

Nos. 2020-1715, 2020-1716

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**United States Court of Appeals  
for the Federal Circuit**

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OMNI MEDSCI, INC.,

*Plaintiff-Appellee,*

v.

APPLE INC.,

*Defendant-Appellant,*

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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 Case Nos. 18-cv-00429 and 18-cv-00134, Hon. Robert W. Schroeder III

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**CORRECTED OPENING BRIEF  
FOR DEFENDANT-APPELLANT APPLE INC.**

Vernon M. Winters  
vwinters@sidley.com  
Irene Yang  
irene.yang@sidley.com  
SIDLEY AUSTIN LLP  
555 California Street, Suite 2000  
San Francisco, California 94104  
Telephone: (415) 772-1230

Brooke S. Böll  
brooke.boll@sidley.com  
SIDLEY AUSTIN LLP  
555 West Fifth Street  
Los Angeles, CA 90013  
Telephone: (213) 896-6633

Jeffrey P. Kushan  
jkushan@sidley.com  
Joshua J. Fougere  
jfougere@sidley.com  
SIDLEY AUSTIN LLP  
1501 K Street, N.W.  
Washington, D.C. 20005  
Telephone: (202) 736-8000

Michael L. Roberts  
mlroberts@sidley.com  
SIDLEY AUSTIN LLP  
2021 McKinney Avenue  
Dallas, TX 75201  
Telephone: (213) 981-3472  
*Counsel for Defendant-  
Appellant Apple Inc.*

July 13, 2020

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## CERTIFICATE OF INTEREST

Counsel for Defendant-Appellant Apple Inc. certifies the following:

1. The full name of every party represented by me is:

Apple Inc.

2. The names of the real parties in interest represented by me are:

Apple Inc.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the parties represented by me are:

None.

4. The names of all law firms, and the partners or associates, that appeared for the party represented by me in the trial court or are expected to appear in this Court and who are not already listed on the docket for the current case are:

SIDLEY AUSTIN LLP: Ching-Lee Fukuda, Thomas A. Broughan, III, Sharon Lee, Kelley A. Conaty (formerly), David T. Pritikin (formerly), David Anderson (formerly), Anna Weinberg (formerly), Hamilton C. Simpson (formerly).

GILLAM & SMITH LLP: Melissa R. Smith, Bobby Lamb

5. No appeal from the same trial court action was previously before this or any other appellate court.

6. 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 is:

- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 4:19-cv-05673-YGR (N.D. Cal.) (“*Omni I*”)
- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 4:19-cv-05924-YGR (N.D. Cal.) (“*Omni I*”)
- *Omni MedSci, Inc. v. Apple Inc.*, Case No. 3:20-cv-00563-YGR (N.D. Cal.) (“*Omni III*”)
- IPR2019-00916 (instituted Oct. 18, 2019)
- IPR2020-00029 (instituted April 23, 2020)
- IPR2020-00175 (filed Dec. 11, 2019)
- IPR2020-00209 (filed Dec. 11, 2019)

/s/ Jeffrey P. Kushan

Jeffrey P. Kushan

*Counsel for Defendant-Appellant  
Apple Inc.*

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## STATEMENT OF RELATED CASES

Counsel for Apple Inc. (“Apple”) is aware of one other pending district court case that may be directly affected by the Court’s decision here: *Omni MedSci, Inc. v. Apple Inc.*, Case No. 3:20-cv-00563-YGR (N.D. Cal.). That case is currently stayed.

Counsel for Apple is unaware of any other related case(s) pending in this or any other court that will directly affect or be affected by the decision on appeal.

## INTRODUCTION

Plaintiff Omni MedSci, Inc. (“Omni”) cannot “demonstrate that it held enforceable title to the [asserted] patent[s] at the inception of” these lawsuits. *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010). That is because, on each of the dates Omni sued Apple, a third-party—the University of Michigan—was the sole owner of the asserted patents (and it remains so today). Omni thus lacks standing, and the cases should be dismissed.

This conclusion is compelled by two facts. First, Omni’s founder and president, Dr. Mohammed Islam, agreed as a condition of his employment at the University of Michigan to comply with the University’s Bylaw 3.10, which provides that patents on inventions he might make in the future while a UM employee “shall be the property of the University” if they are supported directly or indirectly by any amount of University funds. Appx592. That language “unambiguously” divested Dr. Islam of his rights in those future inventions. *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 563 U.S. 776, 787 (2011). Second, the University determined that University funds did support the asserted patents. That University funding support brings the asserted patents within the scope of the automatic assignment paragraph of Bylaw 3.10 (*i.e.*, paragraph 1), as the University has repeatedly told Dr. Islam since 2013. Putting

the two together, the patents-in-suit are—and always have been—“the property of the University.”

Well before it launched three successive lawsuits against Apple based on these patents, Omni and Dr. Islam were fully aware (1) that paragraph 1 of Bylaw 3.10 functions to automatically assign covered patents with no requirement for action by Dr. Islam, and (2) that the University had determined that its funds supported the asserted patents (thus triggering this automatic assignment clause in Bylaw 3.10).

On the first point, long before events related to these cases took place, Dr. Islam explicitly agreed that Bylaw 3.10 caused a patent naming him as inventor to automatically become the property of the University without him ever assigning that patent to the University. He acknowledged this was true even though he had previously executed a putative “assignment” of that same patent to another one of his companies after the invention was made.

On the second point, the University told Dr. Islam—explicitly and repeatedly—that University funds supported the inventions that are the subject of the asserted patents and, consequently, that the University (not Dr. Islam) owned these patents. While Dr. Islam has made clear he disagrees with the University’s determination, he took no steps to actually secure title to the patents. For example, he did not ask the University to “re-assign” the patents to him, as is provided under

its rules. Likewise, he did not appeal the University's determination that University funds supported the patents using the appeal process the University expressly provides for that purpose. Instead, Dr. Islam spent the next five years engaged in informal (and unsuccessful) efforts to change the University's conclusion that it, rather than he, owned the asserted patents.

Amidst Dr. Islam's failed lobbying efforts, Omni sued Apple three times, citing as evidence of its ownership of the asserted patents only a putative "assignment" from Dr. Islam to Omni. But Dr. Islam never had anything to assign—by operation of Bylaw 3.10, title to those patents had automatically transferred to the University before he executed the assignment of them to Omni, and the University never re-assigned its rights back to Dr. Islam or to Omni.

Despite this record, the district court refused to dismiss these cases for lack of standing. Focusing solely on the language in Bylaw 3.10, the district court concluded that it was "clear that the agreement between Dr. Islam and UM ... reflects a future agreement to assign rather than a present [or automatic] assignment." Appx6; Appx24. But that supposedly "clear" meaning is contrary to precedent from this Court and the Supreme Court, contrary to the agreement's plain language, contrary to the meaning the University has enforced for decades, contrary to the meaning the University testified in this case that it has, and contrary to the meaning Dr. Islam previously acknowledged and agreed it had.

The district court's out-of-context ruling should be rejected. Employer agreements and university policies come in all shapes and sizes, and there is no reason to inject needless uncertainty into what had been well-settled expectations about how the University's rules and regulations operate. The certified orders should be reversed.

### **JURISDICTIONAL STATEMENT**

The district courts<sup>1</sup> had federal-question jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) over these patent infringement actions. On February 14, 2020, the district court granted Apple's motion for interlocutory appeal. Appx15-18; Appx33-36. Apple filed a timely Petition for Permission to Appeal Pursuant to 28 U.S.C. § 1292(b) on February 24, 2020, and this Court granted Apple's petition on April 17, 2020. *Omni MedSci, Inc. v. Apple, Inc.*, Case No. 2020-118 (Fed. Cir.), ECF Nos. 3, 26; *see also Omni MedSci, Inc. v. Apple, Inc.*, Case No. 2020-119 (Fed. Cir.), ECF Nos. 3, 9. The Court has jurisdiction under 28 U.S.C. §§ 1292(c)(1), 1295(a)(1).

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<sup>1</sup> As explained below, these cases began in the Eastern District of Texas. The Texas court denied Apple's motions to dismiss but simultaneously transferred the cases to the Northern District of California. The California court denied Apple's reconsideration request but certified the cases for interlocutory appeal. *Infra* at 19-21.

## STATEMENT OF ISSUES

1. Whether contractual language providing that patents “shall be the property of [an employing entity, here, the University of Michigan],” without requiring any further acts from the parties, operates as an automatic assignment of future rights.

2. Whether, given Dr. Islam’s employment agreement, the University of Michigan’s bylaws and rules, and the parties’ course of conduct, Omni lacks standing to bring the underlying litigations because the patents were automatically assigned to the University before Dr. Islam’s attempted assignment of them to Omni.

## STATEMENT OF THE CASE

### I. FACTUAL BACKGROUND

#### A. Dr. Islam Agreed That The University Owns His Inventions the Moment They Are Made.

In 1992, Dr. Islam became a professor at the University of Michigan’s College of Engineering, agreeing as a condition of his appointment “to abide by all University rules and regulations.” Appx592; Appx594; *see also* Appx519-520(17:22-18:11); Appx521(22:15-18); Appx529(55:7-57:3); Appx571(222:24-224:11); Appx585(278:15-279:4); Appx1153(134:23-135:6) (“Q. When you executed this document in August of 1992, did you agree to abide by all the rules and regulations of the University? A. Yes. If you look at the – in the certification at

the very last line, it says – above my signature, it says: ‘I agree to abide by all the University rules and regulations.’”). Among those rules and regulations is University of Michigan Bylaw 3.10, the full text of which appears directly above Dr. Islam’s signature. Appx592; Appx529(55:57-57:3). Paragraph 1 of the Bylaw provides:

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*.

Appx592 (emphasis added). According to the University’s sworn testimony, “Bylaw 3.10 automatically transfer[s] the rights in the patented invention when the invention is made.” Appx523(30:7-24); Appx570(218:18-220:5). Moreover, as the University testified, this occurs without the employee having to execute an assignment transferring title of the invention to the University after it is made. Appx523(30:25-31:7). In other words, at the start of his employment with the University in August 1992, Dr. Islam expressly agreed to be bound by the terms of Bylaw 3.10 and other rules and regulations of the University relating to ownership of intellectual property, and thereby automatically transferred to the University his entire interest in any future invention that falls within the scope of paragraph 1 of Bylaw 3.10.

Dr. Islam also thereby agreed to abide by the University’s Technology Transfer Policy, which implements Bylaw 3.10 and makes clear that the University alone—not the University employee—automatically owns any invention that paragraph 1 covers the moment those inventions are made. As the Policy provides:

Intellectual Property made (e.g., conceived or first reduced to practice) by any person, regardless of employment status, with the direct or indirect support of funds administered by the University (regardless of the source of such funds) *shall be the property of the University*, except as provided by this or other University policy. Funds administered by the University include University resources, and funds for employee compensation, materials, or facilities.

Appx1207, § 2.1 (emphasis added).<sup>2</sup>

Neither Bylaw 3.10 nor the University’s Technology Transfer Policy require employee-inventors to take further action to transfer title to inventions after they are made. Instead, under the structure of Bylaw 3.10, title is disposed of automatically— either title transfers automatically to the University if the invention was supported directly or indirectly by any University funds, or title remains with the inventor if no University funds supported the invention. And, as the University testified, the requirement of “direct or indirect support” means that,

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<sup>2</sup> The current version of the Policy replaced the 1996 version, which superseded the 1987 version in effect at the time Dr. Islam signed his employment agreement in 1992. Appx1207. The 1987 version contains the same clause found in Bylaw 3.10 (“shall be the property of the University”), and has no significant differences from later versions. Appx521(24:7-14); Appx585(278:11-279:23); Appx1822.



“[i]f an invention was supported by any amount of [University] funding,” it is covered by paragraph 1. Appx522(26:16-27:1); Appx520(19:17-20).

The University’s Technology Transfer Policy aligns with the automatic nature of title transfers pursuant to Bylaw 3.10.<sup>3</sup> Among other things, it requires University employees to ensure compliance with the Bylaw’s ownership requirements when they enter into third-party collaborations (§ II.2), confirms that inventions made during sabbaticals generally remain the property of the University (§ II.3), and states that the University owns intellectual property made under sponsored research agreements and material transfer agreements “except where previously agreed otherwise in writing” (§ II.6). Appx1207. The Policy also requires University inventors to report inventions immediately to the Office of Technology Transfer (OTT) so that the University (not the inventor) can determine whether to pursue patents. Appx1208, § III.1. And the Policy makes clear that the decision to commercialize an invention supported by University funding resides with the University—not the inventor—(§ IV.1), and then provides a formula for revenue sharing with an inventor (§ V) if such commercialization occurs. *Id.*

Importantly, the University’s rules and regulations define only two scenarios in which a University employee can become the owner of a patent that names him

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<sup>3</sup> The Policy that is in effect at the time of an invention governs. Appx521(23:18-24:6). The applicable Policy here states that it “is applicable to all units of the University including... all of its Employees.” Appx1207.

or her as an inventor. The first is if the patented technology was made with *no* direct or indirect support of University funds. That is the purview of paragraph 4 of Bylaw 3.10, and, in that case, title to the invention is not automatically transferred to the University—it remains with the inventor. Appx1207, § II.1. The second is where an employee-inventor requests that the University “reassign” title back to him or her after the initial automatic assignment. Appx1211, § VI.1 (providing that the University can “assign or license *its rights* in University Intellectual Property *back to* one or more Inventors.”) (emphases added). Like other provisions in the Policy, this language reflects that title to an invention automatically transfers to the University if it is governed by paragraph 1 of Bylaw 3.10, and does not require the inventor to assign rights after the invention is made. *See, e.g.*, Appx1207, § II.3 (the “University generally *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.”).

Recognizing that patent ownership questions will arise, the Technology Transfer Policy also provides a dispute resolution procedure for resolving such questions. Appx1211, § VII. This is another “rule[] and regulation[]” that Dr. Islam expressly agreed to follow as an employee of the University. Appx592; Appx1153(134:23-135:6). Under the appeal procedures, University employees can

seek to change University determinations on patent ownership. Appx1211, § VII; Appx526-527(44:19-46:6). The process starts with informal procedures and consultations.<sup>4</sup> Appx1211, § VII.1. If those do not resolve the matter, the employee can request a formal determination in writing, which concludes with a decision by OTT. *Id.*, § VII.1; Appx527(46:2-16). If the employee is still dissatisfied, he or she can request that the Vice President for Research of the University review the OTT decision and issue a final decision in writing. Appx1211, § VII.2; Appx528(50:23-52:6).

**B. Dr. Islam Has Considerable Familiarity with the University’s Rules and Regulations on Patent Ownership.**

Dr. Islam is fully aware of the University’s rules and regulations on patent ownership—as he testified at his deposition, he is “generally familiar with how Bylaw 3.10 applies,” and expressly “agree[d] to abide by all the rules and regulations of the university.” Appx1153(134:7-135:6). Dr. Islam also is familiar with how disputes over ownership of intellectual property are resolved under the

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<sup>4</sup> Dr. Islam testified that he believes there are two alternative ways for obtaining review of a determination: an “informal” process and a “formal” procedure. Appx1161(744:24-745:10). But the plain language of the Technology Transfer Policy contradicts his understanding—it clearly states that informal consultations are followed by formal proceedings. *See* Appx1211 (“[i]f informal procedures and consultations do not provide resolution of a dispute or policy issue[,] ... any member of the University community may resort to a formal procedure.”).

University's rules and regulations, again through his own personal experiences with those procedures.

The most notable example from Dr. Islam's experiences illustrates both the operation of paragraph 1 of Bylaw 3.10 and Dr. Islam's understanding of it. In 2003, Dr. Islam purported to assign a patent application from himself to an entity called Cheetah Omni, LLC. Appx1481-1482; Appx1153 (136:18-137:10). Four years later, in 2007, Dr. Islam and Cheetah Omni agreed to resolve a "conflict of interest" investigation initiated by the University concerning the patent application (which by then had matured into a patent). Appx1154(138:19-141:22); Appx617-620. Dr. Islam and the University then entered into a written agreement that documented the understandings of both parties and the disposition of the investigation. Appx617-620.

