

No. 22-_____

IN THE

Supreme Court of the United States

AARON G. FILLER,

Petitioner

v.

COMMISSIONER OF INTERNAL REVENUE OF THE
UNITED STATES OF AMERICA, DOUGLAS O'DONNELL

Respondent

On Petition For Writ of Certiorari
To The Court of Appeals for the Ninth Circuit

PETITION FOR WRIT OF CERTIORARI

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I. QUESTIONS PRESENTED

When a State (herein California) knowingly intentionally and with malice aforethought seizes and commences producing goods clearly protected by a U.S. Patent – should there be a Vth or XIVth Amendment liability from the State to the patent's exclusive licensee?

If such a taking of patented products cannot be compensated due to the absence of a legal remedy – does the inability to obtain a remedy and the involuntary nature of the damage to the patent owner/licensee then create a deductible casualty loss under 26 USC §165(c)3?

Corporate Disclosure Statement

Pursuant to and in accordance with the *Rule 29.6 of the United States Supreme Court* Counsel for the appellant certifies the following:

1. The full name of every party or amicus represented by me is:

Aaron G. Filler as an individual

2. The name of the real party in interest represented by me is the same as the parties on the caption.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None.

List of All Related Proceedings

None

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V. PETITION FOR WRIT OF CERTIORARI

Aaron G. Filler as an individual – a member of the Bar of the United States Supreme Court - respectfully petitions this Court for a Writ of Certiorari to review the judgment of the Court of Appeals for the Ninth Circuit.

VI. OPINIONS BELOW

This Petition seeks a Writ of Certiorari for an appeal arising from a US Tax Court decision Tax Court Memo 2021-6 of January 13, 2021 entered on February 11, 2021.

A Notice of Appeal in the Court of Appeals for Ninth Circuit was timely filed May 11, 2021. After full briefing and Oral Argument before the Court of Appeals for the Ninth Circuit on June 15, 2022, judgment was rendered in that matter, Fed.Cir. 21-71080, on July 13, 2022 partially reversing and partially affirming the Tax Court ruling. A Petition for Rehearing and for Rehearing en Banc was timely filed August 29, 2022 and that Petition was denied on September 23, 2022. The current Petition for Writ of Certiorari is now timely filed December 22, 2022.

These opinions are attached in the Appendix.

VII. JURISDICTION

The Court of Appeals for the Ninth Circuit, had jurisdiction for a decision of the US Tax Court occurring in the State of California under 26 USC §7482(b)(1)(A).

This Court has jurisdiction under 28 U.S.C. §1254(1).

VII. CONSTITUTIONAL PROVISIONS & U.S. STATUTES INVOLVED

United States Constitution, Amendment V:

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be put twice in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; *nor shall private property be taken for public use, without just compensation.*

*United States Constitution, Amendment XIV
Section 1.*

All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of

the United States and of the state wherein they reside. No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

28 USC §1498(a) Patent & Copyright Cases

(a) 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 USC §1491(a)(1) Claims against United States generally; actions involving Tennessee Valley Authority ("Tucker Act")

(a)(1) The United States Court of Federal Claims shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort.

VIII. STATEMENT OF THE CASE

1. Introduction

This case arises from patent infringement by the State of California.

Inventor and now patent owner Aaron Filler, MD, PhD, JD, FRCS – when a neurosurgery resident trainee of the University of Washington in Seattle, was seconded to work in the U.K. in a facility with his position supported by the U.K. National Health Service, the University of London and the U.K. Wellcome Trust (effectively like the U.K. version of the NIH). In the U.S., the NIH declined to fund Filler’s research (as he could not identify a professor to work under who had experience with the new technology) so no 35 USC §200-212 Bayh-Dole march in rights arose.

He invented a dramatic advance in medical imaging that has transformed much of neuroscience, neurology and neurosurgery. Use of the invention of DTI (Diffusion Tensor Imaging) has been saving tens of thousands of lives per year for nearly two decades, and research involving DTI appears in more than 150,000 publications. It is now in heavy use in the personal injury legal arena as it dramatically improves the accuracy of diagnosis and potential for treatment of traumatic head injury and post-concussive syndromes. It is a cornerstone of U.S. military care for head injured soldiers, sailors and airmen.

The Patent – US 5,560,360 (now expired) was owned by the United Kingdom and the State of Washington, but was infringed intentionally without license by the State of California leading to the underlying events in this case.

The dispute here advanced to the United States Supreme Court arises from considerable uncertainty among various courts on the issue of patent infringement by States as well as the tax consequences on the inventor and current owner – Filler when infringement by various sovereigns occurs. Recently, this Court denied a Petition for Certiorari arising from infringement of this patent by the United States (No. 22-53) *Aaron G. Filler, et al v. United States*.

One set of U.S. tax auditors accepted that infringement of a patent by a State would result in inverse condemnation liability. A resulting acceptance of a net operating loss (NOL) after a prolonged audit resulted in mutual execution of an irrevocable Form 4549 IRS agreement having immediate effect as an assessment on the date of execution that closed the audit and substantially granted the NOL.

Were that ruling applied in this case, the NOL as originally granted would be accepted without further review. However, - perhaps without proper authority – a second set of auditors re-evaluated the NOL and denied it. The problem is uncertainty in the tax code as to whether patent infringement by the State of California led to a Vth Amendment taking or

alternately whether the State of California was obligated under the XIVth Amendment to have a due process for evaluating the consequences of the taking such as under inverse condemnation law that would be applied to real property.

In California – Inverse Condemnation is extended by Severance law – so that we can consider what happens to a restaurant owner who has leased space to build a restaurant from a property owner. The State condemns the land to build a freeway ramp, and could then destroy the restaurant without compensation to the restaurant owner, since prior inverse condemnation law would only compensate the owner of real property but not the owner of improvements or chattels reliant on the land. This situation, in California - was righted by *Chhour v. Community Redevelopment Agency of Buena Park* 46 Cal.App.4th 273 (Cal. App. 1996) as to severance. In addition, California Good Will law effectively extends the tax effects from a State taking of business property to a loss by the principal individual of the business affected by the taking of the business property, see *Chhour* at 585 and *Los Angeles County Metropolitan Transportation Authority v. Yum Yum Donut Shops* 32 Cal.App.5th 662 (Cal.App. 2019).

This Court most extensively reviewed State taking of intellectual property in *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank and United States*, 527 US 627 (U.S. 1999). Principally, in *Florida Prepaid* the Court overturned congressional legislation that would have given patent owner a remedy for patent infringement

by States. At its core – the ruling appreciates that while Patent Infringement under 35 USC §271 occurs whether or not there is intention to infringe – this Court did not believe that a State would intentionally infringe a patent. That ruling appreciated that many State laws require a specific intent to take property in order for a right in inverse condemnation to arise in the victim of the taking.

In the current matter – the State of California – through the Chairman of its Department of Neurosurgery at UCLA Neil Martin, and through its Dean of UCLA School of Medicine Gerald Levey – the appropriate State officials were well acquainted with what they were doing. Filler had joined the faculty at UCLA in 1996 after filing the patent in 1993 and had presented the information on the technology at seminars and lectures. UCLA had arranged for Peter Jennings ABC news to film in the medical center in 1996 when the patent was granted. Letters from the Board of Regents congratulated Filler. However, after separating from UCLA in 2001 and as the neurological community started to focus on DTI, Martin and Levey who were originally uncertain about the value of the technology, decided to plunge the institution into full scale adoption and promotion. Filler met with them and wrote providing a copy of the patent and warning against infringement without a license. They considered their options – then decided it was proper to proceed without a license.

