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11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN JOSE DIVISION

15 CHARLES H. MOORE,

16 Plaintiff,

17 v.

18 TECHNOLOGY PROPERTIES LIMITED
LLC, et al.,

19 Defendants.

CASE NO. 5:10-cv-04747-JW

**DEFENDANTS' OPPOSITION TO
PLAINTIFF'S MOTION TO REMAND
REMOVED ACTION**

Date: January 24, 2011
Time: 9:00 a.m.
Courtroom: 8 – 4th Floor
Judge: Hon. James Ware

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I.

INTRODUCTION

1
2
3 Plaintiff Charles H. Moore (hereinafter “Moore”) has asserted several causes of action
4 focusing on a portfolio of patents referenced in the complaint as the MMP Portfolio, and which
5 are the subject of litigation already before this Court. Among other things, Moore alleges conduct
6 on the part of Defendants that constitutes claims for direct or indirect infringement of the MMP
7 Portfolio patents. Furthermore, he has alleged claims that require the application and
8 determination of questions of federal law concerning ownership of the MMP Portfolio (35 USC §
9 262), fraudulent conduct before the United States Patent and Trademark Office, and seeking
10 patent-like remedies. Although Moore’s complaint may not explicitly mention federal law
11 questions, under the “artful pleading” exception to the “well-pleaded complaint” rule for
12 analyzing claims in this context, he cannot avoid removal. Moore has asserted claims created by
13 patent law or which require the resolution of a substantial question of federal patent law.
14 Therefore, Defendants’ removal of the action to this Court was proper, and Moore’s motion
15 should be denied.

II.

PROCEDURAL BACKGROUND

16
17
18 Moore’s complaint in this matter was filed in Santa Clara County Superior Court on
19 September 27, 2010. The following day, Moore filed a motion for preliminary injunction with a
20 hearing date set for November 2, 2010 (36 days following his filing of the complaint). He did not
21 seek, or otherwise apply for, a temporary restraining order in the interim.

22 By notice of removal filed by all named Defendants on October 20, 2010, this matter was
23 removed to this Court under 28 U.S.C. §§ 1331, 1338, and 1441(b). [Doc. # 1.] Contrary to
24 Moore’s insinuations in his motion that Defendants are ‘forum shopping,’ Defendants were
25 required to remove this matter when they did rather than first seek an Order from the Superior
26 Court compelling Moore to submit to arbitration, or they would risk waiving their ability to do so
27
28

1 in the future. [28 U.S.C. § 1446 (b); *See also, United Computer Systems, Inc. v. AT&T Corp.* (9th
2 Cir. 2002), 298 F.3d 756, 762.]

3 In compliance with the timing for filing responses to removed complaints, as mandated by
4 Federal Rules of Civil Procedure, Rule 81(c)(2), Defendants responded to Moore's complaint on
5 October 27, 2010, by filing a motion to compel arbitration and a motion to dismiss pursuant to
6 Federal Rules of Civil Procedure Rule 12(b)(6). [Doc. ## 9 through 13.]

7 By subsequent Order of the Court dated November 24, 2010, the hearing dates for
8 Moore's motion to remand, and Defendants' motions to dismiss and to compel arbitration have
9 been set for January 24, 2011. [Doc. # 24.]

10 III.

11 MOORE'S ALLEGATIONS

12 Moore's wide-ranging allegations essentially allege that Defendants have made use of
13 certain patents, referred to in the complaint as the MMP Portfolio, beyond the use allowed
14 pursuant to a license agreement which Moore identifies in his allegations as the
15 Commercialization Agreement, and an amendment thereto.

16 Specifically, Moore alleges that he entered into a Commercialization Agreement pursuant
17 to which he granted a license to Defendant TPL for the purpose of permitting it to commercialize
18 the MMP Patent Portfolio. Further, Moore alleges that pursuant to the Commercialization
19 Agreement, he granted to TPL "a limited assignment of certain rights with respect to the licensed
20 MMP technology," retaining an ownership interest of 55% in the patents. [Complaint, ¶ 31.]

