

Nos. 2020-1715, 2020-1716

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

OMNI MEDSCI, INC.,

Plaintiff–Appellee,

v.

APPLE INC.,

Defendant–Appellant.

On Appeal from the United States District Court for the Northern District of California in Nos. 4:19-cv-05673-YGR and 4:19-cv-05924-YGR, Hon. Yvonne Gonzalez Rogers, and the United States District Court for the Eastern District of Texas in Nos. 18-cv-00429 and 18-cv-00134, Hon. Robert W. Schroeder III

**BRIEF *AMICUS CURIAE* OF
THE REGENTS OF THE UNIVERSITY OF MICHIGAN**

Date: July 7, 2020

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CERTIFICATE OF INTEREST

Pursuant to Fed. Cir. R. 47.4, counsel for *Amicus Curiae* the Regents of the University of Michigan hereby certifies as follows:

1. The full name of the party being represented is: Regents of the University of Michigan.

2. The real name of the real party in interest is: Regents of the University of Michigan.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties being represented are: None.

4. The names of all law firms and the partners or associates that appeared for the party not represented by me in the trial court or are expected to appear in this Court (and who have nor or will not enter an appearance in this case) are: Honigman LLP – J. Michael Huget, Sarah E. Waidelich, and Rian C. Dawson.

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal are:

- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 4:19-cv-05673-YGR (N.D. Cal.)
- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 4:19-cv-05924-YGR (N.D. Cal.)
- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 3:20-cv-00563-YGR (N.D. Cal.)
- IPR2019-00916 (instituted Oct. 18, 2019)

- IPR2020-00175 (instituted June 17, 2020)

Dated: July 7, 2020

/s/ J. Michael Huget
J. Michael Huget

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I. STATEMENT OF IDENTITY, INTEREST IN THE CASE, AND SOURCE OF AUTHORITY TO FILE BRIEF

The Regents of the University of Michigan (the “University”),¹ submit this brief in support of Apple’s appeal, and to correct certain errors in the E.D. Texas court’s decision that could have an effect beyond this litigation.

The University respectfully submits that the lower court’s interpretation of the University’s Bylaws and Policies as effecting only a promise to assign rights in the future and not an automatic assignment of such rights was clearly in error and against the clear meaning of those provisions. The district court failed to address crucial evidence in the form of the University’s Technology Transfer Policy language. It also failed to consider the University’s longstanding implementation of Bylaw 3.10 and the course of conduct between the University and its faculty; indeed, the University has broadly implemented its technology transfer process consistent with the interpretation discussed below and confirmed with Plaintiff-Appellee in the course of conduct for more than a decade. Along the way, the district court also misapplied Federal Circuit precedent and misquoted other case law.

The University thus respectfully requests that this Court reverse the lower

¹ This brief was authored solely by the Regents of the University of Michigan and its counsel, and no other person other than the University contributed money that was intended to fund preparing or submitting this brief. Pursuant to Fed. R. App. P. 29(a), all parties received timely notice of the University’s intent to file this brief and have consented to its filing.

court's decision incorrectly interpreting the University's Bylaws and Policies and hold that University Bylaw 3.10 effects an automatic assignment of patent rights to the University, not merely an obligation to assign in the future.

II. BACKGROUND

A. The University of Michigan and its Bylaws and Policies

The University of Michigan is a premier public research institution based in Ann Arbor, Michigan. The transfer of technology from university laboratories to the real world is an important part of the University's research activity, and essential if the public is to benefit from the billions of dollars invested each year in university research. Indeed, the Bayh-Dole Act demands that awardees of federal funds resulting in inventions, including universities like the University of Michigan, file patent applications and pursue licensees. *See* 35 U.S.C. § 200-12; 37 C.F.R. 401.1 *et seq.*

The Regents of the University of Michigan is the corporate body established by the Michigan Constitution. Michigan Const., Article VIII, Sect. 5; *see also* Appx3964, Deposition of Bryce Pilz² ("Pilz Dep.") at 17:7-10. The Michigan Constitution grants to the Board of Regents responsibility for the "general supervision of [the] institution and the control and direction of all expenditures from

² Bryce Pilz is the University's Director of Licensing in its Office of Technology Transfer. He testified pursuant to subpoena as a Rule 30(b)(6) witness on behalf of the University. (*See, e.g.*, Appx3960-3962.)

the institution's funds." Michigan Const., Article VIII, Sect. 5. The general supervision of the University includes enacting bylaws, policies, and procedures for University employees, faculty, and students.