On appeal, although the 9th Circuit panel vacated the penalty that had been upheld by the Tax Court in relation to the NOL– it found incorrectly and

in contrast to opinions of another circuit - and in contrast to dicta of the U.S. Supreme Court – that patent infringement by a State is not in fact a Vth Amendment taking under the Constitution of the United States. Therefore, there would be no obligation under the 14th amendment for a State to treat patent infringement under the law of inverse condemnation.

The Supreme Court's reasoning in one of its leading cases in this area – *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank and United States*, 527 US 627 (U.S. 1999) includes additionally the assertion that very few patent infringement cases are filed against States. However, lacking a clear position of the Supreme Court endorsing such actions – we cannot really gauge the true scale of the problem or the true extent of its impact on society through discouragement of innovation and entrepreneurship that results by counting dismissals of unwisely filed patent cases against States.

This Court should grant this Petition for Writ of Certiorari to help achieve uniformity among the circuits on this subject of widespread interest to innovators in the United States. Supplemental briefing on this subject would be extremely helpful.

2) The Patent at Issue

This case arises from US government and California State misappropriation of one of the most dramatic and revolutionary inventions of the late 20th century – a technology that saves tens of thousands of

lives and which currently is heavily affecting hundreds of personal injury litigations – Diffusion Tensor Imaging – or “DTI” (US Patent 5,560,360 – Image Neurography and Diffusion Anisotropy Imaging – see Appendix 6 – separate Rule 33.2 document).

a) The Substance and Impact of the Intellectual Property at Issue in Medicine and Law

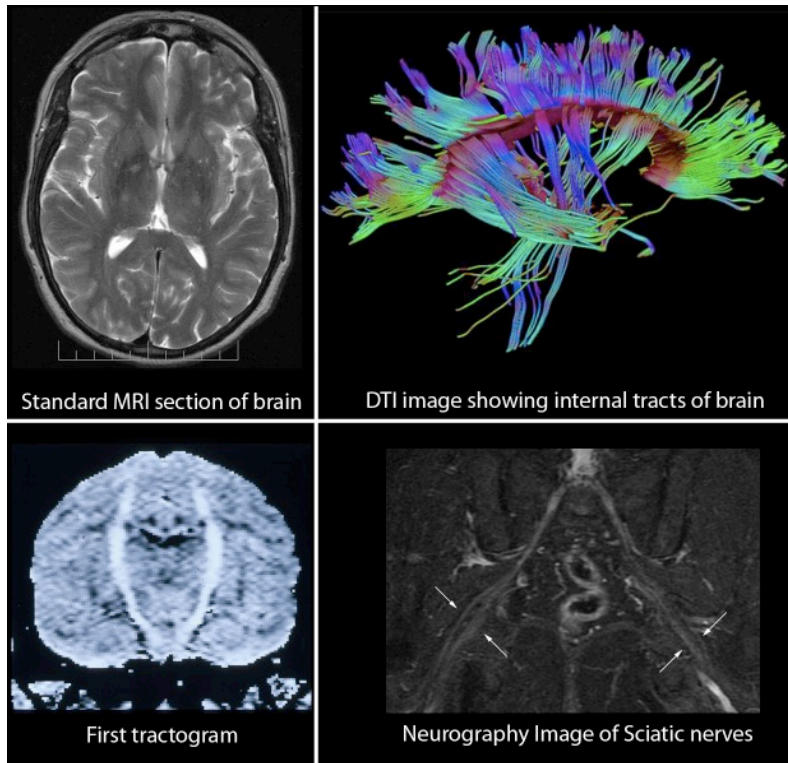


Figure 1 - This image shows generally the status of the technologies - the “first tractogram” is Fig. 17 in US Patent 5,560,360 and is the predecessor of the

modern DTI images shown above – this is the subject of Claims 36 to 66 of the ‘360 patent.

DTI allows the physician to see the internal tracts of the brain including effects of concussion which are generally not visible in CT scans or routine MRI scans. DTI scanning has been mandatory for the evaluation of every US soldier, sailor or airman suffering a potential concussion for the past ten years. Inventor Filler is a former Lieutenant Colonel – United States Army and former Commander of the 1466th Med Team, Neurosurgery.

A large scale formal study by the Chinese government in 2007 (Wu et al 61 Neurosurgery 935 (2007)) showed that the technology reduced the risk of death during brain tumor surgery by 50% and the risk of paralysis by 66% - and DTI has thus been mandatory for every brain tumor surgery in the world from 2008 to present. The United States has spent many billions of dollars supporting research using DTI to investigate the brain leading to more than 25,000 formal research publications using the method listed by the National Library of Medicine. A search on Google Scholar reveals more than 150,000 scientific publications on this subject.

DTI evidence has been found to be admissible for proof of brain injury in dozens of Daubert and State law evidentiary assessments over the past ten years.

b) Large Scale Multi-Year Program of Patent Infringement by the United States

I am the original inventor (in the sense of 26 USC §1235 (a) & (b) – e.g. creator of the property from a time prior to reduction to practice of the invention) and the current owner of the patent.

Both the State of California and the United States – once the value and importance of technology was clear - commenced a massive program for use of the technology, but never obtained a license for its use nor paid any compensation for the taking of the property – thus appearing to act in violation of the United States Constitution Vth Amendment, Just Compensation clause. However – that is *IF* that clause applies to taking of intellectual property and is not limited to real property or personalty. *Nota bene* that what is taken is not the patent right, but rather the commercially valuable products produced under the patent for which the patent system asserts compensation is due to the exclusive licensee or owner.

c) Successful Litigation of the Patent in US District Court

During most of the life of the patent the absolute right to exclude was exclusively licensed to NeuroGrafix, Inc. a California C-Corporation in which Filler was the majority shareholder.

NeuroGrafix filed US District Court patent infringement litigations against Siemens (CalCD 2010-cv-01990-MRP), GE (CalCD 2:12-cv-04586), the

State of California (which waived sovereign immunity to appear in United States District Court)(CalCD 2:11-cv-07591-MRP) and Medtronic (DCol 1:12-cv-02977-WYD). In all of these matters, standing and subject matter jurisdiction were found for NeuroGrafix joined with the Washington Research Foundation (WRF). Under an MDL (1:13-cv-02432-RGS) proceeded in the District of Massachusetts, Philips (1:12-cv-11-65-RGS), Hitachi (5:15-cv-00026-PAG), Toshiba (1:15-cv-12283-RGS), and Brainlab (ND-IL 1:12-cv-06075-MFK) standing and subject matter jurisdiction was found for NeuroGrafix joined with Aaron Filler as plaintiffs (see Order Denying Motion To Dismiss as to Standing of 3/24/14) Appx p.144.

All of those actions resulted in a license to practice or agreement not to sue in exchange for a settlement payment. Brainlab voluntarily dismissed a defense of invalidity (1:12-cv-06075-Doc 4447 11-1/2020, ND-IL). The patent was even successful before the Patent Trials and Appeals Board.