21 In addition to alleging numerous breaches of the Commercialization Agreement and
22 Amendment based on purported financial irregularities, Moore further alleges that Defendants
23 have licensed the MMP Portfolio improperly and without authorization, exceeding the rights
24 licensed to TPL pursuant to the Commercialization Agreement. Moore alleges that Defendants,
25 "without notice or authorization," licensed the MMP Portfolio and other patent portfolios to third
26 parties. [Complaint, ¶ 52.]

1 Further, Moore alleges that Defendants fraudulently filed an assignment with the United
 2 States Patent and Trademark office, assigning rights to TPL of a portion of the MMP Patent
 3 Portfolio. [Complaint, ¶ 47(a).]

4 Based on these allegations, Moore has alleged causes of action for cancellation and
 5 rescission of the Commercialization Agreement and amendment thereto, constructive trust and
 6 accounting, conspiracy to commit fraud, breach of contract and injunctive relief. Additionally,
 7 Moore seeks damages “according to proof” as well as punitive damages against all Defendants
 8 and seeks to prevent Defendants, as part owner of said patents, “from assigning, selling,
 9 encumbering or otherwise transferring the whole or any part of any or all of those patents known
 10 as the MMP Portfolio. . .” or otherwise using or exploiting the very patents they own in
 11 contravention to 35 U.S.C. § 262. .

12 IV.

13 RELATED LITIGATION AND REQUEST FOR JUDICIAL NOTICE

14 The patents that are the subject to Moore’s complaint are also the subject of several cases
 15 now in this Court. Currently pending are four actions in which the validity of one or more of the
 16 MMP Portfolio patents is being litigated. These actions are:

17 *Acer, Inc. v. Technology Properties Limited*, Case no. 5:08-cv-00877 JF

18 *HTC Corporation v. Technology Properties Limited*, Case no. 5:08-cv-00882 JF.

19 *Asustek Computer, Inc. v. Technology Properties Limited*, Case no. 5:08-cv-00884 JF.

20 *Barco N.V. v. Technology Properties Ltd.*, Case no. 5:08-cv-05398 JF

21 Additionally, another case remains open although it has only recently been dismissed by
 22 stipulation among the parties: *Sirius XM Radio Inc. v. Technology Properties Ltd.*, Case no. 5:10-
 23 cv-00816 JF.

24 Defendants respectfully request that the Court take judicial notice of the foregoing actions
 25 pursuant to Federal Rules of Evidence, Rule 201, which states in pertinent part that judicial notice
 26 may be taken of a fact “not subject to reasonable dispute in that it is capable of accurate and ready
 27 determination by resort to sources whose accuracy cannot reasonably be questioned.”

V.

LEGAL ARGUMENTA. Moore Cannot Defeat Removal Merely By Omitting From His Complaint References To Necessary Federal Questions.

A claim arises under the patent law if patent law creates the cause of action or it requires the resolution of a substantial question of federal patent law. [*Christianson v. Colt Industries Operating Corp.* (1988) 486 U.S. 800, 808-809.] This standard has been described as “a lenient standard for jurisdiction under 28 USC § 1338(a). [*U.S. Valves, Inc. v. Dray* (Fed. Cir. 2000) 212 F.3d 1368, 1372.] The Supreme Court and the Federal Circuit have defined “arising under” such that “[a] claim arises under the patent law if patent law creates the cause of action or is a necessary element of one of the well-pleaded claims.” [*Jim Arnold Corp. v. Hydrotech Sys.* (Fed. Cir. 1997) 109 F.3d 1567, 1571-1572. That necessarily means that if just one element of one claim must be resolved under the patent laws, the entire complaint is properly before this Court.

Moore’s motion appears to argue that remand is necessary due to the absence of explicit references to federal patent law in his complaint. However, courts have rejected this approach. Citing the “artful pleading” exception to the “well-pleaded complaint” rule, courts have unanimously held that a plaintiff may not avoid removal simply by omitting references to federal questions in his complaint. The Supreme Court described this long established rule in *Rivet v. Regions Bank of Louisiana* (1998) 522 U.S. 470, 475, as follows:

Allied as an "independent corollary" to the well-pleaded complaint rule is the further principle that "a plaintiff may not defeat removal by omitting to plead necessary federal questions." [Citation omitted.] **If a court concludes that a plaintiff has "artfully pleaded" claims in this fashion, it may uphold removal even though no federal question appears on the face of the plaintiff's complaint.** [Emphasis added.]

