615, 9819, 9834, 9845; C.A. Dkt. 98, 99.

3. The arbitral tribunal issued its final decision in October 2015, finding for Bayer on both its patent claim and its contract claim. The tribunal awarded Bayer damages totaling more than $442 million, plus nearly $13 million in net attorneys' fees and costs.

Over a dissent, C.A.J.A. 565-70, the tribunal majority ruled that the Leemans patents were *not* invalid on double-patenting grounds. The majority acknowledged that "double patenting is a matter that engages public policy," C.A.J.A. 410, and stated that, on the merits of the double-patenting issue, it "would have declared the reissue patent to be invalid," C.A.J.A. 411. But the panel ruled that the defense was not available because the Strauch and Leemans patents were owned by nominally different Bayer entities (respectively, Bayer CropScience *AG* and Bayer CropScience *NV*). In the panel's view, the patents therefore "lack[ed] the common ownership that is necessary in order for double patenting to apply." C.A.J.A. 411; *see* C.A.J.A. 415-18. The panel also found, in the alternative, that common ownership was lacking because another entity (Biogen) "can be considered a co-owner of the [Leemans] patent, but not of the Strauch patent[s]." C.A.J.A. 418; *see* C.A.J.A. 418-19.

Having found the asserted patents valid, the tribunal majority ruled that Dow had breached the 1992 license agreement by sublicensing the *pat* gene

to MS Tech. *See* C.A.J.A. 289, 299-304. To remedy this breach, the tribunal awarded some $375 million in damages under Bayer's "lost opportunity" theory—reflecting payments that MS Tech would have made to Bayer between 2016 and 2030 in a hypothetical world where Dow continued to use the *pat* gene in a manner that did not breach the agreement. *See* C.A.J.A. 512-23, 562. Of the $375 million, some $138 million relates to payments that, according to the tribunal majority, would have occurred from the fourth quarter of 2023 through the end of 2030—a span of more than seven years *after* the expiration of the last of the Leemans patents in 2023. *See id.*

The tribunal also found that Dow infringed the patents through its sublicense to MS Tech. The tribunal awarded damages to compensate for this infringement under U.S. law, assessing a lump-sum reasonable royalty of nearly $68 million. C.A.J.A. 523-31, 562.

C. The District Court Proceedings

After the tribunal issued its award, the parties filed cross-petitions to confirm and to vacate the award in the district court. Dow asserted that enforcing the award would violate U.S. public policy against time-wise overextension of the patent monopoly. Specifically, Dow argued that the award is unenforceable in its entirety because it depends on the validity of the Leemans patents—which, as the PTO office actions have found, are invalid on double-patenting grounds. Further, Dow argued that a substantial portion of the contract-damages award ($138 million) is premised on Bayer retaining exclusivity rights for seven years *after* expiration of the last relevant patent.

In January 2016, the district court issued an order granting Bayer's petition to confirm the award and

denying Dow's cross-petition to vacate it. App. 31a-50a. The district court did not independently consider whether enforcement of the award comports with U.S. public policy, stating as its sole reason for overruling Dow's challenge that "the issue of double patenting was placed squarely before the panel and it was rejected." App. 43a. According to the district court, "[w]here a party requests, is granted, and actively participates in a multi-year arbitration, the party forfeits its right to relitigate the issues that were before the arbitration panel in the district court." App. 45a. The court stated that, under the New York Convention, it "cannot and will not" "reopen the record and analyze the case on the merits" in order to decide a question of public policy, App. 43a, and thus declined to consider the double-patenting issue. The court did not specifically address Dow's argument against post-expiration patent recoveries.

D. The Federal Circuit Decision

The court of appeals affirmed. App. 1a-30a. Reciting the limited circumstances in which arbitral awards may be vacated under the FAA for reason of the arbitrators exceeding their powers or manifestly disregarding applicable law, the court stated that "[a] challenger must meet related, and similarly high, standards to support a refusal to confirm an award as contrary to public policy" under the New York Convention. App. 13a. Applying the same "strict standards" to Dow's public-policy and manifest-disregard challenges, the court declined to hold that "the tribunal's conclusion is contrary to public policy." App. 16a.

The court of appeals construed Dow's public-policy challenge as resting not on broad policy against timewise overextension of the patent monopoly but rather on particular "policies governing double patent-

ing and post-patent-expiration royalties." App. 15a. As to double patenting, the court noted that no judicial decision has addressed the specific question whether the doctrine applies to patents owned by separate but related companies like Bayer's wholly-owned subsidiaries. App. 16a-17a. The court continued:

> No precedent ... considers and resolves in Dow's favor the doctrinal questions presented by this situation, including those addressed to the policies that underlie the doctrine—the unjustified extension of exclusivity rights against the public and the potential for separate assignee suits enforcing the same rights. With the doctrinal question as unsettled as it is for the present circumstances, the tribunal's rejection of Dow's double-patenting challenge cannot be declared a manifest disregard of law or contrary to public policy.

