

No. 15-1285

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**In the Supreme Court of the United States**

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ALEXANDER SHUKH,  
*Petitioner,*

v.

SEAGATE TECHNOLOGY LLC, a Delaware Limited  
Liability Company, SEAGATE TECHNOLOGY, INC.,  
a Delaware corporation, SEAGATE TECHNOLOGY, a holding  
company of the Cayman Islands,  
*Respondents,*

UNKNOWN OWNERS AND ASSIGNEES,  
*Defendants,*

SEAGATE TECHNOLOGY PLC, an Irish public limited company,  
*Respondent.*

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*On Petition for Writ of Certiorari to the  
United States Court of Appeals for the Federal Circuit*

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**BRIEF IN OPPOSITION**

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**QUESTION PRESENTED**

Whether the Federal Circuit correctly declined to overrule longstanding precedent, which confirms that an inventor may choose to either presently assign or merely promise to assign inventions expected to be made in the future, especially when the change in law would not change the outcome of the present case.

**RULE 29.6 CORPORATE  
DISCLOSURE STATEMENT**

Seagate Technology (US) Holdings, Inc. is the only entity that owns more than 10% of Seagate Technology LLC. Seagate Technology PLC wholly owns Seagate Technology. No parent or publicly held company owns 10% or more of the stock of Seagate Technology Inc. or Seagate Technology PLC.

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## INTRODUCTION

The Petition seeks to overrule the “automatic assignment rule” from the Federal Circuit’s decision in *FilmTec Corp. v. Allied-Signal, Inc.*, 939 F.2d 1568 (Fed. Cir. 1991). But *FilmTec* merely confirmed an uncontroversial proposition that contracting parties have relied on for nearly 25 years: the freedom to contract allows parties either to agree to the present assignment of rights in future inventions or only to a promise to assign such rights in the future. This longstanding principle of contract interpretation does not conflict with either this Court’s decisions or any Federal Circuit cases, and there is no reason for this Court to review it. Indeed, this Court recently denied review of *FilmTec*, when another petition filed by the same counsel as the present one asked “whether *FilmTec*’s ‘automatic assignment’ rule should be overruled.” *Picture Patents LLC v. Aeropostale, Inc.*, 133 S. Ct. 652 (2012); Pet. for Cert. at i, *Picture Patents, LLC v. Aeropostale, Inc.*, No. 12-339, 2012 WL 4181988 (Sept. 17, 2012).

To the extent minority opinions expressed concern about assignment language in *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, 563 U.S. 776 (2011), those concerns related to an inventor’s pre-*FilmTec* assignments made to multiple assignees for the same federally funded invention subject to the Bayh-Dole Act, issues that are not present here. Furthermore, any change in the *FilmTec* rule would not make a difference to the outcome of this case. Here Petitioner would remain contractually obligated to take additional steps that would secure for Seagate all right, title, and interest in

the patents that are the subject of Petitioner’s only remaining claim in this suit—correction of inventorship under 35 U.S.C. § 256(b)—whether or not *FilmTec* were overruled.

Certiorari should be denied.

### **STATUTES INVOLVED**

35 U.S.C. § 256(b) provides as follows:

Patent valid if error corrected. The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Director shall issue a certificate accordingly.

### **STATEMENT**

#### **A. Factual And Procedural Background**

Seagate hired Petitioner from Belarus in September 1997 to work as an engineer on the development of magnetic recording heads for hard disk drives. Pet. App. 27a, 98a. At the start of his employment with Seagate, Petitioner executed Seagate’s standard At-Will Employment, Confidential Information and Invention Assignment Agreement (“Employment Agreement”). A516-A521. As part of the Employment Agreement, Petitioner did “hereby assign” to Seagate “all [his] right, title, and interest in and to any and all inventions” that he might develop during his employment at Seagate. A517. Petitioner also

“agree[d] to assist” Seagate “to secure [its] rights” in the inventions and any patents, including by “execution of all” instruments that Seagate “shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to [Seagate] the sole and exclusive rights, title and interest” in the inventions and patents. A517-A518.

Petitioner worked in various engineering positions at Seagate for over eleven years. Pet. App. 97a-98a. During that time, Seagate applied for, and subsequently obtained, seventeen patents on which Petitioner is a named inventor. Pet. App. 27a. In early 2009, Seagate terminated Petitioner’s employment as part of a company-wide reduction in force brought about by the recession. Pet. App. 61a-62a.