The Board exercises its rule-making authority in several ways. For instance, the Board promulgates Bylaws. The Regents Bylaws are the rules for general University organization and policy. (*See, e.g.*, Appx4190-4191, Bylaws of Board of Regents, Preface.) The Board directly adopts the Bylaws in the exercise of its state constitutional powers. (*Id.*; *see also* Appx3964, Pilz Dep. at 17:11-21.) In addition, the Board may exercise its rule-making authority by approving specific rules or delegating authority to schools, colleges or other units. (*Id.*) Although subject to the ultimate authority of the Board, other University authorities establish procedures for adopting, amending, or repealing these rules. (*Id.*)

This case is about both Bylaws promulgated by the Board, as well as policies promulgated by the University's Technology Transfer Office. (*See* Appx4190-4191; *see also* Appx3965, Pilz Dep. at 21:11-18). In particular, Regents Bylaw 3.10 governs "ownership of patents, copyrights, computer software, [and] property rights." (Appx4193-4194.) And the University's 2009 Technology Transfer Policy, which was specifically approved by the Board, both incorporates this Bylaw and provides additional information about intellectual property rights, including the division of royalties and revenues, as well as the procedural mechanisms for

determination of rights. (*See, e.g.*, Appx4196-4202.) Both are discussed in turn below.

B. The University's Relationship with Professor Mohammed Islam

Professor Mohammed Islam is the principal of Plaintiff-Appellee Omni MedSci. But Professor Islam has been a professor in Michigan's College of Engineering since 1992, and, in 2011, he was also appointed to a position with Michigan's Medical School. (*See* Appx4070-4076; Appx4078-4081; Appx4087, Appx4091 (noting effective date of November 1, 2011 for Professor Islam's Medical School support); Appx3996, Pilz Dep. at 143:8-23; Appx4024, Pilz Dep at 254:10-255:4.) When he joined the University, Professor Islam agreed specifically to be bound by Bylaw 3.10, as well as all University rules and regulations, which includes its 2009 Technology Transfer Policy. (*See* Appx4076; Appx3974, Pilz Dep. at 54:23-57:3; Appx4030, Pilz Dep. at 278:9-279:4.)

The dispute over ownership of the patents-in-suit centers on a series of activities by Professor Islam in 2012. Professor Islam requested, and was granted, permission to take a leave from his teaching duties during the fall semester of that year. (*See* Appx3975, Pilz Dep. at 58:5-24, 61:17-62:4.) He remained a University employee during his leave, with continuing unfettered access to labs, to offices appointed to him both at the College of Engineering and in Michigan's Cardiovascular Center, and to collaborators and Ph.D. students. (Appx3975, Pilz

Dep. at 61:6-16; Appx3996, Pilz Dep. at 142:10-144:20; *see also* Appx4084-4085; Appx4087-4089; Appx4091.) On his last day of leave, Professor Islam filed seven provisional patent applications with the U.S. Patent and Trademark Office. (*See, e.g.*, Appx4094-4095.) He filed another provisional patent application three weeks later, after his return to the University. (*E.g.*, Appx3980, Pilz Dep. 79:24-80:21.) All of the patents-in-suit claim priority to one or more of these provisional applications.³

Shortly after returning from his leave, Professor Islam began requesting that the University sign a document stating his ownership of the inventions disclosed in these provisional patent applications. (*E.g.*, Appx3981, Pilz Dep. 85:10-21; Appx4094-4095.) Professor Islam alleged that he did not directly or indirectly use University resources in creating the inventions; if true, the invention would belong to him under subpart (4) of Bylaw 3.10. (*See* Appx4193-4194.) The University, through its Office of Technology Transfer, investigated Professor Islam's claim. (*E.g.*, Pilz Dep. at Appx3982 (89:5-20); Appx3984 (96:7-24); Appx3985-3987 (98:5-15, 100:15-104:6, 105:12-109:9); Appx3989 (114:23-115:12).) The University's investigation revealed that Professor Islam had, in fact, used University resources while inventing the claimed inventions. (*Id.*) For that reason, the

³ Professor Islam continued to file applications in the patent families that resulted in the patents-in-suit.

