

Nos. 2021-2049, 2024-1084, 2024-1159

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

PAUL E. ARLTON and DAVID J. ARLTON,

Plaintiffs-Appellants,

v.

AEROVIRONMENT, INC.,

Defendant-Cross-Appellant.

On Appeal from the United States District Court for the Central District of California
in Case No. 2:20-cv-07438-AB-GJS, Judge André Birotte Jr.

**BRIEF FOR UNITED STATES AS AMICUS CURIAE
IN SUPPORT OF DEFENDANT-CROSS-APPELLANT AND
AFFIRMANCE**

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INTEREST OF THE UNITED STATES

The United States respectfully submits this *amicus* brief pursuant to Federal Rule of Appellate Procedure 29(a)(2). The principal issue in these consolidated appeals is whether the patentees may bring a patent-infringement action in federal district court against a National Aeronautics and Space Administration (NASA) subcontractor for its work relating to a NASA Mars mission, or whether instead the patentees must proceed against the United States in the Court of Federal Claims pursuant to 28 U.S.C. § 1498(a).

The United States has a strong interest in the proper interpretation of Section 1498(a). That provision is intended to aid government procurement efforts by protecting government contractors from district court actions for patent infringement, and the concomitant threat of injunctions, when the alleged patent infringement is “by or for the United States.” The United States urges this Court to affirm the district court’s grant of summary judgment.

STATEMENT OF THE ISSUE

Whether the district court properly granted summary judgment in AeroVironment’s favor because plaintiffs’ patent-infringement claims are barred by 28 U.S.C. § 1498(a) or are otherwise not actionable.¹

¹ The United States expresses no opinion on any other question presented in these appeals, including whether the district court should have granted plaintiffs leave to amend or whether the district court should have granted defendant’s motions seeking attorney’s fees.

STATEMENT OF THE CASE

A. Statutory and Regulatory Background

1. Section 1498(a) provides a limited waiver of the government’s sovereign immunity, whereby the government consents to liability for the unauthorized use or manufacture of a patented invention “by or for the United States.” 28 U.S.C. § 1498(a); see *Advanced Software Design Corp. v. Federal Reserve Bank of St. Louis*, 583 F.3d 1371, 1377-78 (Fed. Cir. 2009) (“[W]hen the requirements of § 1498(a) are met, it functions not only as a waiver of sovereign immunity but also as consent to liability.”). The original version of this section was enacted in 1910 to provide patentees with a remedy for the unauthorized use of a patented invention “by the United States.” Act of June 25, 1910, ch. 423, 36 Stat. 851, 851; see *Crozier v. Fried. Krupp Aktiengesellschaft*, 224 U.S. 290, 304 (1912) (explaining that the act was a response to cases holding that the United States could not be sued for unauthorized use of a patented invention absent an implied contract). See generally *Zoltek Corp. v. United States*, 672 F.3d 1309, 1315-17 (Fed. Cir. 2012) (describing the history of Section 1498(a)).

In 1918, the Supreme Court held that the act did not shield a government contractor from a suit for patent infringement even where the contractor was manufacturing “torpedo boat destroyers” for the World War I naval effort. *William Cramp & Sons Ship & Engine Bldg. Co. v. International Curtis Marine Turbine Co.*, 246 U.S. 28, 35, 42-43 (1918). In response, Congress amended the act to extend the government’s assumption of liability to a contractor’s use or manufacture of a

patented invention “for the United States.” Act of July 1, 1918, ch. 114, 40 Stat. 704, 705; *see Zoltek*, 672 F.3d at 1315-16. As the Supreme Court has explained, the purpose of the 1918 amendment “was to relieve the contractor entirely from liability of every kind for the infringement of patents in manufacturing anything for the government, and to limit the [patentee] . . . to suit against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.” *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 343 (1928).

In its current form, the first paragraph of Section 1498(a) provides in relevant part:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner’s remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

28 U.S.C. § 1498(a). The second paragraph, which Congress added in 1942 to clarify the application of the act to government contractors, *see* Act of Oct. 31, 1942, ch. 634, § 6, 56 Stat. 1013, 1014, provides:

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

28 U.S.C. § 1498(a).

Section 1498(a) thus “remov[es] the threat of injunction,” while “provid[ing] for ‘reasonable and entire compensation’ for infringing use.” *Advanced Software*, 583 F.3d at 1375. This “stimulate[s] contractors” and allows them to fulfill their government contracts “without fear of becoming liable themselves for infringements.” *Richmond Screw Anchor Co.*, 275 U.S. at 345. As this Court has noted, “[t]he coverage of § 1498 should be broad so as not to limit the Government’s freedom in procurement by considerations of private patent infringement.” *TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir. 1986).