3) Damages in a Patent Infringement Case

The damage in a patent infringement involves loss of sales of tangible items – such as GPS locators or brain scans – which the exclusive licensee had a monopoly to sell. These are not akin to intangible fluctuations in share value because the items once sold are permanently lost as sources of value – even though some potential future sales remain.

A patent expires and abruptly loses all value after which it provides no benefit to the exclusive licensee. There is no upward fluctuation that may later take place – monopoly sales that are lost are a permanent loss of identifiable value.

This is why the tax code at 26 USC 165(c) should be considered to include patent infringement in the category of casualty loss – such as a poorly planned mineral mine might permanently destroy surface property through collapse of a hillside – as opposed to being categorized as analogous to a market fluctuation of the value of securities in which the shareholder willingly participates seeking profit. The infringement is a taking if by a government or akin to theft if done by a non-governmental entity.

Precisely – 26 USC §1033 defines a casualty as follows:

- (a) General rule.--If property (as a result of its destruction in whole or in part, theft, seizure, or requisition or condemnation or threat or imminence thereof) is compulsorily or involuntarily converted--
- (a)(E)(ii) Disposition of the converted property.--
The term “disposition of the converted property” means the destruction, theft, seizure, requisition, or condemnation of the converted or the sale or exchange of such property under threat or imminence of requisition or condemnation.

4) *The Decision at the 9th Circuit Court of Appeals*

The Panel in this matter made two substantial errors relative to this Court's own precedents as well as reaching a conclusion diametrically opposite to the holdings of the other Circuits and of the United States Supreme Court. Firstly, this Court erred in its finding that unlicensed practice of a patent by a State does not constitute a Vth Amendment taking when emphatically, it is indeed a Vth Amendment taking as has been explicitly held by the Court of Appeals for the Federal Circuit as recently as 2017 and by the Court of Federal Claims as recently as April of 2022. The Ninth Circuit differs and insists that *Florida Prepaid* and its dicta from Justice Rehnquist applies only to the State of Florida and has no bearing on the actions of California.

Then Chief Justice of the United States Supreme Court William Rehnquist cites the concern:

[B]y infringing a patent and then pleading immunity to an infringement suit, a State not only infringes the patent, but deprives the patentee of property without due process of law and "takes" the property in the patent without paying the just compensation required by the Fifth Amendment

Florida Prepaid Postsecondary Education Expense Board, Petitioner v. College Savings Bank and United States, 527 US 627, 641 (US 1999)

The opinion continues:

Patents...have long been considered a species of property... As such, they are surely included within the “property” of which no person may be deprived by a State without due process of law.”

Florida Prepaid at 643.

In consequence of these two errors, the 9th Circuit Court of Appeals has wrongly endorsed the right of a State such as California to freely ignore patents and to seize whatever it wants as to intellectual property, while at the same time ruling that the victim of this taking suffers no loss cognizable under the United States tax code. This finding is based on a misunderstanding of precedents and case laws as they apply in this area and although the ruling is not precedential, it will surely sow confusion and disarray in intellectual property law.

Because the Appellant’s position is based on the underlying fact of a Vth Amendment Taking by the State of California – the relevant tax argument as to how to apply 26 U.S.C. §165(c)(3) is wrongly rendered inapplicable. Taxation of taking in a situation of involuntary conversion is well understood and all of this jurisprudence was wrongly excluded because of the fundamental misunderstanding of the Court as to the Vth Amendment and patent infringement.

5) *On the Issue of Vth Amendment Status of State Patent Infringement, the 9th Circuit Ruling Is Completely Incorrect and Opposite to the Position of the U.S. Supreme Court and the Court of Appeals for the Federal Circuit*

As a preliminary matter – the Court must review this matter as to the classification of taking of a patent as a Vth Amendment taking which, through the 14th Amendment must be compensated:

[T]he Supreme Court has long held that patent infringement does not constitute a Fifth Amendment taking. *Schillinger v. United States*, 155 U.S.

1 Dr. Filler relies on a footnote in *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank* for the proposition that the holder of a patent infringed by the state may pursue “a judicial remedy through a takings or conversion claim.” 527 US 627, 644 n.9 (1999). This footnote refers to a right of action under the Florida State Constitution—Florida Prepaid did not address whether patent infringement may constitute a Fifth Amendment taking.

Filler v. Commissioner of Internal Revenue (21-71080) 2022 WL 2713235, *1 (9th Cir. 2022).

However, lest there be any doubt on this critical issue affecting patent law, and the constitutional relationship between the various States and the

United States on this issue of very high national importance:

[T]he statute provides that “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 [g]overnment and with the authorization or consent of the [g]overnment, shall be construed as use or manufacture for the United States.” 28 U.S.C. § 1498(a). *Such an unauthorized “use or manufacture of an invention” under Section 1498(a) is analogous to a **taking of property under the Fifth Amendment** of the United States Constitution.* See *Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984). The government's “taking” of a nonexclusive and compulsory license to any United States patent occurs “as of the instant the invention is first used or manufactured by [or for] the [g]overnment.” *Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (Ct. Cl. 1980).

Return Mail, Inc. v. United States, 159 Fed.Cl., 187, 193-194 (Fed.Cl. 2022)

Section 1498(a) “is an eminent domain statute,” wherein the government “has consented thereunder only to be sued for its **taking of a patent license**.” *Decca Ltd. v. United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980); see also *Leesona Corp. v. United States*, 599 F.2d 958, 964 (Ct. Cl. 1979) (discussing § 1498’s basis in eminent domain); *Tektronix, Inc. v. United States*, 552

F.2d 343, 346 (Ct. Cl. 1977) (“*It is settled that recovery of reasonable compensation under § 1498 is premised on a theory of an eminent domain taking under the **Fifth Amendment**.*”). The government therefore remains immune from suit under the Patent Act, which provides that “[a] patentee shall have remedy by civil action for infringement of his patent.” 35 U.S.C. § 281.

Return Mail, Inc. v. United States, 868 F.3d 1350, (Fed. Circ. 2017).

This goes to exactly the reason why the government seizure of private property was challenged in the Magna Carta – and why this protection was enshrined in the Vth Amendment of the US Constitution.

The Takings Clause provides: “[N]or shall private property be taken for public use, without just compensation.” U.S. Const., Amdt. 5. It protects “private property” without any distinction between different types. The principle reflected in the Clause goes back at least 800 years to Magna Carta, which specifically protected agricultural crops from uncompensated takings. Clause 28 of that charter forbade any “constable or other bailiff” from taking “corn or other provisions from any one without immediately tendering money therefor, unless he can have postponement thereof by permission of the seller.” Cl. 28 (1215), in *W. McKechnie, Magna Carta, A Commentary on the Great Charter of King John* 329 (2d ed. 1914).

Horne v. Department of Agriculture, 576 US 350, 358; 135 S.Ct. 2419, 2426 (US 2015), Hon. Chief Justice Roberts.

A number of courts, like the 9th Circuit panel, have misunderstood the import of the *Schillinger v. U.S.* 155 U.S. 163 (U.S., 1894) case and incorrectly cite it as proof that patent infringement by a State is not a Vth Amendment taking. This error also appears in a recent ruling from the Court of Appeals in Houston Texas in its ruling on *University of Houston System v. Jim Olive Photography* 580 S.W.3d 360, 372 (Tex.App., 2019).