University owned any patent rights on the inventions, and it informed Professor Islam that it did not agree that he owned the provisional patent applications or inventions disclosed therein. (*See, e.g., id.*; *see also* Appx3988, Pilz Dep. at 110:18-111:20; Appx3992-3993, Pilz Dep. at 129:2-130:2; Appx4010-4011, Pilz Dep. at 201:11-204:11.) Between the University’s initial communication of its conclusion to Professor Islam in 2013, and continuing through the fall of 2018, Professor Islam repeatedly approached various University stakeholders and asked them to reconsider their findings. (*E.g.*, Pilz Dep. at Appx3995 (138:9-140:19); Appx3997 (146:14-148:22); Appx3998 (152:16-153:23); Appx4009 (194:3-197:17).) The University did not, and has not, changed its conclusion. The University’s Technology Transfer Policy provided Professor Islam with an opportunity to formally appeal this conclusion, which he chose not to pursue. (*See, e.g.*, Appx4201 (“Appeal Process”); Appx4015-4016, Pilz Dep. at 221:14-222:23.)

III. ARGUMENT

A. The Plain Language of Bylaw 3.10 Effects an Automatic Assignment

The University’s Regents’ Bylaw 3.10 provides that

1. Patents and copyrights issued or acquired as a result of or in connection with administration, research, or other educational activities conducted by members of the University staff and supported directly or indirectly (e.g., through the use of University resources or facilities) by funds administered by the University, regardless of the source of such funds, and all

royalties or other revenues derived therefrom *shall be the property of the University*.

(Appx4193 (emphasis added).) As Bylaw 3.10 states, the University owns intellectual property created with the direct or indirect support of University-administered funds, which includes University resources or facilities. (*See id.*; *see also* Appx3964, Pilz Dep. at 15:3-13; Appx3965, Pilz Dep. at 19:17-25; Appx3967, Pilz Dep. at 26:16-27:1.) “Direct or indirect support” could include, but is not limited to, grants or other forms of research sponsorship; salary and time supported by salary; resources such as University facilities, labs, equipment, or materials; or advantaged or other unique access to other University professors or faculty as a resource. (*See id.*) Under Bylaw 3.10(1), if the inventive activity includes or results from any “direct or indirect support,” ownership automatically transfers to the University as soon as the invention is created. (*Id.*, Appx3968, Pilz Dep. at 30:7-30:24.)

An employee *does not* have to execute a separate assignment or take another action for title to transfer to the University. (*Id.*, Appx3968, Pilz Dep. at 30:25-31:7; Appx4015, Pilz Dep. at 218:7-220:5; Appx4029, Pilz Dep. at 274:16-22.) Instead, the “shall be the property of” language operates to effect an automatic transfer of the property rights. *See, e.g., C.R. Daniels v. Maztec Int’l Grp.*, No. 11-01624, 2012 WL 1268623, at * (D. Md. Apr. 13, 2012) (holding that agreement containing “shall become” language effectuated an automatic transfer of rights); *Affymetrix, Inc. v.*

Illumina, Inc., 446 F. Supp. 2d 292 (D. Del. 2006) (holding that agreement containing “shall be the exclusive property of” language effectuated an automatic transfer of rights). The automatic transfer is confirmed by the lack of any process or procedure for the execution of assignments to the University. *See, e.g., Affymetrix*, 446 F. Supp. 2d at 296 (noting that present, automatic assignment exists where no additional act required to effectuate the transfer). Indeed, the Bylaw and Policy only outline processes for the execution of assignments of non-employees or assignments from the University “back” to employees.

Bylaw 3.10 is an important provision for the University to satisfy its obligations under the Bayh-Doyle Act, which requires awardees of federal funds resulting in inventions, including universities like Michigan, to file patent applications and pursue licensees. *See* 35 U.S.C. § 200-12; 37 C.F.R. 401.1 *et seq.* This Bylaw automatically transfers ownership to the University so that it may file patent applications and pursue licensees as required by the Act. In the absence of such an automatic assignment, if a University employee refused to transfer ownership to federally-funded inventions, the University would have no choice but to litigate (potentially numerous) breach-of-contract lawsuits with its own employee(s). Bylaw 3.10 eliminates this risk by ensuring that the University always obtains ownership of federally-funded inventions.