App. 17a (citations omitted). Thus, according to the court, "[i]t suffices to say that the tribunal's conclusion did not contravene any well-defined, established law applicable to the situation presented here." App. 16a. Absent such "well-defined, established law" resolving the precise issue in question, the court held, an arbitral tribunal's determination of an issue implicating public policy is conclusive. App. 16a-17a.[4]

The court of appeals "reach[ed] the same conclusion" with respect to the policy against post-expiration recovery, holding that, "[u]nder the standards for public-policy and manifest-disregard challenges, ...

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[4] In a footnote, the court acknowledged but declined to address the tribunal's alternative ruling that Biogen's co-ownership of the Leemans patents precluded application of the double-patenting doctrine. App. 16a n.1.

Dow has not established that the contract award ... must be vacated." App. 17a-18a. In particular, the court held that "[n]o established law declares ... prohibited" the result reached by the tribunal in awarding post-expiration damages, and concluded that Dow "has not shown why the contract-damages award is prohibited by sufficiently established legal authority ... to make the award contrary to public policy or manifestly in disregard of the law." App. 19a.

The court of appeals denied Dow's petition for rehearing. App. 51a-52a.

REASONS FOR GRANTING THE WRIT

The Federal Circuit's decision deepens an existing circuit split that requires this Court's resolution. The Fifth, Ninth, and D.C. Circuits direct district courts to conduct independent review of public-policy challenges to the enforcement of an arbitral award under the New York Convention. The Second, Seventh, and Federal Circuits, in contrast, treat an arbitral tribunal's resolution of issues implicating U.S. public policy as effectively the final word, as on any other issue submitted to arbitration. This split is ripe for this Court's resolution, and is dispositive here: Had the Federal Circuit reviewed the arbitral tribunal's $455 million award independently, it could only have found that enforcing the award would violate fundamental U.S. public policy requiring limits on the term of patent exclusivity.

The Federal Circuit's decision also warrants review because it conflicts with the text and history of the New York Convention. The Convention's plain language authorizes U.S. courts to control resolution of public-policy matters by empowering "the competent authority" to examine an arbitral award, and to

decline to enforce an award that it "finds" violates public policy. The Convention's history and practice support the conclusion that such independent review is required.

Finally, review should be granted because the question presented is exceptionally important. Absent any judicial public-policy backstop, arbitral awards involving U.S. statutory claims will undermine basic U.S. public policies in areas like patent and antitrust law. In addition, parties will be discouraged from arbitrating federal statutory claims altogether.

The Court should accordingly grant review to resolve the circuit split presented by the petition and to correct the Federal Circuit's misconstruction of the New York Convention.

I. REVIEW IS WARRANTED TO RESOLVE A SPLIT AMONG THE COURTS OF APPEALS

The decision below deepens an existing circuit split regarding the proper standard of judicial review where U.S. public policy is raised as a basis for a district court to decline recognition and enforcement of an arbitral award that is subject to the New York Convention. This Court's intervention is needed to dispel the conflict.

A. The Fifth, Ninth, And D.C. Circuits Require Searching, Independent Judicial Review Of Public-Policy Challenges To Enforcement Of New York Convention Arbitral Awards

Three courts of appeals—the Fifth, Ninth, and D.C. Circuits—hold that a court must independently review an arbitral award under the New York Convention

where challenged at the enforcement stage as violating basic U.S. public policy. In these circuits, a court must decide the public-policy challenge itself—without deference to the arbitrators' determination.

For instance, in *Ministry of Defense & Support for Armed Forces of Islamic Republic of Iran v. Cubic Defense Systems, Inc.*, 665 F.3d 1091 (9th Cir. 2011), an arbitral tribunal issued an award in favor of the Iranian Ministry of Defense; the losing party in the arbitration (Cubic) argued that confirmation would be contrary to the U.S. policy against trade and financial transactions with Iran's government. *See id.* at 1095, 1097. Although the court ultimately upheld the district court's order confirming the award, it did so only after close, independent analysis of the award in light of the policy at issue. *See id.* at 1098-1100.

Similarly, in *Asignacion v. Rickmers Genoa Schiffahrtsgesellschaft mbH & Cie KG*, 783 F.3d 1010 (5th Cir. 2015), the Fifth Circuit recognized that the party challenging the arbitral award had identified a "well defined and dominant" public policy of "provid[ing] 'special solicitude to seamen,'" which could in principle support a public-policy vacatur under the New York Convention. *Id.* at 1017 (quoting *United Paperworkers Int'l Union, AFL-CIO v. Misco, Inc.*, 484 U.S. 29, 43 (1987), and *Miles v. Melrose*, 882 F.2d 976, 987 (5th Cir. 1989)). The court of appeals reversed the district court's order vacating the award, but did so only after conducting an extensive independent analysis of the award and concluding that enforcing the award would not offend that policy. *Id.* at 1017-20; *see also Karaha Bodas Co. v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara*, 364 F.3d 274, 305-07 (5th Cir. 2004) (undertaking independent review of public-policy challenge).