What *Schillinger* clarifies is that a suit for patent infringement must be considered a claim that is a tort. The ruling points out that the United States has waived sovereign immunity sufficiently to allow non-tort claims for money in the new Court of Claims. The ruling points out that the only way for a patent infringement case against the United States to be adjudicated is if the plaintiff will “waive a tort and sue in assumpsit as on an implied promise” (*Schillinger* at 168). That is – instead of suing for taking (which is effectively an action in tort that the Court of Claims has no power to hear and for which there is no waiver of sovereign immunity) the patentee must make a claim that the United States does have an implied license under the patent, but has failed to pay. This converts the action into a non-tort claim that can be heard in the Court of Claims.

The *Schillinger* case was very compelling because Frederick Law Olmsted – the Architect of the Capital - had knowingly infringed on Schillinger's patent in the work to build the United States Capitol building. The Capitol building itself was built upon disregard of patents and uncompensated taking. The Congress responded to the ruling by enacting the predecessor to the Tucker Act and the subsequent 28 U.S.C. §1498(a) which created jurisdiction to hear these patent cases against the United States. However – an action under 28 USC §1498(a) is not a patent infringement action because – it is an action for compensation for taking:

The government has waived sovereign immunity only for the compulsory taking of a non-exclusive patent license, and the government's liability under 28 U.S.C. § 1498 diverges from private liability under 35 U.S.C. § 271

Return Mail, Inc. v. United States, 159 Fed.Cl., 187, 194 (Fed.Cl. 2022).

The Court of Federal Claims has no jurisdiction to hear a claim for patent infringement as a Vth Amendment Taking (Constitutional tort) – but it does have jurisdiction for 28 USC §1498(a) taking of intellectual property.

6) Intentionality and Taking under State Inverse Condemnation Law

The first of two parallel issue that troubled the United States Supreme Court in its *Florida PrePaid*

decision was the role of intentionality in the determination of taking by a State. In *State of Texas v. Holland*, 221 S.W.3d 638 (Tex., 2007) the Texas Supreme Court found – in a case of an inverse condemnation action for patent infringement - that the Texas State Constitution set forth the requirements for an action in Inverse Condemnation in Article I, Section 17 as requiring an intentional taking. Thus there had to be essentially willful infringement for a takings case based on patent infringement to proceed (see also *City of Webster v. Hunnicutt* __ S.W.3d __ (2022 WL 1111872), *3 (Tx App 2022)) :

Appellant must allege (1) an intentional act by the governmental entity under its lawful authority, (2) resulting in a taking or damaging of property, (3) for public use.

*City of Webster at *3.*

In the State of California similarly:

The Constitutional provisions requiring compensation for property taken or damaged by a public use overrides the Tort Claims Act and its statutory immunities.

Pacific Bell v. City of San Diego, 81 Cal.App.4th 596, 603 (Cal.App 2000). Article I, §19 of the Constitution of the State of California has been interpreted by the California Supreme Court to mean:

Any actual physical injury to real property proximately caused by [a public] improvement as deliberately designed and constructed is compensable ... whether foreseeable or not.

Albers v. County of Los Angeles, 52 Cal.2d 250, 263 (Cal. 1965).

The Court in the current matter has also followed the Tax Court in pointing out no prior finding of infringement. However, they are addressing a defense of “no infringement.” Inverse condemnation – with its requirement of specific intentionality – requires that the government is specifically aware of the patented invention as property it wants to possess. For this reason the defense of no infringement appears to be inconsistent with the required intentionality when a State takes a patented invention.

In *Florida Prepaid*, the U.S. Supreme Court opinion suggests that a State must have some remedy for patent infringement. Congress had legislated an action stripping the States of their sovereign immunity in cases of patent infringement. Although not quite reaching a threshold of requiring intentionality, the Supreme Court was clearly troubled by the doubt that any State would ever intentionally infringe a patent (*id* at 628). Substantially on this doubt – the ruling overturned the new statute.

However, in the current matter, the specter of aggressive egregious patent infringement by States is raised. Here, as the record shows, Filler (ER-02697)

informed the relevant State officials – the Chairman of the Department of Neurosurgery at UCLA and the Vice Chancellor of UCLA for medical affairs – who were fully acquainted with the DTI technology. They were presented with a copy of the patent and warned not to proceed. However, Filler has alleged – commercial priorities and contempt for patent law which they knew they could ignore drove their decision making.

7) 26 USC §16[5](c)(3), Inverse Condemnation and Severance Damages - Patent Infringement Should Not Be Treated as the Taking of an Intangible Property Interest Under the Tax Code

The Court errs in confusing intangible property interests on one part, valuable patented products for sale on a second part versus marketable securities on the third part. In its opinion the 9th Circuit wrongly asserts that Section 165(c) losses can only be for physical destruction. It then makes the leap to view patents as intangibles. However, what is taken in patent infringement is not – the patent document – it can be physical products such as MRI scans or bookends which are produced the by the patented technology which are taken. The patent could be for a method of producing unique and useful bookends. For an apparatus type patent on the bookends themselves – infringement would occur the moment the unlicensed bookends are physically produced. For a method patent – the infringement may only occur once the method is performed by the end user even

though it is the resulting tangible products that are then sold. The infringement damages are based on the value of what the infringer has taken – even if what is taken is the tangible saleable product of the patented method. If only the patentee and the licensee can use the method to make and sell the tangible resulting product – then an infringer who performs the intangible method to make unlicensed products is causing financial harm to the patentee.

More to the point is the situation in *Chhour v. Community Redevelopment Agency of Buena Park* 46 Cal.App.4th 273 (Cal. App. 1996). Chhour has built and then operated a very successful restaurant on some land he leases from the property owner. The State takes the land in an eminent domain action and pays the real estate owner for the land. Chhour's many years of work in building a successful restaurant is wrecked and he is owed no compensation by the State. The Court finds that Chhour (the owner of the restaurant built on the converted land) must be compensated for the loss of goodwill:

[The] owner of a business conducted on the property taken ... shall be compensated for the loss of goodwill”

California Code of Civil Procedure - Section 1263.510 (which was enacted in response to the *Chhour* decision).

It is well established that losses of goodwill are reliably applied as the basis of deductions – such as

for Net Operating Loss deduction originally accepted by the IRS in this matter:

Thus, for instance, the Commissioner may dispute McCarthy's goodwill adjustment by proposing his own capital charge, see *supra* Part V.A.3, and the Tax Court may determine what the appropriate goodwill adjustment should be.

Capital Blue Cross v C.I.R., 431 F.3d 117, 140 (3rd Cir., 2005).

Petitioner again asserts that a Vth Amendment intentional taking by the State of California did occur. Although the taking of the products produced under the patented method caused direct financial harm to the business – NeuroGrafix – that was “built” upon the intellectual property of US 5,560,360, this taking resulted in loss of valuable goodwill affecting Appellant as the substantial owner of NeuroGrafix. Loss of value is due what is equivalent to theft of products. This is involuntary conversion because it is exactly not a business transaction undertaken voluntarily by the taxpayer for purposes of profit. It is akin to a pervasive harmful theft by the State and an effective effort to drive Appellant out of business by using the patented method and giving away the unique valuable products of Appellant’s business on a mass basis throughout the State of California. The taking was initiated on an intentional fully knowing basis in what is entirely equivalent to a willful infringement.