[See, also, *Franchise Tax Board v. Construction Laborers Vacation Trust* (1983) 463 U.S. 1, 22, (“Although we have often repeated that ‘the party who brings a suit is master to decide what law he will rely upon’ (citation omitted), it is an independent corollary of the well-pleaded complaint rule that a plaintiff may not defeat removal by omitting to plead necessary federal questions in a

1 complaint (citation omitted).”.] Further, as recognized by the Court in *Christianson v. Colt*
 2 *Industries Operating Corp.* (1988) 486 U.S. 800, 809 n.3:

3 Merely because a claim makes no reference to federal patent law
 4 does not necessarily mean the claim does not ‘arise under’ patent
 5 law. Just as ‘a plaintiff may not defeat removal by omitting to
 6 plead necessary federal questions in a complaint (citation omitted),
 so a plaintiff may not defeat § 1338(a) jurisdiction by omitting to
 plead necessary federal patent-law questions.

7 [See, also, *Berman v. OpenTV Corp.* (N.D. Cal. 2010) 2010 U.S. Dist. LEXIS 108624 (“Where a
 8 plaintiff asserts that a breach of contract occurs from a defendant’s infringement of the plaintiff’s
 9 patents, the breach of contract claim necessarily depends on resolution of a substantial question of
 10 patent law.”).]

11 Therefore, although Moore’s complaint may not specifically reference federal patent law,
 12 removal was nevertheless proper as Moore’s claims necessarily arise under or require the
 13 determination of questions of federal patent laws.

14 **B. Removal Was Proper Because Moore’s Claims Are Based On The Allegation That**
 15 **Defendants’ Licensing Activities Constituted Direct or Indirect Infringement Of The**
 16 **MMP Patents.**

17 Moore has alleged that he entered into a license with Defendant TPL, i.e. the
 18 Commercialization Agreement, pursuant to which TPL was granted “a license for the purpose of
 19 permitting TPL to commercialize the MMP technology.” [Complaint, ¶ 31.] In other words, TPL
 20 was granted certain rights under the license with Moore to license the MMP patents to third
 21 parties. TPL also owned 45% of said patents as a valid owner. [Complaint, ¶ 47] Thereafter,
 22 according to Moore’s allegations, another commercialization agreement was entered into in
 23 connection with the settlement of litigation among Moore, TPL and Patriot Scientific
 24 Corporation, providing that TPL would continue its responsibility for licensing the MMP patents
 to third parties. [Complaint, ¶ 34.]

25 Moore has alleged claims that are based on Defendants allegedly entering into
 26 unauthorized licenses, and licenses that exceed the rights licensed to TPL pursuant to the
 27 Commercialization Agreement. [Complaint, ¶¶ 52, 67.] Specifically, Moore has alleged that
 28

1 “TPL, without notice or authorization, had commingled an MMP Portfolio license with other
2 portfolios, . . . and licensed the result to a [third party].” [Complaint, ¶ 52.]

3 These allegations of Defendants allegedly exceeding the scope and authority of the
4 licenses with Moore are incorporated into each of the eight causes of action purportedly stated by
5 Moore in his complaint. [Complaint, ¶¶ 53, 63, 78, 86, 99, 109, 113, 120.] In essence, Moore is
6 asserting that the alleged unauthorized licenses constitute infringement by Defendants. [*E.g.*,
7 *Kumar v. Ovonic Battery Co., Inc.* (Fed. Cir. 2003) 351 F.3d 1364, 1372 (noting the issue of
8 whether licensing constitutes infringement, and citing 5 Donald S. Chisum, *Chisum on Patents* §
9 17.04[4][a] (2002) as supporting authority for the proposition, but declining to decide the
10 question “on the present record.”); *See, also*, 35 USC § 271(b) and (c) (induced infringement and
11 contributory infringement).]