2. The Small Business Innovation Research (SBIR) program, and the related Small Business Technology Transfer (STTR) program, “assist small-business concerns in obtaining and performing research and development work.” *Night Vision Corp. v. United States*, 469 F.3d 1369, 1371 (Fed. Cir. 2006); *see also* Appx731-733 (summarizing the programs). The programs consist of three phases; as relevant here, “Phase III involves ‘commercial applications of SBIR-funded research and development’ or ‘products or services intended for use by the Federal Government, by follow-on non-SBIR Federal funding awards.’” *Night Vision*, 469 F.3d at 1371 (quoting 15 U.S.C. § 638(e)(4)(C)(i)). Congress has directed federal agencies and prime contractors, “[t]o the greatest extent practicable,” to issue Phase III contract awards relating to a particular technology to the SBIR or STTR recipient that developed the technology. 15 U.S.C. § 638(r)(4). That provision is sometimes called the “Phase III mandate.”

The Small Business Administration (SBA) has promulgated a Policy Directive implementing the SBIR and STTR programs. *See* Appx1857-1912. The Policy Directive sets forth an administrative process for SBA to appeal an agency’s decision to award a Phase III contract to an entity other than the SBIR or STTR participant that developed the technology. Appx1875. SBA decides whether to appeal by considering “all information it receives, including information presented directly to SBA by an SBIR/STTR Awardee.” Appx1875.²

B. Factual Background

1. a. In July 2020, NASA launched a mission to Mars that included a small, autonomous helicopter named Ingenuity. *See* NASA, *NASA, ULA Launch Mars 2020 Perseverance Rover Mission to Red Planet* (July 30, 2020), <https://perma.cc/NZR7-U3NC>. Ingenuity was designed as a “technology demonstration to test the first powered flight on Mars.” NASA, *Ingenuity Mars Helicopter*, <https://perma.cc/NN3Y-2MXX>. The helicopter far exceeded its original expectations, ultimately operating on Mars for almost three years and performing 72 flights. NASA, *After Three Years on Mars, NASA’s Ingenuity Helicopter Mission Ends* (Jan. 25, 2024), <https://perma.cc/39Z8-5TY2>. “Through missions like Ingenuity, NASA is paving the way for future flight in

² The most recent version of the Policy Directive is materially the same for purposes of this appeal. *See* SBA, *Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program Policy Directive* § 4(c)(7)(v)-(viii), at 29-30 (May 3, 2023), <https://perma.cc/QS8E-XP53>.

our solar system and smarter, safer human exploration to Mars and beyond.” *Id.* (quoting the NASA Administrator).

Ingenuity was developed by defendant AeroVironment pursuant to NASA subcontracts specifying that AeroVironment was “to build [an unmanned aerial vehicle] helicopter for use in the planet Mars.” Appx733. AeroVironment performed this work as a subcontractor to the Jet Propulsion Laboratory (JPL), NASA’s Federally Funded Research and Development Center (FFRDC). JPL is operated by the California Institute of Technology (Caltech) under a prime contract with NASA, which makes Caltech the prime contractor retained by NASA for the Mars mission.³ Both the prime contract and the relevant subcontracts incorporate by reference a clause providing the government’s authorization and consent to the use of any patented invention in the performance of the contracts. Appx733. Specifically, that clause provides:

The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent in the performance of this contract or any subcontract at any tier.

48 C.F.R. § 52.227-1, Alternate I (Apr. 1984).

b. In addition to Ingenuity, AeroVironment also developed a terrestrial version of the Mars helicopter, known as “Terry.” *See* Appx1594. Terry’s development was

³ NASA’s FFRDC is managed and operated by a non-profit subdivision of Caltech named “JPL.” JPL is therefore a government-owned, contractor-operated facility. As used in this brief, “JPL” refers to both the government-owned facility and the contract operator’s business name.

not required by AeroVironment's subcontracts. However, after NASA began receiving anomalous audio records from Ingenuity, JPL suggested that AeroVironment could use Terry to provide additional work within the existing Ingenuity subcontracts to help resolve those issues. *See* Appx1939-1943. AeroVironment did so, and Terry was, thus, ultimately used to support the Mars mission. AeroVironment also used Terry in marketing presentations, at conferences, and at other promotional events. *See* Appx1596-1597.