IX. REASONS FOR GRANTING THE WRIT

1. Clear Case of Intentional Infringement By a State with Devastating Impact

In Florida Prepaid, this Court reversed legislation on the idea that intentional infringement is unlikely. Here we see it is tempting to the commercial interests of sovereign States. We accuse China of stealing intellectual property – but we see that absent legal constraints – California acts the same way.

2. Interference with the Rights of Other Sovereigns

For every income from the patent collected the exclusive licensee (Filler or NeuroGrafix) payments were due to the State of Washington and to the United Kingdom. The State of California seized all of this although it never expended one penny on the research and development.

3. Thoroughly Demonstrated Counterpoint of a Remedy in Casualty Loss in the Tax Code

If sovereigns are allowed to seize the property of inventors and patent owners with absolute impunity – then how can this be treated any other way than as a loss to personal business property due to casualty. These are not fluctuations in value due to

willing and voluntary participation in a market by the exclusive licensee or owner as the 9th Circuit wrongly asserts. 26 USC §165(c) should be interpreted as it is written to cover such involuntary losses.

4. The 9th Circuits Suggestion that Rulings by this Court on Patent Law Might Apply to Florida but not to California is Corrosive

An inventor with a technology should move businesses to Florida if that State is obligated to compensate inventors and patent exclusive licensees whose patents it infringes on, but California is allowed to take rapaciously without owning compensation. The framework of our Constitution is intended to work to eradicate such differences among States and not to aggravate or accentuate them.

5. Importance of This Issue Warrants Grant of This Petition for Writ of Certiorari

Few actions are more corrosive and harmful to the life, progress, and success of America and its citizens than aggressive uncompensated seizure of intellectual property from our most productive inventors. In this, a citizen cannot properly comport his actions to obtain protection from such seizures which should be constitutionally impermissible.

Current law rewards intellectual property thieves. Essentially - why invest in a hundred potentially valuable new technologies – 99 of which will likely fail when likely only one will be of great

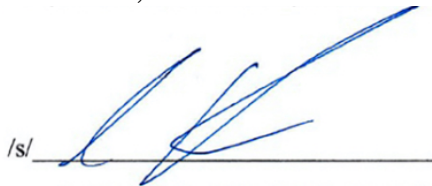
value after ten years of development? Simply invest nothing in technology, let some other sovereign or private entity pay for the developments and then when the one great success is apparent and the other 99 of the 100 at the start have lost their initial shine – simply seize the one successful one. This may be efficient but it is corrosive and against our national interest. It also seems to be contrary to our Constitution if properly interpreted.

X. CONCLUSION

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

DATED this 21st day of December, 2022

Respectfully submitted,



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XI. APPENDIX

1. Opinions, Orders & Findings Of Fact

- a) CFC Motion to Dismiss in *Filler v. US*
- b) CFC Motion for Reconsideration in *Filler v. US*

2. Other Relevant Opinions

- a) CFC Ruling on Motion to Dismiss in *NeuroGrafix v U.S.*
- b) Order Denying Motion to Dismiss in MDL *In Re: Neurografix ('360) Patent Litigation*
- c) Order Reversing Motion for Summary Judgment in *NeuroGrafix v. Brainlab*
Court of Appeals for the Federal Circuit

3. Any Order Upon Rehearing

Order on Rehearing for *Filler v. US* in the
Court of Appeals for the Federal Circuit

4. The Judgment Sought to Be Reviewed

Rule 36 Affirmation of Order Granting Motion
to Dismiss in *Filler v. US*

5. Material Required by 1(f) or 1(g)(i)

Full text of 28 USC 1498(a)

6. Any other essential material

US 5,560,360 (separate Rule 33-2 document)

APPENDIX

Appendix 1 - Opinions, Orders & Findings Of Fact

(i) Order of the Ninth Circuit Court of Appeals
in *Aaron Filler v. CIR* (2022)

No. 21-71080

UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT

AARON G. FILLER,

Petitioner-Appellant,

COMMISSIONER OF INTERNAL REVENUE,

Respondent-Appellee.

Tax Ct. No. 23581-17 MEMORANDUM*

Appeal from a Decision of the
United States Tax Court

Argued and Submitted
June 15, 2022 Pasadena, California

Before: RAWLINSON and CHRISTEN, Circuit
Judges, and BENNETT,** District Judge.

This case features an appeal from a Tax Court decision upholding a deficiency and an accuracy-related penalty against Appellant Aaron Filler (“Dr. Filler”). Dr. Filler is a licensed attorney and neurosurgeon who contributed to the development of

Diffusion Tensor Imaging (“DTI”), a magnetic resonance imaging technique that allows doctors to

* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

** The Honorable Richard D. Bennett, United States Senior District Judge for the District of Maryland, sitting by designation.

visualize nerve tissue in the brain. Dr. Filler and his colleagues invented DTI during a residency in London in 1992, acquired a United States patent for DTI in 1996 (the “360 Patent”), and formed NeuroGrafix, Inc. (“NGI”) in 1998 to hold the 360 Patent. In the ensuing decades, Dr. Filler has filed approximately twenty patent infringement suits against corporate and governmental entities for providing DTI services without a license from NGI. Although several parties have settled these suits, no defendant has stipulated to infringement of the 360 Patent, and no court has ruled in Dr. Filler’s favor.

Dr. Filler declared a Net Operating Loss (“NOL”) of \$1,949,613.00 in his amended 2014 tax returns. Although no court has made a finding of infringement, Dr. Filler attributes this loss to an involuntary conversion that occurred when the State of California infringed on the 360 Patent between 2001 and 2013, and thereby reduced the value of his NGI shares. Following an audit, the IRS assessed a notice of deficiency in the amount of \$611,367.00 and an accuracy-related penalty of \$122,273.00. The Tax

Court upheld this decision. On appeal, Dr. Filler challenges the denial of his declared NOL, the characterization of his annual royalties from NGI as ordinary income rather than long-term capital gains, and the assessment of the accuracy-related penalty. We have jurisdiction pursuant to 26 U.S.C. 7482(a)(1). We affirm as to the NOL and the capital gains issue, but we vacate the penalty.

1. Section 165 of the Internal Revenue Code enumerates deductible losses and permits taxpayers to declare losses “sustained during the taxable year and not compensated for by insurance or otherwise.” 26 U.S.C. § 165. Dr. Filler argues that his NOL reflects the impact of the alleged patent infringement on his NGI shares. This argument fails, as a “diminution in the value” of a capital asset is insufficient to declare a capital loss. *Sunset Fuel Co. v. United States*, 519 F.2d 781, 783 (9th Cir. 1975). Dr. Filler has neither sold nor exchanged his shares, 26 U.S.C. § 165(f), nor shown that they were rendered “worthless during the taxable year,” *id.* § 165(g).