12 Accordingly, adjudication of each of Moore’s claims will necessarily require a
13 determination of whether Defendants’ conduct constitutes infringement. For example, the scope
14 of Defendants’ rights under the commercialization agreements and the amendment will have to be
15 determined and compared with the scope of the licenses executed by TPL with third parties. This
16 will necessarily involve the interpretation of the MMP patents to determine whether the alleged
17 unauthorized licenses constitute infringement. In *Berman v. OpenTV Corp.* (N.D. Cal. 2010)
18 2010 U.S. Dist. LEXIS 108624, the court ruled that “[w]here a plaintiff asserts that a breach of
19 contract occurs from a defendant’s infringement of the plaintiff’s patents, the breach of contract
20 claim necessarily depends on resolution of a substantial question of patent law.” In that case, the
21 plaintiff alleged that the defendants had breached a license agreement between the plaintiff and
22 defendants by making use of the patents beyond the use allowed under the agreement. The
23 plaintiff alleged causes of action labeled as “Breach of Contract” and “Fraud by Promise Made
24 without Intent to Perform.” [*Id.* at 3, 8.]

25 Further, to the extent Moore’s claims of unauthorized licenses by TPL encompass induced
26 infringement or contributory infringement, a determination of whether the third parties’ products
27 constitute direct infringement will be required. Evidence of direct infringement is required for
28 Moore to prevail in any claim based on induced or contributory infringement. [*See, e.g.*,

1 *Cybiotronics, Ltd. v. Golden Source Electronics, Ltd.* (C.D.Cal. 2001) 130 F.Supp.2d 1152, 1165
 2 (“liability requires proof of (1) an act by the defendant knowingly intended to induce another to
 3 infringe, and (2) **actual infringement by the third party induced thereby.**” (Emphasis added.))]

4 Additionally, although each of Moore’s claims incorporate these allegations of
 5 infringement, his Sixth Cause of Action for Breach of Contract expressly states that Defendants
 6 breached the agreement between the parties regarding failure to pay royalties on the patents,
 7 “misallocating license proceeds in commingled patents,” and by “allowing the submission and
 8 recordation at the PTO of documents claiming and supposedly establishing assignee status and
 9 ownership rights in TPL of patents with substantial value that are and should remain a part of
 10 Plaintiff Moore’s MMP Portfolios.” [Complaint, ¶¶ 109-112]. Accordingly, this case is
 11 analogous in many ways to *Smith v. Healy*, 2010 U.S. Dist. LEXIS 107627, 19-21 (D. Or. 2010).
 12 In that case, the plaintiffs sued in state court for breach of an implied-in-fact contract. The
 13 allegations were that the parties entered into an agreement in which the defendants "would assist
 14 Plaintiffs in the research, development, and marketing of Plaintiffs' inventions and would act as
 15 Plaintiffs' fiduciary agent[s] in return for monetary compensation. In addition, Plaintiffs allege
 16 [Defendants] did certain acts consistent with the parties' agreement until on or about May 1, 2009,
 17 when Defendants, in breach of the parties' agreement, misappropriated Plaintiffs' inventions and
 18 used them for their own benefit.” [*Id.* (Internal quotations omitted.)] The *Smith* court denied the
 19 plaintiffs’ motion to remand, concluding that “Plaintiffs' claim against Defendants for breach of
 20 an implied-in-fact contract is preempted by patent law. In addition, Plaintiffs concede their
 21 remaining claims arise out of the same set of facts as their claim for breach of an implied-in-fact
 22 contract, and, therefore, to the extent those claims are not preempted by patent law, this Court has
 23 supplemental jurisdiction over them pursuant to 28 USC § 1367(a).” [*Id.*]¹ [*See, also, U. S.*
 24 *Valves, Inc. v. Dray* (Fed. Cir. 2000) 212 F.3d 1368, 1372 (court held that “patent law is a
 25 necessary element of [plaintiff] U.S. Valves' breach of contract action.”)]

26
 27
 28 ¹ It should be noted that in the *Smith* case, Plaintiff had not even applied for or received a patent,
 yet the Court still determined that removal was appropriate.