Most relevant here, Dr. Islam acknowledged that the University, not Cheetah Omni, had always owned the patent pursuant to Bylaw 3.10. As stated in the contract that he signed, Dr. Islam "accepted and agreed" that:

Inventor [*i.e.*, Dr. Islam] acknowledges that pursuant to the University's Regents Bylaw 3.10 the Invention and Patents are the property of the University.

Appx618. Critically, Dr. Islam agreed that the University owned the patent despite having previously executed an assignment of the patent application to Cheetah Omni, and despite the absence of any prior or subsequent transfer of title in the

invention and patents from him or Cheetah Omni to the University.

Appx1155(143:13-24). The implications of Dr. Islam's acknowledgements are thus unmistakable: as Dr. Islam *agreed*, paragraph 1 of Bylaw 3.10 functioned to automatically transfer his entire interest in the invention to the University without any further action by him, making the subject invention and patents "the property of the University." Appx618; Appx1155(143:13-24).

Reinforcing Dr. Islam's acknowledged understanding that Bylaw 3.10 had previously effected transfer of the invention and patents to the University, the agreement also provides that the University would grant to Dr. Islam "*its* entire right, title and interest in the Invention and Patents" in exchange for Dr. Islam providing the University royalties and other compensation. Appx618. Thus, Dr. Islam not only acknowledged that Bylaw 3.10, by operation of law, had in fact automatically transferred ownership of Dr. Islam's invention and patents on it to the University when the invention was made—*before* Dr. Islam's ineffective "assignment" to his company—but also agreed to provide the University with suitable compensation in order to secure ownership of that invention and patents.

Other examples reinforce Dr. Islam's understanding about how Bylaw 3.10 works. A few years after the patent reassignment agreement involving Cheetah Omni was concluded, Dr. Islam requested that the University waive its ownership of three unrelated provisional patent applications that he had written during a leave

of absence. Appx1268. The University agreed to do so only after making a specific finding that “*no* University support, such as employee time, facilities, or resources were used [, and] *no* University administered funds were used.” *Id.* (emphasis added). That aligns precisely with the operation of Bylaw 3.10—it is the scenario set forth in paragraph 4. Appx592. In another case, another one of Dr. Islam’s companies negotiated (through Dr. Islam) with the University to “receive[] exclusive rights through the life of the [relevant] patents” in exchange for providing the University with equity in the company. Appx679. And in 2011, the University told another of Dr. Islam’s companies that, “if [Dr. Islam] is using University facilities, resources or hours, any inventions will be owned by the University.” Appx684.

All of these examples substantiate what Dr. Islam acknowledged via his 2007 agreement with the University: if any amount of University fund supports (directly or indirectly) an invention, then the University automatically owns that invention and subsequent patents on it, and the University must take some action to transfer ownership to a third party or back to the employee. In the present case, that has never occurred.

**C. The University Repeatedly Confirmed Ownership of the Patents-in-Suit and Repeatedly Refused to Transfer them to Dr. Islam.**

Both of the patents-in-suit claim priority to provisional patent applications that Dr. Islam filed on December 31, 2012. Appx145; Appx372.<sup>5</sup> Those applications were drafted by Dr. Islam during a period when he was on a three-month leave-of-absence from the University but was otherwise still employed and subject to Bylaw 3.10. Appx1152(132:22-133:3); Appx530(58:9-13). As he had done in previous circumstances, Dr. Islam reached out to the University soon after his leave of absence was over, in January 2013, and asked the University to relinquish its ownership claim to the patent applications via “a release letter from the University of Michigan.” Appx1458-1459.

This time, however, the University refused. After conducting an investigation, the University found that Dr. Islam’s work described in the provisional patent applications was supported by University funding. Among other things, the University found that Dr. Islam had “spent a fair amount of time in the medschool and used funding from the cardiovascular center.” Appx880. The University also found that Dr. Islam had received support from University faculty

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<sup>5</sup> The patents presently being asserted against Apple are U.S. Pat. No. 9,651,533 (“the ’533 patent”) in *Omni I*; and U.S. Pat. No. 10,188,299 (“the ’299 patent”) in *Omni II*. Omni has more recently filed a third lawsuit against Apple, asserting U.S. Pat. No. 10,517,484 (“the ’484 patent”), and that case is currently stayed pending these appeals because it implicates the same standing issues underlying *Omni I* and *Omni II*.

members, who had “helped springboard ideas with [Dr. Islam]” related to his patent applications. Appx885; Appx542(106:8-109:9). The heads of both schools in which Dr. Islam holds appointments—namely, Dr. David Pinsky, Director of the University of Michigan’s Cardiovascular Center, and Dr. David Munson, Dean of the University of Michigan’s College of Engineering—agreed with the University’s determination. Appx885; Appx889; Appx893; Appx541-542(103:2-104:6, 106:8-109:9). On May 2, 2013, Robin Rasor, Director of Licensing at OTT, communicated the University’s determination that it would not waive its ownership of the patents to Dr. Islam.<sup>6</sup> Appx898; Appx543(111:6-20).

After being informed of the University’s determination, Dr. Islam asked Ms. Rasor to reconsider it. That prompted another email from Ms. Rasor to Dr. Islam, in which she reiterated that “the University will not waive its rights in the provisional patents” that Dr. Islam had filed, but explained that “OTT is willing to provide a license to Omni Sciences, or whatever entity holds the background IP, to our rights in them under the appropriate terms.” Appx901; Appx547-548(129:8-130:2). Reflecting his understanding of the options he had at this point, Dr. Islam

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<sup>6</sup> In the district court proceedings, Omni contended that these communications were not from “the University” but were simply from individuals in OTT. Appx1777; Appx1497-1498; Appx5445; Appx5452-5453. That assertion ignores not only the language of the Technology Transfer Policy, which expressly authorizes OTT to make patent ownership determinations, Appx1211, § VII.1, but also the University’s sworn testimony, Appx526-527(44:19-46:16).



responded to Ms. Razor's email on the same day, stating "I am willing to go all the way to the Regents, but I want to follow the appropriate appeal path and authority levels." Appx901; Appx548(130:3-131:4). Ms. Razor then sent Dr. Islam a link to the appeals process outlined in the Technology Transfer Policy. *Id.*

At this point, as Dr. Islam plainly understood, he could have invoked the University's appeal process to try to change the University's determination on ownership of the applications. It is undisputed that he did not do so. As the University testified, it did not "believe an appeal under the policy has ever occurred," and that, to change the ownership, "the only thing that could occur would be an appeal of [its] determination that the inventions fall under [its] policy and a successful outcome of that appeal for [Dr. Islam] or a transfer of [the University's] rights back to him via written agreement, [and] neither of those have occurred." Appx570-571(221:25-222:23); *see also* Appx1163(760:12-761:6).<sup>7</sup>

Rather than follow the agreed-upon appeals process, Dr. Islam tried to change the University's mind through other channels starting in summer of 2013. The University never budged. On July 21, 2013, for example, Dr. Islam emailed

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<sup>7</sup> Dr. Islam's January 2013 release request placed no obligation *on the University* to secure ownership rights or to do anything beyond investigate whether paragraph 1 applied. Any appeal procedures are for University employees, not for representatives of the University to "appeal" rulings in the University's favor. Appx1211, § VII; Appx543(111:6-12); Appx549(134:10-136:17); Appx571(222:4-23).

the Executive Director of OTT, Ken Nisbet, asking him to reconsider the University's refusal to transfer ownership. Appx898; Appx549(134:8-135:5). Mr. Nisbet told Dr. Islam that the University was not going to change its decision, and that "[e]veryone supported the position that the University should not waive ownership." Appx897; Appx549(134:8-135:5). Mr. Nisbet also reiterated what Ms. Rasor had told Dr. Islam—namely, that he could formally appeal the determination—and also provided Dr. Islam with the official procedure for doing so. Appx897; Appx549(135:12-23). Dr. Islam later reached out to the Vice President of Research at the University, Dr. Jack Hu, but heard the same message. Appx907; Appx550(139:3-22).

Alongside these efforts, Dr. Islam contacted other University officials. In June 2013, for instance, Dr. Islam asked Dr. Alec Gallimore, an Associate Dean at the Engineering School, to help secure a transfer of the patent applications. Appx1464-1465. Dr. Islam also proposed a "compromise" in which the University would retain its title to the patents and Omni would be given an exclusive license under them, similar to what had been done with another one of Dr. Islam's companies:

[I]n the spirit of compromise as well as collaboration, perhaps we could get everyone rowing in the same direction by providing an equity piece to UM in Omni MedSci. I offer to the UM a 5% equity position in Omni MedSci, so we may then work together to build a successful commercial entity.

Appx679; *see also* Appx546. There is no evidence that the University ever explored this offer. Appx1470.

On December 17, 2013, ignoring the results of his overtures to various University officials, Dr. Islam executed a document purporting to assign to Omni “all applications” and “continuations” claiming the benefit of the initial December 2012 patent application.<sup>8</sup> Omni then recorded the document in the PTO on January 13, 2014. Appx1808.<sup>9</sup>

Perhaps realizing that these documents could not secure ownership of anything, Dr. Islam continued his efforts to convince the University to relinquish its ownership of the patents in the ensuing years. In February 2016, Dr. Islam again asked Dr. Gallimore to provide a “release” letter that OTT had refused to give him under the official transfer procedures. Appx1051. Dr. Islam noted that “[w]hen [he] make[s] a lot of money on the patent portfolio, [he is] more likely to be generous toward the institution if it treats [him] fairly on this.” *Id.* Dr. Gallimore did not act on Dr. Islam’s request. Appx552(148:12-16).

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<sup>8</sup> *See* <http://legacy-assignments.uspto.gov/assignments/assignment-pat-31952-606.pdf>.

<sup>9</sup> Against the record evidence showing that the University owns the asserted patents by assignment, Omni did not come forward with *any* actual evidence of the alleged assignment from Dr. Islam to Omni. The alleged assignment itself was not entered into the record, and all that Omni submitted was a PTO file indicating that a patent not being asserted here (U.S. Pat. No. 9,164,032) was purportedly assigned to Omni. *See* Appx1777; Appx1807-1808.

In 2018, *after* Omni had sued Apple for the first time, Dr. Islam again asked OTT to reconsider the University’s ownership determination. On July 12, 2018, Dr. Islam, accompanied by his attorneys, met with University representatives. Appx1472; Appx1474. After that meeting, the University’s Director of Licensing, Bryce Pilz, “was asked by the College of Engineering to check with those involved in the 2013 decision [not to transfer ownership] to see if there is any reason why [the University] would revisit that decision.” Appx1061. Then, on October 10, 2018, Omni’s counsel contacted the University again seeking to explore ways to “work through” the “disputed ownership” of the patents that Dr. Islam was “assert[ing] against Apple.” Appx561(182:25-183:19). The University, via Mr. Pilz, subsequently did that—he explained, in an email to Omni’s counsel sent on October 16, 2018, that the University had “deliberately considered [Dr. Islam’s] request and determined that UM should not waive its ownership interest.” Appx1053.

## **II. PROCEDURAL BACKGROUND**

Despite the University’s clear and unwavering position that it, and not Dr. Islam or Omni, was the sole owner of the asserted patents, Omni sued Apple in the Eastern District of Texas twice in 2018. Appx2491-2511; Appx6515-6532. The first suit was filed on April 6, 2018, after which Omni’s lawyers left a “courtesy notification” with the University warning that “possibly someone will be

contacting the University over the course of the suit.” Appx2491; Appx560(178:19-180:19). The second suit was filed on October 15, 2018, *before* Omni had even heard back from the University about its latest request for the University to revisit the 2013 decision on ownership. Appx6515; Appx1053.

Apple moved to transfer the cases to the Northern District of California and moved to dismiss for lack of standing. Appx474-511; Appx2772-2739; Appx4430-4466; Appx7707-7725. The motions to dismiss were filed on May 17, 2019, shortly after third-party discovery of the University concluded and shortly after Dr. Islam was deposed. *Id.* Apple explained in its motions to dismiss that the University’s ownership of the asserted patents precluded Omni from claiming ownership and suing for infringement. Appx474; Appx4430. On August 14, 2019, the Texas court granted Apple’s motions to transfer, which had been pending for almost a year. Appx3848-3856; Appx9367-9375. Earlier that day, the Texas court also issued an order denying Apple’s motions to dismiss for lack of standing. Appx1-11; Appx19-29.

The court’s standing decision rested entirely on the threshold question of whether Dr. Islam’s employment agreement was an automatic assignment or an obligation to assign rights in the future. Appx5-11. Although the district court recognized that the contractual provision at issue does not contain “will assign” language indicative of a future obligation to assign, it read Bylaw 3.10 as “clear”

and to “reflect[] a future agreement to assign rather than a present assignment.”

Appx6. According to the Texas court, the fact that the parties would need to determine in the future whether any University funding had supported an invention—and thus which paragraph of Bylaw 3.10 applies—the predicate assignment would also not occur until that future determination is made. Appx7.

On November 8, 2019, once the cases were set up in California, Apple requested leave to file motions for reconsideration of the Texas orders denying the motions to dismiss. Appx2166-2196. On November 20, 2019, the University filed a motion for leave to file an *amicus* brief seeking “to correct certain errors in the E.D. Texas court’s decision that could have an effect beyond the litigation between Apple and Professor Islam” and to explain how Bylaw 3.10 “effects an automatic assignment.” Appx4157-4185. On November 25, 2019, the district court denied Apple’s requests for reconsideration, finding “no manifest error” in the Texas court’s decisions, and declined to consider the University’s proposed *amicus* brief. Appx30-32. The orders denying Apple’s motions to dismiss and requests for reconsideration have been certified for interlocutory appeal. Appx15-18; Appx33-36.

## **SUMMARY OF ARGUMENT**

I. Omni does not have standing to sue for patent infringement because Omni does not own the patents-in-suit—and never did.

Standing is “a threshold jurisdictional issue” that implicates Article III’s constitutional limits. *Abraxis*, 625 F.3d at 1363. A motion to dismiss for lack of standing can be “facial” (on the pleadings) or “factual” (outside the pleadings). Apple brought a factual attack. That means that Omni’s allegation of ownership does not control the issue, and the Court may consider “evidence beyond the complaint without converting the motion to dismiss into a motion for summary judgment [and] need not presume the truthfulness of the plaintiff’s allegations.” *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004).

Considering that evidence, Omni cannot “satisfy its burden of establishing subject matter jurisdiction.” *Id.* The University of Michigan’s rules and regulations, which Dr. Islam is contractually bound to follow, establish that any invention made with University support “shall be the property of the University.” Appx00592. That language “unambiguously” reflects a present conveyance of future rights that is effectuated by operation of law and without any additional act from the parties. *Roche*, 563 U.S. at 787. That follows from the plain language, from a host of additional rules and regulations premised on the assignment’s automatic nature, and from the overwhelming evidence about the University’s and Dr. Islam’s shared understanding to that effect.

The only remaining issue is whether the work that led to the patents-in-suit was made with any University support, thus triggering paragraph 1 of Bylaw 3.10.

It was, as the University reasonably and correctly determined and communicated to Dr. Islam over and over again. Among other things, the University found that, even though Dr. Islam was on a leave of absence, University funds had supported the inventions that are the subject of the asserted patents, including via University faculty members who helped Dr. Islam formulate ideas, the provision of office space for Dr. Islam's use, and financial support through an additional appointment to the Medical School.

On this latter point, critically, Dr. Islam has never challenged the University's determination using the procedures he agreed to use for such purposes as part of his continued employment with the University. He also never secured a "re-assignment" of the University's patents to him. Omni and Dr. Islam should not be allowed to circumvent Dr. Islam's contractual obligation to use the University's rules and regulations that he is bound by—either by using the re-assignment process or by successfully appealing the University's considered determination—by filing multiple lawsuits against Apple in which the University is not a party.

Taken together, the evidence shows (i) that Dr. Islam "had no right to assign [the patents] to [Omni]," because his employment agreement "had divested him of all of his interest" before he attempted that assignment, and he did not secure a transfer of title of the asserted patents from the University before suing Apple, and (ii) Omni therefore was "not injured" by any alleged infringement, "lack[s]



constitutional standing,” and “cannot maintain th[ese] suit[s] for patent infringement.” *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1339-41 (Fed. Cir. 2007); *FilmTec Corp. v. Hydranautics*, 982 F.2d 1546, 1553-54 (Fed. Cir. 1992).