2. Plaintiffs are the inventors of U.S. Patent No. 8,042,763 (the '763 patent), which relates to rotary-wing vehicles. Appx730; *see also* Appx1-37. Plaintiffs' company, Lite Machines, purportedly licenses this patent to commercialize the technology in unmanned aerial vehicles. Appx730. Lite Machines is a participant in the SBIR and STTR programs, through which it is eligible for Phase III sole-source contracts. *See* Appx730-731.

C. Prior Proceedings

1. Plaintiffs brought this suit in the U.S. District Court for the Central District of California, alleging that AeroVironment infringed the '763 patent in developing Ingenuity. Appx733. AeroVironment moved for summary judgment, asserting that the claims were barred by 28 U.S.C. § 1498(a). *See* Appx729. During summary judgment briefing, the United States submitted a Statement of Interest confirming the applicability of Section 1498(a). Appx1931-1937. The Statement explained that AeroVironment's subcontracts included an express authorization and consent clause,

Appx1934, which “establishes that the United States has granted its authorization and consent to the use and manufacture of patented inventions under Section 1498 in furtherance of th[ose] subcontract[s],” Appx1936.

The district court granted summary judgment for AeroVironment, holding that Section 1498(a) covered the development of the Mars helicopter. Appx729-743. The court rejected plaintiffs’ argument that “NASA and JPL lacked the authority to contract” with AeroVironment under the SBIR statute, which plaintiffs contended would invalidate the government’s authorization and consent. Appx740. The court concluded that NASA had no obligation to contract with Lite Machines instead of AeroVironment. Appx740-741. And it further held that, subcontracts aside, the government’s “Statement of Interest shows that the Government retroactively authorizes and consents to the Accused Activities.” Appx741.

2. Shortly after the district court entered judgment, AeroVironment introduced the Earth-based helicopter, Terry, on *60 Minutes*. Appx1033. On plaintiffs’ motion, the court then vacated its earlier judgment and reopened the case for further proceedings regarding Terry. Appx1037.

Following discovery, the district court again granted summary judgment for AeroVironment, holding that all the allegedly infringing uses of Terry were “either governmental (*i.e.*, ‘for’ or ‘authorized by’ the government), or non-actionable.” Appx1598. The court first concluded that “much of the use identified by Plaintiffs relates to [AeroVironment’s] work on Ingenuity, which relates to the protected

activity . . . shielded by § 1498.” Appx1598. That use included certain presentations and the acceptance of industry awards. Appx1598. The court then held that the remaining accused activities, which included a presentation and a personal demonstration of Terry, were “either noninfringing or fall under the de minimis exception that applies in the § 1498 context.” Appx1598.

In both summary judgment opinions, the district court specifically noted that plaintiffs can seek compensation from the United States in the Court of Federal Claims for any infringement. Appx741 n.8, Appx1600.

SUMMARY OF ARGUMENT

I. The district court correctly held that 28 U.S.C. § 1498(a) shields AeroVironment from patent-infringement claims relating to the manufacture or use of the Mars helicopter. AeroVironment developed the helicopter pursuant to NASA subcontracts that explicitly provided the government’s authorization and consent for the use of any patented technology. That authorization and consent was confirmed by the government’s Statement of Interest filed in district court.

This Court should reject plaintiffs’ attempt to collaterally attack the validity of those subcontracts by relying on the SBIR/STTR “Phase III mandate.” First, any dispute over the contract awards’ propriety should have been brought in the proper forum: either a bid protest or an SBA administrative appeal. Plaintiffs should not be permitted to circumvent those procedures by using this patent-infringement suit as a backdoor bid protest. Second, the validity of the government’s authorization and

consent does not depend on the existence or validity of the subcontracts at issue. The government's filings in this litigation confirm that AeroVironment acted with authorization and consent in developing the Mars helicopter.