The D.C. Circuit took the same approach in *Enron Nigeria Power Holding, Ltd. v. Federal Republic of Nigeria*, 844 F.3d 281 (D.C. Cir. 2016), explaining that (as in the Fifth and Ninth Circuits) "'the question of public policy is ultimately one for resolution by the courts.'" *Id.* at 288 (quoting *W.R. Grace & Co. v. Local 759, Int'l Union of United Rubber Workers*, 461 U.S. 757, 766 (1983)). The court agreed that the challenger had identified a fundamental public policy against allowing a party to profit from its own fraud, and overruled the public-policy challenge only after concluding on independent review that enforcing the award would not have such an impermissible effect. *See id.* at 289-91; *Belize Bank Ltd. v. Gov't of Belize*, 852 F.3d 1107, 1111 (D.C. Cir. 2017) (recognizing same principle).

Three circuits thus clearly require a court presented with a public-policy challenge to enforcement of an arbitral award under the New York Convention to conduct a searching, independent review to ensure that recognizing and enforcing the award comports with fundamental U.S. public policy. *See also Escobar v. Celebration Cruise Operator, Inc.*, 805 F.3d 1279, 1287 (11th Cir. 2015) (noting that Article V(2)(b) public-policy review is "directed at courts").

B. The Second, Seventh, And Federal Circuits Preclude Searching, Independent Judicial Review Of Public-Policy Challenges To Enforcement Of New York Convention Arbitral Awards

In contrast, three courts of appeals—the Second, Seventh, and Federal Circuits—now hold that a court presented with a public-policy challenge under the New York Convention should *not* decide independently whether recognition and enforcement of the award would violate U.S. public policy. In these

circuits, the arbitrator's assessment of issues implicating public policy is for practical purposes the last word.

For instance, in *Baxter International, Inc. v. Abbott Laboratories*, 315 F.3d 829 (7th Cir. 2003), a divided panel of the Seventh Circuit held that an arbitrator's determination of a public-policy question was "conclusive." *Id.* at 832. In that case, the arbitral tribunal interpreted a contract to prohibit Baxter from using a new process to compete against Abbott. *See id.* at 830-31. The tribunal rejected Baxter's contention that this interpretation would force the parties to violate antitrust public policy as embodied in the Sherman Act. *See id.* at 831. The Seventh Circuit majority affirmed the district court's order confirming the tribunal's decision. The majority declined to independently consider Baxter's argument that enforcing the award would violate U.S. antitrust policy, reasoning that it was enough that "[t]he arbitral tribunal in this case 'took cognizance of the antitrust claims and actually decided them.' *Ensuring this is as far as [a court's] review legitimately goes.*" *Id.* at 832 (emphasis added) (quoting *Mitsubishi*, 473 U.S. at 638).

The *Baxter* dissent protested the panel majority's abdication of independent judicial public-policy review, noting that, while "a commitment to deference cannot be questioned" where only private contractual rights are implicated, "other considerations enter the mix when the issue becomes a matter of the arbitrators', in interpreting a statute, commanding the parties to ... violate clearly established norms of public policy." *Id.* at 834 (Cudahy, J., dissenting). Citing the New York Convention's provision of "grounds for refusing to confirm an award under 'public policy' principles," *id.* at 836 n.4 (quoting N.Y. Convention, art. V(2)(b)), the dissent rejected the majority's approach of "simply

not[ing] the arbitration panel's resolution of the antitrust issue and consider[ing] our work done," *id.* at 836. In the dissent's view, the court was obligated to "fulfill [its] judicial responsibilities and examine the effect of the outcome commanded by the arbitral award," including by "determin[ing] whether, going forward, the horizontal restraint on Baxter's competing with Abbott ... violates the Sherman Act." *Id.* at 836-37. The dissent concluded: "Defense of public interests is sometimes better fulfilled by courts than by arbitration panels." *Id.* at 838.

The Second Circuit has adopted an approach similar to that of the Seventh Circuit majority. In *Banco de Seguros del Estado v. Mutual Marine Office, Inc.*, 344 F.3d 255 (2d Cir. 2003), the arbitrators repeatedly ordered Banco de Seguros (a reinsurance company owned by the government of Uruguay) to post prehearing security pending the arbitrators' final decisions. *See id.* at 258. Banco de Seguros argued that such orders violated an express U.S. public policy (reflected in the Foreign Sovereign Immunities Act) limiting the circumstances under which a foreign state may be subject to judicial process.[5] On appeal, the Second Circuit acknowledged that the tribunals' attachment orders implicated that "'explicit public policy,'" but held that the orders could not be vacated under the New York Convention because they "did not 'explicitly conflict' with law and legal precedent." 344 F.3d at 264 (quoting 230 F. Supp. 2d at 430). The court thus treated the public-policy challenge as merely a

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[5] *See Banco de Seguros Del Estado v. Mut. Marine Offices, Inc.*, 230 F. Supp. 2d 427, 430 & n.1 (S.D.N.Y. 2002) (citing *Verlinden B.V. v. Cent. Bank of Nigeria*, 461 U.S. 480, 493 (1983), and *Stephens v. Nat'l Distillers & Chem. Corp.*, 69 F.3d 1226, 1232-33 (2d Cir. 1995)).