II. The Texas and California district courts upheld Omni’s alleged ownership and standing based on their conclusion that the employment agreement and University rules do not effectuate a present assignment of future interests. That conclusion is unfounded.

First, the Texas court’s analysis was wholly incorrect. Its principal rationale was that transfer of ownership under Bylaw 3.10 for any future invention does not occur until the parties determine whether paragraph 1 or paragraph 4 applies to that invention. Appx7. But that reasoning confuses the nature of the assignment (whether it is automatic or not) with the assignment’s scope (whether it covers a particular invention)—a distinction that this Court drew clearly in *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1289-90 (Fed. Cir. 2008). Beyond that, the district court misread the Bylaw’s reference to “[p]atents ... issued” to mean that patents must first “issue” to the employee-inventor before Bylaw 3.10 applies. Appx7. That error led the Texas court to incorrectly conclude that every assignment under Bylaw 3.10 necessarily occurs in the “future”—regardless whether University funds supported the invention or whether patents are even pursued or secured on it. Appx7. That reading not only conflicts with the

provision's terms, but it cannot be reconciled with other rules and record evidence showing that assignments occur under the University's system when an invention is made, not after a patent issues. Nor can the Texas court's reading be reconciled with the primary purpose of Bylaw 3.10 and the Technology Transfer Policy it implements, which is to enable the University to supervise what is done with inventions that its funds have helped to create, including whether they become the subject of patent applications and patents.

Second, the district court supported its conclusion by observing that the University's Bylaw 3.10 contains "neither" of two phrases conferring an automatic transfer of rights or a promise to assign discussed in previous cases decided by this Court. Appx6. But whether the language in Bylaw 3.10 deviates from language addressed in this Court's prior decisions establishes nothing—the relevant inquiry “depends on the substance of what was granted rather than formalities or magic words.” *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1229 (Fed. Cir. 2019). That principle makes good sense, given that University policies and employment agreements, like those at issue here, employ all kinds of formulations to effectuate assignments of patent rights. Rather than place primacy on particular words or phrases, this Court's precedent compels a focus on substance—a policy that ensures that the settled expectations behind such assignments remain intact. Here, that precedent confirms the documented

understanding of the University and Dr. Islam that paragraph 1 of Bylaw 3.10 effects a present transfer of future inventions receiving University support.

### **STANDARD OF REVIEW**

This Court “review[s] standing, a question of law, *de novo*.” *Abraxis*, 625 F.3d at 1363; *see also Sky Techs. LLC v. SAP AG*, 576 F.3d 1374, 1378 (Fed. Cir. 2009) (same, on interlocutory review).

### **ARGUMENT**

#### **I. OMNI LACKS STANDING BECAUSE IT DOES NOT OWN THE ASSERTED PATENTS.**

Omni cannot satisfy the strictures of Article III if Omni does not own the asserted patents. “[T]he question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign ... is intimately bound up with the question of standing in patent cases.” *DDB Techs.*, 517 F.3d at 1290. The answer to that question here confirms that Omni lacks standing: Dr. Islam automatically assigned his future patent rights in inventions supported by University funds to the University of Michigan, and the University, not Omni, owned those rights when Omni filed suit.

##### **A. Omni’s Inability to Establish Ownership Implicates Omni’s Standing to Sue.**

“Standing is a constitutional requirement pursuant to Article III” and “a threshold jurisdictional issue.” *Abraxis*, 625 F.3d at 1363. It is “a constitutional

limitation on a court's subject matter jurisdiction and cannot be granted by statute.” *Norkunas v. Wynn Las Vegas, LLC*, 343 F. App'x 269, 270 (9th Cir. 2009). For that reason, a “suit brought by a plaintiff without Article III standing is not a ‘case or controversy,’ and an Article III federal court therefore lacks subject matter jurisdiction over the suit.” *Cetacean Cmty. v. Bush*, 386 F.3d 1169, 1174 (9th Cir. 2004).

To establish Article III standing, a plaintiff must “demonstrat[e] that it suffers an injury which can be fairly traced to the defendant and likely redressed by a favorable judgment.” *Lone Star*, 925 F.3d at 1234 (citing *Lujan v. Defs. of Wildlife*, 504 U.S. 555, 560-61 (1992)). In the patent context, “[c]onstitutional injury in fact occurs when a party performs at least one prohibited action with respect to the patented invention that violates the[] exclusionary rights” granted in the Patent Act, causing “[t]he party holding the exclusionary rights to ... suffer[] legal injury in fact under the statute.” *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1339 (Fed. Cir. 2007). In other words, “the touchstone of constitutional standing in a patent infringement suit is whether a party can establish that it has an exclusionary right in a patent that, if violated by another, would cause the party holding the exclusionary right to suffer legal injury.” *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1265 (Fed. Cir. 2010).

These threshold constitutional requirements often implicate issues of patent ownership. Certainly, “[e]stablishing ownership of a patent that has been infringed satisfies the requirements of Article III standing.” *Pandrol USA, LP v. Airboss Ry. Prod., Inc.*, 320 F.3d 1354, 1368 (Fed. Cir. 2003). But the flip side is equally true: parties that “do not hold the necessary exclusionary rights” are “not injured” by any alleged infringement and “lack constitutional standing.” *Morrow*, 499 F.3d at 1341. In an infringement suit, therefore, a “plaintiff must demonstrate that it held enforceable title to the patent at the inception of the lawsuit to assert standing.” *Abraxis*, 625 F.3d at 1364.

Although, “[a]t the pleading stage, general factual allegations ... *may* suffice” to satisfy Article III’s requirements, *Lone Star*, 925 F.3d at 1234 (emphasis added), a motion to dismiss for lack of standing can take different forms. The Ninth Circuit<sup>10</sup> characterizes such motions as either facial or factual. As the name suggests, a facial attack confronts the allegations “on their face.” *Safe Air*, 373 F.3d at 1039. In a factual attack, by contrast, “the challenger disputes the truth of the allegations that, by themselves, would otherwise invoke federal jurisdiction.” *Id.* The moving party can “present[] affidavits or other evidence

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<sup>10</sup> Questions of “dismissal for lack of subject matter jurisdiction [are] procedural question[s] not unique to patent law, and so this [C]ourt follows the law of the regional circuit.” *Gellman v. Telular Corp.*, 449 F. App’x 941, 943 (Fed. Cir. 2011).

properly brought before the court,” after which the plaintiff “must furnish affidavits or other evidence necessary to satisfy its burden of establishing subject matter jurisdiction.” *Id.* And the court may consider “evidence beyond the complaint without converting the motion to dismiss into a motion for summary judgment [and] need not presume the truthfulness of the plaintiff’s allegations.”

*Id.*<sup>11</sup>

This case involves a “factual” attack. As a result, Omni’s conclusory *allegation* that it is “the owner by assignment” of the asserted patents, Appx2492; Appx6517, does not control the jurisdictional inquiry. Nor does the fact that the “assignment” from Dr. Islam to Omni “was recorded in the PTO ..., without more, prove that a valid assignment actually took place.” *Gaia Techs., Inc. v. Reconversion Techs., Inc.*, 93 F.3d 774, 778 n.3 (Fed. Cir. 1996).<sup>12</sup> As the Supreme Court has observed, to allow the “mere filing of [such] a form” to serve as “sufficient proof to establish jurisdiction ... would readily permit jurisdictional manipulation.” *Hertz Corp. v. Friend*, 559 U.S. 77, 97 (2010).

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<sup>11</sup> A factual attack may be “inappropriate when jurisdictional issue and substantive issues are so intertwined that the question of jurisdiction is dependent on the resolution of factual issues going to the merits,” *Safe Air*, 373 F.3d at 1039, but that is not the case here. As this Court has held explicitly, “the jurisdictional issue of standing,” including related questions about employment agreements and assignments, “is not so intertwined with the substantive federal patent law” issues of infringement or invalidity. *DDB Techs.*, 517 F.3d at 1291.

<sup>12</sup> Indeed, as noted above, Omni has not even submitted the purported assignment or the PTO’s record of those “assignments” into the record. *Supra* at 18 n.9.

In the end, the “burden of demonstrating standing falls to ... the person seeking to invoke the jurisdiction of the court”—here, *Omni. Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1032–33 (Fed. Cir. 1995). Because *Omni* cannot “demonstrate that it held enforceable title to the patent at the inception of the lawsuit,” *Abraxis*, 625 F.3d at 1364, and because *Omni* holds *no* “exclusionary rights” in the asserted patents, *infra* §§ I.B-C, *Omni* “lack[s] constitutional standing,” *Morrow*, 499 F.3d at 1341.<sup>13</sup>

**B. Dr. Islam’s Employment Agreement Causes an Automatic Assignment of His Future Inventions Supported by University Funds.**

“Inventions may be assigned before they are patented.” *Cammeyer v. Newton*, 94 U.S. 225, 226 (1876). Given that, “universities typically enter into agreements with their employees requiring the assignment to the university of rights in inventions.” *Roche*, 563 U.S. at 793. In such circumstances, “[t]he

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<sup>13</sup> Even if, contrary to these authorities, the Court were to conclude that *Omni*’s allegations alone are dispositive for Article III purposes, and that the only relevant inquiry is whether *Omni* qualifies as a “patentee” under 35 U.S.C. § 281, such a conclusion should not impact the analysis. Any difference between motions to dismiss under Rules 12(b)(1) and 12(b)(6) would be “harmless,” *Lone Star*, 1235-36 & n.6, and would “not materially affect the appeal,” *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997, 1001 (9th Cir. 2015); *see also Morrison v. Nat’l Australia Bank Ltd.*, 561 U.S. 247, 254 (2010) (“a remand would only require a new Rule 12(b)(6) label for the same Rule 12(b)(1) conclusion”). *Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065 (Fed. Cir. 2020), is not to the contrary, because the Court merely followed *Lone Star* and, in all events, went on to consider the merits of the ownership issues.

respective rights and obligations of employer and employee, touching an invention conceived by the latter, spring from the contract of employment.” *Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933).

This Court has explained that such contracts may transfer rights from the employee to the university employer in one of two ways: (1) by presently assigning rights in future inventions and patents that claim them, or (2) by requiring the employee to assign rights in the future if and when a future invention is made. The central inquiry thus becomes “whether an assignment of patent rights in an agreement ... is automatic, requiring no further act on the part of the assignee, or merely a promise to assign.” *DDB Techs.*, 517 F.3d at 1290. When the assignment falls into the former bucket, “no further act is required once an invention comes into being, and the transfer of title occurs by operation of law.” *Id.*

Determining the nature of any particular assignment is a “matter of federal law” and “depends on the contractual language.” *Id.* Language in which a would-be inventor agrees only that he or she “will assign” future rights, for example, “does not create an immediate assignment.” *Advanced Video Techs. LLC v. HTC Corp.*, 879 F.3d 1314, 1317-18 (Fed. Cir. 2018). But more definitive contractual language is routinely held to constitute “an express assignment of rights in future inventions that automatically assign[s] rights to [an employer] without the need for



any additional act.” *Preston v. Marathon Oil Co.*, 684 F.3d 1276, 1288 (Fed. Cir. 2012). Such language may state that the employee “hereby assign[s]” patent rights, *id.*, or just “Employee assigns,” *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1326 (Fed. Cir. 2010).

The Supreme Court and this Court have also recognized that future-tense language dictating the legal status of future inventions serves to convey that status automatically. In *Roche*, the Supreme Court cited language that “divested inventors of their rights in inventions by providing *unambiguously* that inventions created pursuant to specified federal contracts become the property of the United States.” 563 U.S. at 787 (emphasis added). One provision stated that “title to [certain] inventions ‘shall be vested in, and be the property of, the [Atomic Energy] Commission,’” and another said that such inventions “‘shall be the exclusive property of the United States.’” *Id.* Similarly, language providing that inventions made or conceived under particular contracts “shall vest in the United States” meant that title “automatically” and “immediately vested in the United States by operation of law” the moment “when the invention was conceived.” *FilmTec*, 982 F.2d at 1553; *see also Roche*, 563 U.S. at 787 (citing same provision).

This Court’s decision in *Heinemann v. United States*, 796 F.2d 451 (Fed. Cir. 1986), is analogous. The language at issue in that case was found in Executive Order 10096, which provides that, in certain circumstances, the government “shall

obtain ... the entire right, title and interest in and to any invention made by any Government employee.” 37 C.F.R. § 501.6(a)(1). Pursuant to that provision, the PTO had determined that the government was “entitled to retain all right, title and interest in and to” an Army employee’s invention. 796 F.2d at 454. This Court affirmed the PTO’s ownership determination and the consequent dismissal of the employee’s infringement claim because “the United States [wa]s the owner” of the patent, while the employee “was neither the legal nor the equitable owner.” *Id.* at 451, 454. The invention “became the property of the Government” under the Executive Order and thus “was not the property” of the employee. *Id.* at 455-56; *see also Li v. Montgomery*, 221 F.3d 196 (D.C. Cir. 2000) (Table) (describing the Executive Order as “assign[ing] title and all other rights ... by operation of law”).

For several reasons, these principles establish that the University rules and regulations, which Dr. Islam contractually agreed to follow, effectuate an automatic assignment of future inventions that are supported directly or indirectly by University funds.

*First*, the plain language of the Bylaw compels that conclusion. It “govern[s] the assignment of property rights” and states that any patents “issued or acquired as a result of or in connection with ... activities conducted by members of the University staff and supported directly or indirectly ... by funds administered by the University ... shall be the property of the University.” App592. Neither the

Bylaws nor the University’s Technology Transfer Policy require the employee to do anything to effectuate this transfer of rights—the invention and the patents that claim it simply are, by agreement, the University’s property. *Id.*; Appx1207-1208, § II; Appx523(30:25-31:7). Indeed, the operative language is materially indistinguishable from provisions stating that patents “shall be the exclusive property of” or “shall vest in” the United States, all of which “unambiguously” and “automatically” transfer ownership “by operation of law.” *Roche*, 563 U.S. at 787; *FilmTec*, 982 F.2d at 1553. Just as in those cases, Dr. Islam’s assignment “requir[es] no further act on [his] part” and therefore “is automatic.” *DDB Techs.*, 517 F.3d at 1290.

*Second*, other provisions in the University’s rules and regulations confirm that ownership resides automatically with the University. There is an entire section of the Technology Transfer Policy dedicated to “[g]ranting [r]ights [*b*]ack to [*i*]nventors” and explaining conditions and procedures through which the University can “assign or license *its rights* in University Intellectual Property *back to one or more Inventors.*” Appx1211, § VI.1 (emphases added). By the same token, another section states that the “University generally *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.” Appx1207, § II.3 (emphasis added). As the Supreme Court has

explained, “[y]ou cannot retain something unless you already have it.” *Roche*, 563 U.S. at 789. Alongside these provisions, there are *none* requiring employees to execute agreements after inventions governed by paragraph 1 are made in order to transfer title to those inventions.

*Third*, even if the Court were to find the relevant language ambiguous, under “general contract law, ... ‘[c]onduct of the parties which indicates the construction that the parties themselves placed on the contract may ... be considered in determining the parties’ true intent.’” *DBB Tech.*, 517 F.3d at 1292. Here that evidence is just as powerful: past practices of the University and Dr. Islam confirm that *both* understand paragraph 1 of Bylaw 3.10 to be an automatic assignment. The University testified unequivocally that, for such inventions, “Bylaw 3.10 automatically transfer[s] the rights in the patented invention when the invention is made.” Appx523(30:7-31:7). For his part, Dr. Islam agreed in a 2007 “re-assignment” agreement that, pursuant to Bylaw 3.10, the University owned one of his inventions even though he had never done anything to transfer title to the University—a result that is only possible if paragraph 1 of Bylaw 3.10 had automatically transferred title to the invention that was the subject of that patent. Appx618.