1 Further, in our case, in addition to the numerous other allegations regarding the patent
 2 rights to the MMP Patent portfolio, Moore alleges that “. . . revenues generated by the MMP
 3 Portfolio were diverted by TPL to support its business into these other, non-related patent
 4 portfolios. . . . thus expanding TPL business into areas that would detract from and decrease the
 5 MMP Portfolio licensing effort.” [Complaint, ¶ 36]. Additionally, Moore alleges that
 6 Defendants “entered into at least one commingled license of dubious worth and misallocated
 7 proceeds” between MMP patents and other non-MMP patents. [Complaint, ¶¶ 52, 60, 75, 104.]
 8 Therefore, the Court must also review each these other alleged patents and determine whether or
 9 not said patents are related to or detract from the MMP Portfolio, and ascertain proper allocations.

10 **C. This Court Also Has Jurisdiction As The Complaint Requires Application Of 35**
 11 **U.S.C. § 262**

12 35 U.S.C. section 262 states that “[i]n the absence of any agreement to the contrary, each
 13 of the joint owners of a patent may make, use, offer to sell, or sell the patented invention within
 14 the United States, or import the patented invention into the United States, without the consent of
 15 and without accounting to the other owners.” Here, Plaintiff has pled that the patents in question
 16 were jointly owned. As such, the Court will have to interpret 35 U.S.C. § 262 as Plaintiff seeks to
 17 limit, curb, stop and otherwise restrict Defendants’ rights to exploit, use and otherwise license the
 18 MMP Patent portfolio. In particular, the Complaint seeks to prevent Defendants from “assigning,
 19 selling, encumbering or otherwise transferring the whole or any part of any or all of those patents
 20 known as the MMP Portfolio . . . and from issuing any license of the whole o any part of the
 21 MMP Portfolio without first disclosing the prospective terms of such license to Plaintiff”
 22 [Complaint, ¶ 28 in Plaintiff’s Prayer for Judgment (pg. 29)]. This is despite the fact that Plaintiff
 23 acknowledges that the parties entered into a joint venture agreement and that Defendant TPL
 24 owns 45% of the patents in question. [Complaint, ¶¶ 31, 47]

25 **D. Removal Was Proper Because Moore’s Claims Are Based On The Allegation That**
 26 **Defendants’ Filing Of Fraudulent Assignments With The Patent And Trademark**
 27 **Office Constitutes A Federal Claim For Inequitable Conduct Before The PTO.**

28 Moore has alleged that Defendants fraudulently filed “assignment papers with the [United
 States Patent and Trademark Office] assigning all rights to the most valuable patents of the MMP

1 Portfolio to Attorney Leckrone's company." [Complaint, ¶ 47(a).] Moore incorporates this
2 allegation in each cause of action purportedly stated in the complaint, and further, specifically
3 repeats the essence of the allegation in his first and second causes of action for cancellation.
4 [Complaint, ¶¶ 53, 63, 78, 86, 99, 109, 113, 120.] Accordingly, Moore's claims are based on
5 fraud on the Patent Office, another federal claim subject to its exclusive jurisdiction.

6 Moore's claims necessarily include a federal claim of inequitable conduct: "Inequitable
7 conduct [before the Patent Office] includes affirmative misrepresentations of a material fact,
8 failure to disclose material information, or submission of false material information, coupled with
9 an intent to deceive." [*PerSeptive Biosystems, Inc. v. Pharmacia Biotech, Inc.* (Fed. Cir. 2000)
10 225 F.3d 1315, 1318, citing *Molins PLC v. Textron, Inc.* (Fed. Cir. 1995) 48 F.3d 1172, 1178-79.]
11 These false statements that can constitute the cause of action need not necessarily relate to the
12 validity of the patent. "[T]he materiality of intentional false statements may be independent of
13 the claims of the patent." [*Id.*]² As the court recognized in *Hunter Douglas, Inc. v. Harmonic*
14 *Design* (Fed. Cir. 1998) 153 F.3d 1318, 1335 (Fed. Cir. 1998),

15 To determine whether these state law torts are in conflict with
16 federal patent law and accordingly preempted, [the Court] assesses
17 a defendant's allegedly tortious conduct. **If a plaintiff bases its**
18 **tort action on conduct that is protected or governed by federal**
19 **patent law, then the plaintiff may not invoke the state law**
20 **remedy, which must be preempted for conflict with federal**
21 **patent law.** (Emphasis added.)