"recycled" version of Banco de Seguros' "contention that the Panels acted in manifest disregard of the law," and applied the deferential manifest-disregard standard rather than analyze independently whether the attachments violated U.S. public policy. *Id.*

The Federal Circuit has now joined the Seventh and Second Circuits in precluding independent judicial review of public-policy challenges in New York Convention cases. The decision below declined to consider whether enforcement of the tribunal's award in this case would violate U.S. public policy prohibiting time-wise overextension of the patent monopoly, reasoning that "[i]t suffices to say that the tribunal's conclusion did not contravene any well-defined, established law applicable to the situation presented here." App. 16a. It thus found review precluded because no court had previously decided the precise question whether U.S. patent policy tolerates evasion of double-patenting rules by assigning duplicative patents to separate corporate entities under the same corporate umbrella, or the precise question whether an award of contract damages such as the one ordered here violates U.S. patent policy against post-expiration recovery.

Like the Seventh and Second Circuits, the Federal Circuit treated the New York Convention's express provision for public-policy review as functionally coextensive with the "manifest disregard of the law" test that some courts have read into the FAA, under which vacatur is permitted only where an arbitral tribunal's award is directly contrary to on-point precedent. *See, e.g.*, *Wachovia Sec., LLC v. Brand*, 671 F.3d 472, 483 (4th Cir. 2012) (stating that arbitral award may be vacated for "manifest disregard" if arbitrator "'refused to heed'" a "'clearly defined'" legal rule that is "'not subject to reasonable debate'") (quoting *Long John*

Silver's Rests., Inc. v. Cole, 514 F.3d 345, 349-50 (4th Cir. 2008)).[6] Indeed, the Federal Circuit expressly analyzed the two grounds together. *See* App. 17a, 19a.

The courts of appeals are thus divided between courts that require independent judicial review of a public-policy challenge to enforcement of an international arbitral award and courts that narrowly restrict review of that question. Certiorari is warranted to resolve this split.

II. REVIEW IS WARRANTED BECAUSE THE DECISION BELOW CONFLICTS WITH THE NEW YORK CONVENTION

This Court's review is also warranted because the Federal Circuit's circumscribed standard of review of public-policy challenges under the New York Convention is wrong. Correctly construed, the New York Convention, and the provisions incorporating it into the FAA, prescribe independent judicial review of public-policy challenges—protection that this Court in *Mitsubishi* deemed an essential precondition for allowing private arbitral tribunals to decide claims of public right. Certiorari should accordingly be granted to correct the Federal Circuit's misconstruction of the New York Convention.

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[6] Following this Court's holding that Section 10 of the FAA, 9 U.S.C. 10, "provide[s] the FAA's exclusive grounds for ... vacatur," *Hall Street*, 552 U.S. at 584, several courts have observed that "[t]he manifest-disregard doctrine [as applied to domestic FAA arbitrations] has been thrown into doubt," *e.g.*, *Bangor Gas Co. v. H.Q. Energy Servs. (U.S.) Inc.*, 695 F.3d 181, 187 (1st Cir. 2012).

A. The New York Convention's Text And Structure Require Independent Judicial Review Of Public-Policy Challenges

Article V(2)(b) of the New York Convention provides that an arbitral award need not be enforced "if *the competent authority* in the country where recognition and enforcement is sought *finds* that ... [t]he recognition or enforcement of the award would be contrary to the public policy of that country." App. 56a (emphases added). This provision contains two clear textual clues that the drafters intended independent judicial review of public-policy questions.

First, Article V(2) states that review of public policy is to be conducted by "the competent authority in the country where recognition and enforcement is sought"—*i.e.*, the court. App. 56a. The Convention thus specifies that it is *the court's* responsibility, and *not* the arbitrators', to identify relevant national public policies and to determine whether enforcement of a given award would violate them.

Second, as the United Nations Commission on International Trade Law ("UNCITRAL") itself has explained, the word "finds" in Article V(2) is similarly significant: As a number of courts across jurisdictions have held, the drafters' choice of the term "finds" is meant to instruct a court considering a petition to enforce a New York Convention award to decide *for itself* whether enforcement of the award comports with a nation's public policy. Whereas enforcement may be declined under Article V(1) only "at the request of the party against whom [the award] is invoked," App. 55a,[7] a judge has authority under Article V(2)(b) to

[7] Article V(1) provides additional grounds for declining to enforce an arbitral award that are not relevant to this petition.

"review an award for breach of public policy *ex officio*" (UNCITRAL Guide 258 (collecting authorities))[8]—that is, "by virtue of the authority implied by office," BLACK'S LAW DICTIONARY (10th ed. 2014). As explained in a U.K. decision cited with approval in the UNCITRAL Guide, "it must always be open to the court to take a point of public policy of its own motion." UNCITRAL Guide 259 (quoting *Gater Assets Ltd. v. Nak Naftogaz Ukrainiy* [2007] EWCA (Civ) 988, [2007] 2 CLC 567).