The evidence also shows that there are good and practical reasons why the assignment operates automatically when University funds are involved. Under the

Technology Transfer Policy, for example, University employees must report inventions to the University when they are made, and that Policy reserves *to the University* decisions over whether or not to file patent applications on the inventions, whether to commercialize the invention, or, instead, whether to “reassign” the invention back to an inventor to enable him or her to pursue patent rights or to exploit them. Appx525-526(39:10-40:8, 42:7-44:5); Appx1211, § VI. It is perfectly sensible that the University would want to supervise those activities for inventions that the University supported, and there is no serious countervailing detriment to the employee-inventor: before a patent issues, there are no exclusionary rights for *anyone* to try to enforce. The University’s policies are thus built on the understanding that rights are transferred automatically when an invention is made, and a contrary reading would create significant and unwarranted practical problems for the University’s entrenched patent policies.

**C. Omni Has No Valid Basis to Challenge the University’s Decision that the Asserted Patents Were Assigned to the University.**

Because Dr. Islam’s employment agreement reflects an automatic assignment, the only remaining question is whether the patents-in-suit are covered by paragraph 1 of Bylaw 3.10, as the University has concluded repeatedly, or paragraph 4, as Dr. Islam contends. The University is correct, and Dr. Islam has never properly challenged the University’s determination.

*First*, the plain language of the provision is again clear and unambiguous. *See, e.g., Quality Prod. & Concepts Co. v. Nagel Precision, Inc.*, 666 N.W.2d 251, 259 (Mich. 2003) (in such circumstances, courts “construe and enforce the contract as written”).<sup>14</sup> Bylaw 3.10 sets up an absolute division between inventions “supported directly or indirectly” by *any* University funds (Paragraph 1) and inventions “which have received *no* support, direct or indirect, from the University” (Paragraph 4). Appx592 (emphasis added). As the documentary evidence and the University’s testimony establish, the patents-in-suit were supported directly or indirectly by some quantity of University funds, and thus plainly did not fall within the “no support” condition of paragraph 4.

More specifically, the record shows that the inventions were supported directly or indirectly by a variety of University funding, including: (i) Dr. Islam’s use of the Medical School’s lab and office space, (ii) expenses associated with Dr. Islam’s faculty appointment in the medical school, and (iii) critical support from other faculty members who helped Dr. Islam to “spring board” ideas that led to the inventions. As the University testified, Dr. Islam’s “access to space there and his access to other faculty in that center enabled him to have an understanding of certain biomedical subject matter that they believe led to aspects of the patent

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<sup>14</sup> The substantive scope of an assignment provision is governed by state law. *E.g., DDB Tech.*, 517 F.3d at 1289-90.

applications in question.” Appx581(262:5-18). That University funding support means that the inventions fall within the plain terms of paragraph 1.

*Second*, even beyond the plain language and record evidence, neither Omni nor Dr. Islam should be permitted to collaterally attack the University’s determination that funding supported the inventions by filing infringement suits in court. As explained above, the University investigated the matter, determined that the inventions were supported directly or indirectly by University funds, and communicated that determination to Dr. Islam multiple times over several years. *Supra*, at 14-19. The University also reminded Dr. Islam multiple times that he could appeal the University’s determination under the University’s appeal procedure if he wanted to try to change its determination. Appx901; Appx897. Despite that, Dr. Islam has *never* invoked the appeal procedure in the University’s Technology Transfer Policy (which he agreed to abide by) to change the University’s determination. *Supra*, at 14-19. For present purposes, the question of whether the asserted patents are governed by paragraph 1 of Bylaw 3.10 has been answered definitively—they are.

\* \* \*

The legal consequences for Omni’s lawsuits follow directly from the above. Because paragraph 1 of Bylaw 3.10 vests sole title to covered patents in the University by operation of law, and because the asserted patents fall within

paragraph 1, the asserted patents are “the property of the University.” As a result, Dr. Islam’s contractual obligations “had divested him of all of his interest,” he “had no right to assign [the patents] to [Omni],” and Omni “cannot maintain th[ese] suit[s] for patent infringement.” *FilmTec*, 982 F.2d at 1553-54. With no rights whatsoever in the asserted patents, Omni “lack[s] constitutional standing.” *Morrow*, 499 F.3d at 1341.

## **II. THE DISTRICT COURTS’ DECISIONS ARE WRONG AND COULD HAVE SWEEPING IMPLICATIONS.**

The Texas court allowed Omni to continue these lawsuits by holding that the “only plausible interpretation” of Dr. Islam’s contract and Bylaw 3.10 is as a promise to assign in the future, “rather than a present assignment of future interests.” Appx8. Apart from flouting the University of Michigan’s decades-long reading of its own Bylaws, that decision rests on faulty assumptions and reasoning that is contrary to this Court’s precedent. Worse, the district courts (and Omni) have improperly focused their analyses on the presence or absence of particular language rather than the substance of the language—a proposition that threatens countless employer-employee contracts (particularly those used by universities) with an unsupported and misguided focus on “magic words.” Appx8; Appx13.



**A. The District Courts Misread the Bylaws and Misunderstood This Court’s Precedent.**

The Texas court’s “only plausible interpretation” conclusion focused on two passages in Bylaw 3.10. Appx8. The Texas court was wrong about both, and the California court erred by refusing to revisit this aspect of the Texas decision.

*First*, the Texas court focused on language in the preamble providing that Bylaw 3.10 “sets forth ‘the conditions governing the assignment of property rights.’” Appx6. According to the Texas court, that language “contemplates that the parties must determine if the conditions precedent are met, and those conditions may obligate the inventor to assign the invention to UM or not.” Appx7. As the Texas court read Bylaw 3.10, there is no transfer of title unless and until the University makes an affirmative determination that an invention was supported directly or indirectly by University funding. *Id.* And because any such determination would necessarily happen in the future, the district court reasoned that Bylaw 3.10 creates only an obligation to assign rights in the future. *Id.*

The district court’s logic conflates two distinct concepts—(1) *how the transfer of title occurs* if an invention is governed by paragraph 1 (*i.e.*, whether it is automatic or not) and (2) *whether paragraph 1 applies* to the invention based on the facts (*i.e.*, whether it was supported by University funding). This Court’s decision in *DDB Technologies* directly refutes the district court’s flawed reasoning. There, the Court first held that the employment agreement was “an express

assignment of rights in future inventions.” 517 F.3d at 1289-90. Then, in an entirely separate section, the Court analyzed whether “the employment agreement covered the patents in suit because they ‘relate in any way to the business activities’ of [the employer], or ‘are suggested by or result from’” such work. *Id.* at 1290-94. In precisely the same way, the condition triggering an assignment under paragraph 1 of Bylaw 3.10 has no bearing on how paragraph 1 effectuates a transfer when it applies. This gating determination can be determined only in the future, but that fact alone does not convert the present assignment in Bylaw 3.10 into a future one.

*Second*, the Texas court noted that paragraph 1 of Bylaw 3.10 “applies to ‘[p]atents and copyrights issued or acquired,’” and reasoned that “this language contemplates that patents will issue to the inventor before the provisions of Bylaw 3.10 take effect, [so] Bylaw 3.10 must contemplate a future assignment based on the criteria set forth therein.” Appx7. That makes no sense either. Of course patents will issue in the future—that is the whole point of provisions recognizing that a “present grant of rights[,] albeit to future inventions[,] ... vests immediately.” *Imation Corp. v. Koninklijke Philips Elecs. N.V.*, 586 F.3d 980, 986 (Fed. Cir. 2009). But that truism does not somehow convert Bylaw 3.10 into a future obligation to assign. Instead, Bylaw 3.10 declares that those future

inventions and patents *are* the property of the University, without the need for any additional action to transfer title to the University.

Had the district court considered, rather than ignored, the overwhelming record evidence, it would have seen that its reading of Bylaw 3.10 is incorrect. The University's testimony explained both that transfer is automatic and that this transfer has practical significance for University-funded work. Appx523(30:7-31:7). Employees, for example, must report inventions to the University immediately, after which the University supervises decisions like whether to file patent applications or whether to commercialize the invention. Appx525(39:10-40:8). Such policies *require* that rights are transferred automatically when an invention is made—not after a patent has already “issue[d] to the inventor,” as the district court erroneously held. Appx7.

*Finally*, although the California district court did not meaningfully engage the issues on Apple's request for reconsideration, the little that it did say is likewise inconsistent with binding precedent. In particular, the district court stated in passing that “[t]he words ‘shall be’ found in [D]r. Islam's agreement with the University of Michigan ordinarily indicate an agreement to assign inventions in the future—not a present assignment.” Appx13; Appx31. But as decisions like *Roche*, *FilmTec*, and *Heinemann* make clear, *supra* § I.B, such future-tense language by itself does *not* “indicate an agreement to assign inventions in the future,” *contra*

Appx13; Appx31. The certified orders rely on a series of errors and should be reversed.

**B. The District Courts’ Reasoning Risks Creating a “Magic Words” Rule and Needlessly Threatens Existing Contracts.**

Throughout this case, the district courts (and Omni) have suggested that specific contract language analyzed in certain of this Court’s prior decisions should control the result in this case. Although it is of course true that language addressed previously may provide analytical guideposts, that is all that those particular phrases do. There is no basis for endowing specific words with heightened importance—and strong reasons not to do so.

The district courts’ decisions hint at this in several places. The Texas court, for example, began with the observation that “Bylaw 3.10 contains neither the ‘will assign’ language of *Arachnid[, Inc. v. Merit Indus., Inc.]*, 939 F.2d 1574, 1578 (Fed. Cir. 1991)] nor the ‘does hereby grant’ language of *FilmTec [Corp. v. Allied-Signal Inc.]*, 939 F.2d 1568, 1573 (Fed. Cir. 1991)],” before concluding that the language of Bylaw 3.10 is “more like that in *Arachnid*.” Appx6-7. Later, purporting to distinguish between Dr. Islam’s agreement and one stating “I hereby agree that without further consideration to me any inventions or improvements that I may conceive, make, invent or suggest during my employment ... shall become the absolute property of [the employer],” the district court identified as “crucial” the words “I hereby agree” and “without further consideration.” Appx7-8

(discussing *C.R. Daniels, Inc. v. Naztec Int'l Grp., LLC*, No. 11-cv-01624, 2012 WL 1268623 (D. Md. Apr. 13, 2012)).<sup>15</sup> And the California court extracted from *Arachnid* the notion that “[t]he words ‘shall be’ ... ordinarily indicate an agreement to assign inventions in the future.” Appx13; Appx31.

The district courts’ fixation on specific language that has happened to appear in previous cases threatens to create a “magic words” analysis that is both wrong and dangerous. It is wrong because the presence or absence of particular words simply is not controlling. In *Lone Star*, for example, the Court held that whether a transfer agreement is “an assignment” or a “mere license” “depends on the substance of what was granted rather than formalities or magic words.” 925 F.3d at 1229. Indeed, the “analysis in these types of cases has never been so reliant on labels.” *Id.* at 1230. This Court recognized the same point years earlier, when an assignment did “not contain so-called ‘magic words’—i.e. ‘I hereby assign the right to sue for past infringement,’” but the “entirety of the agreements” clearly conveyed that right. *Minco, Inc. v. Combustion Eng’g, Inc.*, 95 F.3d 1109, 1116 (Fed. Cir. 1996). For the same reason, the automatic-or-not inquiry depends on

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<sup>15</sup> These “distinctions” are immaterial. Dr. Islam’s agreement says “I agree,” and the word “hereby” has no ascendant significance, particularly since this Court has previously found an automatic assignment without it. *SiRF*, 601 F.3d 1319. The “without further consideration” statement, moreover, merely makes explicit what is also true of Dr. Islam’s agreement—no further consideration is required or provided to effect the assignment.

substance, not particular verbiage: if an employee agrees that title to a future invention vests with the employer automatically, without the employee having to perform any further action, that is all that matters. *Supra* § I.B.

Indeed, in numerous decisions, this Court has engaged in an analysis of the entire agreement and practices under it to determine whether or not the contract creates a present or future assignment. Certainly, in some cases, the contract's operative clause may answer the question by specifying explicitly whether or not an inventor must in the future transfer title to an invention after it is made. *Compare, e.g., Arachnid*, 939 F.2d at 1578 (agreement to assign in the future) *with DDB Tech.*, 517 F.3d at 1289-90 (automatic). But in other cases, where such language is not present, courts look to "the writing as a whole ..., taking into account relationships between various parts." *Preston*, 684 F.3d at 1286. And certainly, as part of the inquiry, courts have looked to the context and purpose of the agreement. *E.g., Israel Bio-Eng'g Project v. Amgen, Inc.*, 475 F.3d 1256, 1265 (Fed. Cir. 2007) ("a court must carefully consider the intention of the parties and the language of the grant"). The district courts erred by not engaging in that analysis, which would have revealed no provision or practice requiring a University inventor to take future action to transfer title to the University after an invention supported by University funds is made.

Establishing a magic words standard would needlessly invite turmoil over the status of countless employer agreements around the country, including those between universities and their employees. In the context of patents and contract law especially, parties can be expected to rely on the case law's flexible and non-formalist approach "when ordering their affairs." *Kimble v. Marvel Entm't, LLC*, 576 U.S. 446 (2015). And that is exactly what has played out in practice. To take just a few examples of divergent language from universities:

- "Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U.T. System time or with support of state funds, or (c) resulting from using facilities or resources owned by the U.T. System or any U.T. System institution (other than incidental use) *is owned by* the Board of Regents." <https://www.utsystem.edu/board-of-regents/rules/90101-intellectual-property> (emphasis added);
- "The University *shall own* all rights in any discovery or invention resulting from research carried on by any Faculty member, employee, or student..." <https://dof.princeton.edu/policies-procedure/policies/patents> (emphasis added);
- "An Invention that is made in the field or discipline in which the Creator is engaged by the University or made with the use of University Support *is the property of* the University." <https://generalcounsel.ufl.edu/media/generalcounselufledu/documents/Intellectual-Property-Policy.pdf> (emphasis added);
- "All rights to and interests in discoveries, inventions, or patents which result from research or investigation conducted in any experiment station, bureau, laboratory, research facility, or other facility of any state college or university, or by employees of any state college or university acting within the scope of their employment or with funding, equipment, or infrastructure provided by or through any state college or university,

*shall be the sole property* of that college or university.” Ohio R.C. § 3345.14 (emphasis added).

There is no reason to call such policies and provisions into question—or to place a cloud over their validity—in the name of “formalities or magic words.” *Lone Star*, 925 F.3d at 1229.

Instead, the Court should hold that the substantive effect of the University’s rules is clear: because the inventions leading to the patents-in-suit were made with the support of University funds, Dr. Islam had “unambiguously” and “automatically” transferred ownership of them “by operation of law,” *Roche*, 563 U.S. at 787; *FilmTec*, 982 F.2d at 1553, and the invention thus “became the property of the” University and “was not the property” of Dr. Islam, *Heinemann*, 796 F.2d at 455-56.

## CONCLUSION

For the foregoing reasons, Apple respectfully submits that the Court should reverse the certified orders and remand with instructions to dismiss these cases.



Date: July 13, 2020

Respectfully submitted,

By: /s/ Jeffrey P. Kushan

Vernon M. Winters  
vwinters@sidley.com  
Irene Yang  
irene.yang@sidley.com  
SIDLEY AUSTIN LLP  
555 California Street, Suite 2000  
San Francisco, California 94104  
Telephone: (415) 772-1230

Brooke S. Böll  
brooke.boll@sidley.com  
SIDLEY AUSTIN LLP  
555 West Fifth Street  
Los Angeles, CA 90013  
Telephone: (213) 896-6633

Jeffrey P. Kushan  
jkushan@sidley.com  
Joshua J. Fougere  
jfougere@sidley.com  
SIDLEY AUSTIN LLP  
1501 K Street, N.W.  
Washington, D.C. 20005  
Telephone: (202) 736-8000

Michael L. Roberts  
mlroberts@sidley.com  
SIDLEY AUSTIN LLP  
2021 McKinney Avenue, Suite 2000  
Dallas, TX 75201  
Telephone: (213) 981-3472

*Counsel for Defendant-Appellant  
Apple Inc.*

**CORRECTED  
ADDENDUM**

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

OMNI MEDSCI, INC.,

Plaintiff,

v.

APPLE INC.,

Defendant.