Alternatively, Dr. Filler argues that the alleged patent infringement constitutes a Fifth Amendment taking by inverse condemnation—which he characterizes as a casualty loss in the amount of severance damages to his NGI shares. Cf. 26 U.S.C. § 165(c)(3). However, the casualty loss provision is inapplicable as a matter of law, as Dr. Filler’s shares are “connected with a trade or business.” *Id.* Additionally, we have interpreted the “other casualty” provision of § 165(c)(3) to include only “physical

damage or loss of the physical property,” *Pulvers v. Comm’r*, 407 F.2d 838, 838–40 (9th Cir. 1969), and the Supreme Court has long held that patent infringement does not constitute a Fifth Amendment taking. *Schillinger v. United States*, 155 U.S. 163, 168 (1894).¹ In any event, the record does not support Dr. Filler’s assertions, as no court has made a finding of patent infringement and the Tax Court lacks jurisdiction to adjudicate this issue. See 28 U.S.C. § 1338(a). Accordingly, we AFFIRM the denial of Dr. Filler’s declared Net Operating Loss.

2. Dr. Filler seeks to classify his \$100,000.00 in annual royalties from NGI as long-term capital gains, rather than ordinary income. Dr. Filler seeks capital gains treatment through two provisions of the Internal Revenue Code: (1) Section 1235, which authorizes capital gains treatment of money received as consideration for the transfer of “all substantial rights to a patent;” 26 U.S.C. § 1235(a); and (2) Sections 1222 and 1231, which permit capital gains treatment of proceeds of the sale of capital assets held for more than one year. *Id.* §§ 1222(3), 1231.

¹ Dr. Filler relies on a footnote in *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank* for the proposition that the holder of a patent infringed by the state may pursue “a judicial remedy through a takings or conversion claim.” 527 US 627, 644 n.9 (1999). This footnote refers to a right of action under the Florida State Constitution—

Florida Prepaid did not address whether patent infringement may constitute a Fifth Amendment taking.

Neither provision applies. Sections 1222 and 1231 are facially inapposite, as Dr. Filler held the 360 Patent for only 14 days and served only as an intermediary to facilitate the transfer to NGI. *Cf. Cooper v. Comm’r*, 143 T.C. 194, 207 (2014), *aff’d* 877 F.3d 1086 (9th Cir. 2017). Section 1235(a) does not apply to transfers between related persons—including a corporation and an individual owning 25% or more of its shares. *Id.* § 1235(c). It is undisputed that Dr. Filler owned 75% of NGI’s stock at the time he transferred the 360 Patent to NGI in 1998. Accordingly, we AFFIRM the classification of Dr. Filler’s royalties as ordinary income.

3. Section 6662 of the Internal Revenue Code permits the IRS to impose a 20% penalty on any underpayment attributable to: (1) “[n]egligence or disregard of rules or regulations,” or (2) “[a]ny substantial understatement of income tax.” 26 U.S.C. § 6662(b). This penalty does not apply if the taxpayer had “reasonable cause for [his] position and acted in good faith.” *DJB Holding Corp. v. Comm’r*, 803 F.3d 1014, 1029 (9th Cir. 2015) (citing 26 U.S.C. § 6664(c)(1)). “The Commissioner’s decision to impose negligence penalties is presumptively correct,” *Collins v. Comm’r*, 857 F.2d 1383, 1386 (9th Cir.

1988), and is only reviewed for “clear error,” *Sacks v. Comm’r*, 82 F.3d 918, 920 (9th Cir. 1996).

Dr. Filler claims that he relied on an IRS Form 4549 signed by a revenue agent when declaring his NOL. The Tax Court concluded that Dr. Filler had offered no evidence in support of this assertion. However, during oral arguments, counsel for the Commissioner did not dispute that Dr. Filler had submitted his Form 4549 to the Tax Court, suggesting that its omission was inadvertent. Accordingly, we hereby strike the portion of the June 3, 2022 Order denying Dr. Filler’s Motion to Correct the Record, Dkt. No. 57, and GRANT that motion as to Dr. Filler’s IRS Form 4549 only. *See* Fed. R. App. P. 10(e). As Dr. Filler relied on the signed representations of an IRS Agent when calculating his NOL, it was clear error for the Commissioner to impose an accuracy-related penalty. Accordingly, we VACATE the \$122,273.00 accuracy-related penalty imposed in this case and AFFIRM in all other respects.

Appendix 2 – Other Relevant Opinions

i) Order Reversing Motion for Summary
Judgment in *NeuroGrafix v. Brainlab (2018)*
NOTE: This disposition is nonprecedential.

United States Court of Appeals for the
Federal Circuit

**NEUROGRAFIX, NEUROGRAPHY INSTITUTE
MEDICAL ASSOCIATES, INC., IMAGE-BASED
SURGICENTER CORPORATION, AARON
GERSHON FILLER,**

Plaintiffs-Appellants

v.

**BRAINLAB, INC., BRAINLAB AG, BRAINLAB
MEDIZINISCHE COMPUTERSYSTEME GMBH,**
Defendants-Appellees

2018-2363

Appeal from the United States District Court
for the Northern District of Illinois in No. 1:12-cv-
06075, Judge Matthew F. Kennelly.

Decided: October 7, 2019

AARON GERSHON FILLER, Tensor Law, P.C.,
Santa Monica, CA, argued for plaintiffs-appellants.
JAY CAMPBELL, Tucker Ellis LLP, Cleveland, OH,
argued for defendants-appellees. Also represented by
DAVID AARON BERNSTEIN.

Before NEWMAN, O'MALLEY, and TARANTO, *Circuit
Judges.*

TARANTO, *Circuit Judge.*

U.S. Patent No. 5,560,360, which names Dr. Aaron Filler as a co-inventor, describes and claims particular methods of generating images of nerves and other bodily structures by use of magnetic resonance imaging (MRI) technology. Dr. Filler and the three appellants named in the caption (collectively, NeuroGrafix) sued the appellees named in the caption (collectively, Brainlab), asserting infringement of the '360 patent. The case was consolidated with cases filed against other defendants and assigned for pretrial purposes to a multidistrict litigation (MDL) court. The MDL court granted summary judgment of non-infringement to Brainlab, and it denied reconsideration, as did the original district court when the case returned from the MDL court. NeuroGrafix appeals. We conclude that the grant of summary judgment was procedurally improper, and we resolve the parties' key disputes about claim construction. We reverse and remand.

I A

The '360 patent describes methods and systems for creating detailed images of neural tissues by using diffusion tensor imaging (DTI), an application of MRI technology. '360 patent, Abstract; *see also id.*, col. 21, lines 35–45. DTI exploits certain facts about water diffusion in, *e.g.*, brain structures. Notably, diffusion along white matter nerve tracts is anisotropic: substances such as water diffuse freely along the main, long axis of the nerve tract, but diffusion is very limited in a direction perpendicular to (across) that axis. *Id.*, col. 5, lines 5–11. By contrast, the surrounding gray matter is relatively isotropic:

substances diffuse at similar rates in all directions. *Id.*, col. 5, lines 11–12.

In the patented method, pulsed magnetic field gradients are applied in two orthogonal (perpendicular) directions in a region containing the nerve tissues for which a precise image is sought. *Id.*, col. 5, lines 17–21; *see also id.*, col. 15, lines 40–57. “[I]f the axis of the nerve is generally known to the operator,” the specification explains, “the di-rection of the desired orthogonal diffusional weighting gradients can be readily determined.” *Id.*, col. 15, lines 58–62; *see also id.*, col. 16, lines 34–47. “On the other hand, if the axis of the peripheral nerve is not known, or if many[] nerves having different axes are being imaged,” the initial directions for the magnetic field gradients are “arbitrarily selected,” and then a number of alternative directions are used. *Id.*, col. 15, lines 63–67; *id.*, col. 16, lines 48–53.