II. Section 1498(a) also bars patent-infringement claims predicated on work closely related to the Mars helicopter project. AeroVironment used the Earth-based version of the Mars helicopter to support NASA's Mars mission by providing certain anomaly testing. The government's authorization and consent therefore extend to the manufacture and that use of the Earth-based helicopter.

Section 1498(a) also covers allegedly infringing activities that are closely associated with a contractor's work for the government. That limited protection for associated infringement helps ensure the government's ability to procure goods remains uninterrupted by the threat of patent suits and injunctions. The Court should clarify that this principle is separate from the "*de minimis*" exception to infringement under 35 U.S.C. § 271.

ARGUMENT

I. Section 1498(a) precludes plaintiffs' patent-infringement claims based on the development and use of the Mars helicopter.

The district court correctly granted summary judgment to AeroVironment for all work related to the development of the Mars helicopter (known as Ingenuity). Appx736-741. Section 1498(a) provides government contractors an affirmative defense to patent-infringement claims where two elements are met: the accused

activities were performed (1) “for the Government” and (2) “with the authorization or consent of the Government.” *IRIS Corp. v. Japan Airlines Corp.*, 769 F.3d 1359, 1362 (Fed. Cir. 2014) (quoting 28 U.S.C. § 1498(a)). Both requirements are satisfied here. AeroVironment is therefore not liable for any infringement arising from the manufacture or use of Ingenuity.

On appeal, plaintiffs do not dispute that that the allegedly infringing activities occurred “for the Government.” *See* Opening Br. 30. Nor could they. Those activities “occur[red] pursuant to a contract with the government” and the associated subcontracts, and Ingenuity’s development provided an obvious benefit to the government by furthering NASA’s Mars Exploration Program. *Sevenson Env’tl. Servs., Inc. v. Shaw Env’tl., Inc.*, 477 F.3d 1361, 1365 (Fed. Cir. 2007). That suffices to establish the work was “for the Government.” *Id.*

AeroVironment’s work also occurred with the government’s “authorization or consent.” As particularly relevant here, both the prime contract (between NASA and Caltech to operate JPL) and the subcontracts (between JPL and AeroVironment) incorporated by reference an explicit authorization and consent clause. *See* Appx1933-1934. The clause provides: “The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent in the performance of this contract or any subcontract at any tier.” Appx1934 (citing 48 C.F.R. § 52.227-1, Alternate I (Apr. 1984)). Given the breadth of this authorization and consent clause, “the accused manufacture” or use “need only have

occurred in the performance of the contract.” *Hughes Aircraft Co. v. United States*, 534 F.2d 889, 900 (Ct. Cl. 1976) (interpreting materially similar language); *accord Carrier Corp. v. United States*, 534 F.2d 244, 247 n.4 (Ct. Cl. 1976). Plaintiffs do not dispute AeroVironment developed Ingenuity in performance of the subcontracts.

Instead, plaintiffs suggest that the authorization and consent clause is inoperative because the subcontract was improperly awarded to AeroVironment in violation of the SBIR “Phase III mandate.” *See* Opening Br. 31-38. They rely on the statutory directive that federal agencies and prime contractors shall, “[t]o the greatest extent practicable . . . issue, without further justification, Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.” 15 U.S.C. § 638(r)(4). Plaintiffs understand this provision to have required that JPL award their company, rather than AeroVironment, the subcontracts for the Mars helicopter. Opening Br. 34-35. Even assuming their interpretation of the statutory provision is correct, *but see* Appx740-741; *Lite Machs. Corp. v. United States*, 143 Fed. Cl. 267, 283-84 (2019), the argument nonetheless fails for two reasons.

First, plaintiffs cannot use a patent-infringement suit to collaterally attack the subcontracts containing the authorization and consent clause. A party asserting that the government improperly awarded a contract because it disregarded the “Phase III mandate” can seek relief through a bid protest. *See Lite Machs.*, 143 Fed. Cl. at 286 (explaining that the plaintiff “potentially could have filed a bid protest challenging”