In 2010, Petitioner filed this lawsuit against the Seagate Respondents, asserting thirteen claims. A448, A503-A512. Petitioner’s overarching contention was that Seagate deliberately omitted him as an inventor on multiple patents and patent applications because of his foreign national origin. A578. From that starting point, Petitioner asserted claims for correction of inventorship of the patents pursuant to 35 U.S.C. § 256, rescission of his employment agreement, breach of contract, fraud, breach of fiduciary duty, unjust enrichment, interference with business expectancy, national origin discrimination and retaliation pursuant to Title VII and the Minnesota Human Rights Act, and a declaratory judgment that the arbitration and

confidentiality provisions of his employment agreement were unenforceable. A503-A512.<sup>1</sup>

On Seagate's motion, the district court dismissed half of Petitioner's claims for failure to state a claim, but allowed Petitioner to proceed to try to prove his remaining claims for correction of inventorship, fraud, and discrimination/retaliation. Pet. App. 159a-160a. On the correction of inventorship claim, Seagate argued that the claim should be dismissed because Petitioner lacked standing to pursue it. Pet. App. 169a. The district court agreed that Petitioner lacked any potential ownership or financial interests in the patents sufficient to confer standing because under the Employment Agreement he had assigned to Seagate all of his interest in any inventions resulting from his work at Seagate. Pet. App. 173a-174a. The district court determined, however, that Petitioner had adequately alleged an injury to his reputation by not being named on the patents that, if proved, would provide a basis for standing. Pet. App. 174a-175a.

After extensive discovery, Seagate sought summary judgment on Petitioner's remaining claims. Pet. App. 24a, 97a. The district court granted Seagate summary judgment on Petitioner's correction of inventorship claim due to lack of standing, finding insufficient evidence of injury to Petitioner's previously alleged reputational interest. Pet. App. 118a-135a. The district court also granted Seagate summary judgment on Petitioner's fraud and discrimination/retaliation claims. Pet. App. 136a-145a, 24a.

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<sup>1</sup> Count 1 relating to the arbitration provision was voluntarily dismissed.

Seagate also asserted counterclaims against Petitioner, including a claim for breach of the Employment Agreement because Petitioner took almost 50,000 pages of Seagate's documents when his employment was terminated. A36-A38. The district court granted Seagate summary judgment on its breach of contract claim, finding the Employment Agreement was fully enforceable and rejecting Petitioner's equitable defenses. A42-51.

Petitioner appealed the dismissal of all but his discrimination and interference with business expectancy claims to the Federal Circuit. Pet. App. 2a. The Federal Circuit affirmed the district court in all respects except on the issue of standing for the § 256 correction of inventorship claim. Pet. App. 17a-18a. The Federal Circuit held for the first time that reputational injury could support standing for a § 256 claim. Pet. App. 8a. The Federal Circuit went on to "find that there is a question of material fact as to whether Dr. Shukh's omission as a named inventor on the disputed patents caused him reputational injury." Pet. App. 9a-18a. Accordingly, the Federal Circuit "vacate[d] and remand[ed] [the] case only with respect to the court's ruling on reputational injury, and affirm[ed] the rest of the district court's holdings challenged on appeal." Pet. App. 17a-18a.

Petitioner twice sought *en banc* consideration of whether *FilmTec* should be overruled. See Pet. App. 20a-21a, 200a-201a. Both of his *en banc* petitions were denied. *Id.* No judge dissented. *Id.*

Petitioner's correction of inventorship claim is currently pending before the district court, where a fact finder will determine whether Petitioner has standing

to pursue the claim based on harm to his reputation as an inventor from his omission from the disputed patents. If so, the district court will determine whether Petitioner was actually a co-inventor such that his name should be included on any of the disputed patents. Petitioner filed the present petition for a writ of certiorari apparently because he thinks that if *FilmTec* were overruled, he would have an additional basis for standing—not just a potential reputational interest. Overruling of *FilmTec* is the sole issue presented by the Petition. Petitioner does not present any other issue with the rulings made by the district court and affirmed by the Federal Circuit.

### **B. Factual Misstatements In The Petition**

The Petition is riddled with misstatements of fact and law. Petitioner’s “Statement” section starts with a footnote explaining that the facts asserted in it are merely the allegations of his complaint:

Because this Petition seeks a review of the dismissal of claims, the well-pleaded detailed factual allegations of the Amended Complaint are assumed to be true, and form the basis of this Statement, supplemented by relevant uncontested documents. *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 47 (2011); *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009).

Pet. 4 n.2.<sup>2</sup> This is inaccurate. As explained above, Petitioner’s central claims were dismissed on summary judgment after a consideration of Petitioner’s evidence,

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<sup>2</sup> Citations to Petitioner’s Brief (“Pet.”) are to the publicly filed redacted version.

except for the § 256 claim for correction of inventorship that is still pending in the district court. Accordingly, Petitioner is not entitled to rely on the assumed truth of the allegations of his complaint here.