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**CIVIL ACTION NO. 2:18-CV-00134-RWS**

**SEALED**

**ORDER**

Before the Court is Defendant Apple, Inc.’s Motion to Dismiss for Lack of Standing (Docket No. 177). Apple contends that Plaintiff Omni MedSci, Inc. is not the owner of the asserted U.S. Patent Nos. 9,651,533, 9,757,040 and 9,861,286 (“the Asserted Patents”). According to Apple, the University of Michigan (“UM” or “the University”) is the true owner of the Asserted Patents by function of UM’s employment agreement with the named inventor, Dr. Mohammed Islam. For the reasons set forth below, Apple’s motion is **DENIED**.

**I. Background**

Since 1992, Dr. Islam has been a professor at UM’s College of Engineering. In 1998, Dr. Islam received tenure, and in 2011, he received an additional appointment to UM’s Medical School.

In his time at the University, Dr. Islam developed and patented various technologies. The Asserted Patents evolved from Dr. Islam’s work in 2012, during a UM-approved sabbatical. On December 2012, at the end of this sabbatical, Dr. Islam filed the provisional applications that allegedly establish the priority date for the Asserted Patents. When Dr. Islam returned to his professorship in 2013, he began prosecuting these applications and assigned the applications to Omni MedSci.

Upon his return, Dr. Islam sought a release letter from UM acknowledging that he owned the applications. UM refused. The ensuing negotiations between UM and Dr. Islam ended with UM refusing to waive any rights it holds in the patents. The University concluded that it owned the intellectual property because “Medical school funds were expended—via the CVC/Cardiovascular Medicine/Department of Internal Medicine to support Dr. Islam’s space costs, as well as administrative time required for processing his joint appointment in Cardiovascular Medicine.” Docket No. 177-22 at 2.

Nonetheless, Dr. Islam maintains that he owned at the Asserted Patents at the time of the invention and that Omni MedSci is the rightful assignee. Apple disagrees. It contends that UM owned the Asserted Patents at the time of the invention, and thus, Omni MedSci does not have standing to sue on the Asserted Patents.

At the core of this dispute is Dr. Islam’s employment agreement with UM and the UM bylaws regulating its employees.

As a condition to begin working at the University, Dr. Islam agreed “to abide by all University rules and regulations.” Docket No. 177-2 at 5. Among those rules and regulations is UM Bylaw 3.10, which “stipulates the conditions governing the assignment of property rights to members of the University faculty and staff.” *Id.* Bylaw 3.10 provides five paragraphs that purport to control the ownership of intellectual property developed by UM employees:

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.***

.....

4) Patents, copyrights, and property right in computer software resulting from activities which have received no support, direct or indirect, from the University

shall be the property of the inventor, author, or creator thereof, free of any limitation which might otherwise arise by virtue of University employment.

5) In cases which involve both University-supported activity and independent activity by a University staff member, patents, copyrights, or other property right in resulting work products shall be owned as agreed upon in writing and in advance of an exploitation thereof by the affected staff member and the Vice-Provost for Research in consultation with the Committee on Patents and Copyrights and with the approval of the University's Office of the General Counsel. It is understood that such agreements shall continue to recognize the traditional faculty and staff prerogatives and property rights concerning intellectual work products.

*Id.* (emphasis added). In 2009, UM supplemented Bylaw 3.10 with section II of UM's Technology Transfer Policy ("the 2009 Technology Transfer Policy"), which incorporated similar language to Bylaw 3.10:

1. Intellectual Property made (e.g., conceived or first reduced to practice) by any person, regardless of employment status, with the direct or indirect support of funds administered by the University (regardless of the source of such funds) ***shall be the property of the University***, except as provided by this or other University policy. Funds administered by the University include University resources, and funds for employee compensation, materials, or facilities.

Docket No. 177-8 at 2–3 (emphasis added).

Apple now contends that these rules and regulations operate as an automatic assignment of the Asserted Patents to UM. Apple also asserts that UM's determination that its funds were used to support the invention is dispositive of ownership unless Dr. Islam followed UM's appeal process.

## **II. Legal Standard**

"[A]lthough the act of invention itself vests an inventor with a common law or 'natural' right to make, use and sell his or her invention . . . , a patent on that invention is something more." *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1578 (Fed. Cir. 1991). "[It] enlarges the natural right, adding to it the *right to exclude others* from making, using or selling the patented invention." *Id.* (emphasis in original). "A patent is a creature of statute, as is the right of a patentee

to have a remedy for infringement of his patent.” *Id.* “Suit must be brought on the *patent*, as ownership only of the invention gives no right to exclude, which is obtained only from the patent grant.” *Id.* at 1578–79 (emphasis in original). “In order to exercise that right, a plaintiff must necessarily have standing as comprehended by the patent statute.” *Id.* at 1579.

Accordingly, standing to sue for patent infringement derives from the Patent Act, which provides that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C. § 281; *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1376–77 (Fed. Cir. 2000). Patent rights initially vest in the inventor who, in turn, can transfer that “patentee” right to another. *Beech Aircraft Corp. v. EDO Corp.*, 990 F.2d 1237, 1248 (Fed. Cir. 1993). Accordingly, “[a] party may bring an action for patent infringement only if it is the ‘patentee,’ *i.e.*, if it owns the patent, either by issuance or by assignment.” *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1249–50 (Fed. Cir. 2000) (citing 35 U.S.C. §§ 100(d), 261, 281).

In certain circumstances, patents may be assigned automatically under an employment agreement. *See DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). “Although state law governs the interpretation of contracts generally, the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases.” *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 563 U.S. 776, 786 (2011) (citations omitted). Accordingly, federal law governs such aspects of contracts. *Id.*

“[W]hether an assignment of patent rights in an agreement . . . is automatic, requiring no further act on the part of the assignee, or merely a promise to assign depends on the contractual language.” *Id.* “In most circumstances, an inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights.” *Id.* “If the contract expressly grants

rights in future inventions, ‘no further act [is] required once an invention [comes] into being,’ and ‘the transfer of title [occurs] by operation of law.’ ” *Id.* (quoting *FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1573 (Fed. Cir. 1991) (finding an express grant of rights where the contract provided that inventor “agrees to grant and does hereby grant” all rights in future inventions)); *see also Speedplay*, 211 F.3d at 1253 (finding an express grant of rights where the contract provided that employee’s inventions within the scope of the agreement “shall belong exclusively to [employer] and [employee] hereby conveys, transfers, and assigns to [employer] . . . all right, title and interest in and to Inventions”). “Contracts that merely obligate the inventor to grant rights in the future, by contrast, ‘may vest the promisee with *equitable* rights in those inventions once made,’ but do not by themselves ‘vest *legal* title to patents on the inventions in the promisee.’ ” *DDB Techs.*, 517 F.3d at 1290 (quoting *Arachnid*, 939 F.2d at 1581 (contract provided that, for inventions within the scope of the agreement, “all rights . . . will be assigned by [inventor] to CLIENT”)).

### **III. Discussion**

Agreements that purport to operate as automatic assignments fall within two categories: those like the assignment in *Arachnid*, and those following *FilmTec*. *See Speedplay*, 211 F.3d at 1253. In *Arachnid*, the relevant agreement provided that:

[a]ny inventions conceived by IDEA or its employees . . . in the course of the project covered by this agreement, shall be the property of CLIENT [Arachnid], and all rights thereto *will be assigned* by IDEA . . . to CLIENT.

*Arachnid*, 939 F.2d 1576 (emphasis in original). On the other hand is the *FilmTec* agreement, which governed the relationship between a company and the United States:

[the company] agrees to grant and does hereby grant to the Government the full and entire domestic right, title and interest in [any invention, discovery, improvement or development (whether or not patentable) made in the course of or under this contract or any subcontract (of any tier) thereunder].



*FilmTec*, 939 F.2d at 1570. As analyzed by the Federal Circuit, the *Arachnid* agreement “was an agreement to assign, not an assignment.” *Arachnid*, 939 F.2d 1580 (Fed. Cir. 1991). Because it provided that rights “will be assigned,” the agreement did not rise to the level of a present assignment of an existing invention or a present assignment of an expectant interest. *Id.* at 1580–1581; accord *Gellman v. Telular Corp.*, No. 2:07-CV-282-CE, 2010 WL 5173213, at \*5 (E.D. Tex. Dec. 14, 2010), *aff’d*, 449 F. App’x 941 (Fed. Cir. 2011) (agreeing to “execute any and all assignments or other transfer documents which are necessary . . .” was a promise to make future assignments).

On the other hand, *FilmTec*, with its “does hereby grant” language, “did not merely obligate [the company] to grant future rights, but expressly granted to the Government [the company]’s rights in any future invention.” *FilmTec*, 939 F.2d at 1573. Agreements falling within the *FilmTec* category typically contain similar express language of *present* conveyance. See *Speedplay*, 211 F.3d at 1253 (“All inventions . . . ‘shall belong exclusively to [Speedplay] and [the employee] hereby conveys, transfers and assigns . . . .’”) (emphasis added); *DDB Techs.*, 517 F.3d at 1290 (“Employee agrees to and does hereby grant and assign to Company . . .”) (emphasis added); *Imatec, Ltd. v. Apple Computer, Inc.*, 81 F. Supp. 2d 471, 478 (S.D.N.Y. 2000) (“I agree to assign and hereby do assign . . . .”) (emphasis added).

Here, however, Bylaw 3.10 contains neither the “will assign” language of *Arachnid* nor the “does hereby grant” language of *FilmTec*. Nonetheless, Bylaw 3.10, as a whole, is clear that the agreement between Dr. Islam and UM is more like that in *Arachnid* and reflects a future agreement to assign rather than a present assignment. As an initial matter, Bylaw 3.10 sets forth “the conditions governing the assignment of property rights.” But Bylaw 3.10 is silent as to when or how an assignment should occur.

Instead, Bylaw 3.10 explains that, if certain conditions are met, patents shall be the property of the University. In fact, Bylaw 3.10 clarifies that “activities which have received no support [from UM] shall be the property of the inventor . . . free of any limitation.” This language contemplates that the parties must determine if the conditions precedent are met, and those conditions may obligate the inventor to assign the invention to UM or not. In other words, these guidelines establish “the conditions governing the assignment” which may obligate a professor to assign an invention to the University. But they do not set forth “an immediate transfer of expectant interests.” *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 841 (Fed. Cir. 2009), *aff’d*, 563 U.S. 776 (2011).

Reinforcing this conclusion, Bylaw 3.10 explains that it applies to “[p]atents and copyrights issued or acquired.” That is, Bylaw 3.10 governs presently existing intellectual property, rather than expectant future intellectual property. As this language contemplates that patents will issue to the inventor before the provisions of Bylaw 3.10 take effect, Bylaw 3.10 must contemplate a future assignment based on the criteria set forth therein. Accordingly, “[w]hile [UM] might have gained certain equitable rights against [Dr. Islam], [UM] did not immediately gain title to [Dr. Islam]’s inventions as a result of [Bylaw 3.10], nor at the time the inventions were created.” *Id.* at 841–42 (citation omitted).

Apple directs the Court to two non-binding cases it contends support the opposite conclusion: *C.R. Daniels, Inc. v. Naztec Int’l Grp., LLC*, No. 11-cv-01624, 2012 WL 1268623 (D. Md. Apr. 13, 2012) and *Affymetrix, Inc. v. Illumina, Inc.*, 446 F. Supp. 2d 292 (D. Del. 2006).

In *C.R. Daniels*, the court analyzed an employment agreement where the inventor agreed:

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

covering such inventions or improvements as well as any papers that [C.R. Daniels] may consider necessary or helpful in the prosecution of applications for patent thereon and which may relate to any litigation or controversy in connection therewith . . . .

*C.R. Daniels*, 2012 WL 1268623 at \*4. After a detailed analysis of Federal Circuit precedent, the court concluded that this language expressly granted rights in future inventions. *Id.* at \*11. The court’s decision turned on the provisions in the agreement that “without further consideration . . . any inventions . . . shall become the absolute property of [C.R. Daniels].” *Id.* Though the court acknowledged that “[a]rguably, the employment agreements lack ‘words of present conveyance[,]’ ” the court found the language “without further consideration” combined with a lack of contradictory language indicated that no further act was required to transfer title to the inventions. *Id.* at 11–12.

The present agreement does not support the same conclusion. As with the *C.R. Daniels* agreement, there are no “words of present conveyance.” But the *C.R. Daniels* agreement followed *FilmTec*’s “agrees to grant and does hereby grant” language by positing that the inventor “hereby agree[d] that . . . any inventions . . . belonged to [the employee].” As mentioned *supra*, Bylaw 3.10 only “stipulates the conditions governing the assignment of property rights,” and sets forth the conditions by which UM or the inventor may own a patent. There is no language providing that employees “hereby grant” any rights to UM or “hereby agree . . . any inventions” belong to UM. Bylaw 3.10 is also missing the crucial guidance that the conveyance occurs without any need for “further consideration.” Thus, unlike *C.R. Daniels*, the only plausible interpretation of Bylaw 3.10 is as a requirement for a future determination and assignment, rather than a present assignment of a future interest.

In *Affymetrix*, the court analyzed a pair of employment agreements, and the ultimately relevant document provided that:

The Work Product (“Work Product”) produced by Consultant under this Agreement and all proprietary rights therein shall be the exclusive property of ARI. Work product includes (but is not limited to) inventions, discoveries, compounds, reports, memoranda, drawings, computer programs, devices, models, or other materials of any nature, or information relating to any of the foregoing, which are or were generated in connection with the work scope described in Section 1 of this Agreement. Consultant will cooperate with ARI in the enforcement and perfection of ARI’s rights.

*Affymetrix*, 446 F. Supp. 2d at 294. Not unlike the present case, the District of Delaware court acknowledged that “[t]he Agreement . . . contains neither the ‘will assign’ language of *Arachnid* nor the ‘does hereby grant’ language of *FilmTec*, but simply states 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. As such, the court turned to state law contract construction principles to resolve the ambiguity. *Id.* (citing *Minco, Inc. v. Combustion Engineering, Inc.*, 95 F.3d 1109, 1117 (Fed. Cir. 1996)).

The court applied California law requiring a contract to “be interpreted to give effect to the mutual intention of the parties as it existed at the time of contracting,” and in the event of ambiguities, “it must be interpreted in the sense in which the promisor believed, at the time of making it, that the promisee understood it.” *Id.* at 296–97 (citing CAL. CIV. CODE § 1636, 1649). The court looked to the only outside testimony available to conclude that the parties intended for the agreement to act as a present assignment of future interests. *Id.* at 297.

*Affymetrix* differs in several crucial ways from the present case. First, the *Affymetrix* contract did not include the language that contemplates future conduct of Bylaw 3.10, specifically that Bylaw 3.10 provides “the conditions governing the assignment.” Nor did the *Affymetrix* agreement condition ownership on certain prerequisites, i.e., the source of funds. These differences, as discussed *supra*, establish that Bylaw 3.10 is a future obligation to assign.

Second, even if this Court adopts the *Affymetrix* conclusion that Bylaw 3.10 is ambiguous, the present case requires the Court to interpret the contract under Michigan law, and to the extent applicable, Federal law. Thus, the “contract[] must be construed so as to give effect to every word or phrase as far as practicable.” *Klapp v. United Ins. Grp. Agency, Inc.*, 468 Mich. 459, 467, 663 N.W.2d 447, 453 (2003) (quotes omitted). The Court must also construe the contract against the drafter, in this case UM. *United States v. Seckinger*, 397 U.S. 203, 210 (1970) (“In fashioning a federal rule we are, of course, guided by the general principles that have evolved concerning interpretation of contractual provisions,” including “the general maxim that a contract should be construed most strongly against the drafter.”); *Hills Materials Co. v. Rice*, 982 F.2d 514, 516 (Fed. Cir. 1992) (“Where [] a latent ambiguity exists, the court will construe the ambiguous term against the drafter of the contract when the nondrafter’s interpretation is reasonable.”); *Shay v. Aldrich*, 790 N.W.2d 629, 644 (Mich. 2010) (“It is an elementary rule of construction of contracts that in case of doubt, a contract is to be strictly construed against the party by whose agent it was drafted.”). Under this framework, the Court must reconcile the fact that Bylaw 3.10 provides the “conditions governing the assignment” with the provisions that, in certain circumstances, issued patents “shall be the property of the University,” but in others, they “shall be the property of the inventor.” The Court must also square these provisions with the framework provided by Bylaw 3.10: that it purports to control “[p]atents and copyrights issued or acquired . . .” and “[p]atents . . . resulting from” UM funds.

