

Nos. 2020-1715, 2020-1716

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

OMNI MEDSCI, INC.,

Plaintiff-Appellee,

v.

APPLE INC.,

Defendant-Appellant,

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

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

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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 II*”)
- *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)

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TABLE OF CONTENTS

STATEMENT OF RELATED CASES	vi
INTRODUCTION	1
JURISDICTIONAL STATEMENT	4
STATEMENT OF ISSUES	5
STATEMENT OF THE CASE.....	5
I. FACTUAL BACKGROUND.....	5
A. Dr. Islam Agreed That The University Owns His Inventions the Moment They Are Made.	5
B. Dr. Islam Has Considerable Familiarity with the University’s Rules and Regulations on Patent Ownership.	10
C. The University Repeatedly Confirmed Ownership of the Patents-in- Suit and Repeatedly Refused to Transfer them to Dr. Islam.	14
II. PROCEDURAL BACKGROUND	19
SUMMARY OF ARGUMENT	21
STANDARD OF REVIEW	26
ARGUMENT	26
I. OMNI LACKS STANDING BECAUSE IT DOES NOT OWN THE ASSERTED PATENTS.	26
A. Omni’s Inability to Establish Ownership Implicates Omni’s Standing to Sue.	26
B. Dr. Islam’s Employment Agreement Causes an Automatic Assignment of His Future Inventions Supported by University Funds.	30
C. Omni Has No Valid Basis to Challenge the University’s Decision that the Asserted Patents Were Assigned to the University.....	36
II. THE DISTRICT COURTS’ DECISIONS ARE WRONG AND COULD HAVE SWEEPING IMPLICATIONS.....	39
A. The District Courts Misread the Bylaws and Misunderstood This Court’s Precedent.	40

B. The District Courts’ Reasoning Risks Creating a “Magic Words” Rule and Needlessly Threatens Existing Contracts.....	43
CONCLUSION	47
ADDENDUM	
CERTIFICATE OF SERVICE	
CERTIFICATE OF COMPLIANCE.....	

TABLE OF AUTHORITIES

Cases	Page(s)
<i>Abraxis Bioscience, Inc. v. Navinta LLC</i> , 625 F.3d 1359 (Fed. Cir. 2010)	<i>passim</i>
<i>Advanced Video Techs. LLC v. HTC Corp.</i> , 879 F.3d 1314 (Fed. Cir. 2018)	31
<i>Bd. of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.</i> , 563 U.S. 776 (2011).....	<i>passim</i>
<i>C.R. Daniels, Inc. v. Naztec Int’l Grp., LLC</i> , No. 11-cv-01624, 2012 WL 1268623 (D. Md. Apr. 13, 2012)	44
<i>Cammeyer v. Newton</i> , 94 U.S. 225 (1876).....	30
<i>Cetacean Cmty. v. Bush</i> , 386 F.3d 1169 (9th Cir. 2004)	27
<i>Corp. v. Allied-Signal Inc.</i> , 939 F.2d 1568 (Fed. Cir. 1991)	43
<i>DDB Techs., L.L.C. v. MLB Advanced Media</i> , L.P., 517 F.3d 1284 (Fed. Cir. 2008).....	<i>passim</i>
<i>FilmTec Corp. v. Hydranautics</i> , 982 F.2d 1546 (Fed. Cir. 1992)	<i>passim</i>
<i>Gaia Techs., Inc. v. Reconversion Techs., Inc.</i> , 93 F.3d 774 (Fed. Cir. 1996)	29
<i>Gellman v. Telular Corp.</i> , 449 F. App’x 941 (Fed. Cir. 2011)	28
<i>Heinemann v. United States</i> , 796 F.2d 451 (Fed. Cir. 1986)	32, 33, 42, 47
<i>Hertz Corp. v. Friend</i> , 559 U.S. 77 (2010).....	29