Because the Petition improperly treats the allegations of the complaint as “facts,” Seagate generally objects to the Petition’s factual assertions as inaccurate. For instance, the Petition repeatedly and in a variety of ways states that Seagate acted “fraudulently,” made “false” statements, and engaged in “violations” of the law. Pet. 4, 13, 33, 35. It refers to “stolen inventions” and alleges a “wrong[ful] divest[ing]” of ownership. Pet. 4-5. It even describes Seagate as an “admitted wrongdoer.” Pet. 18. Seagate disputes all such allegations, and none of them have been established judicially. To the contrary, the district court *dismissed* Petitioner’s multiple fraud theories on summary judgment. *See* Pet. App. 136a-145a. In ruling on Petitioner’s claim for a declaration of unenforceability of certain provisions of the Employment Agreement, the district court also rejected Petitioner’s allegations that Seagate had unclean hands or had acted in bad faith. Pet. App. 192-195a. The Petition does not seek review of any of those determinations.

## REASONS FOR DENYING THE PETITION

“A petition for a writ of certiorari will be granted only for compelling reasons.” S. Ct. R. 10. There are multiple reasons why the Petition’s request to review the *FilmTec* rule does not present a compelling issue that warrants this Court’s attention:

*First*, contrary to the Petition’s claim, *FilmTec* does not conflict with this Court’s precedent. None of the early decisions of this Court identified by Petitioner prohibit an agreement to automatically assign rights in future inventions. In fact, they approved such an agreement. *See, e.g., Railroad Co. v. Trimble*, 77 U.S. 367 (1870).

*Second*, *FilmTec* does not pose any intracircuit conflict. Since its issuance 25 years ago, the Federal Circuit has consistently drawn a distinction between agreements that expressly assign future inventions and those that only promise to assign them. Moreover, no judge dissented from either of Petitioner’s requests that the Federal Circuit review *FilmTec en banc*.

*Third*, this Court already considered and rejected a Petition filed by the same counsel, making essentially the same arguments, and requesting the same outcome of overruling *FilmTec*.

*Fourth*, this case does not present the concerns expressed in *Stanford*, which arose in the context of federally funded inventions under the Bayh-Dole Act. In *Stanford*, the minority opinions expressed concern that slight differences in the language of two different contracts determined who the assignee of an invention was. But here there is only one contract and there is no dispute that Seagate is the intended assignee, no



matter how the contractual language is construed. This case also does not involve federally funded inventions.

*Fifth*, this case is a poor vehicle through which to evaluate *FilmTec* because overruling it will not change the outcome for Petitioner for two reasons. Even if *FilmTec* were overruled, Seagate would still be entitled to all right, title, and interest in all of the inventions or patents at issue in Petitioner's correction of inventorship claim because Petitioner would still be contractually obligated to assign any such rights. Moreover, unchallenged Federal Circuit law provides that an inventor with an obligation to assign lacks ownership interests sufficient to support standing (even though other concrete financial or reputational interests might suffice).

*Sixth*, even if the question of *FilmTec*'s automatic assignment rule were deemed relevant to Petitioner's correction of inventorship claim, the question is not ripe, because that claim is currently pending before the district court.

*Seventh*, overruling *FilmTec* would unduly constrain the freedom of contract, unnecessarily disrupt the status quo, and create numerous inefficiencies for businesses that depend on the language approved in *FilmTec* for the automatic assignment of future inventions by employees.

*Eighth*, the Petition fails to identify any benefit from altering the *FilmTec* automatic assignment rule that could justify disrupting the status quo. This Court's precedent, the early treatises cited by the Petition, and multiple federal statutes all confirm that

there is no prohibition against the automatic assignment of rights in future inventions.

For these reasons, which are described in detail below, Respondents respectfully request that the Petition be denied.

**I. *FilmTec* Does Not Merit Review Because It Follows, Rather Than Conflicts With, This Court's Precedent.**

Contrary to the Petition's claim, none of the three decisions of this Court cited in the Petition conflict with *FilmTec*. Rather, *Trimble* explicitly confirms the propriety of present assignments of rights in future inventions that have automatic effect. The other two decisions—*Gayler v. Wilder*, 51 U.S. 477 (1850) and *Nicolson Pavement Co. v. Jenkins*, 81 U.S. 452 (1872)—raised slightly different issues, but fully align with the result in *FilmTec*. Therefore, *FilmTec* does not conflict with any of this Court's previous decisions and does not warrant review.

In the first case cited by Petitioner, *Gayler v. Wilder*, this Court held that an assignment can operate on an “imperfect and inchoate interest.” 51 U.S. at 493-94. In *Gayler*, an inventor assigned his rights to an invention and future patent at a time when he had drafted a patent specification, but had not applied for a patent. 51 U.S. at 493. This Court determined that the assignment was effective to transfer the inventor's interests in the future patent at the time it came into existence, without the requirement of a separate transfer. *Id.* Because the “assignment requests that the patent may issue to the assignee,” the Court found “no sound reason for defeating the intention of the

parties by restraining the assignment” and for “compelling them to execute another transfer, unless the act of Congress makes it necessary.” *Id.* Thus, *Gayler* established that an inventor can transfer rights in property—a patent—that does not yet exist and the transfer is effective when the property comes into existence, without a further act by the inventor. *Gayler* is not contrary to, but rather is consistent with, *FilmTec*.