B. The University’s Tech Transfer Policy Emphasizes the Automatic Nature of Assignment

Under Federal Circuit law, the Bylaw alone suffices to effect an automatic assignment, but the University’s Technology Transfer Policy (the “Policy”) makes the issue even clearer.⁴ The Policy is an implementation of Bylaw 3.10 and is binding on faculty members (including Professor Islam). (See Appx4196-4202.) Among other things, the Policy restates the general rule of Bylaw 3.10 and thus similarly effects an automatic assignment, stating that patents “shall be the property of the University.” (Appx4197.)

Other language in the Policy similarly emphasizes the automatic nature of the assignment. For example, Section II.3 of the Policy explains that the University “*will retain ownership* of Intellectual Property produced by Employees while participating in sabbaticals or other external activities if they receive salary from the University for such activity.” (Appx4197 (emphasis added).) “Retain” means to keep in possession or use. This provision would be rendered nonsensical by reading Bylaw 3.10 to only require a future assignment, because under that reading, the University would lack any ownership to “*retain.*”

⁴ Federal Circuit law holds that courts should consider the full contractual language in determining whether the assignment is automatic or merely a promise to assign in the future. See, e.g., *McAbee Constr., Inc. v. United States*, 97 F.3d 1431, 1434-35 (Fed. Cir. 1996); *Gould, Inc. v. U.S.*, 935 F.2d 1271, 1274 (Fed. Cir. 1991).

The court considered similar language in *Polyzen, Inc. v. RadiaDyne, LLC*, No. 5:11-cv-662, 2015 WL 4713235 (E.D.N.C. Aug. 7, 2015). There, the key language was “RadiaDyne Product **will remain** the property of RadiaDyne.” *Id.* at *4. The court held that the “most natural reading” of this language is the automatic creation of a present legal interest. *Id.* (“‘Will remain’ suggests that the RadiaDyne Product **always has been** and **continues to be** the property of RadiaDyne.” (emphasis added)). The same is true with the “will retain” language in the 2009 Technology Transfer Policy: it confirms that ownership transfers automatically to the University.

Another example is found in Section VI of the Policy, which addresses situations where the University decides not to pursue patenting of a given invention. (See Appx4201; see also Appx3971, Pilz Dep. at 42:7-43:21.) Section VI.1 provides that in those situations, the University may “**elect to assign or license** its rights ... **back** to one or more inventors.” (Appx4201 (emphasis added).) Section VI.2 provides further rules on such situations where “rights have been granted **back** to Inventors.” (*Id.* (emphasis added).) This language only makes sense if the University is **automatically** assigned the patent rights under Bylaw 3.10 and Section II.1 of the Policy. If Bylaw 3.10 were merely a promise to assign in the future, the University would not yet be the owner of the patent rights, and would have nothing to assign “**back**” to the inventors as Sections VI.1 and IV.2 provide, especially since there is no assignment process outlined in the Policy. (See also Appx3971, Pilz Dep.

at 43:22-44:5.) All faculty “reassignment” agreements under this Section VI.2 support the interpretation of an automatic assignment.

The University policy’s structure is similar to the Florida statute at issue in *Alzheimer’s Institute of Am., Inc. v. Avid Radiopharms.*, No. 10-6908, 2011 WL 3875341, at *7 (E.D. Pa. Aug. 31, 2011). The statute stated that “[a]n invention which is made in the field of discipline in which the employee is employed by the University or by using University support is the property of the University and the employee shall share in the proceeds therefrom.” *See id.* (emphasis added). Although the inventor-employee was entitled to share in the monetary benefits of the invention, that court held that under such language ownership automatically vested (and remained) with the university by operation of law. *Id.* Likewise, here a University inventor-employee is entitled to share in monetary benefits (as set forth in the Technology Transfer Policy), but Bylaw 3.10 automatically vests ownership in the University upon a qualifying invention’s creation. (*See* Appx4199, (“Revenue Distribution”); Appx3968, Pilz Dep. at 30:25-31:7; Appx4015, Pilz Dep. at 218:7-220:5; Appx4029, Pilz Dep. at 274:16-22.)

The Technology Transfer Policy confirms that if an invention directly or indirectly uses University resources, rights to the invention transfer automatically to the University. The E.D. Texas court’s ruling was clearly in error, as it failed even to consider this evidence.