The result of this process of applying magnetic field gradients depends on the types of tissue in the subject region. In isotropic tissue, the signal reduction will be the same regardless of how the magnetic field gradients are oriented relative to the tissue, whereas in anisotropic tissue, the signal reduction will be greatest when the magnetic field gradients are parallel and perpendicular, respectively, to the direction of the anisotropy, *i.e.*, along the major, long axis of the neural tract. *Id.*, col. 5, lines 21–39. Accordingly, neural tissue can be identified and visually differentiated from the surrounding structures by determining the areas of greater relative anisotropy. *Id.*, col. 6, lines 46–55; *see also id.*,

col. 15, lines 52–57 (“[W]ith gradients approximately perpendicular and parallel to the axis of the peripheral nerve at the particular point being imaged, the parallel gradient image can be subtracted from the perpendicular gradient image to produce the desired ‘nerve only’ image.”).

Claim 36 of the ’360 patent is the only independent claim at issue in this appeal, and the parties have generally treated that claim as representative. That claim recites:

36. A method of utilizing magnetic resonance to determine the shape and position of a structure, said method including the steps of:

(a) exposing a region to a magnetic polarizing field including a predetermined arrangement of diffusion-weighted gradients, the region including a selected structure that exhibits diffusion anisotropy and other structures that do not exhibit diffusion anisotropy;

(b) exposing the region to an electromagnetic excitation field;

(c) for each of said diffusion-weighted gradients, sensing a resonant response of the region to the excitation field and the polarizing field including the diffusion-weighted gradient and producing an output indicative of the resonant response; and

(d) vector processing said outputs to generate data representative of anisotropic diffusion exhibited by said selected structure in the region, regardless of the alignment of said diffusion-weighted gradients with respect to the orientation of said selected structure; and

(e) processing said data representative of anisotropic diffusion to generate a data set describing the shape and position of said selected structure in the region, said data set distinguishing said selected structure from other structures in the region that do not exhibit diffusion anisotropy.

Id., col. 42, line 43, through col. 43, line 2. The central dispute in this appeal involves the “selected structure” limitation in steps (a), (d), and (e).

B

In August 2012, NeuroGrafix, Neurography Institute Medical Associates, Inc., and Image-Based Surgicenter Corporation sued Brainlab, Inc., Brainlab AG, and Brain-lab Medizinische Computersysteme GmbH in the Northern District of Illinois, and in August 2014, Dr. Filler became a co-plaintiff by the filing of an amended complaint. The plaintiffs (NeuroGrafix) alleged that users of Brainlab’s FiberTracking software directly infringed the ’360 patent and that Brainlab induced the direct infringement by those users through statements in its manual and advertisements directing users to use the software in an infringing manner.¹ In particular, NeuroGrafix asserted claims 36–37, 39–42, 44, 46–47,

¹ There is evidence in the record before us that a user of the FiberTracking software selects a region of interest from an anatomical image fused with DTI data and chooses a minimum diffusion value and a minimum length, and the software then displays all fibers that intersect the chosen region of interest and exceed the minimum diffusion and length parameters.

and 49, all of which are method claims. Brainlab counterclaimed for a declaratory judgment that the asserted claims of the '360 patent are invalid.

In April 2013, the Judicial Panel on Multidistrict Litigation transferred the case to the District of Massachusetts, where it was consolidated, for pretrial proceedings, with several cases that NeuroGrafix brought against various MRI equipment manufacturers and university and hospital end-users.

In May 2016, Brainlab filed the first of its two motions for summary judgment of non-infringement. Brainlab re-lied on customer-protection provisions of settlement agreements NeuroGrafix had entered into with MRI-equipment makers Siemens, GE, and Philips. Brainlab argued that its FiberTracking software is used to process the output from MRI systems made by those manufacturers and that FiberTracking users do not infringe under the terms of the settlement agreements. In its response, NeuroGrafix argued, among other things, that Brainlab could still be liable for infringement by “unauthorized independent medical practitioners” who use Brainlab’s software but are not customers of Siemens, GE, or Philips.

The MDL court granted the motion, but only in part, in August 2016. It held that summary judgment of non-infringement was proper with respect to Brainlab’s customers using Siemens MRI systems but not as to Brainlab’s customers using GE and Philips MRI systems, reasoning that only the Siemens settlement agreement, not the GE or Philips agreements, extended to Brainlab’s software. The

court also held summary judgment of non-infringement proper as to the alleged independent medical practitioners, concluding that NeuroGrafix had produced “no evidence that any of the handful of such practitioners identified by [NeuroGrafix] used Brainlab products in their alleged infringement.” J.A. 51.

Brainlab eventually filed a second motion for summary judgment, but before that occurred, NeuroGrafix, in September 2017, sought leave to file a second amended complaint that, if allowed, would add allegations that Brainlab itself directly infringed the '360 patent because the steps performed by Brainlab's customers were attributable to Brainlab under an agency theory. In conjunction with its proposed second amended complaint, NeuroGrafix filed a declaration from Dr. Filler and attached several articles and other exhibits allegedly demonstrating infringement by several of Brainlab's customers, such as Memorial Sloan Kettering Cancer Center and Akron General Hospital. The MDL court denied NeuroGrafix permission to file a second amended complaint, characterizing the new allegations as a “last-ditch attempt to repackage the inducement claim,” which it had “long alleged but neglected until the close of fact discovery,” as a direct-infringement claim under an agency theory. J.A. 6986.

In February 2018, Brainlab filed its second motion for summary judgment of non-infringement. Brainlab's entire argument was that users of the software do not commit direct infringement and

therefore Brainlab could not be liable for induced infringement; it made no argument against inducement liability except for the absence of direct infringement. J.A. 7309 (“without direct infringement there can be no induced infringement”), 7327 (“Absent direct infringement, there can be no induced infringement.”). On direct infringement, Brainlab argued that users of the FiberTracking software do not satisfy two limitations of claim 36—the “selected structure” limitation and the “do not exhibit the diffusion anisotropy” limitation. In support of that assertion, Brainlab set forth essentially three arguments in its motion.

First, and most significantly for present purposes, Brainlab argued that “selected structure” requires that a user know the “existence and location” of the structure of interest before performing the claimed steps of exposing a region to a magnetic field, sensing a resonant response, and so forth. J.A. 7308. Brainlab asserted that it was impossible for users of the FiberTracking software to “select[] [a] structure” because “Brainlab’s FiberTracking module does not permit a user to isolate or select a specific structure for tractography” before scanning; instead, the accused software “automatically generates all tracts that intersect a certain volume, like a tumor, if they meet certain criteria,” and those tracts “are not visible until after the FiberTrack-ing software has been run.” J.A. 7322; *see* J.A. 7308 (“users of Brainlab’s FiberTracking module cannot infringe claim 36” because they cannot select a structure as required), 7309 (same), 7312 (same), 7322 (same), 7324 (same),

7325 (same), 7327 (same). Second, Brainlab contended that “selected structure” was limited to peripheral nerves, whereas the FiberTracking software was used to image only nerves in the brain, which are not considered peripheral nerves. J.A. 7317–18. Third, Brainlab argued that “do not exhibit diffusion anisotropy” should be construed as requiring zero diffusion anisotropy. J.A. 7321. Under that construction, Brainlab asserted, the limitation was not satisfied because the gray matter distinguished by the FiberTracking software has a small but nonzero anisotropy, J.A. 7325–27, and the FiberTracking software does not permit users to choose zero as the anisotropy threshold above which structures will be displayed, J.A. 7322.