22 In our case, Moore has asserted both fraud with regard to Defendants' actions before the
23 Patent Office as well as bad faith in the exploitation of the patents. The issue, therefore,
24 necessarily involves resolution of federal questions arising from the alleged fraud in TPL's
25 actions with the Patent Office.

26 ² A party, typically an accused infringer, may raise the issue of inequitable conduct in the procurement of
27 a patent as a ground for a patent's unenforceability in several ways: as a claim in a suit for a declaratory
28 judgment or, in response to a patent owner's suit for infringement, as an affirmative defense in an answer
and/or as a counterclaim. . . . The same [pleading] standards apply whether inequitable conduct is raised
as a claim in a complaint, as a counterclaim, or as an affirmative defense. 6-19 Chisum on Patents §
19.03.

1 **E. The Remedies Sought By Moore Also Support Federal Jurisdiction.**

2 Moore's claims are preempted because he seeks patent-like remedies. Moore does not
 3 identify any incremental element of legal or equitable remedies purportedly owed by Defendants
 4 beyond remedies encompassed by patent law (i.e., damages for making, using, offering to sell, or
 5 selling Plaintiffs' invention without permission or without payment of royalties). See, *Smith v.*
 6 *Healy*, 2010 U.S. Dist. LEXIS 107627, 18-19 (D. Or. 2010). Moore also seeks to prevent TPL, as
 7 an owner of the patents, from exercising its rights to exploit the patents at issue. That "remedy"
 8 is also solely a patent remedy. Moore not only seeks to have TPL's actions before the Patent
 9 Office "cancelled" or made void, but seeks injunctive relief to prevent TPL from exercising its
 10 rights as a co-owner.

11 **F. The Authority Cited By Moore Does Not Support Remand Of This Action.**

12 Moore cites several decisions in support of his motion. However, none of the cited
 13 authority addresses the specific issues presented in this case.

14 Several decisions are cited by Moore in support of general principles related to
 15 removal. For the most part, Defendants do not dispute these principles. However, as applied in
 16 this case, these authorities do support remand. Moreover, as noted above, Moore fails to address
 17 or explain why the "artful pleading" exception to the well-pleaded complaint rule should not
 18 apply in this case.

19 In *Duncan v. Sturtzle* (9th Cir. 1996) 76 F.3d 1480, the Ninth Circuit merely noted without
 20 specific discussion or explanation that the Federal Circuit had previously determined that the
 21 plaintiff had not asserted a claim for patent infringement, and therefore, remanded the matter to
 22 the District Court for a determination of whether the complaint alleged trademark infringement.
 23 [*Id.* at 1484.] The *Duncan* court did not consider a complaint, such as Moore's, in which a patent
 24 licensee had been alleged to have exceeded the scope of the license by entering into unauthorized
 25 licenses with third parties, nor where the claims asserted allegedly fraudulent conduct by a
 26 defendant before the Patent and Trademark Office. Accordingly, *Duncan* does not provide any
 27 specific assistance or guidance on the issues presented by Moore's motion.

28

1 Additional decisions are cited by Moore in connection with his discussion of his specific
2 allegations. However, none of these decisions are applicable. In *Utley v. Varian Associates, Inc.*
3 (9th Cir. 1987) 811 F.2d 1279, the plaintiff filed a complaint asserting numerous employment
4 related claims premised on the defendant's alleged dismissal of the plaintiff because of his race in
5 violation of the defendant's affirmative action duties as a federal contractor. [*Id.* at 1281-1282.]
6 The court held that the defendant's removal of the action was improper. The removal was based
7 on the plaintiff's allegations that the defendant owed affirmative action duties under a specific
8 executive order and its implementing regulations. [*Id.*] However, the court held that neither the
9 executive order nor regulations provided a private right of action. Accordingly, "[b]ecause [the
10 plaintiff] possesses no private right of action under the executive order, his claims' incorporation
11 of it does not raise a "substantial" question of federal law under *Merrill Dow [Pharmaceuticals*
12 *Inc. v. Thompson* (1986) 478 U.S. 804], and the district court could not assume removal
13 jurisdiction on this basis." [*Id.* at 1286.] Contrary to the executive order and regulations in *Utley*,
14 35 USC § 271 provides a private right of action for infringement, direct or indirect. Therefore,
15 *Utley* is not applicable.