Reconciling these provisions in view of the entirety of Bylaw 3.10 and the evidence before the Court, Bylaw 3.10 may have obligated Dr. Islam to grant rights in the asserted patents once they came into existence, but Bylaw 3.10 did not expressly transfer an expectant future interest.

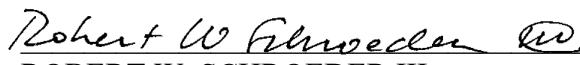
Finally, Apple seems to contend that the 2009 Technology Transfer Policy alters Bylaw 3.10 to create an automatic assignment. It does not. By UM's own admission, the 2009 Technology Transfer Policy implements Bylaw 3.10 and is consistent with Bylaw 3.10. Pilz Dep., 22:9–22, Docket No. 191-3 at 8. Moreover, the Policy's provision that, like Bylaw 3.10, certain intellectual property "shall be the property of the University, *except as provided by this or other University policy*" (emphasis added) subjects the Policy to the aspects of Bylaw 3.10 discussed above. For example: that Bylaw 3.10 governs "the conditions governing the assignment of property rights;" that Bylaw 3.10 only addresses existing IP; that UM's policies provide for several ownership situations based on the source of funding or that Bylaw 3.10 must be interpreted under Michigan Law. Thus, the Policy does not alter the scope of Bylaw 3.10.

Having found that Dr. Islam's employment agreement did not operate as an automatic assignment of any patent rights, the Court need not reach the other arguments asserted by Apple.<sup>1</sup>

#### IV. Conclusion

Based on the foregoing, Apple's Motion to Dismiss for Lack of Standing (Docket No. 177) is **DENIED**.

**So ORDERED and SIGNED this 14th day of August, 2019.**

  
ROBERT W. SCHROEDER III  
UNITED STATES DISTRICT JUDGE

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<sup>1</sup> Though not necessary to the Court's determination, the same canons of interpretation urge the conclusion that Dr. Islam did not use UM funds to create the invention, as required to grant rights to UM under Bylaw 3.10 ¶ 1. See *Sycamore IP Holdings LLC v. AT&T Corp.*, No. 2:16-CV-588-WCB, 2018 WL 929691, at \*3 (E.D. Tex. Feb. 16, 2018). UM's only basis for obtaining any rights to the Asserted Patents was that funds were expended towards "space costs, as well as administrative time required for processing his joint appointment in Cardiovascular Medicine." Docket No. 177-22 at 2. Under this interpretation, mere employment grants UM title to a professor's invention. But this interpretation eliminates the Bylaw's provision providing that "activities which have received no support, direct or indirect, from the University shall be the property of the inventor." Even UM acknowledges that mere employment does not convey any interest to the University. Pilz Dep., 241:19–22, Docket No. 191-3 at 62. Because the contract must be interpreted to give every phrase effect and against the employer, UM, the facts here establish that UM had no rights to the Asserted Patents.

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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

**OMNI MEDSCI, INC.,**  
Plaintiff/Counter Defendant,  
  
v.  
**APPLE INC.,**  
Defendant/Counter Claimant.

Case No.: 19-cv-05924-YGR

**ORDER DENYING APPLE INC.’S REQUEST  
FOR LEAVE TO FILE MOTION FOR  
RECONSIDERATION REGARDING  
SUBJECT-MATTER JURISDICTION**

Re: Dkt. No. 327

Now before the Court is Defendant Apple Inc.’s (“Apple”) request for leave to file a motion for reconsideration under Civil Local Rule 7-9(a). (Dkt. No. 327.) The present case was transferred from the Eastern District of Texas on October 2, 2019. Prior to transfer, the Texas Court denied Apple’s motion to dismiss for lack of subject matter jurisdiction based on plaintiff’s alleged lack of ownership of the asserted patents. (Dkt. No. 276.) Apple now seeks reconsideration of the transferor court’s denial. Having carefully considered the papers in support and in opposition, and the authority on which they are based, the Court **DENIES** the motion for leave.

Civil Local Rule 7-9(a) requires that a party seeking leave to file a motion for reconsideration show reasonable diligence in bringing a motion thereunder and one of the following:

- (i) the existence of a material difference in fact or law that was not known at the time of the order despite the exercise of reasonable diligence;
- (ii) the emergence of new material facts or change of law occurring after the time of the order; or
- (iii) a manifest failure by the Court to consider material facts or dispositive legal arguments already presented to the Court. Civil L.R. 7-9(a) and (b).

1 A motion for reconsideration offers an “extraordinary remedy, to be used sparingly in the  
2 interests of finality of conservation of judicial resources.” *Kona Enters., Inc. v. Estate of Bishop*,  
3 229 F.3d 877, 890 (9th Cir. 2000) (discussing Fed. R. Civ. P. 59(e)). It is not “a substitute for appeal  
4 or a means of attacking some perceived error of the court.” *Asturias v. Borders*, No. 16-cv-02149-  
5 HSG-PR, 2018 WL 1811967, at \*1 (N.D. Cal. Apr. 17, 2018). A party may not repeat any oral or  
6 written argument made in relation to the order for which it now seeks reconsideration. Civ. L. R. 7-  
7 9(c). Failure to comply with rule may subject the moving party to sanctions. *Id.*

8 Apple argues that the Texas court committed a “manifest failure” to consider material facts  
9 and dispositive law under Civil Local Rule 7-9(b)(3) in construing a contract between the Plaintiff’s  
10 founder and president, Mr. Mohammed Islam, and the University of Michigan, which employed Mr.  
11 Islam at the time of the invention, as effecting an agreement to assign certain inventions to the  
12 University in the future. Apple argues that the contract properly effected an immediate assignment  
13 of all inventions made with the University of Michigan’s resources to the University. As the  
14 University of Michigan never released its rights in the asserted patents, Apple asserts that Mr. Islam  
15 lacks standing to bring the current lawsuit.

16 Having considered the district court’s prior order, as well as the law and the evidence  
17 presented, the Court detects no manifest error in its decision. The words “shall be” found in Mr.  
18 Islam’s agreement with the University of Michigan ordinarily indicate an agreement to assign  
19 inventions in the future—not a present assignment. *Windy City Innovations, LLC v. Facebook, Inc.*,  
20 No. 16-cv-1730 YGR, 2019 WL 4645414, at \*3 (N.D. Cal. Sept. 24, 2019) (citing *Arachnid, Inc. v.*  
21 *Merit Industries, Inc.*, 939 F.2d 1574, 1581 (Fed. Cir. 1991)). An agreement to assign in the future  
22 does not effect an immediate assignment or rob the inventor of standing to assert the patents. *DBB*  
23 *Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). The Texas  
24 court properly considered the language of the agreement—including that it describes “conditions  
25 governing assignment” and lacks words of “present conveyance”—to determine that it represented a  
26 future agreement to assign, rather than a present assignment of future interest.

27 Accordingly, the Court finds no manifest failure by the Texas court and **DENIES** Apple’s  
28 request for leave to file a motion for reconsideration.

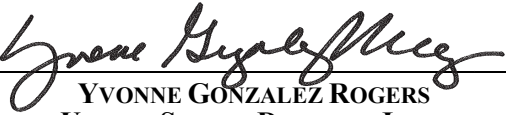


1 The Court further finds good cause exists and **GRANTS IN PART** Apple's motion to seal (Dkt.  
2 No. 326) as the request relates to the University of Michigan's confidential information with  
3 personnel and given the non-dispositive nature of the motion. (Dkt. No. 332.) As the Texas court's  
4 order and related motions had been filed under seal, the Court **GRANTS** Apple's motion to seal those  
5 papers. (Dkt. No. 335.) Finally, the Court **DENIES** the Regents of the University of Michigan's  
6 motion to file an amicus brief (Dkt. No. 341) and **GRANTS** its Michigan's motion to seal as moot.  
7 (Dkt. No. 340.)

8 This Order terminates Docket Numbers 326, 327, 335, 340, and 341.

9 **IT IS SO ORDERED.**

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11 DATED: November 25 2019

  
12 **YVONNE GONZALEZ ROGERS**  
13 **UNITED STATES DISTRICT JUDGE**

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

OMNI MEDSCI, INC.,  
*Plaintiff/Counter Defendant,*  
v.  
APPLE INC,  
*Defendant/Counter Claimant.*

Case Nos.: 19-cv-05924-YGR

~~PROPOSED~~ ORDER GRANTING APPLE INC.'S UNOPPOSED MOTION FOR AN ORDER CERTIFYING THE STANDING QUESTION FOR INTERLOCUTORY APPEAL UNDER 28 U.S.C. § 1292(B) AS MODIFIED BY THE COURT

Now before the Court is Defendant and Counter-Claimant Apple Inc.'s ("Apple") unopposed Motion for an Order Certifying the Standing Question For Interlocutory Appeal Under 28 U.S.C. § 1292(b). The Court has considered Apple's motion. Plaintiff Omni MedSci, Inc. believes that the standing issue was decided correctly, but it does not oppose Apple's motion. Accordingly, the Court **GRANTS** the motion for that reason and adopts the proposed order as set forth below.

Apple's motion seeks an order certifying the decisions related to Apple's motions to dismiss for lack of subject-matter jurisdiction for interlocutory appeal. Dkt. Nos. 151 & 227. Those decisions found that the employment agreement between the University of Michigan ("University") and Dr. Mohammed Islam—the founder and principal of Plaintiff and Counter-Defendant Omni MedSci, Inc. ("Omni")—did not automatically convey title to the asserted patents with the

1 University, and thus did not deprive Omni of standing to assert the patents after they were assigned  
2 to Omni from Dr. Islam. Instead, the employment agreement obligated Dr. Islam to assign his rights  
3 in the asserted patents to the University in the future. The relevant language from Dr. Islam’s  
4 employment agreement, University Bylaw 3.10, provides that:

5 Patents and copyrights issued or acquired as a result of or in connection with  
6 administration, research, or other educational activities conducted by members of the  
7 University staff and supported directly or indirectly (e.g., through the use of University  
8 resources or facilities) by funds administered by the University... *shall be the property  
9 of the University.*

10 Mot. to Dismiss Ex. 2A at UM00000049, Dkt No. 90-2 (emphasis added).

11 Section 1292(b) allows for interlocutory appeal when (1) an order involves a controlling  
12 question of law; (2) there is a substantial ground for difference of opinion regarding that legal  
13 question; and (3) an immediate appeal may materially advance the ultimate termination of the  
14 litigation.

15 Regarding the first prong of the § 1292(b) inquiry, if the appellant’s success on appeal would  
16 result in dismissal of the case, as is the case here, the appeal involves a “controlling question of  
17 law.” *See, e.g., Canela v. Costco Wholesale Corp.*, Case No. 13-cv-03598-BLF, 2018 WL 3008532  
18 at \*1 (N.D. Cal. June 15, 2018). Standing and subject-matter jurisdiction are controlling issues of  
19 law. *See, e.g., id.* (“Article III standing” is a controlling question of law). Moreover, standing and  
20 subject matter jurisdictions are reviewed *de novo* on appeal.

21 Regarding the second prong of the § 1292(b) inquiry, the Court finds that there is substantial  
22 ground for difference of opinion whether the contractual language at issue here—“shall be the  
23 property of the University”—operates as a present assignment of future rights or an obligation to  
24 assign rights in the future. A decision may be certified when it presents a “novel legal issue[ ] . . . on  
25 which fair-minded jurists might reach contradictory conclusions,” and “not merely where they have  
26 already disagreed.” *Reese v. BP Expl. (Alaska) Inc.*, 643 F.3d 681, 688 (9th Cir. 2011).

27 The Federal Circuit has not directly confronted the assignment language at issue here,  
28 making this a novel legal issue appropriate for interlocutory appeal. *See, e.g., Sky Techs. LLC v.*  
*SAP AG*, 576 F.3d 1374 (Fed. Cir. 2009); *Int’l Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d

1 1273, 1274 (Fed. Cir. 2007); *Ritz Camera & Image, LLC v. SanDisk Corp.*, 700 F.3d 503, 505 (Fed.  
2 Cir. 2012); *Tri-Star Elecs. Int’l, Inc. v. Preci-Dip Durtal SA*, 619 F.3d 1364, 1365 & n.2 (Fed. Cir.  
3 2010). Moreover, courts considering similar language have reached different results. *Compare C.R.*  
4 *Daniels, Inc. v. Naztec Int’l Grp., LLC*, Civil Action No. EHL11- 1624, 2012 WL 1268623, at \*4  
5 (D. Md. Apr. 13, 2012) (finding “hereby agree[s] that without further consideration to [him] any  
6 inventions or improvements that [he] may conceive, make, invent or suggest during [his]  
7 employment . . . shall become the absolute property of [the employer]” effectuates an automatic  
8 assignment), *Affymetrix, Inc. v. Illumina, Inc.*, 446 F. Supp. 2d 292, 296 (D. Del. 2006) (finding  
9 “shall be the exclusive property of [Affymax]” effectuates an automatic assignment), *and*  
10 *Alzheimer’s Inst. of Am., Inc. v. Avid Radiopharmaceuticals*, Civil Action No. 10-6908, 2011 WL  
11 3875341, at \*10 (E.D. Pa. Aug. 31, 2011) (finding “[a]n invention which is made in the field or  
12 discipline in which the employee is employed by the University or by using University support is the  
13 property of the University and the employee shall share in the proceeds therefrom” “unambiguously  
14 vests ownership of . . . employees’ inventions in the University”), *with Windy City Innovations, LLC*  
15 *v. Facebook, Inc.*, \_\_\_ F. Supp. 3d \_\_\_, Case No. 16-cv-1730 YGR, 2019 WL 4645414, at \*4 (N.D.  
16 Cal. Sept. 24, 2019). There is thus a substantial ground for a difference of opinion on the issues of  
17 law here—standing and subject matter jurisdiction.

18       Regarding the third prong of the § 1292(b) inquiry, a reversal by the Federal Circuit  
19 regarding Omni’s standing to bring this suit would result in dismissal of the case, “conserv[ing]  
20 judicial resources and spar[ing] the parties from possibly needless expense if it should turn out that  
21 [the standing] rulings are reversed.” *Bennett v. Islamic Republic of Iran*, 927 F. Supp. 2d 833, 846  
22 n.15 (N.D. Cal. 2013) (citation omitted). That is “especially” true when, as here, the “action will  
23 likely [already] be stayed.” *Su v. Siemens Indus., Inc.*, Case No. 12-cv-03743-JST, 2014 WL  
24 4775163, at \*3 (N.D. Cal. Sept. 22, 2014). Pursuant to a stipulation between the parties, the Court  
25 stayed this action on November 20, 2019 pending resolution of several *inter partes* review  
26 proceedings initiated by Apple. Dkt. No. 219.

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1           Accordingly, the Court **GRANTS** Apple's motion and certifies the decisions related to Apple's  
2 motions to dismiss for lack of subject-matter jurisdiction, Dkt. Nos. 151 & 227, for interlocutory  
3 appeal pursuant to 28 U.S.C. § 1292(b).

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5           This Order terminates docket number 350.

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7           It is therefore **ORDERED**.

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9 DATED:       February 14, 2020



The Honorable Yvonne Gonzalez Rogers  
United States District Judge

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

OMNI MEDSCI, INC.,

Plaintiff,

v.

APPLE INC.,

Defendant.

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**CIVIL ACTION NO. 2:18-CV-00429-RWS**

**SEALED**

**ORDER**

Before the Court is Defendant Apple, Inc.’s Motion to Dismiss for Lack of Standing (Docket No. 90). Apple contends that Plaintiff Omni MedSci, Inc. is not the owner of the asserted U.S. Patent Nos. 10,098,546, 9,861,286, 10,188,299 and 10,213,113 (“the Asserted Patents”). According to Apple, the University of Michigan (“UM” or “the University”) is the true owner of the Asserted Patents by function of UM’s employment agreement with the named inventor, Dr. Mohammed Islam. For the reasons set forth below, Apple’s motion is **DENIED**.

**I. Background**

Since 1992, Dr. Islam has been a professor at UM’s College of Engineering. In 1998, Dr. Islam received tenure, and in 2011, he received an additional appointment to UM’s Medical School.