*Gayler* involved an invention that existed (although it was not yet patented) at the time of the assignment. *See* 51 U.S. at 493. But the Court did not identify that fact as essential to its decision, and the later *Trimble* case, cited by the Petition, establishes that it was not.

*Trimble* addressed an assignment agreement entered into on July 9, 1844, between Howe, as the inventor, and Trimble, as assignee. 77 U.S. at 377. The agreement assigned two patents that had issued to Howe in 1840 for certain improvements in the construction of truss bridges and other structures. *Id.* at 378. It also assigned Howe’s interests in future inventions representing “alterations and improvements” to his original inventions. *Id.* The assignment clause stated as follows:

I have assigned, sold, and set over, and do hereby assign, sell, and set over, all the right, title, and interest which I have in said invention, as secured to me by said letters-patent, and also all right, title, and interest which may be secured to me for alterations and improvements on the same from time to time, for, to, and in the following states...the same to be held and enjoyed by the said I. R. Trimble for his own use

and behoof, and for the use and behoof of his legal representatives to the full end of the term for which said letters-patent are or may be granted, as fully and entirely as the same would have been held and enjoyed by me had this assignment and sale not have been made.

*Id.* In interpreting that language, this Court observed that “[t]he language employed is very broad” and “includes alike the patents which had been issued and all which might be issued thereafter.” *Id.* at 379. The Court found that the scope of the assignment covered “[t]he entire inventions and all alterations and improvements, and all patents relating thereto, whensoever issued.” *Id.* Thus the assignment extended to future inventions that did not exist at the time of the agreement.

Howe had received a new patent in 1846, and it was subject to a seven year patent term extension, starting in 1860. *See id.* at 376-77. The issue before the Court was whether the 1844 assignment agreement transferred rights to Trimble in the extension of that new patent. Referencing *Gayler*, the Court held that it did. *Id.* at 379 (“The effect of such a contract, we think, has been settled by this court in *Gayler v. Wilder and others*.”). Nothing in the opinion suggests that the invention covered by the 1846 patent already existed at the time of the 1844 agreement. Moreover, the Court interpreted with approval the language of the agreement as covering future “alterations and improvements” of existing inventions, *i.e.*, as covering future inventions, along with “all patents relating thereto.” *Id.* at 379 (“Upon the fullest consideration we have no doubt such was the meaning and intent of the

parties.”). *Trimble* shows that if a contract reflects the parties’ intent for “automatic assignment” of future inventions, that intent is given effect. *Trimble* confirms the absence of any prohibition against automatic assignments of future inventions.

The automatic assignment rule from *FilmTec* also does not conflict with *Jenkins*, 81 U.S. at 456, which reaffirms that an invention assignment agreement “is to be construed so as to carry out the intention of the parties to it.” In *Jenkins*, the Court found that the language of an assignment contract for a patent also assigned rights to a later reissue of the patent and an extension of its term. *Id.* at 456-57. In doing so, the Court observed that the contract conveyed “both a present and a future interest.” *Id.* at 456. The Court also observed that *Trimble* “is not different in principle from this, although in that case the language used is somewhat broader.” *Id.* at 457.

Far from conflicting with these Supreme Court cases, as the Petition contends, *FilmTec* follows them.

## **II. The Petition Does Not Present Any Intracircuit Conflict That Might Warrant This Court’s Attention.**

No intracircuit conflict with *FilmTec* exists, and no Federal Circuit judges dissented from the denial of Petitioner’s two requests for *en banc* consideration of *FilmTec*, further confirming the lack of a compelling reason for this Court to intervene. The Petition contends that *Arachnid, Inc. v. Merit Industries, Inc.*, 939 F.2d 1574 (Fed. Cir. 1991), “cannot be reconciled” with *FilmTec* and “[t]his intracircuit conflict is an additional ground for review by certiorari.” Pet. 29.

*Arachnid* in no way conflicts with *FilmTec* for a simple reason: unlike the agreement in *FilmTec*, the agreement in *Arachnid* was not a present assignment, but merely an agreement to assign. The assignment language of the contract in *Arachnid* stated that “any inventions conceived by IDEA or its employees . . . in the course of the project covered by this agreement, shall be the property of CLIENT [Arachnid], and all rights thereto *will be assigned* by IDEA . . . to CLIENT.” 939 F.2d at 1576 (italics in original).