the decision to award a contract allegedly in violation of the SBIR/STTR policy); *see also, e.g.*, 31 U.S.C. § 3552 (empowering the Government Accountability Office (GAO) to decide bid protests); *ASRC Fed. Data Network Techs., LLC*, B-418028, 2019 WL 7370424, at *4 (Comp. Gen. Dec. 26, 2019) (concluding that GAO has “jurisdiction over this [bid] protest to determine whether the agency complied with the applicable SBIR program requirements”). Indeed, GAO regularly adjudicates bid protests concerning SBIR Phase III awards and preferences. *See, e.g., PublicRelay*, B-421154, 2023 WL 372829, at *3 (Comp. Gen. Jan. 17, 2023) (adjudicating a protest asserting that “SBA violated the SBIR policy directive” by not “enter[ing] into good faith negotiations with PublicRelay for the award of a phase III contract”); *Toyon Research Corp.*, B-409765, 2014 WL 4058675, at *6 (Comp. Gen. Aug. 5, 2014) (adjudicating a protest asserting that, “under the SBIR Program Policy Directive, the agency must afford [the protesting company] a preference for the work”).

Alternatively, a dissatisfied SBIR/STTR participant can ask SBA to pursue an administrative appeal of a Phase III award. *See* Appx1875 (SBA Policy Directive describing the administrative appeal process). SBA decides whether to pursue an appeal “based on all information it receives, including information presented directly to SBA by an SBIR/STTR Awardee.” Appx1875. Accordingly, plaintiffs had other, procedurally proper avenues in which to assert any challenge to the propriety of a contract award.

Permitting collateral attacks on contract awards in private patent-infringement cases would undermine the bid-protest process. Congress has decided to “channel[] all judicial review of procurement protests to the United States Court of Federal Claims.” *Resource Conservation Grp., LLC v. United States*, 597 F.3d 1238, 1243 n.8 (Fed. Cir. 2010); *see also* Administrative Dispute Resolution Act of 1996, Pub. L. No. 104-320, § 12, 110 Stat. 3870, 3874 (codified at 28 U.S.C. § 1491 note) (terminating district courts’ jurisdiction over bid protests). But plaintiffs’ approach would require district courts to adjudicate what amounts to backdoor bid protests by determining the validity of contract awards where the contract contains an authorization and consent clause. That is incompatible with the remedial scheme Congress established for bid protests.

Plaintiffs’ approach also would frustrate the government’s ability to procure necessary goods from contractors. Section 1498(a)’s protection “is paramount” because it makes government suppliers of infringing products “immune from injunctive relief barring manufacture, sale, or bidding to supply such a product.” *Trojan, Inc. v. Shat-R-Shield, Inc.*, 885 F.2d 854, 856 (Fed. Cir. 1989) (quotation marks omitted). If a purported contract defect could overcome a Section 1498(a) defense, then patentees could “cut the government off from sources of supply.” *Id.* at 856-57. That would have wide-ranging—and highly damaging—effects on federal procurement.

Even putting injunctions aside, Section 1498(a) “stimulate[s] contractors” by allowing them to fulfill government contracts “without fear of becoming liable themselves for infringements.” *Richmond Screw Anchor Co. v. United States*, 275 U.S. 331, 345 (1928). Permitting collateral attacks on contracts with authorization-and-consent clauses would deprive those contractors of the certainty that the government will be responsible for any patent-infringement claims arising from work within the contract’s scope. In turn, that could make companies less willing to contract with the government, *see TVI Energy Corp. v. Blane*, 806 F.2d 1057, 1060 (Fed. Cir. 1986) (noting the problems of “expensive litigation with patentees, possible injunctions, payment of royalties, and punitive damages”), thereby limiting the government’s procurement options. That result “would defeat the Congressional intent to allow the Government to procure whatever it wished regardless of possible patent infringement.” *Id.*

Second, even if plaintiffs’ collateral attack on the subcontracts could succeed, during this litigation the United States has provided retroactive authorization and consent for AeroVironment’s work on Ingenuity. *See* Appx741. The government can provide authorization and consent “in many ways,” *Hughes Aircraft*, 534 F.2d at 901, even absent a contract with the allegedly infringing party, *see Advanced Software Design Corp. v. Federal Reserve Bank of St. Louis*, 583 F.3d 1371, 1377 (Fed. Cir. 2009). As most relevant here, the government’s “post hoc intervention . . . in pending infringement litigation” can provide the requisite authorization and consent. *Hughes Aircraft*, 534 F.2d at 901 (citing with approval “cases wherein the Government has intervened to

proffer retroactive consent”); *see also IRIS Corp.*, 769 F.3d at 1363 (citing the government’s statement affirming its authorization and consent at oral argument); *Advanced Software*, 583 F.3d at 1377 (citing the government’s motion to intervene in the district court proceedings and its representations at oral argument).