While Congress or the drafters of the New York Convention could have chosen to narrowly circumscribe review of public-policy challenges to arbitral awards, they did not do so. The Convention's text does not provide, for instance, that a reviewing court should reject confirmation only where required by on-point judicial precedent. Such a test would have been equivalent to the "manifest disregard of the law" standard that some courts have read into the FAA as applied to domestic arbitrations. But any such standard is conspicuously omitted from the Convention's "exhaustive" list of grounds for refusal of enforcement. UNCITRAL Guide 127-28. Instead, the treaty language directs that *the court* should ensure that the award does not violate public policy, and that *the court* should refuse enforcement when it *finds* a violation.

B. New York Convention History And Practice Confirm That Public-Policy Challenges Require Independent Judicial Review

Independent judicial review of an arbitral award's alleged public-policy violations likewise fits with the

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[8] *Accord* UNCITRAL Guide 129 ("Article V(2) provides that the grounds under the second paragraph may be observed by a court *ex officio*."); *id.* at 256 (similar).

scheme contemplated by the New York Convention's drafters and ratifiers.

1. For instance, at one early meeting during the drafting of the Convention, the Indian representative stated that "it was generally conceded that *the competent authority had to go behind the award itself* to discover whether anything contrary to public policy was involved." UN Econ. & Social Council, Comm. on the Enforcement of Int'l Arbitral Awards, Summary Record of the Seventh Meeting, Mar. 29, 1955 (UN Doc. E/AC.42/SR.7), at 4 (emphasis added). Similarly, one of the first comments submitted on the initial 1958 draft of the Convention stated that it was "generally agreed that ... courts should remain free to refuse the enforcement of a foreign arbitral award if such action should be necessary to safeguard the basic rights of the losing party or if the award would impose obligations clearly incompatible with the public policy of the country of enforcement." UN Econ. & Social Council, UN Conf. on Int'l Comm. Arbitration, Comments on Draft Convention on the Recognition and Enforcement of Foreign Arbitral Awards, Mar. 6, 1958 (UN Doc. E/Conf.26/2), at 5.

These "generally agreed" sentiments were central to UNCITRAL's plan, under which the general policy to favor and enforce arbitration agreements would be counterbalanced by an assurance to each signatory nation, embodied in Article V(2), that its courts would retain authority to police and protect the nation's own fundamental interests. Nothing in the UNCITRAL materials suggests that the Convention's drafters contemplated that courts would conduct anything other than an independent review of public-policy challenges.

2. The ratification debate in the United States similarly contemplated robust judicial review of

public-policy challenges. When the President transmitted the treaty to the Senate for consideration, for instance, the Executive Branch's report explained:

> Article V also would permit a court in the United States to refuse recognition or enforcement of an arbitral award as contrary to the public policy of the United States. These and other provisions provide substantial safeguards to American citizens against any misuse of the arbitration process.

Message from the President of the United States Transmitting the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 90th Cong., 2d Sess., at 4 (April 24, 1968). A State Department memorandum provided to the Senate as part of the same report explained that Article V(2)(b)'s public-policy exception "would give the courts to which application is made considerable latitude in refusing enforcement." *Id.* at 21. And in a report prepared shortly before the Senate consented to the United States' accession to the Convention, the Committee on Foreign Relations expressed similar views—explaining the Committee's understanding that "article V ... provides that an American court may refuse recognition or enforcement of an award as contrary to the public policy of the United States." Executive Report No. 10, 90th Cong., 2d Sess., at 1 (Sept. 27, 1968).

Thus, like the drafters of the Convention itself, the Executive Branch and the Senate both viewed Article V(2)(b) as reserving *to the courts* the power to review arbitral awards for compliance with U.S. public policy. There is no indication in the ratification history that anyone expected the courts to restrict their review in

applying the public-policy exception to cases involving the precise violation of a prior judicial decision.

3. Precedent likewise supports independent judicial review of public-policy challenges under the New York Convention. In *Mitsubishi*, this Court approved the submission of federal antitrust claims to arbitration in express reliance on the premise that "the national courts of the United States [would] have the opportunity at the award-enforcement stage to ensure that the legitimate interest in the enforcement of the antitrust laws has been addressed." 473 U.S. at 638. Without such independent judicial review to ensure compliance with fundamental domestic public policy, the Court emphasized, arbitration of U.S. antitrust claims would not be appropriate. *See id.*; *see also Vimar Seguros y Reaseguros, S.A. v. M/V Sky Reefer*, 515 U.S. 528, 540 (1995) (relying on similar reasoning in authorizing foreign arbitration of claims under Carriage of Goods by Sea Act).