C. The E.D. Texas Court Clearly Erred in its Interpretation of Bylaw 3.10 and its Application of Precedent

The E.D. Texas court erred in many ways in its interpretation of Bylaw 3.10 as a mere “promise to assign.” First, it incorrectly reasoned that because Bylaw 3.10 covers future inventions, it must contemplate only a promise to assign in the future, after creation of the inventions. (*E.g.*, Appx7.) But this contradicts well-established Federal Circuit precedent. In its seminal *FilmTec* case, the Federal Circuit held that agreements can assign rights prior to the creation of an invention. *See, e.g., FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1572 (Fed. Cir. 1991). Although the assignee holds only equitable title before the invention exists, once it comes into being, legal title automatically vests in the assignee with no further act required, and the assignor has “nothing remaining to assign.” *Id.* at 1572-73.

The Federal Circuit confirmed the *FilmTec* principle in *DDB Techs., L.L.C. v. MLB Adv. Media, L.P.*, 517 F.3d 1284 (Fed. Cir. 2008). There, the Court reaffirmed that a contract can grant rights in future inventions, and in that event, “no further act is required once an invention comes into being, and the transfer of title occurs by operation of law.” *DDB Techs.*, 517 F.3d 1284, 1290 (internal quotations omitted) (citing *FilmTec*, 939 F.2d at 1573). The E.D. Texas court’s view that a contract cannot automatically assign rights to future inventions deviated from this well-established law, and this Court should again reject it.

Second, the E.D. Texas court improperly held that certain “conditions precedent” in Bylaw 3.10 require reading it as a mere promise to assign. (*E.g.*, Appx7.) But many—if not most—contracts have such “conditions precedent” or other limitations, including contracts automatically assigning rights in future inventions. For example, in *DDB Techs.*, the Federal Circuit noted that “if the patents in suit were within the scope of the employment agreement [a “condition precedent”], they would have been automatically assigned to Schlumberger by operation of law with no further act required on the part of the company.” *DDB Techs.*, 517 F.3d at 1290. A later decision on whether the invention was “within the scope of the employment agreement” is no different from deciding whether an inventor used University resources under Bylaw 3.10. If the “conditions precedent” are present—that is, if the invention directly or indirectly used University resources—then the University is automatically the owner of the invention. (*See, e.g.*, Appx4015, Pilz Dep. at 219:8-220:5.) Thus, the existence of such a “condition precedent” or other contractual limitation is no bar to an automatic assignment, and the E.D. Texas court’s ruling on this point was clearly in error. *See, e.g.*, *DDB Techs.*, 517 F.3d at 1290.

The E.D. Texas court also clearly erred in its application of precedent. It first addressed *C.R. Daniels v. Maztec Int’l Grp.*, No. 11-01624, 2012 WL 1268623 (D.

Md. Apr. 13, 2012). (Appx7-8.) The language in *C.R. Daniels* was like the language in Bylaw 3.10:

. . . I hereby agree that without further consideration to me any inventions or improvements that I may conceive, make, invent or suggest during my employment by [C.R. Daniels]. . . shall become the absolute property of [C.R. Daniels], and I will, at any time at the request of [C.R. Daniels] . . . execute any patent papers . . . necessary.

Id. at *4 (emphasis added). The *C.R. Daniels* court noted that this language lacked “words of present conveyance,” but observed that the use of some seemingly future-oriented language was understandable as the parties were addressing ownership of IP that had not yet come into being. *Id.* at *11. Despite this, the *C.R. Daniels* court found the phrase “without further consideration” to be of “key importance.” *Id.* This phrase showed the agreement was an automatic assignment, because title transferred without the need for any additional contractual act. *Id.* And nothing else in the agreement contradicted this language of automatic assignment. *Id.* at *12.

The E.D. Texas court acknowledged that both *C.R. Daniels* and Bylaw 3.10 lack “words of present conveyance.” (Appx8.) But it held *C.R. Daniels* distinguishable from Bylaw 3.10 because it contained language that the inventor “hereby agree[d] that . . . any inventions . . . **belonged to** [the **employee**.]” (*Id.* (emphasis added)) But, remarkably, the E.D. Texas court *misquoted* *C.R. Daniels*; the actual language from that agreement is “hereby agree[d] that . . . any inventions . . . **shall become** the absolute property of [the **employer**.]” Compare Appx8 with

C.R. Daniels, 2012 WL 1268623, at *4. The properly quoted language in *C.R. Daniels* is nearly identical to the “shall be” language in Bylaw 3.10; if anything, the present tense of “shall be” in Bylaw 3.10 is even more indicative of a present assignment.