16 Moore's reliance on *Prize Frize, Inc. v. Matrix (U.S.) Inc.* (9th Cir. 1999) is equally
17 unavailing to support his motion. The *Prize Frize* court held that the case should be remanded on
18 the grounds that there was a defect in the removal notice. Specifically, not all of the defendants
19 joined in the removal, and the removal petition failed to adequately explain why fewer than all
20 defendants joined in removal. [*Id.* at 1267.] To the extent jurisdiction was discussed beyond the
21 defect in the removal petition, the Ninth Circuit court focused on whether proper appellate
22 jurisdiction was vested in the Federal Circuit. [*Id.* at 1264.] Without any discussion of the actual
23 substance of the plaintiff's allegations on which the defendants based the removal, the court
24 simply concluded that the fact that the claims "may tangentially involve issues of patent
25 ownership does not convert the state causes of action into federal law claims." [*Id.*]
26 Consequently, the *Prize Frize* decision provides no guidance or assistance in this Court's
27 assessment of Moore's specific allegations.

28

1 Without any discussion, Moore has simply noted that the *Prize Frize* court cited *Jim*
 2 *Arnold Corp. v. Hydrotech Systems Inc.* (Fed. Cir. 1997) 109 F.3d 1567 and *Ballard Medical*
 3 *Products v. Wright* (Fed. Cir. 1987) 823 F.2d 527, 530. Neither of these decisions provides any
 4 support for Moore's motion. In *Jim Arnold Corporation v. Hydrotech Systems, Inc.*, the court
 5 held that the plaintiffs' claim for infringement was rendered frivolous since at the time of filing
 6 the action, they had assigned **all** of their interest in the subject patents. According to the court:

7 when the infringement suit involves an assignment, unless the
 8 assignment may be declared null and void by operation of law -
 9 either through a forfeiture provision present in the agreement or
 10 under a provision of applicable state law - an assignor suing for
 11 infringement must first affirmatively seek equitable relief from a
 12 court to rescind or cancel the assignment. Until ownership is
 13 restored in the assignor, there can be no act of infringement by the
 14 assignee. [*Jim Arnold Corp. v. Hydrotech Systems Inc., supra*, 109
 15 F.3d at 1577.]

12 Unlike the *Jim Arnold Corporation* case, Moore has alleged that he retained a 55% ownership
 13 interest in the MMP patents. [Complaint, ¶ 31.] Consequently, Moore's reliance on the *Jim*
 14 *Arnold Corporation* decision is misplaced.

15 Similarly, in *Ballard*, the court considered whether it had appellate jurisdiction under 25
 16 USC § 1295(a)(1) to hear the appeal in which the parties sought to confirm or vacate an
 17 arbitration award. [*Id.* at 530.] Importantly, **the plaintiff admitted that patent issues were not**
 18 **raised in the pleadings**, but instead asserted that the court had jurisdiction under 28 USC § 1338
 19 because "'patent issues' were raised during the arbitration proceeding." [*Id.*] The court held that
 20 because the complaint did not raise any issues of patent validity, the validity of patents was not an
 21 issue that the parties had agreed to submit to arbitration, and therefore, dismissed the appeal for
 22 lack of appellate jurisdiction. [*Id.* at 531-532.] Unlike *Ballard*, as discussed above, Moore's
 23 complaint alleges claims created for federal law, and which necessarily require the determination
 24 of substantial questions of federal law.
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VI.

CONCLUSION

Based on the foregoing, Moore’s complaint asserts claims created by federal patent law or which require the resolution of substantial questions of federal patent law. Therefore, Defendants’ removal of the action to this Court was proper, and Defendants respectfully request that the Court deny Moore’s motion to remand.

Dated: December 17, 2010

ROPERS, MAJESKI, KOHN & BENTLEY

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