

**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.

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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.

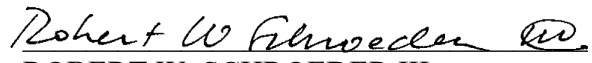
Finally, Apple seems to contend that the 2009 Technology Transfer Policy alters Bylaw 3.10 to create an automatic assignment. It does not. By UM's own admission, the 2009 Technology Transfer Policy implements Bylaw 3.10 and is consistent with Bylaw 3.10. Pilz Dep., 22:9–22, Docket No. 191-3 at 8. Moreover, 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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6 **UNITED STATES DISTRICT COURT**  
7 **NORTHERN DISTRICT OF CALIFORNIA**

8 **OMNI MEDSCI, INC.,**

9 Plaintiff/Counter Defendant,

10 v.

11 **APPLE INC.,**

12 Defendant/Counter Claimant.  
13  
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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

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

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

- 24 (i) the existence of a material difference in fact or law that was not known at the  
25 time of the order despite the exercise of reasonable diligence;
- 26 (ii) the emergence of new material facts or change of law occurring after the time  
27 of the order; or
- 28 (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.

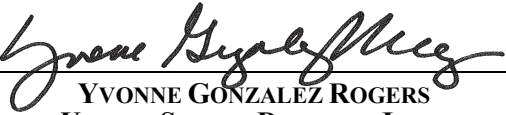
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1 The Court further finds good cause exists and **GRANTS IN PART** Apple's motion to seal (Dkt.  
2 No. 326) as the request relates to the University of Michigan's confidential information with  
3 personnel and given the non-dispositive nature of 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

  
YVONNE GONZALEZ ROGERS  
UNITED STATES DISTRICT JUDGE

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.

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).

4  
5 This Order terminates docket number 350.

6  
7 It is therefore **ORDERED**.

8  
9 DATED: February 14, 2020



The Honorable Yvonne Gonzalez Rogers  
United States District Judge

**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.

APPX00019

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.

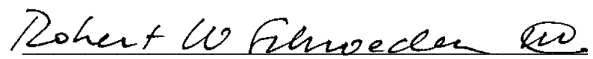
Finally, Apple seems to contend that the 2009 Technology Transfer Policy alters Bylaw 3.10 to create an automatic assignment. It does not. By UM's own admission, the 2009 Technology Transfer Policy implements Bylaw 3.10 and is consistent with Bylaw 3.10. Pilz Dep., 22:9–22, Docket No. 105-3 at 8. Moreover, 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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5 **UNITED STATES DISTRICT COURT**  
6 **NORTHERN DISTRICT OF CALIFORNIA**  
7

8 **OMNI MEDSCI, INC.,**

9 Plaintiff/Counter Defendant,

10 v.

11 **APPLE INC.,**

12 Defendant/Counter Claimant.  
13

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

14  
15 Now before the Court is Defendant Apple Inc.'s ("Apple") request for leave to file a motion  
16 for reconsideration under Civil Local Rule 7-9(a). (Dkt. No. 208.) The present case was transferred  
17 from the Eastern District of Texas on October 2, 2019. Prior to transfer, the district court denied  
18 Apple's motion to dismiss for lack of subject matter jurisdiction based on plaintiff's alleged lack of  
19 ownership of the asserted patents. (Dkt. No. 151.) Apple now seeks reconsideration of the  
20 transferor court's denial. Having carefully considered the papers in support and in opposition, and  
21 the authority on which they are based, the Court **DENIES** the motion for leave.

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

- 24 (i) the existence of a material difference in fact or law that was not known at the  
25 time of the order despite the exercise of reasonable diligence;  
26 (ii) the emergence of new material facts or change of law occurring after the time  
27 of the order; or  
28 (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.

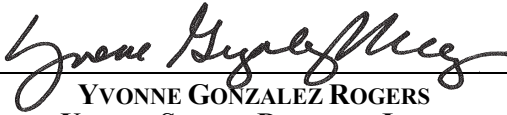
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1 The Court further finds good cause exists and **GRANTS IN PART** Apple's motion to seal (Dkt.  
2 No. 207) as the request relates to the University of Michigan's confidential information with  
3 personnel and given the non-dispositive nature of 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



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.

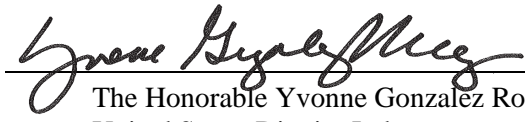
18 Regarding the third prong of the § 1292(b) inquiry, a reversal by the Federal Circuit  
19 regarding Omni’s standing to bring this suit would result in dismissal of the case, “conserv[ing]  
20 judicial resources and spar[ing] the parties from possibly needless expense if it should turn out that  
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.

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).

4  
5 This Order terminates docket number 232.

6  
7 It is therefore **ORDERED**.

8  
9 DATED: February 14, 2020

  
The Honorable Yvonne Gonzalez Rogers  
United States District Judge