Such independent, "second look" review in New York Convention cases also aligns with the uniform approach to public policy in the context of domestic arbitration (particularly labor arbitration). In that setting, this Court has explained that "the question of public policy is ultimately one for resolution *by the courts*," *W.R. Grace*, 461 U.S. at 766 (emphasis added), because "the public's interests ... will go unrepresented unless *the judiciary* takes account of those interests," *Misco*, 484 U.S. at 42 (emphasis added). The courts of appeals are in uniform accord in this view, and the lower courts thus always undertake independent review when a domestic arbitral award is

challenged on public-policy grounds.[9] And this principle is applicable *a fortiori* with respect to decisions of *international* arbitral tribunals, which "[are] not the guardian[s] of the public policy of any country at all"—let alone the public policy of the United States in particular. *See* Pierre Mayer, *Mandatory Rules of Law in International Arbitration*, 2 Arb. Int'l 274, 277 (1986).

4. Secondary authorities also agree that courts should conduct public-policy review in New York Convention cases independently. UNCITRAL's Guide to the Convention, in addition to explaining the significance of the word "finds" in Article V(2) (*see supra*, at 20-21), explains:

> Public policy allows *the courts* ... where recognition and enforcement is sought to consider the merits of an award *so as to satisfy themselves* that there is nothing in the

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[9] *See, e.g.*, *Titan Tire Corp. of Freeport v. United Steel, Paper & Forestry, Rubber, Mfg., Energy, Allied Indus. & Serv. Workers Int'l Union*, 734 F.3d 708, 717 (7th Cir. 2013); *S. Cal. Gas Co. v. Utility Workers Union of Am., Local 132*, 265 F.3d 787, 794 (9th Cir. 2001); *MidMichigan Reg'l Med. Ctr.-Clare v. Prof'l Employees Div. of Local 79, SEIU, AFL-CIO*, 183 F.3d 497, 504 (6th Cir. 1999); *Int'l Bhd. of Elec. Workers, Local 97 v. Niagara Mohawk Power Corp.*, 143 F.3d 704, 715 (2d Cir. 1998); *Exxon Corp. v. Esso Workers' Union, Inc.*, 118 F.3d 841, 845 (1st Cir. 1997), *abrogated on other grounds, E. Associated Coal Corp. v. United Mine Workers of Am., Dist. 17*, 531 U.S. 57 (2000); *Gulf Coast Indus. Workers Union v. Exxon Co., U.S.A.*, 991 F.2d 244, 248 (5th Cir. 1993); *Exxon Shipping Co. v. Exxon Seamen's Union*, 993 F.2d 357, 360 (3d Cir 1993); *Delta Air Lines, Inc. v. Air Line Pilots Ass'n, Int'l*, 861 F.2d 665, 670 (11th Cir. 1988); *Iowa Elec. Light & Power Co. v. Local Union 204 of Int'l Bhd. of Elec. Workers*, 834 F.2d 1424, 1427 (8th Cir. 1987); *Local 453, Int'l Union of Elec., Radio & Mach. Workers, AFL-CIO v. Otis Elevator Co.*, 314 F.2d 25, 29 (2d Cir. 1963) (Marshall, J.).

> award that would infringe the fundamental values of that State.

UNCITRAL Guide 247 (emphasis added). Later, the Guide describes "the essence of public policy," as implemented in Article V(2)(b), as "a concept that allows *the court* to reject a violation of it[s] most fundamental norms of justice." *Id.* at 258 (emphasis added). There is no suggestion in the Guide that arbitrators should be entrusted with matters of national public policy, or that courts should defer to their policy judgments.

Other authorities are in accord. The current iteration of the Restatement, for instance, provides that *"[a] court may examine* whether recognition or enforcement of a Convention award would be repugnant to public policy ... even if the parties themselves do not raise the issue." RESTATEMENT (3D) U.S. LAW OF INT'L COMM. ARBITRATION § 5-14(b) (Tentative Draft 2010) (emphasis added). The Restatement goes on to explain that *"[a] court* generally determines whether recognition or enforcement of a Convention award violates public policy ... in accordance with federal law," *id.* § 5-14(c) (emphasis added), and that "[i]dentifying public policy, and determining the extent to which recognition or enforcement of an award would offend it, *entails an exercise of judgment by courts*," *id.* § 5-14 Reporter's Note c (emphasis added).

The Federal Circuit below, in holding that enforcement of the award here could not be held to violate U.S. patent policy absent an all-fours judicial precedent on nearly identical facts, thus contravened the text, structure and history of the New York Convention.

III. THE QUESTION PRESENTED IS EXCEPTIONALLY IMPORTANT

For all the reasons set forth above, certiorari is warranted in this case so that this Court may adopt a uniform and correct standard for U.S. courts to apply in public-policy challenges to enforcement of arbitral awards under the New York Convention. But review is also warranted because the question presented has great importance to, and practical consequences for, the public policies of the United States. International arbitration is increasingly a venue where important U.S. statutory policy (for example, patent and competition policy) is shaped. Unless the lower courts enforce the Convention's public-policy exception, those public policies will be subject to private arbitral whim.