*Arachnid* explained that the “provision that all rights to inventions developed during the consulting period ‘will be assigned’ by IDEA to Arachnid does not rise to the level of a present assignment of an existing invention, effective to transfer all legal and equitable rights therein to Arachnid and extinguish any rights of IDEA.” *Id.* at 1580. *Arachnid* cited *FilmTec* to explain that the language also did not “amount to a present assignment of an expectant interest.” *Id.* at 1580-81. It then explained that “an *agreement to assign in the future* inventions not yet developed may vest the promisee with equitable rights in those inventions once made.” *Id.* at 1581 (emphasis added). The holding of *Arachnid* is therefore entirely consistent with *FilmTec*.

Since *FilmTec* and *Arachnid*, the Federal Circuit has consistently drawn a distinction between an agreement with a present assignment of rights in future inventions and an agreement promising to assign such rights in the future. *See, e.g., Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1253 (Fed. Cir. 2000); *IpVenture, Inc. v. Prostar Computer, Inc.*, 503 F.3d 1324, 1327 (Fed. Cir. 2007); *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed.

Cir. 2008); *SiRF Tech., Inc. v. ITC*, 601 F.3d 1319, 1326 (Fed. Cir. 2010). There is no split in the decisions of the Federal Circuit that requires this Court's attention.

Moreover, this case is not one where differences in opinion between judges on the appellate court might weigh in favor of granting the Petition. At the Federal Circuit, Petitioner twice sought *en banc* reconsideration of *FilmTec*. His request was denied both times. No judge dissented. The proceedings below demonstrate the absence of any conflict at the Federal Circuit as to whether *FilmTec* should be reconsidered in the context of this case.

### **III. This Court Already Considered And Denied A Petition That Raised Similar Arguments.**

This is not the first time that Petitioner's counsel has asked this Court to "overrule" *FilmTec*. In a previous certiorari petition in 2012, Petitioner's counsel attempted to present the question "whether *FilmTec*'s 'automatic assignment' rule should be overruled given the doubts about its validity expressed by three Justices of the United States Supreme Court in [*Stanford*]." Pet. for Cert. at i, 1, 23-29, *Picture Patents, LLC v. Aeropostale, Inc.*, No. 12-339, 2012 WL 4181988 (Sept. 17, 2012). This Court denied that petition. *Picture Patents LLC v. Aeropostale, Inc.*, 133 S. Ct. 652 (2012).

The present Petition should likewise be denied, as it effectively presents the same question and arguments as the petition in *Picture Patents*. In addition, as detailed below, this Petition is a particularly poor vehicle through which to evaluate the automatic assignment rule of *FilmTec*.

**IV. This Case Does Not Present The Concerns About *FilmTec* Expressed In *Stanford*, Because It Only Involves One Assignee And Does Not Involve A Federally Funded Invention.**

Petitioner's case also involves different facts than those that gave rise to the concerns about *FilmTec* expressed in the minority opinions in *Stanford*, making this case a poor choice for examining those concerns. This case involves an assignment to only one assignee, and therefore does not present a situation in which *FilmTec*'s "automatic assignment" determined the outcome between competing assignees for the same invention, as it did in *Stanford*. Furthermore, unlike *Stanford*, Petitioner's § 256 claim does not involve any inventions subject to the Bayh-Dole Act.

In *Stanford*, the Federal Circuit construed a contract between the inventor and the earlier assignee, *Stanford*, as a promise to assign rights in the future, while interpreting a contract between the inventor and a later assignee, *Cetus*, as a current automatic assignment of rights in future inventions. 563 U.S. at 780-82, 784. Based on its construction of the agreements, the Federal Circuit concluded that *Roche*, which acquired *Cetus*'s interests, had an ownership interest in the disputed patents. *See id.* The invention was subject to the Bayh-Dole Act, *id.* at 780, 782, which "promote[s] the utilization of inventions arising from federally supported research" and "ensure[s] that the Government obtains sufficient rights in federally supported inventions," 35 U.S.C. § 200. The parties disputed the effect of the Bayh-Dole Act. *Stanford*, 563 U.S. at 780. The Federal Circuit found that the Act did



not automatically void the inventor's interest in the invention or extinguish Roche's ownership interest received from the inventor. *Id.* at 784. Thus, the automatic assignment language of the Cetus agreement determined that Roche obtained an ownership interest in the patents, despite the existence of an earlier assignment to Stanford. This Court affirmed. *Id.* at 793.