Second, the E.D. Texas court questioned Bylaw 3.10’s lack of “hereby grant” or “hereby agree” language, the latter of which was present in *C.R. Daniels*. Appx8; *C.R. Daniels*, 2012 WL 1268623, at *4. But the “hereby agree” language was *not* the dispositive language in, nor was it required by, *C.R. Daniels*; instead, the court focused on the lack of further action required to effectuate the transfer (the “without further consideration” language). *C.R. Daniels*, 2012 WL 1268623, at *11-12.

Finally, the E.D. Texas court opined that Bylaw 3.10 is missing the “crucial guidance” that conveyance occurs without the need for “further consideration.” (Appx8.) But this misses the larger point—although the Bylaws do not explicitly state the words “without further consideration,” there is no indication that any other actions must occur to effectuate the transfer of rights. This was also true in *C.R. Daniels*, where the court noted “[c]onspicuously absent from the [agreements] is any language indicating that some other act had to be performed for the assignments to be completed.” *Id.* at *12. And as explained above, the Technology Transfer Policy clearly contemplates the automatic transfer of rights, otherwise the University would lack any rights to “retain” or assign “back”. (See Appx4197, 4201.) In short, Bylaw

3.10's silence on any additional action necessary for conveyance, particularly given all the other details in the Policy, confirms that the conveyance happens automatically.

The second case misinterpreted by the E.D. Texas court is *Affymetrix, Inc. v. Illumina, Inc.*, 446 F. Supp. 2d 292 (D. Del. 2006). (See Appx8-10.) The contract in dispute in *Affymetrix* had similar language to Bylaw 3.10, stating that “[t]he Work Product . . . produced by Consultant under this Agreement and all proprietary rights therein **shall be** the exclusive property of ARI.” *Id.* at 296 (emphasis added). The *Affymetrix* court held that the provision effected “a present assignment of future interests and that, upon conception, legal title to the invention was transferred [] by operation of law.” *Id.* at 297. Important to the *Affymetrix* court's decision was its observation that in cases found to be merely an “agreement to assign” and not a present or automatic assignment, “the agreement contained language indicating that after conception of an invention, some further act was required to transfer title of the invention.” *Id.* at 296.

The E.D. Texas court purported to distinguish *Affymetrix* because Bylaw 3.10 includes “language that contemplates future conduct of Bylaw 3.10, specifically that Bylaw 3.10 provides ‘the conditions governing the assignment.’” (Appx9.) But as explained above, the Federal Circuit has confirmed that parties may automatically assign rights in future inventions. And the *Affymetrix* contract likewise governed

future conduct—that is, conduct after the contract was signed. Indeed, conception of the invention there did not occur until the summer of 1992—post-dating the 1991 contract. *Affymetrix*, 446 F. Supp. 2d at 295. And the *Affymetrix* court still held that the contractual “shall be” language effected an automatic assignment of the later invention. *Id.*

The E.D. Texas court erred in its analysis of *Affymetrix* in at least one other way. The court found that, unlike Bylaw 3.10, “the *Affymetrix* agreement [did not] condition ownership on certain prerequisites, i.e., the source of funds.” (Appx9.) But the *Affymetrix* agreement did condition ownership on certain prerequisites, specifically, whether conception occurred “in connection with the work scope” defined by the agreement. *Affymetrix*, 446 F. Supp. 2d at 294, 295. This is an analogous “prerequisite” to that in Bylaw 3.10, which states that the University owns inventions made with the direct or indirect support of University resources. And as explained above, the existence of such a “condition precedent” is no bar to an automatic assignment.

The body of case law requires that the language in the University’s policy be interpreted to effect an automatic assignment. In reciting, for example, “shall be the property of the University” and that it “will retain ownership” of patents from external activities, the University’s Policy is much more like automatic assignment cases such as *C.R. Daniels* (“shall become the absolute property of”); *Affymetrix*

(“shall be the exclusive property of”); *FilmTec* (agree “to grant and does hereby grant”); *Polyzen* (“will remain the property of”); and *Alzheimer’s Institute of Am.* (“is the property of the University”) than future assignment cases such as *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 564 U.S. 776 (2011) (“agrees to assign”) or *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574 (Fed. Cir. 1991) (“will be assigned”).