In his time at the University, Dr. Islam developed and patented various technologies. The Asserted Patents evolved from Dr. Islam’s work in 2012, during a UM-approved sabbatical. On December 2012, at the end of this sabbatical, Dr. Islam filed the provisional applications that allegedly establish the priority date for the Asserted Patents. When Dr. Islam returned to his professorship in 2013, he began prosecuting these applications and assigned the applications to Omni MedSci.

Upon his return, Dr. Islam sought a release letter from UM acknowledging that he owned the applications. UM refused. The ensuing negotiations between UM and Dr. Islam ended with UM refusing to waive any rights it holds in the patents. The University concluded that it owned the intellectual property because “Medical school funds were expended—via the CVC/Cardiovascular Medicine/Department of Internal Medicine to support Dr. Islam’s space costs, as well as administrative time required for processing his joint appointment in Cardiovascular Medicine.” Docket No. 90-22 at 2.

Nonetheless, Dr. Islam maintains that he owned at the Asserted Patents at the time of the invention and that Omni MedSci is the rightful assignee. Apple disagrees. It contends that UM owned the Asserted Patents at the time of the invention, and thus, Omni MedSci does not have standing to sue on the Asserted Patents.

At the core of this dispute is Dr. Islam’s employment agreement with UM and the UM bylaws regulating its employees.

As a condition to begin working at the University, Dr. Islam agreed “to abide by all University rules and regulations.” Docket No. 90-2 at 5. Among those rules and regulations is UM Bylaw 3.10, which “stipulates the conditions governing the assignment of property rights to members of the University faculty and staff.” *Id.* Bylaw 3.10 provides five paragraphs that purport to control the ownership of intellectual property developed by UM employees:

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.***

.....

4) Patents, copyrights, and property right in computer software resulting from activities which have received no support, direct or indirect, from the University

shall be the property of the inventor, author, or creator thereof, free of any limitation which might otherwise arise by virtue of University employment.

5) In cases which involve both University-supported activity and independent activity by a University staff member, patents, copyrights, or other property right in resulting work products shall be owned as agreed upon in writing and in advance of an exploitation thereof by the affected staff member and the Vice-Provost for Research in consultation with the Committee on Patents and Copyrights and with the approval of the University's Office of the General Counsel. It is understood that such agreements shall continue to recognize the traditional faculty and staff prerogatives and property rights concerning intellectual work products.

*Id.* (emphasis added). In 2009, UM supplemented Bylaw 3.10 with section II of UM's Technology Transfer Policy ("the 2009 Technology Transfer Policy"), which incorporated similar language to Bylaw 3.10:

1. Intellectual Property made (e.g., conceived or first reduced to practice) by any person, regardless of employment status, with the direct or indirect support of funds administered by the University (regardless of the source of such funds) ***shall be the property of the University***, except as provided by this or other University policy. Funds administered by the University include University resources, and funds for employee compensation, materials, or facilities.

Docket No. 90-8 at 2–3 (emphasis added).

Apple now contends that these rules and regulations operate as an automatic assignment of the Asserted Patents to UM. Apple also asserts that UM's determination that its funds were used to support the invention is dispositive of ownership unless Dr. Islam followed UM's appeal process.

## **II. Legal Standard**

"[A]lthough the act of invention itself vests an inventor with a common law or 'natural' right to make, use and sell his or her invention . . . , a patent on that invention is something more." *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1578 (Fed. Cir. 1991). "[It] enlarges the natural right, adding to it the *right to exclude others* from making, using or selling the patented invention." *Id.* (emphasis in original). "A patent is a creature of statute, as is the right of a patentee



to have a remedy for infringement of his patent.” *Id.* “Suit must be brought on the *patent*, as ownership only of the invention gives no right to exclude, which is obtained only from the patent grant.” *Id.* at 1578–79 (emphasis in original). “In order to exercise that right, a plaintiff must necessarily have standing as comprehended by the patent statute.” *Id.* at 1579.

Accordingly, standing to sue for patent infringement derives from the Patent Act, which provides that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C. § 281; *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1376–77 (Fed. Cir. 2000). Patent rights initially vest in the inventor who, in turn, can transfer that “patentee” right to another. *Beech Aircraft Corp. v. EDO Corp.*, 990 F.2d 1237, 1248 (Fed. Cir. 1993). Accordingly, “[a] party may bring an action for patent infringement only if it is the ‘patentee,’ *i.e.*, if it owns the patent, either by issuance or by assignment.” *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1249–50 (Fed. Cir. 2000) (citing 35 U.S.C. §§ 100(d), 261, 281).

In certain circumstances, patents may be assigned automatically under an employment agreement. *See DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). “Although state law governs the interpretation of contracts generally, the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases.” *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 563 U.S. 776, 786 (2011) (citations omitted). Accordingly, federal law governs such aspects of contracts. *Id.*

“[W]hether an assignment of patent rights in an agreement . . . is automatic, requiring no further act on the part of the assignee, or merely a promise to assign depends on the contractual language.” *Id.* “In most circumstances, an inventor must expressly grant his rights in an invention to his employer if the employer is to obtain those rights.” *Id.* “If the contract expressly grants

rights in future inventions, ‘no further act [is] required once an invention [comes] into being,’ and ‘the transfer of title [occurs] by operation of law.’ ” *Id.* (quoting *FilmTec Corp. v. Allied-Signal Inc.*, 939 F.2d 1568, 1573 (Fed. Cir. 1991) (finding an express grant of rights where the contract provided that inventor “agrees to grant and does hereby grant” all rights in future inventions)); *see also Speedplay*, 211 F.3d at 1253 (finding an express grant of rights where the contract provided that employee’s inventions within the scope of the agreement “shall belong exclusively to [employer] and [employee] hereby conveys, transfers, and assigns to [employer] . . . all right, title and interest in and to Inventions”). “Contracts that merely obligate the inventor to grant rights in the future, by contrast, ‘may vest the promisee with *equitable* rights in those inventions once made,’ but do not by themselves ‘vest *legal* title to patents on the inventions in the promisee.’ ” *DDB Techs.*, 517 F.3d at 1290 (quoting *Arachnid*, 939 F.2d at 1581 (contract provided that, for inventions within the scope of the agreement, “all rights . . . will be assigned by [inventor] to CLIENT”)).

### **III. Discussion**

Agreements that purport to operate as automatic assignments fall within two categories: those like the assignment in *Arachnid*, and those following *FilmTec*. *See Speedplay*, 211 F.3d at 1253. In *Arachnid*, the relevant agreement provided that:

[a]ny inventions conceived by IDEA or its employees . . . in the course of the project covered by this agreement, shall be the property of CLIENT [Arachnid], and all rights thereto *will be assigned* by IDEA . . . to CLIENT.

*Arachnid*, 939 F.2d 1576 (emphasis in original). On the other hand is the *FilmTec* agreement, which governed the relationship between a company and the United States:

[the company] agrees to grant and does hereby grant to the Government the full and entire domestic right, title and interest in [any invention, discovery, improvement or development (whether or not patentable) made in the course of or under this contract or any subcontract (of any tier) thereunder].

*FilmTec*, 939 F.2d at 1570. As analyzed by the Federal Circuit, the *Arachnid* agreement “was an agreement to assign, not an assignment.” *Arachnid*, 939 F.2d 1580 (Fed. Cir. 1991). Because it provided that rights “will be assigned,” the agreement did not rise to the level of a present assignment of an existing invention or a present assignment of an expectant interest. *Id.* at 1580–1581; accord *Gellman v. Telular Corp.*, No. 2:07-CV-282-CE, 2010 WL 5173213, at \*5 (E.D. Tex. Dec. 14, 2010), *aff’d*, 449 F. App’x 941 (Fed. Cir. 2011) (agreeing to “execute any and all assignments or other transfer documents which are necessary . . .” was a promise to make future assignments).

On the other hand, *FilmTec*, with its “does hereby grant” language, “did not merely obligate [the company] to grant future rights, but expressly granted to the Government [the company]’s rights in any future invention.” *FilmTec*, 939 F.2d at 1573. Agreements falling within the *FilmTec* category typically contain similar express language of *present* conveyance. See *Speedplay*, 211 F.3d at 1253 (“All inventions . . . ‘shall belong exclusively to [Speedplay] and [the employee] hereby conveys, transfers and assigns . . . .’”) (emphasis added); *DDB Techs.*, 517 F.3d at 1290 (“Employee agrees to and does hereby grant and assign to Company . . .”) (emphasis added); *Imatec, Ltd. v. Apple Computer, Inc.*, 81 F. Supp. 2d 471, 478 (S.D.N.Y. 2000) (“I agree to assign and hereby do assign . . . .”) (emphasis added).

Here, however, Bylaw 3.10 contains neither the “will assign” language of *Arachnid* nor the “does hereby grant” language of *FilmTec*. Nonetheless, Bylaw 3.10, as a whole, is clear that the agreement between Dr. Islam and UM is more like that in *Arachnid* and reflects a future agreement to assign rather than a present assignment. As an initial matter, Bylaw 3.10 sets forth “the conditions governing the assignment of property rights.” But Bylaw 3.10 is silent as to when or how an assignment should occur.

Instead, Bylaw 3.10 explains that, if certain conditions are met, patents shall be the property of the University. In fact, Bylaw 3.10 clarifies that “activities which have received no support [from UM] shall be the property of the inventor . . . free of any limitation.” This language contemplates that the parties must determine if the conditions precedent are met, and those conditions may obligate the inventor to assign the invention to UM or not. In other words, these guidelines establish “the conditions governing the assignment” which may obligate a professor to assign an invention to the University. But they do not set forth “an immediate transfer of expectant interests.” *Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 583 F.3d 832, 841 (Fed. Cir. 2009), *aff’d*, 563 U.S. 776 (2011).

Reinforcing this conclusion, Bylaw 3.10 explains that it applies to “[p]atents and copyrights issued or acquired.” That is, Bylaw 3.10 governs presently existing intellectual property, rather than expectant future intellectual property. As this language contemplates that patents will issue to the inventor before the provisions of Bylaw 3.10 take effect, Bylaw 3.10 must contemplate a future assignment based on the criteria set forth therein. Accordingly, “[w]hile [UM] might have gained certain equitable rights against [Dr. Islam], [UM] did not immediately gain title to [Dr. Islam]’s inventions as a result of [Bylaw 3.10], nor at the time the inventions were created.” *Id.* at 841–42 (citation omitted).

Apple directs the Court to two non-binding cases it contends support the opposite conclusion: *C.R. Daniels, Inc. v. Naztec Int’l Grp., LLC*, No. 11-cv-01624, 2012 WL 1268623 (D. Md. Apr. 13, 2012) and *Affymetrix, Inc. v. Illumina, Inc.*, 446 F. Supp. 2d 292 (D. Del. 2006).

In *C.R. Daniels*, the court analyzed an employment agreement where the inventor agreed:

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

covering such inventions or improvements as well as any papers that [C.R. Daniels] may consider necessary or helpful in the prosecution of applications for patent thereon and which may relate to any litigation or controversy in connection therewith . . . .

*C.R. Daniels*, 2012 WL 1268623 at \*4. After a detailed analysis of Federal Circuit precedent, the court concluded that this language expressly granted rights in future inventions. *Id.* at \*11. The court’s decision turned on the provisions in the agreement that “without further consideration . . . any inventions . . . shall become the absolute property of [C.R. Daniels].” *Id.* Though the court acknowledged that “[a]rguably, the employment agreements lack ‘words of present conveyance[,]’ ” the court found the language “without further consideration” combined with a lack of contradictory language indicated that no further act was required to transfer title to the inventions. *Id.* at 11–12.

The present agreement does not support the same conclusion. As with the *C.R. Daniels* agreement, there are no “words of present conveyance.” But the *C.R. Daniels* agreement followed *FilmTec*’s “agrees to grant and does hereby grant” language by positing that the inventor “hereby agree[d] that . . . any inventions . . . belonged to [the employee].” As mentioned *supra*, Bylaw 3.10 only “stipulates the conditions governing the assignment of property rights,” and sets forth the conditions by which UM or the inventor may own a patent. There is no language providing that employees “hereby grant” any rights to UM or “hereby agree . . . any inventions” belong to UM. Bylaw 3.10 is also missing the crucial guidance that the conveyance occurs without any need for “further consideration.” Thus, unlike *C.R. Daniels*, the only plausible interpretation of Bylaw 3.10 is as a requirement for a future determination and assignment, rather than a present assignment of a future interest.

In *Affymetrix*, the court analyzed a pair of employment agreements, and the ultimately relevant document provided that:

The Work Product (“Work Product”) produced by Consultant under this Agreement and all proprietary rights therein shall be the exclusive property of ARI. Work product includes (but is not limited to) inventions, discoveries, compounds, reports, memoranda, drawings, computer programs, devices, models, or other materials of any nature, or information relating to any of the foregoing, which are or were generated in connection with the work scope described in Section 1 of this Agreement. Consultant will cooperate with ARI in the enforcement and perfection of ARI’s rights.

*Affymetrix*, 446 F. Supp. 2d at 294. Not unlike the present case, the District of Delaware court acknowledged that “[t]he Agreement . . . contains neither the ‘will assign’ language of *Arachnid* nor the ‘does hereby grant’ language of *FilmTec*, but simply states 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. As such, the court turned to state law contract construction principles to resolve the ambiguity. *Id.* (citing *Minco, Inc. v. Combustion Engineering, Inc.*, 95 F.3d 1109, 1117 (Fed. Cir. 1996)).

The court applied California law requiring a contract to “be interpreted to give effect to the mutual intention of the parties as it existed at the time of contracting,” and in the event of ambiguities, “it must be interpreted in the sense in which the promisor believed, at the time of making it, that the promisee understood it.” *Id.* at 296–97 (citing CAL. CIV. CODE § 1636, 1649). The court looked to the only outside testimony available to conclude that the parties intended for the agreement to act as a present assignment of future interests. *Id.* at 297.

*Affymetrix* differs in several crucial ways from the present case. First, the *Affymetrix* contract did not include the language that contemplates future conduct of Bylaw 3.10, specifically that Bylaw 3.10 provides “the conditions governing the assignment.” Nor did the *Affymetrix* agreement condition ownership on certain prerequisites, i.e., the source of funds. These differences, as discussed *supra*, establish that Bylaw 3.10 is a future obligation to assign.

Second, even if this Court adopts the *Affymetrix* conclusion that Bylaw 3.10 is ambiguous, the present case requires the Court to interpret the contract under Michigan law, and to the extent applicable, Federal law. Thus, the “contract[] must be construed so as to give effect to every word or phrase as far as practicable.” *Klapp v. United Ins. Grp. Agency, Inc.*, 468 Mich. 459, 467, 663 N.W.2d 447, 453 (2003) (quotes omitted). The Court must also construe the contract against the drafter, in this case UM. *United States v. Seckinger*, 397 U.S. 203, 210 (1970) (“In fashioning a federal rule we are, of course, guided by the general principles that have evolved concerning interpretation of contractual provisions,” including “the general maxim that a contract should be construed most strongly against the drafter.”); *Hills Materials Co. v. Rice*, 982 F.2d 514, 516 (Fed. Cir. 1992) (“Where [] a latent ambiguity exists, the court will construe the ambiguous term against the drafter of the contract when the nondrafter’s interpretation is reasonable.”); *Shay v. Aldrich*, 790 N.W.2d 629, 644 (Mich. 2010) (“It is an elementary rule of construction of contracts that in case of doubt, a contract is to be strictly construed against the party by whose agent it was drafted.”). Under this framework, the Court must reconcile the fact that Bylaw 3.10 provides the “conditions governing the assignment” with the provisions that, in certain circumstances, issued patents “shall be the property of the University,” but in others, they “shall be the property of the inventor.” The Court must also square these provisions with the framework provided by Bylaw 3.10: that it purports to control “[p]atents and copyrights issued or acquired . . .” and “[p]atents . . . resulting from” UM funds.

Reconciling these provisions in view of the entirety of Bylaw 3.10 and the evidence before the Court, Bylaw 3.10 may have obligated Dr. Islam to grant rights in the asserted patents once they came into existence, but Bylaw 3.10 did not expressly transfer an expectant future interest.