In dissent, Justice Breyer expressed the view that “the competing norms governing rights in inventions for which the public has already paid, along with the Bayh-Dole Act’s objectives, suggest a different result.” *Id.* at 798. Clarifying that his views were “tentative,” Justice Breyer outlined “two different legal routes” to “an interpretation more consistent with the statute’s objectives.” *Id.* 799-803. One route entailed setting aside the Federal Circuit’s interpretation of the assignment contracts that had been informed by the *FilmTec* decision. *See id.* Justice Breyer observed that, based on *FilmTec*, the Federal Circuit subordinated the earlier Stanford contract containing the words “agree to assign” to the later Cetus agreement that used “do hereby assign” language “because the latter words operated upon the invention automatically, while the former did not.” *Id.* Justice Breyer commented that at the time the inventor executed his contract with Stanford in 1988, “patent law appears to have long specified that a present assignment of future inventions (as in both contracts here) conveyed equitable, but not legal, title.” *Id.* Under that rule, “both the initial Stanford and later Cetus agreements would have given rise only to equitable interests in” the inventor’s invention and “as between these two claims in equity, the facts that

Stanford's contract came first and that Stanford subsequently obtained a postinvention assignment as well should have meant that Stanford, not Cetus, would receive the rights its contract conveyed." *Id.* Justice Breyer concluded that "[i]t is unclear to me why, where the Bayh-Dole Act is at issue, we should prefer the Federal Circuit's *FilmTec* rule to the rule, of apparently much longer vintage, that would treat both agreements in this case as creating merely equitable rights." *Id.* at 800-01 (emphasis added).

In her concurrence, Justice Sotomayor stated that she "share[s] Justice Breyer's concerns as to the principles adopted by" the Federal Circuit in *FilmTec* "and the application of those principles to agreements that implicate the Bayh-Dole Act." *Id.* at 794 (emphasis added).

Both the dissent and the concurrence in *Stanford* were concerned about the application of *FilmTec* in the context of an invention subject to the Bayh-Dole Act. More fundamentally, the concern related to the rule's allocation of ownership interests between two competing assignees. In particular, Justice Breyer viewed the intent of both agreements as likely the same, but due to "slight linguistic differences in the contractual language," the agreement earlier in time lost to the one later in time, because the later one had an "automatic assignment" effect and the earlier did not. *Id.* at 799.

This case does not present that concern, because Seagate is the intended and only assignee, no matter how the assignment language of Petitioner's Employment Agreement is construed. Unlike *Stanford* and *FilmTec* itself, this case involves only one

contract—a 1997 agreement in which Petitioner assigned to Seagate all his right, title, and interest in any inventions resulting from his development work at Seagate, for which he was paid a competitive salary and other benefits. While Petitioner’s contract uses language of a present assignment (“hereby assign”), even if it were construed as only a “promise to assign,” Seagate would still be the intended and only assignee. This case, therefore, does not implicate the concerns posed by *Stanford* that, in applying *FilmTec*, the Federal Circuit may not have correctly determined which patent assignment should prevail in the context of a federally funded invention under the Bayh-Dole Act. None of the Justices suggested that every agreement to assign a future invention should be construed merely as creating an obligation to assign that then would need to be adjudicated by a court of equity at a later date, as the Petition urges. Pet. 30-31.

Because this case would be a poor vehicle for addressing the concerns about *FilmTec* articulated in *Stanford*, the Petition should be denied.

**V. This Case Is A Poor Vehicle To Review The “Automatic Assignment Rule” From *FilmTec*, Because Reversal Of The Rule Would Not Change The Result Of This Case.**

This case also is not a good vehicle for reviewing the *FilmTec* automatic assignment rule because changing that rule would not change the result either on the issue of ownership or standing. First, rejecting *FilmTec*’s automatic assignment rule would not affect Seagate’s ownership of the patents under the Employment Agreement. As the Petition implicitly acknowledges, Petitioner’s Employment Agreement

would at a minimum still immediately transfer to Seagate “equitable rights” to any patents on which he claims he should be added as an inventor. *See* Pet. 31. Seagate would then “merely need to obtain a formal assignment” from Petitioner, *see id.* at 32, in order to perfect its legal title.

Petitioner’s contractual obligation to execute such a “formal assignment” is indisputable. His Employment Agreement requires him to “assist the Company” including by “the execution of all applications, specifications, oaths, *assignments* and all other instruments which the Company shall deem necessary” to secure Seagate’s “rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights.” A600-01 (emphasis added). Petitioner’s “*obligation* to execute” such papers “shall continue after the termination of this Agreement.” A601 (emphasis added).

If Petitioner refused, Seagate could obtain a court order requiring Petitioner to execute all documents necessary to perfect Seagate’s legal title. *See United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933) (“If not yet issued, an agreement to assign [a patent] when issued, if valid as a contract, will be specifically enforced.”). Furthermore, Petitioner would not be able to argue that equity should intervene to relieve him of his obligations because the district court already rejected his claims for rescission, fraud, and unjust enrichment, as well as his allegations that the Employment Agreement is unenforceable due to unclean hands, bad faith, and unconscionability. Pet. App. 136a-145a, 184a-185a, 192a-195a, A47-A49. The Federal Circuit affirmed the district court’s holdings,

finding “no merit” in Petitioner’s arguments, Pet. App. 17a-18a, and Petitioner has not sought review. Those determinations are now final and may not be reargued or challenged in a subsequent proceeding. *See Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (explaining the effect of claim and issue preclusion).