D. The University is Entitled to Deference in its Interpretation of its Bylaws and Policies

If this Court believes the meaning of Bylaw 3.10 is unclear or ambiguous, it should resolve the ambiguity by deferring to the University’s longstanding interpretation. “The Michigan Constitution confers a unique constitutional status on [Michigan’s] public universities and their governing boards.” *Federated Publ’ns v. Bd. of Trustees of Michigan State Univ.*, 594 N.W.2d 491, 495-496 (Mich. 1999). Under the Michigan Constitution, each public university governing board has “general supervision of its institution and the control and direction of all expenditures from the institution’s funds.” Mich. Const. Art. VIII § 5. Thus, exercising the powers given to them by statute, the Regents have developed bylaws, ordinances, and other rules, regulations, and policies that govern the University. (*See, e.g.*, Appx4193-4202.) Bylaw 3.10 is one such example.

Because of this constitutional structure, Michigan courts recognize governing bodies like the Regents as “independent authorit[ies] possessing power coordinate

with and equivalent to the Legislature.” *Michigan United Conservation Clubs v. Bd. of Trustees of Michigan State Univ.*, 431 N.W.2d 217, 220 (Mich. Ct. App. 1988) (holding that “[w]e will interfere with university control only if the challenged action violates public policy or is unconstitutional”); *Branum v. Bd. of Regents of the Univ. of Michigan*, 145 N.W.2d 860, 862 (Mich. Ct. App. 1966) (describing the University of Michigan as “an independent branch of the government of the State of Michigan”); *Regents of the Univ. of Michigan v. State*, 235 N.W. 2d 1, 12 (Mich. 1975) (stating that “the autonomy and independence of the universities remain as in the past”). Indeed, the Michigan Supreme Court has described these boards as having “the dignity of fourth coordinate arms of the State government.” *Christie v. Bd. of Regents of the Univ. of Michigan*, 111 N.W. 2d 30, 34 (Mich. 1961).

Because the University is the equivalent of a co-equal branch of government in this context, this Court should defer to the Regent’s express declaration of the meaning of one of its enactments, just as Michigan state courts would defer to the legislature or the executive branch on their express declaration of the meaning of a statute or an order. *See Bd. of Regents of the Univ. of Michigan v. Auditor General*, 132 N.W. 1037 (Mich. 1911); *Schmidt v. Regents of the Univ. of Michigan*, 233 N.W.2d 855 (Mich. App. 1975). The Michigan Court of Appeals has held that “[t]he constitutional basis for the creation and independence of [the University’s governing body] requires that [the Court] defer to its judgment as to the wisdom” of the

ordinances it enacts. *Michigan United Conservation Clubs*, 431 N.W.2d at 220. Bylaws are no different from ordinances in this context. The authority to enact them derives from the same source, and so the same deference applies.

Michigan is not unique in the deference given its public universities in their interpretation of bylaws and policies. Courts in many other states routinely defer to universities' interpretations. *See, e.g., Do v. Regents of Univ. of California*, 216 Cal. App. 4th 1474, 1488-1489 (Cal. App. 2013) (deferring to university's interpretation of university policies related to employment disputes); *Limbirt v. Mississippi Univ. for Women Alumnae Ass'n, Inc.*, 998 So. 2d 993, 1002 (Miss. 2008) (affording "great deference" to the Board of Trustees of Mississippi State Institutions of Higher Learning's implementation of its own policies); *Rend Lake College Federation of Teachers, Local 3708 v. Bd. of Community College, Dist. No. 521*, 405 N.E.2d 364, 368 (Ill. App. 1980) (deferring to community college board's interpretation of rule).

These principles support deferring to the University's interpretation here. Pilz explained that Bylaw 3.10 effects a present, automatic assignment of inventions made by employees with direct or indirect support from the University, and his testimony as a Rule 30(b)(6) witness is testimony on behalf of the University. *See JSR Micro, Inc. v. QBE Ins. Corp.*, No. C-09-03044 PJH, 2010 WL 1338152, *11 (N.D. Cal. Apr. 5, 2010). Michigan courts would defer to this interpretation; this Court should too.

To reach its decision that Bylaw 3.10 did not affect an automatic assignment, the E.D. Texas court misapplied principles of contract interpretation, misquoted and misinterpreted precedent, and misinterpreted Bylaw 3.10 against the University by ignoring its plain language and giving no weight to the University's interpretation of its own governing language. The University submits that this Court should defer to its interpretation of Bylaw 3.10 as effecting an automatic assignment because of the powers that the state legislature imbued, its expertise in such areas, and in consideration of the continued uniform application of the Bylaws.