<i>Imation Corp. v. Koninklijke Philips Elecs. N.V.</i> , 586 F.3d 980 (Fed. Cir. 2009)	41
<i>Inc. v. Merit Indus., Inc.</i> , 939 F.2d 1574 (Fed. Cir. 1991)	43, 45
<i>Israel Bio-Eng’g Project v. Amgen, Inc.</i> , 475 F.3d 1256 (Fed. Cir. 2007)	45
<i>Kimble v. Marvel Entm’t, LLC</i> , 576 U.S. 446 (2015).....	46
<i>Li v. Montgomery</i> , 221 F.3d 196 (D.C. Cir. 2000).....	33, 34
<i>Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.</i> , 925 F.3d 1225 (Fed. Cir. 2019)	<i>passim</i>
<i>Minco, Inc. v. Combustion Eng’g, Inc.</i> , 95 F.3d 1109 (Fed. Cir. 1996)	44
<i>Minden Pictures, Inc. v. John Wiley & Sons, Inc.</i> , 795 F.3d 997 (9th Cir. 2015)	30
<i>Morrison v. Nat’l Australia Bank Ltd.</i> , 561 U.S. 247 (2010).....	30
<i>Morrow v. Microsoft Corp.</i> , 499 F.3d 1332 (Fed. Cir. 2007)	<i>passim</i>
<i>Norkunas v. Wynn Las Vegas, LLC</i> , 343 F. App’x 269 (9th Cir. 2009)	27
<i>Omni MedSci, Inc. v. Apple, Inc.</i> , Case No. 2020-118 (Fed. Cir.), ECF Nos. 3, 26.....	4
<i>Ortho Pharm. Corp. v. Genetics Inst., Inc.</i> , 52 F.3d 1026 (Fed. Cir. 1995)	30
<i>Pandrol USA, LP v. Airboss Ry. Prod., Inc.</i> , 320 F.3d 1354 (Fed. Cir. 2003)	28

<i>Preston v. Marathon Oil Co.</i> , 684 F.3d 1276 (Fed. Cir. 2012)	32, 45
<i>Quality Prod. & Concepts Co. v. Nagel Precision, Inc.</i> , 666 N.W.2d 251 (Mich. 2003).....	37
<i>Safe Air for Everyone v. Meyer</i> , 373 F.3d 1035 (9th Cir. 2004)	22, 28, 29
<i>Schwendimann v. Arkwright Advanced Coating, Inc.</i> , 959 F.3d 1065 (Fed. Cir. 2020)	30
<i>SiRF Tech., Inc. v. Int’l Trade Comm’n</i> , 601 F.3d 1319 (Fed. Cir. 2010)	32, 44
<i>Sky Techs. LLC v. SAP AG</i> , 576 F.3d 1374 (Fed. Cir. 2009)	26
<i>WiAV Sols. LLC v. Motorola, Inc.</i> , 631 F.3d 1257 (Fed. Cir. 2010)	27

Statutes

28 U.S.C. § 1292(b)	4
28 U.S.C. §§ 1292(c)(1), 1295(a)(1).....	4
28 U.S.C. §§ 1331 and 1338(a).....	4
35 U.S.C. § 281	30
Michigan Bylaw 3.10.....	<i>passim</i>
Ohio R.C. § 3345.14	47

Other Authorities

37 C.F.R. § 501.6(a)(1)	33
Executive Order 10096	32

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 courts¹ 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).

¹ 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).²

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,

² 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 3.10.³ 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

³ 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.⁴ 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

⁴ 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; Appx372.⁵ 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

⁵ 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.⁶ 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

⁶ 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. Rasor'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. Rasor 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).⁷

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

⁷ 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.⁸ Omni then recorded the document in the PTO on January 13, 2014. Appx1808.⁹

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).

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

⁹ 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 Circuit¹⁰ 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

¹⁰ 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.*¹¹

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).¹² 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).

¹¹ 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.

¹² 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 1341.¹³

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

¹³ 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”).¹⁴ 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

¹⁴ 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)).¹⁵ 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

¹⁵ 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.

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Respectfully submitted,

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