Second, with respect to the issue of standing, overruling *FilmTec* also would not provide Petitioner with an alternative avenue for establishing standing for his § 256 correction of inventorship claim. He still would be limited to showing a reputational injury as the basis for his standing. Under established Federal Circuit precedent, an inventor with a future obligation to assign patent rights lacks standing based on potential ownership for a correction of inventorship claim. *See Chou v. Univ. of Chi. & Arch Dev. Corp.*, 254 F.3d 1347, 1358 (Fed. Cir. 2001). Petitioner has not challenged that precedent in his Petition.

In *Chou*, a graduate student filed a correction of inventorship claim in an action in which her university was a defendant. *Id.* at 1353. The university only had equitable title to Chou’s “patentable invention[s] or discover[ies]” because Chou was only subject to an obligation to assign. *Id.* at 1357. Nonetheless, the Federal Circuit explained that Chou did not have standing based on her temporary legal title because she was obligated to assign such legal title to the University. *Id.* Instead, Chou had to rely on her “concrete financial interest” in the patents at issue, which she had because, under the university’s policy, she would receive 25% of any licensing payments and 25% of the stock in any new companies based on the invention covered by the patents. *Id.* at 1359.

Therefore, under *Chou*, overruling *FilmTec* would not vest Petitioner with any ownership-based standing, and he still would be limited to his potential reputational interest.

The Petition does not challenge *Chou* or raise any question regarding the standing requirements for a § 256 claim. It only seeks to overrule the “automatic assignment” rule of *FilmTec*. Because Petitioner would still have an obligation to assign his ownership interest in any patents on which he becomes a named inventor in this case, overruling *FilmTec* would not alter the determination that he must rely on showing a reputational interest to establish standing. For this reason alone, the Petition should be denied.

**VI. This Case Is A Poor Vehicle To Review The “Automatic Assignment Rule” From *FilmTec* Because The Petition Is Premature.**

Even if the “automatic assignment” rule were assumed to affect standing for Petitioner’s § 256 correction of inventorship claim, the question of the rule’s propriety is not ripe and may never be. The Federal Circuit determined that a reasonable fact finder could find that Petitioner had standing for his § 256 claim based on a reputational injury. Accordingly, the case is currently pending before the district court for further proceedings on this claim. A potential outcome of this claim is that the district court could rule that Petitioner gets over the standing hurdle—based on his reputational interest—but loses on the merits of his actual § 256 claim. In that case, the arguments presented by the Petition would be moot. Accordingly, because the issue the Petition seeks

to raise is not ripe in the context of this case, the Petition should be denied.

**VII. Overruling *FilmTec* Would Unnecessarily Disrupt Settled Expectations, Create Inefficiencies For Businesses That Depend On The Language Approved In *FilmTec*, And Unduly Restrict The Freedom Of Contract.**

The Petition should also be denied because overturning *FilmTec* and adopting an “only equitable rights” rule would create several unwarranted problems.

First, *FilmTec* has been the prevailing law governing the interpretation of patent assignments for the past 25 years. Overruling it now would frustrate the principles underlying *stare decisis* and upset settled expectations. *Stare decisis* is of “fundamental importance” as it “promotes the evenhanded, predictable, and consistent development of legal principles, fosters reliance on judicial decisions, and contributes to the actual and perceived integrity of the judicial process.” *Randall v. Sorrell*, 548 U.S. 230, 243-44 (2006). Moreover, “[c]onsiderations in favor of *stare decisis* are at their acme in cases involving property and contract rights, where reliance interests are involved.” *Pearson v. Callahan*, 555 U.S. 223, 233 (2009).

That is precisely the case here. *FilmTec* made clear that putative inventors and their intended assignees have the freedom to structure a contract assigning future inventions as they desire—whether as an agreement of present assignment or merely as a

promise to assign. Like this Court's early decisions cited by the Petition, *FilmTec* confirmed that courts will enforce the parties' intent reflected in the language of the assignment agreement. Seagate—presumably along with other employers and employees across the United States—entered into employment agreements with the settled expectation that intellectual property rights would be assigned within this legal framework.

Overruling *FilmTec* would upset the settled expectations of parties who entered into assignment agreements during the last 25 years. Employer-assignees with express current assignments of future rights would need to assess the need for and obtain any further transfers of rights that may be needed for inventions already created by their employees. Thus, this Court's caution in *Gayler* applies here—"if [the prevailing rule] were now changed, it might produce much injustice to assignees who have relied on such assignments, and defeat pending suits brought upon the faith of long established judicial practice and judicial decision." 51 U.S. at 493-94; *see also Randall*, 548 U.S. at 244 (referring to the "instability and unfairness that accompany disruption of settled legal expectations").