As commentators have thus explained, this Court's "expansion of arbitration to cover statutory claims creates a greater, not a lesser need, for meaningful judicial review," because such claims will more frequently implicate the national public interest. Margaret L. Moses, *Arbitration Law: Who's in Charge?*, 40 Seton Hall L. Rev. 147, 180 (2010). Indeed, as this Court held in *Mitsubishi*, "the availability of the public policy exception is what justifies allowing claims that involve public policy to be arbitrable in the first instance." Catherine A. Rogers, *The Arrival of the "Have-Nots" in International Arbitration*, 8 Nev. L.J. 341, 366 n.150 (2007). But despite its importance to the regime envisioned by the New York Convention's drafters and ratifiers, the promised "'second look' has not yet occurred." Philip J. McConnaughay, *The Risks and Virtues of Lawlessness: A "Second Look" at International Commercial Arbitration*, 93 Nw. U. L. Rev. 453, 457 (1999); *see* Moses, *supra*, 40 Seton Hall

L. Rev. at 179 (similar). This case presents the Court with an excellent opportunity to correct this omission and vindicate the premise of *Mitsubishi*.

Tasking the courts with ultimate responsibility for policing U.S. public policy in New York Convention cases will, moreover, give rise to a virtuous cycle: If arbitrators know that courts will review public-policy issues independently, they will be more likely to take such issues seriously themselves. *See* Rogers, *supra*, 8 Nev. L.J. at 367 ("the potential for more exacting review can affect how arbitral tribunals apply ... mandatory laws"). Independent judicial scrutiny will reduce the incidence of even arguable public-policy violations by arbitrators, increasing public confidence in arbitration.

Review of the question presented is also important in order to ensure that contracting parties continue to view our Nation as a hospitable jurisdiction in which to settle their disputes. Companies are willing to submit to arbitration before international arbitral panels in part because they can rely on the expectation that U.S. public policy provides a backstop against runaway awards. The Federal Circuit's decision permitting arbitrators to disregard foundational U.S. patent policy, in order to award nearly half a billion dollars in damages, risks discouraging parties from entering into international arbitration agreements, in contravention of the long-settled federal policy favoring such agreements.

This effect will be particularly significant in patent matters. Congress has specifically sought to encourage arbitration of patent disputes through its adoption of Section 294 of the Patent Act, 35 U.S.C. 294, which permits arbitration of patent disputes, and arbitration agreements are thus common in transnational patent

transactions. Allowing arbitral panels to freely disregard the fixed limits on patent terms countermands U.S. public policy by discouraging such agreements: Few companies will agree to arbitrate patent claims if by doing so they expose themselves to the risk of an unreviewable award of damages that extends the patent monopoly beyond the scope or duration of the patent term.

Placing such vital policies beyond the reach of the courts will, moreover, have adverse consequences—particularly for parties already locked into binding patent-arbitration agreements. The Federal Circuit's approach to public-policy review benefits patent holders at the expense of potential defendants, skewing the vital "balance between fostering innovation and ensuring public access to discoveries." *Kimble v. Marvel Entertainment, LLC*, 135 S. Ct. 2401, 2406-07 (2015). This balance must be "carefully guarded" for the patent system to work, *id.* at 2407, and only the courts may properly occupy the guardian's role.

These concerns are not limited to business disputes, but also reach cases involving individual rights. For example, an employment agreement between a U.S. citizen and a foreign corporation might call for arbitration of disputes; an award under that agreement would be subject to the New York Convention. *See* 9 U.S.C. 202. At an arbitration, the tribunal might find that the employee had been subjected to sex discrimination, and yet refuse relief because that precise form of discrimination had not yet been addressed by a court. Or, conversely, the arbitrator might find that the employee had engaged in some novel form of accounting fraud, and yet order that she be reinstated to her job. In either situation, the rule in the Federal Circuit (as in the Second and Seventh

Circuits) would require a reviewing court to accept the arbitrator's decision and to enforce the award—unless some prior court had found a violation of law on precisely the same facts. That cannot be the rule.

IV. THIS CASE PRESENTS AN EXCELLENT VEHICLE TO RESOLVE THE QUESTION PRESENTED

The issue of what standard of review governs public-policy challenges to enforcement of international arbitral awards under the New York Convention is squarely presented here because it is outcome-determinative in this case. The arbitral award at issue is enforceable under the approach taken by the Second, Seventh, and Federal Circuits—but not under the approach of the Fifth, Ninth, and D.C. Circuits. Under the independent review mandated by the law of the latter three circuits (and by the New York Convention itself), the award here would be declared unenforceable as contrary to the fundamental U.S. public policy against timewise overextension of the patent monopoly. This case thus presents an excellent vehicle to decide the question presented.

The U.S. public policy at issue derives from the Constitution's Patent Clause, which empowers Congress to 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, cl. 8 (emphasis added). As this Court explained in *Kimble*, the Constitution and the Patent Act strike a "balance between fostering innovation and ensuring public access to discoveries. While a patent lasts, the patentee possesses exclusive rights to the patented article.... But ... when the patent expires, the patentee's prerogatives expire too, and the right to make or

use the article, free from all restriction, passes to the public." 135 S. Ct. at 2406-07 (citing *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964)). This long-settled policy against overextension of the term of patent exclusivity manifests in a number of specific sub-rules, two of which would be violated by enforcing the award here.