E. The University's Consistent Practices Confirm that Bylaw 3.10 and the Policy Effect an Automatic Assignment of Patent Rights

Bylaw 3.10 and the Policy unambiguously effect an automatic assignment, and the longstanding, consistent practice of the University and its faculty confirm the automatic nature. *See, e.g., TEG-Paradigm Environmental, Inc. v. U.S.*, 465 F.3d 1329, 1338 (Fed. Cir. 2006) (extrinsic evidence may be considered to confirm a contract's plain and ordinary meaning.).

This case is not the first in which Professor Islam's attempts to assign patent rights to one of his holding companies was revealed after the fact. In the fall of 2003, Professor Islam filed a patent application that later issued as U.S. Patent No. 6,943,925 (together, the "'925 Patent"). (*See* Appx4235-4283.) One day before the filing, Professor Islam purported to assign the '925 Patent, and the inventions described in it, to another of his patent companies, Cheetah Omni, LLC.

(Appx4286.) Professor Islam's attorney recorded this purported assignment at the U.S. Patent and Trademark Office (Reel 014753/Frame 0884) upon the filing of the '925 Patent. (*See* Appx4285-4286; *see also* Appx4018, Pilz Dep. Tr. at 231:11-232:25.) The University only later became aware of the '925 Patent.

Yet when it did become aware, Professor Islam acknowledged on *two separate occasions* that the University was the owner of the '925 Patent by virtue of an automatic assignment under Bylaw 3.10, since there was no other written assignment by either party. The first such occasion occurred on June 15, 2004. On that date, the University entered into a License Agreement with Cheetah Omni for the '925 Patent. (*See* Appx4116-4131.) Professor Islam executed, on behalf of Cheetah Omni, the License Agreement which stated that "MICHIGAN hereby grants to LICENSEE [Cheetah Omni] an exclusive license to" the '925 Patent, in exchange for royalties and other payments to be paid to the University. (*See id.* at Appx4119.) The second occasion occurred just three years later. In 2007, the University agreed to reassign its rights in the '925 Patent to Professor Islam, in exchange for a share of relevant revenues. (*See* Appx4136-4141; Appx4017, Pilz Dep. at 228:4-19.) For his part, Professor Islam specifically "acknowledge[d] that *pursuant to the University's Regents Bylaw 3.10* the Invention and Patents *are the property* of the University." (Appx4137, Section B (emphasis added).)

As a result, under Islam's own binding admissions, Bylaw 3.10 automatically

transferred his rights in the '925 Patent to the University; otherwise, the University would not have had any rights to license to him in 2004, or to reassign to him in 2007. His own interpretation flatly contradicts the E.D. Texas Court's interpretation.

Although the University believes that the language of that Bylaw (and its implementing document, the Technology Transfer Policy) is clear, the examples above confirm that Bylaw 3.10 effects an automatic assignment.

IV. CONCLUSION

This Court should reverse the lower court's decision incorrectly interpreting the University's Bylaws and Policies and hold that University Bylaw 3.10 effects an automatic assignment of patent rights to the University, not merely an obligation to assign in the future.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on July 7, 2020, I electronically filed the foregoing papers with the United States Court of Appeals for the Federal Circuit using the court's electronic filing system which will send notification of such filing to all counsel of record.

/s/ J. Michael Huget

J. Michael Huget

Counsel for Amicus Curiae

The Regents of the University of Michigan

CERTIFICATE OF COMPLIANCE

Pursuant to Fed. Cir. R. 29(b), the undersigned, J. Michael Huget, counsel for *Amicus Curiae* the Regents of the University of Michigan, hereby certifies that the foregoing brief complies with the type-volume limitations of Fed. R. App. P. 29(a)(5), Fed. R. App. P. 32(a)(7)(B), Fed. Cir. R. 29(b), and Fed. Cir. R. 32(b). This brief also complies with the typeface and type-style requirements of Fed. R. App. P. 32(a)(5)-(6).

1. Exclusive of the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b)(2), the brief contains 5,145 words, including footnotes, according to the word count of Microsoft Word 2016, the word-processing system used to prepare the brief.

2. The brief has been prepared in a proportionally spaced typeface in 14- point Times New Roman font.

Dated: July 7, 2020

/s/ J. Michael Huget
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