Second, the proposed change would unduly complicate the process of securing rights to employee inventions and create uncertainty for business operations going forward. While patent office procedures require an assignee to file documentation evidencing assignment of a specific patent application, *see* 37 C.F.R. § 3.21, not all inventions are patented. In lieu of patenting, companies may choose to protect their inventions as trade secrets or otherwise. *See* Pet.



App. 99a (discussing Seagate's process). If a company cannot rely on the shorthand of an assignment of all future inventions developed by an employee, it might need to incur the inefficiencies of repeatedly obtaining and tracking assignments of inventions as they are created. Moreover, without the ability to rely on an automatic assignment, a party that contracts with and pays another to develop technology would face the uncertainty of whether it will face challenges and additional expenses to secure its rights or enforce the agreement in the future.

Third, a change in the law would arbitrarily restrict parties' freedom to contract, a freedom that has long been recognized and held sacrosanct. *See, e.g., Adair v. United States*, 208 U.S. 161, 172-74 (1908). While a change of the law might confer a short-run windfall on inventors who have present assignment agreements (at least to the extent that they are able to extract ransom for doing what they would be contractually obligated to do), it would unduly constrain the options for inventors and their employers going forward. Under the current legal framework, putative inventors may choose to only promise to assign future inventions or may choose to presently assign them. The rule proposed by the Petition would eliminate that choice.

Settled expectations and the freedom to contract support denying the Petition.

### **VIII. The Petition Fails To Identify Any Rationale For Overruling *FilmTec*.**

The Petition has not identified any benefit that would result from overturning *FilmTec*. Instead, Petitioner's primary argument is that *FilmTec* is contrary to long-standing rules of equity and law. *See* Pet. 23. But as explained above, this Court's decision in *Trimble* confirms that nothing prevents parties from agreeing to presently assign rights in inventions expected to be developed in the future. Therefore, contrary to the Petition's suggestion, *FilmTec* does not amount to a unique or unsupportable departure from some established rule.

Even the early treatises, from which the Petition selectively quotes, recognize different types of future interests with different implications for transfer. *See, e.g.,* John Norton Pomeroy, *Equity Jurisprudence* §§ 1236 n.1, 1286-87 (4th ed. 1918).

Similarly, federal statutes dealing with intellectual property provide more recent confirmation that no inviolable prohibition against automatic assignment exists. Multiple statutes related to work done pursuant to a government contract provide for automatic assignment of inventions resulting from that work to the government. For example, the Federal Nonnuclear Energy Research and Development Act of 1974 provides that for inventions subject to its assignment provision "title to such invention shall vest in the United States, and if patents on such invention are issued they shall be issued to the United States." 42 U.S.C. § 5908. The invention at issue in *FilmTec* itself was subject to this Act, and in a later case the Federal Circuit confirmed that "when the invention

was conceived by [the inventor], title to that invention immediately vested in the United States by operation of law.” See *FilmTec Corp. v. Hydranautics*, 982 F.2d 1546, 1547-51, 1553-54 (Fed. Cir. 1992). The National Aeronautics and Space Act provides another example of the United States automatically receiving exclusive title to inventions resulting from work done under a government contract. See 51 U.S.C. § 20135 (“An invention shall be the exclusive property of the United States if it is made in the performance of any work under any contract of the Administration, and [under specified conditions].”).

Copyright law provides yet another example of automatic assignment of rights in future intellectual property. For works “made for hire,” the Copyright Act provides that “the employer or other person for whom the work was prepared ... owns all of the rights comprised in the copyright” unless the parties have agreed otherwise. 17 U.S.C. § 201(b). A federal court has also observed that “assignments of copyrights for work yet to be created are commonplace in the entertainment industry and have repeatedly been held enforceable in federal courts.” *Contractual Obligation Prods., LLC v. AMC Networks, Inc.*, 546 F. Supp. 2d 120, 126-27 (S.D.N.Y. 2008).

These examples demonstrate that *FilmTec* does not violate some inherent bar against present assignments of intellectual property expected to be developed in the future.

The Petition does not identify any other rationale for the drastic change it seeks. While the Petition asserts the likelihood of “[s]ubstantial [d]eleterious [e]ffect on the [o]wnership of a [v]ast [n]umber of

[i]nventions and [p]atents,” Pet. 29, it can cite no evidence of any significant problem, even though *FilmTec* issued 25 years ago. An ownership problem does not even exist in this case, where there is no question that the intent of Seagate and the Petitioner, when he began his employment, was that Seagate would own all the inventions resulting from his work as a salaried Seagate development engineer.

The Petition thus fails to identify any proper justification for the dramatic change that it seeks.

### CONCLUSION

For the reasons set forth above, this Court should deny the Petition for Writ of Certiorari.

Respectfully submitted,

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