First, enforcing the award would violate public policy as manifested in the prohibition of double-patenting—an issue that even the arbitral tribunal acknowledged as one that "engages public policy." C.A.J.A. 410. This double-patenting rule is an integral component of the policy against timewise over-extension of the patent monopoly, which has existed "[s]ince the inception of our patent laws," *Abbvie*, 764 F.3d at 1372. It reflects the policy that "'[t]he public should ... be able to act on the assumption that upon the *expiration* of the patent it will be free to use not only the invention claimed in the patent but also modifications or variants which would have been *obvious* to those of ordinary skill in the art at the time the invention was made.'" *In re Longi*, 759 F.2d 887, 892-93 (Fed. Cir. 1985) (quoting *In re Zickendraht*, 319 F.2d 225, 232 (C.C.P.A. 1963) (Rich, J., concurring)). As Justice Story explained two centuries ago:

> It cannot be, that a patentee can have in use at the same time two valid patents for the same invention; and if he can successively take out at different times new patents for the same invention, he may perpetuate his exclusive right during a century, whereas the patent act confines this right to fourteen years from the date of the first patent. If this proceeding could obtain countenance, it would completely destroy the whole consid-

> eration derived by the public for the grant of the patent, viz. *the right to use the invention at the expiration of the term specified in the original grant.*

Odiorne v. Amesbury Nail Factory, 18 F. Cas. 578, 579 (C.C. D. Mass. 1819) (emphasis added).

Enforcing the arbitral award in this case would violate this policy, because the entirety of the damages award (both the infringement damages and the component denominated as contract damages) depends on the premise that the Leemans patents were valid. But enforcing any such award would be contrary to the policy against improper timewise overextension of patent rights, because (as PTO examiners *and the arbitral tribunal itself* have found) the Leemans patents generically claim the same *pat* gene that is more specifically claimed by the Strauch patents. *See supra*, at 7-8.

The Federal Circuit rejected this argument only because no court had previously addressed a double-patenting challenge based on corporate ownership facts identical to those presented here. App. 16a-17a. Had the court conducted its own independent review, however, it necessarily would have found that enforcing the Leeman patent rights in this situation would violate U.S. public policy. The PTO examiners so found, ruling that the Leemans patents constitute "an unjustified time-wise extension that restrict[s] the public's freedom to use the invention claimed in the Strauch patent even after expiration." C.A. Dkt. 98, at 22; *see id.* at 23 (similar); C.A. Dkt. 99, at 21, 23 (similar). As the PTO concluded, there is no policy or doctrinal justification to allow corporations to use the corporate form to avoid the ban on double-patenting merely by assigning patents to formally

separate subsidiaries. To the contrary, any such rule would provide a simple roadmap for bypassing a fundamental policy of the patent laws.[10]

Second, enforcing the award also violates the public policy against timewise overextension of the patent monopoly by conferring on Bayer $138 million in contract damages covering seven years *after* the last of the Leemans patents has expired. As this Court recently reiterated, a patent-holder may not enforce an agreement that would effectively "continue 'the patent monopoly beyond the [patent] period,' even though only as to the licensee affected," because—"'*whatever the legal device employed*'"—enforcement of such an agreement would necessarily "conflict with patent law's policy of establishing a 'post-expiration ... public domain' in which every person can make free use of a formerly patented product." *Kimble*, 135 S. Ct. at 2407-08 (emphasis added) (quoting *Brulotte v. Thys Co.*, 379 U.S. 29, 31 (1964)).[11] Enforcing the award as to the post-2023 contract damages would violate the fundamental public policy requiring adher-

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[10] The award also could not be upheld under independent public-policy review based on Biogen's co-ownership of the patents. *See supra*, at 8. The courts below did not reach this issue (*see* App. 16a n.1), but it makes no difference to the policy analysis: Whatever rights *Biogen* may have in the Leemans patents, it would violate public policy to enforce an award that extends rights in those patents *to Bayer* beyond the expiration of the Strauch patents.

[11] In *Kimble*, this Court reaffirmed *Brulotte*, noting that its "statutory and doctrinal underpinnings have not eroded over time," 135 S. Ct. at 2410, and that "Congress has spurned multiple opportunities to reverse" it, *id.* at 2409. "[T]his Court has continued to draw from that legislative choice [not to overrule *Brulotte*] a broad policy favoring unrestricted use of an invention after its patent's expiration." *Id.* at 2411.

ence to the temporal limits on the patent monopoly set by the Constitution and Congress.

Again, had the Federal Circuit independently analyzed whether enforcing the award would comport with the public policy limiting enforcement of patent rights following their expiration, it would have barred enforcement, because the award confers patent protection on Bayer for seven years after the expiration of its patents. Parties may not contract around this fundamental public policy by means of a royalty agreement, and there is no basis in law or policy to permit them to achieve the same result through an arbitration agreement.

The result in this case thus turns on whether or not this Court adopts independent public-policy review under the New York Convention. The petition presents a clean vehicle for resolving a circuit split and deciding the exceptionally important question presented.

CONCLUSION

The petition should be granted.

Respectfully submitted,

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