Finally, Apple seems to contend that the 2009 Technology Transfer Policy alters Bylaw 3.10 to create an automatic assignment. It does not. By UM's own admission, the 2009 Technology Transfer Policy implements Bylaw 3.10 and is consistent with Bylaw 3.10. Pilz Dep., 22:9–22, Docket No. 105-3 at 8. Moreover, the Policy's provision that, like Bylaw 3.10, certain intellectual property "shall be the property of the University, *except as provided by this or other University policy*" (emphasis added) subjects the Policy to the aspects of Bylaw 3.10 discussed above. For example: that Bylaw 3.10 governs "the conditions governing the assignment of property rights;" that Bylaw 3.10 only addresses existing IP; that UM's policies provide for several ownership situations based on the source of funding or that Bylaw 3.10 must be interpreted under Michigan Law. Thus, the Policy does not alter the scope of Bylaw 3.10.

Having found that Dr. Islam's employment agreement did not operate as an automatic assignment of any patent rights, the Court need not reach the other arguments asserted by Apple.<sup>1</sup>

#### IV. Conclusion

Based on the foregoing, Apple's Motion to Dismiss for Lack of Standing (Docket No. 90) is **DENIED**.

**So ORDERED and SIGNED this 14th day of August, 2019.**

  
ROBERT W. SCHROEDER III  
UNITED STATES DISTRICT JUDGE

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<sup>1</sup> Though not necessary to the Court's determination, the same canons of interpretation urge the conclusion that Dr. Islam did not use UM funds to create the invention, as required to grant rights to UM under Bylaw 3.10 ¶ 1. See *Sycamore IP Holdings LLC v. AT&T Corp.*, No. 2:16-CV-588-WCB, 2018 WL 929691, at \*3 (E.D. Tex. Feb. 16, 2018). UM's only basis for obtaining any rights to the Asserted Patents was that funds were expended towards "space costs, as well as administrative time required for processing his joint appointment in Cardiovascular Medicine." Docket No. 90-22 at 2. Under this interpretation, mere employment grants UM title to a professor's invention. But this interpretation eliminates the Bylaw's provision providing that "activities which have received no support, direct or indirect, from the University shall be the property of the inventor." Even UM acknowledges that mere employment does not convey any interest to the University. Pilz Dep., 241:19–22, Docket No. 105-3 at 62. Because the contract must be interpreted to give every phrase effect and against the employer, UM, the facts here establish that UM had no rights to the Asserted Patents.



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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

**OMNI MEDSCI, INC.,**  
Plaintiff/Counter Defendant,  
v.  
**APPLE INC.,**  
Defendant/Counter Claimant.

Case No.: 19-cv-05673-YGR

**ORDER DENYING APPLE INC.'S REQUEST  
FOR LEAVE TO FILE MOTION FOR  
RECONSIDERATION REGARDING  
SUBJECT-MATTER JURISDICTION**

Re: Dkt. No. 208

Now before the Court is Defendant Apple Inc.'s ("Apple") request for leave to file a motion for reconsideration under Civil Local Rule 7-9(a). (Dkt. No. 208.) The present case was transferred from the Eastern District of Texas on October 2, 2019. Prior to transfer, the district court denied Apple's motion to dismiss for lack of subject matter jurisdiction based on plaintiff's alleged lack of ownership of the asserted patents. (Dkt. No. 151.) Apple now seeks reconsideration of the transferor court's denial. Having carefully considered the papers in support and in opposition, and the authority on which they are based, the Court **DENIES** the motion for leave.

Civil Local Rule 7-9(a) requires that a party seeking leave to file a motion for reconsideration show reasonable diligence in bringing a motion thereunder and one of the following:

- (i) the existence of a material difference in fact or law that was not known at the time of the order despite the exercise of reasonable diligence;
- (ii) the emergence of new material facts or change of law occurring after the time of the order; or
- (iii) a manifest failure by the Court to consider material facts or dispositive legal arguments already presented to the Court. Civil L.R. 7-9(a) and (b).

1 A motion for reconsideration offers an “extraordinary remedy, to be used sparingly in the  
2 interests of finality of conservation of judicial resources.” *Kona Enters., Inc. v. Estate of Bishop*,  
3 229 F.3d 877, 890 (9th Cir. 2000) (discussing Fed. R. Civ. P. 59(e)). It is not “a substitute for appeal  
4 or a means of attacking some perceived error of the court.” *Asturias v. Borders*, No. 16-cv-02149-  
5 HSG-PR, 2018 WL 1811967, at \*1 (N.D. Cal. Apr. 17, 2018). A party may not repeat any oral or  
6 written argument made in relation to the order for which it now seeks reconsideration. Civ. L. R. 7-  
7 9(c). Failure to comply with rule may subject the moving party to sanctions. *Id.*

8 Apple argues that the Texas court committed a “manifest failure” to consider material facts  
9 and dispositive law under Civil Local Rule 7-9(b)(3) in construing a contract between the Plaintiff’s  
10 founder and president, Mr. Mohammed Islam, and the University of Michigan, which employed Mr.  
11 Islam at the time of the invention, as effecting an agreement to assign certain inventions to the  
12 University in the future. Apple argues that the contract properly effected an immediate assignment  
13 of all inventions made with the University of Michigan’s resources to the University. As the  
14 University of Michigan never released its rights in the asserted patents, Apple asserts that Mr. Islam  
15 lacks standing to bring the current lawsuit.

16 Having considered the district court’s prior order, as well as the law and the evidence  
17 presented, the Court detects no manifest error in its decision. The words “shall be” found in Mr.  
18 Islam’s agreement with the University of Michigan ordinarily indicate an agreement to assign  
19 inventions in the future—not a present assignment. *Windy City Innovations, LLC v. Facebook, Inc.*,  
20 No. 16-cv-1730 YGR, 2019 WL 4645414, at \*3 (N.D. Cal. Sept. 24, 2019) (citing *Arachnid, Inc. v.*  
21 *Merit Industries, Inc.*, 939 F.2d 1574, 1581 (Fed. Cir. 1991)). An agreement to assign in the future  
22 does not effect an immediate assignment or rob the inventor of standing to assert the patents. *DBB*  
23 *Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir. 2008). The Texas  
24 court properly considered the language of the agreement—including that it describes “conditions  
25 governing assignment” and lacks words of “present conveyance”—to determine that it represented a  
26 future agreement to assign, rather than a present assignment of future interest.


27 Accordingly, the Court finds no manifest failure by the Texas court and **DENIES** Apple’s  
28 request for leave to file a motion for reconsideration.

1 The Court further finds good cause exists and **GRANTS IN PART** Apple's motion to seal (Dkt.  
2 No. 207) as the request relates to the University of Michigan's confidential information with  
3 personnel and given the non-dispositive nature of the motion. (Dkt. No. 213.) As the Texas court's  
4 order and related motions had been filed under seal, the Court **GRANTS** Apple's motion to seal those  
5 papers. (Dkt. No. 216.) Finally, the Court **DENIES** the Regents of the University of Michigan's  
6 motion to file an amicus brief (Dkt. No. 222) and **GRANTS** the Regents of the University of  
7 Michigan's motion to seal as moot. (Dkt. No. 221.)

8 This Order terminates Docket Numbers 207, 208, 216, 221, and 222.

9 **IT IS SO ORDERED.**

10  
11 DATED: November 25 2019

  
YVONNE GONZALEZ ROGERS  
UNITED STATES DISTRICT JUDGE

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

OMNI MEDSCI, INC.,  
*Plaintiff/Counter Defendant,*  
v.  
APPLE INC,  
*Defendant/Counter Claimant.*

Case Nos.: 19-cv-05673-YGR

~~PROPOSED~~ ORDER GRANTING APPLE INC.'S UNOPPOSED MOTION FOR AN ORDER CERTIFYING THE STANDING QUESTION FOR INTERLOCUTORY APPEAL UNDER 28 U.S.C. § 1292(B) AS MODIFIED BY THE COURT

Now before the Court is Defendant and Counter-Claimant Apple Inc.'s ("Apple") unopposed Motion for an Order Certifying the Standing Question For Interlocutory Appeal Under 28 U.S.C. § 1292(b). The Court has considered Apple's motion. Plaintiff Omni MedSci, Inc. believes that the standing issue was decided correctly, but it does not oppose Apple's motion. Accordingly, the Court **GRANTS** the motion for that reason and adopts the proposed order as set forth below.

Apple's motion seeks an order certifying the decisions related to Apple's motions to dismiss for lack of subject-matter jurisdiction for interlocutory appeal. Dkt. Nos. 151 & 227. Those decisions found that the employment agreement between the University of Michigan ("University") and Dr. Mohammed Islam—the founder and principal of Plaintiff and Counter-Defendant Omni MedSci, Inc. ("Omni")—did not automatically convey title to the asserted patents with the

1 University, and thus did not deprive Omni of standing to assert the patents after they were assigned  
2 to Omni from Dr. Islam. Instead, the employment agreement obligated Dr. Islam to assign his rights  
3 in the asserted patents to the University in the future. The relevant language from Dr. Islam’s  
4 employment agreement, University Bylaw 3.10, provides that:

5 Patents and copyrights issued or acquired as a result of or in connection with  
6 administration, research, or other educational activities conducted by members of the  
7 University staff and supported directly or indirectly (e.g., through the use of University  
8 resources or facilities) by funds administered by the University... *shall be the property  
9 of the University.*

10 Mot. to Dismiss Ex. 2A at UM00000049, Dkt No. 90-2 (emphasis added).

11 Section 1292(b) allows for interlocutory appeal when (1) an order involves a controlling  
12 question of law; (2) there is a substantial ground for difference of opinion regarding that legal  
13 question; and (3) an immediate appeal may materially advance the ultimate termination of the  
14 litigation.

15 Regarding the first prong of the § 1292(b) inquiry, if the appellant’s success on appeal would  
16 result in dismissal of the case, as is the case here, the appeal involves a “controlling question of  
17 law.” *See, e.g., Canela v. Costco Wholesale Corp.*, Case No. 13-cv-03598-BLF, 2018 WL 3008532  
18 at \*1 (N.D. Cal. June 15, 2018). Standing and subject-matter jurisdiction are controlling issues of  
19 law. *See, e.g., id.* (“Article III standing” is a controlling question of law). Moreover, standing and  
20 subject matter jurisdictions are reviewed *de novo* on appeal.

21 Regarding the second prong of the § 1292(b) inquiry, the Court finds that there is substantial  
22 ground for difference of opinion whether the contractual language at issue here—“shall be the  
23 property of the University”—operates as a present assignment of future rights or an obligation to  
24 assign rights in the future. A decision may be certified when it presents a “novel legal issue[ ] . . . on  
25 which fair-minded jurists might reach contradictory conclusions,” and “not merely where they have  
26 already disagreed.” *Reese v. BP Expl. (Alaska) Inc.*, 643 F.3d 681, 688 (9th Cir. 2011).

27 The Federal Circuit has not directly confronted the assignment language at issue here,  
28 making this a novel legal issue appropriate for interlocutory appeal. *See, e.g., Sky Techs. LLC v.*  
*SAP AG*, 576 F.3d 1374 (Fed. Cir. 2009); *Int’l Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d

1 1273, 1274 (Fed. Cir. 2007); *Ritz Camera & Image, LLC v. SanDisk Corp.*, 700 F.3d 503, 505 (Fed.  
2 Cir. 2012); *Tri-Star Elecs. Int’l, Inc. v. Preci-Dip Durtal SA*, 619 F.3d 1364, 1365 & n.2 (Fed. Cir.  
3 2010). Moreover, courts considering similar language have reached different results. *Compare C.R.*  
4 *Daniels, Inc. v. Naztec Int’l Grp., LLC*, Civil Action No. EHL11- 1624, 2012 WL 1268623, at \*4  
5 (D. Md. Apr. 13, 2012) (finding “hereby agree[s] that without further consideration to [him] any  
6 inventions or improvements that [he] may conceive, make, invent or suggest during [his]  
7 employment . . . shall become the absolute property of [the employer]” effectuates an automatic  
8 assignment), *Affymetrix, Inc. v. Illumina, Inc.*, 446 F. Supp. 2d 292, 296 (D. Del. 2006) (finding  
9 “shall be the exclusive property of [Affymax]” effectuates an automatic assignment), *and*  
10 *Alzheimer’s Inst. of Am., Inc. v. Avid Radiopharmaceuticals*, Civil Action No. 10-6908, 2011 WL  
11 3875341, at \*10 (E.D. Pa. Aug. 31, 2011) (finding “[a]n invention which is made in the field or  
12 discipline in which the employee is employed by the University or by using University support is the  
13 property of the University and the employee shall share in the proceeds therefrom” “unambiguously  
14 vests ownership of . . . employees’ inventions in the University”), *with Windy City Innovations, LLC*  
15 *v. Facebook, Inc.*, \_\_\_ F. Supp. 3d \_\_\_, Case No. 16-cv-1730 YGR, 2019 WL 4645414, at \*4 (N.D.  
16 Cal. Sept. 24, 2019). There is thus a substantial ground for a difference of opinion on the issues of  
17 law here—standing and subject matter jurisdiction.

18       Regarding the third prong of the § 1292(b) inquiry, a reversal by the Federal Circuit  
19 regarding Omni’s standing to bring this suit would result in dismissal of the case, “conserv[ing]  
20 judicial resources and spar[ing] the parties from possibly needless expense if it should turn out that  
21 [the standing] rulings are reversed.” *Bennett v. Islamic Republic of Iran*, 927 F. Supp. 2d 833, 846  
22 n.15 (N.D. Cal. 2013) (citation omitted). That is “especially” true when, as here, the “action will  
23 likely [already] be stayed.” *Su v. Siemens Indus., Inc.*, Case No. 12-cv-03743-JST, 2014 WL  
24 4775163, at \*3 (N.D. Cal. Sept. 22, 2014). Pursuant to a stipulation between the parties, the Court  
25 stayed this action on November 20, 2019 pending resolution of several *inter partes* review  
26 proceedings initiated by Apple. Dkt. No. 219.

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1           Accordingly, the Court **GRANTS** Apple’s motion and certifies the decisions related to Apple’s  
2 motions to dismiss for lack of subject-matter jurisdiction, Dkt. Nos. 151 & 227, for interlocutory  
3 appeal pursuant to 28 U.S.C. § 1292(b).

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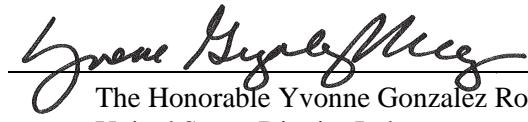
5           This Order terminates docket number 232.

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7           It is therefore **ORDERED**.

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9 DATED:       February 14, 2020

  
The Honorable Yvonne Gonzalez Rogers  
United States District Judge

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## CERTIFICATE OF SERVICE

I hereby certify that on July 13, 2020, a true and correct copy of the foregoing was timely filed with the Clerk of the Court using the appellate CM/ECF system. I further certify that I caused a copy of the confidential version to be served on all parties by email at the email addresses listed below.

Christopher C. Smith  
Thomas A. Lewry  
John S. LeRoy  
Brooks & Kushman P.C.  
1000 Town Center, 22nd Floor  
Southfield, MI 48075

Email: [csmith@brookskushman.com](mailto:csmith@brookskushman.com)  
Email: [tlewry@brookskushman.com](mailto:tlewry@brookskushman.com)  
Email: [jleroy@brookskushman.com](mailto:jleroy@brookskushman.com)  
Email: [OMSC0105L@brookskushman.com](mailto:OMSC0105L@brookskushman.com)  
Email: [OMSC0108L@brookskushman.com](mailto:OMSC0108L@brookskushman.com)

*Counsel for Omni MedSci, Inc.*

/s/ Jeffrey P. Kushan

Jeffrey P. Kushan



## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitations of Federal Rule of Appellate Procedure 32(a)(7)(B) and the Rules of this Court, because it contains 10,947 words (as determined by the Microsoft Word word-processing system used to prepare the brief), excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface using the Microsoft Word word-processing system in 14-point Times New Roman font.

DATED: July 13, 2020

*/s/ Jeffrey P. Kushan*

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Jeffrey P. Kushan

*Counsel for Defendant-  
Appellant Apple Inc.*