During the district court proceedings here, the government filed a Statement of Interest confirming its authorization and consent for any infringement that occurred relating to Ingenuity. *See* Appx1931-1937.⁴ As the district court recognized, that statement dispelled any doubt about “whether the Government consented to the use and manufacture of the particular technology described in the ’763 Patent.” Appx740; *see also* Appx741 (“[T]he Statement of Interest shows that the Government retroactively authorizes and consents to the Accused Activities.”). Consequently, the district court properly granted summary judgment on the claims relating to Ingenuity even if plaintiffs could show that the subcontracts’ authorization and consent clause was invalid.

As a necessary consequence, plaintiffs’ exclusive remedy for any infringement in the manufacture and use of Ingenuity lies against the United States in the Court of Federal Claims. 28 U.S.C. § 1498(a).⁵

⁴ When the Statement of Interest was filed, plaintiffs had not yet asserted any claims based on AeroVironment’s development and use of Terry. Accordingly, the Statement of Interest only addressed activities related to Ingenuity.

⁵ Plaintiffs assert that they have attempted to add a patent-infringement claim related to Ingenuity in a case, brought by Lite Machines against the United States,

Continued on next page.

II. Section 1498(a) bars plaintiffs’ patent-infringement claims based on the manufacture and use of Terry insofar as they relate to the Mars helicopter project.

Section 1498(a) also covers AeroVironment’s manufacture and use of Terry insofar as those activities are closely related to the Ingenuity project.

A. The record shows that Terry served, at least in part, to provide NASA’s prime contractor, Caltech (which operates JPL), with additional work relating to the Ingenuity subcontracts. After the Ingenuity team received some anomalous microphone recordings from the Mars helicopter’s flights, JPL proposed to improve the audio analysis by taking acoustic measurements of Terry’s flights for comparison. Appx1939-1941. A JPL employee then advised AeroVironment that this work could fit within the existing subcontracts’ provision for “failure reviews supporting anomaly resolution.” Appx1939; *see also* Appx1396 (describing Terry’s possible “uses for testing”). And AeroVironment agreed to provide these services to support the Mars helicopter mission “within the current cost ceiling” of the existing Ingenuity subcontracts. Appx1939. NASA and JPL therefore derived “significant benefits” from the use of Terry supporting the NASA Mars helicopter project. *Advanced Software*, 583 F.3d at 1378.

which is currently pending in the Court of Federal Claims. Opening Br. 14 n.5. Contrary to plaintiffs’ suggestion, the government’s position in that case is consistent. There, the government contends that Lite Machines has not sufficiently pleaded patent infringement pursuant to Section 1498(a). (The filing is not publicly available as it contains classified information.)

Accordingly, the government's authorization and consent extend to the manufacture of Terry and its use in the tests for resolution of Ingenuity's audio anomalies. Although the government did not submit a Statement of Interest as to Terry in the district court, *see* Opening Br. 47 n.14, to the extent any doubt remains, the United States hereby provides its authorization and consent through its participation in this appeal. *See Advanced Software*, 583 F.3d at 1377-78; *Hughes Aircraft*, 534 F.2d at 901.

B. Terry was also used by AeroVironment for certain additional purposes, including educational events, promotion, and marketing. *See* Appx1596-1597. The United States does not take a position on whether each of these specific uses of Terry fell within the ambit of Section 1498(a) or was non-infringing. Rather, we offer a few relevant principles that should inform this Court's analysis.

First, the district court appropriately recognized that Section 1498(a) protects a contractor from patent-infringement claims predicated on activities that are incidental to its work for the government. The district court styled this principle as "the de minimis exception that applies in the § 1498 context." Appx1598. But, as discussed below, there is a separate "de minimis exception" in patent law that is unrelated to Section 1498(a). So, for clarity, the United States will use the term "associated infringement" to describe limited infringing activity that naturally follows from, but is not required by, a government contract.

As this Court has held, Section 1498(a)'s coverage "should be broad so as not to limit the Government's freedom in procurement by considerations of private patent infringement." *TVI*, 806 F.2d at 1060; *see also Shat-R-Shield*, 885 F.2d at 856-57 ("[A] patent owner may not use its patent to cut the government off from sources of supply . . ."). Accordingly, certain "minimal" activities that are closely associated with a government contract or subcontract and that result in "no commercial profit" fall within Section 1498's ambit. *TVI*, 806 F.2d at 1061. For example, the district court rightly observed that government contractors need some breathing room to be able to discuss their work for the government. *See* Appx1598. Contractors should not be liable for limited marketing efforts directly focused on the work performed for the government, *see Saint-Gobain Ceramics & Plastics, Inc. v. II-VI Inc.*, 369 F. Supp. 3d 963, 981 (C.D. Cal. 2019) (applying Section 1498(a) to the display at an industry trade show of a single patented article), or mere demonstration of a product developed for the government, *cf. Medical Sols., Inc. v. C Change Surgical LLC*, 541 F.3d 1136, 1141 & n.4 (Fed. Cir. 2008) (discussing the display of a prototype at an industry trade show outside the Section 1498(a) context).

It follows that, in such circumstances, limited infringing activity that is not directly mandated by any government contract may still merit protection under Section 1498(a). *See, e.g.*, 5 Donald S. Chisum, *Chisum on Patents* § 16.06[3][b] ("If the defendant's nongovernmental activity is sufficiently limited, the court may dismiss the whole action on the principle of *de minimis non curat lex* ('the law does not concern

itself about trifles’).”); *Ling-Temco-Vought, Inc. v. Kollsman Instrument Corp.*, 372 F.2d 263, 269 (2d Cir. 1967) (recognizing that a Section 1498 defense should not be defeated by “de minimis” infringement), *cited with approval in TVI*, 806 F.2d at 1060 n.7.

Second, Section 1498(a)’s protection of associated infringement is limited. Federal contractors cannot unilaterally expand the government’s liability by undertaking unauthorized activities for their own benefit. And the federal government does not become liable for a contractor’s commercial sales or other activities that happen to involve the same or related products. *See Nasatka v. Delta Sci. Corp.*, 58 F.3d 1578, 1580 n.1 (Fed. Cir. 1995) (“When a manufacturer sells a product to both the government and a third party, the normal course of events is parallel patent infringement proceedings in the Court of Federal Claims for sales to the government in accordance with 28 U.S.C. § 1498 and in the district court for the nongovernmental sales.”); *see also* Appx1600 (recognizing that plaintiffs “may bring a suit based on [any] non-protected, commercial activity”). Only activities that are closely associated with the underlying governmental work enjoy protection.

Third, independent of Section 1498(a), a defendant may assert that an accused activity is non-infringing under the generally applicable *de minimis* exception. *See* Opening Br. 43 (citing *Embrex, Inc. v. Service Eng’g Corp.*, 216 F.3d 1343, 1349 (Fed. Cir. 2000) (per curiam) (recognizing a “very narrow[]” *de minimis* exception to infringement)). Unlike the Section 1498(a)’s coverage of associated infringement, which concerns the proper defendant and forum for an infringement claim, the

generally applicable *de minimis* doctrine concerns liability under 35 U.S.C. § 271. Plaintiffs’ opening brief (at 42-52) discusses at length whether AeroVironment’s activities relating to Terry would qualify as *de minimis* under Section 271. But whatever the scope of Section 271’s *de minimis* doctrine, the inquiry under Section 1498(a) is different—and potentially broader—because the latter provision protects the government’s procurement interests. And, unlike the *de minimis* exception to Section 271, application of Section 1498(a) does not leave a patentee without a remedy. The patentee may recover the “reasonable and entire compensation” from the United States for any infringement that is found to have occurred. 28 U.S.C. § 1498(a).

We urge the Court to take account of these principles in determining whether any of AeroVironment’s uses of Terry were both outside the scope of Section 1498(a) and non-infringing.

CONCLUSION

For the foregoing reasons, the judgment of the district court should be affirmed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on April 24, 2024, I electronically filed the foregoing brief with the Clerk of the Court for the United States Court of Appeals for the Federal Circuit by using the appellate CM/ECF system.

/s/ Simon C. Brewer

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limit of Federal Rule of Appellate Procedure 29(a)(5) because it contains 4921 words. This brief also complies with the typeface and type-style requirements of Federal Rule of Appellate Procedure 32(a)(5)-(6) because it was prepared using Word for Microsoft 365 in Garamond 14-point font, a proportionally spaced typeface.

/s/ Simon C. Brewer

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