In its opposition, NeuroGrafix responded to Brainlab’s arguments. It argued that “selected structure” does not require that the precise location and orientation of the chosen structure be known in advance. J.A. 8011–12. According to NeuroGrafix, users *could* satisfy the claim by, for instance, obtaining a preliminary MRI image, choosing a structure that would be “distinctive and visibly apparent” from the preliminary image (such as the pyramidal tract), and then performing the steps of the claimed method with the chosen structure as the subject. J.A. 8012; *see* J.A. 8011–13, 8025–26. NeuroGrafix also asserted that the FiberTracking software was capable of being used in such a manner, pointing to Brainlab’s advertisements, which state that users can use the software to image the pyramidal tract, J.A. 8013, 8015, and the FiberTracking

manual, which instructs that users can select fiber bundles to include or exclude in the region of interest, J.A. 8020.

The MDL court granted Brainlab's second summary-judgment motion in May 2018. *In re NeuroGrafix ('360) Patent Litig.*, MDL No. 13-2432, 2018 WL 2392000, at *5 (D. Mass. May 25, 2018) (*Summary Judgment Op.*). It rejected Brainlab's claim-construction arguments limiting "selected structure" to peripheral nerves and limiting "do not exhibit diffusion anisotropy" to zero anisotropy. *See id.* at *3. As to Brainlab's argument that some aspects of the "selected structure" must be known in advance, the court rejected Brainlab's position that it was not possible to use the FiberTracking software in a manner that satisfies the claim limitation. *See id.* "[D]epending on the physician's purpose and objective," the court held, "FiberTracking is capable of both infringing uses and non-infringing uses," though it did not identify precisely what those infringing and non-infringing uses would be. *Id.*

Nevertheless, the court concluded, summary judgment was warranted because NeuroGrafix had pointed to no evidence that any FiberTracking users actually used the soft-ware in an infringing manner, *i.e.*, there was "nothing in the record showing that either Brainlab or any of its customers actually uses FiberTracking in the manner hypothesized by Neuro[G]rafix." *Id.* at *4; *see also id.* at *4 n.5 (concluding that there was "no evidence in the record" that neurosurgeons used FiberTracking to "ascertain the precise location of the pyramidal tract" to avoid

injuring it dur-ing surgery). The court also determined that instances of direct infringement could not be inferred from statements in Brainlab's advertisements that it was "possible" to use the FiberTracking software to delineate the pyramidal tract, noting that those materials "do[] not teach a means of selecting a particular ROI and FA Threshold and Mini-mum Length values to accomplish this, nor does it recommend this as a superior or even commensurate mode of use." *Id.* at *4. In a footnote, the court added a conclusion seemingly about the absence of inducement even apart from the absence of direct infringement, even though Brainlab's motion had not so argued. It stated that, as a matter of law, Brainlab did not induce infringement "for the same reason that a reasonable factfinder cannot infer instances of direct infringement," namely, the FiberTracking advertisements and manual "[do not] teach an infringing use of the device *such that* we are willing to infer from those instructions an affirmative intent to infringe the pa-tent." *Id.* at *4 n.6 (quoting *Takeda Pharm. U.S.A., Inc. v. W.-Ward Pharm. Corp.*, 785 F.3d 625, 631 (Fed. Cir. 2015)).

In June 2018, NeuroGrafix moved for reconsideration of the MDL court's grant of summary judgment, primarily arguing that several articles attached to NeuroGrafix's motion for leave to file a second amended complaint had pro-vided evidence of actual infringing uses of the FiberTracking software. The MDL court denied NeuroGrafix's motion for reconsideration, noting that NeuroGrafix had not

included or relied on the relevant articles in its opposition to Brainlab's summary-judgment motion.

The case was then remanded to the Northern District of Illinois for proceedings on Brainlab's invalidity counter-claim. [A191] In July 2018, NeuroGrafix asked the Illinois court to reconsider the MDL court's summary-judgment order, contending, as relevant here, that the MDL court had granted summary judgment on a basis not asserted in Brainlab's summary-judgment motion. J.A. 8775–76, 8781–83. The district court denied NeuroGrafix's motion for reconsideration and dismissed Brainlab's invalidity counterclaim without prejudice, producing a final judgment.

NeuroGrafix appeals. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

II A

We begin by addressing NeuroGrafix's procedural challenge to the MDL court's grant of summary judgment. NeuroGrafix argues that it was improper for the MDL court to fault it for failing to produce evidence of actual infringement because Brainlab argued only that, under its construction of "selected structure," the accused software was not capable of infringement, not that, under the construction adopted by the MDL court, there was no evidence of actual infringement. We review the MDL court's grant of summary judgment de novo. *Momenta Pharm., Inc. v. Teva Pharm. USA Inc.*, 809 F.3d 610, 614 (Fed. Cir. 2015) (following First Circuit law); see also *In re Cygnus Tele-comms. Tech., LLC, Patent Litig.*, 536 F.3d 1343, 1352 (Fed. Cir. 2008) (following

law of MDL court’s regional circuit in deciding issues involving summary-judgment procedures). We agree with NeuroGrafix and accordingly reverse the grant of summary judgment.

As Brainlab’s motion for summary judgment repeatedly made clear, its non-infringement position depended on the premise that “select[ing] [a] structure” requires know-ing in advance the location of the chosen structure. Under that construction, Brainlab argued, the FiberTracking soft-ware is not capable of infringement, since the software is used to detect structures whose location is not already known. *See, e.g.*, J.A. 7311 (“Claim 36 is focused on determining the location and shape of an anisotropic structure that is already known and ‘selected’ for imaging in advance of scanning Conversely, Brainlab’s Fiber[T]racking module is focused on *finding* patient specific anisotropic structures that are *not* previously known.”); J.A. 7322 (“The user certainly cannot select a structure in advance of scanning. The reason is simple: Brainlab’s FiberTracking module is used to find white matter tracts that are not visible until after the FiberTracking software has been run”).

Moreover, the expert reports cited in Brainlab’s summary-judgment motion were also premised on this under-standing of “selected structure.” Dr. James Leach declared that “the neuroradiologist cannot select certain white matter structures or tracts in advance for imaging” because “the position or orientation of white matter tracts is not known in advance of imaging” in cranial DTI. J.A. 7921. Dr.

Andrew Tsung stated that “I do not select certain white matter structures for imaging by the MRI,” as “[t]he location of white matter tracts are not identifiable prior to im-aging.” J.A. 7912. And Dr. Michael Moseley asserted that “a ‘selected’ structure is one where the axis of the structure, such as a nerve, . . . would be known in advance of the imaging,” J.A. 7946, and using that understanding, he added that “there is no ‘selected structure’ when DTI imaging is performed” using Brainlab’s FiberTracking software because “the axes of the white matter fiber tracts are not known in advance,” J.A. 7947. Neither Brainlab nor its experts argued in the alternative that, even if “selected structure” did not include a requirement of knowing the position, orientation, location, or axes of a structure in advance, the record was devoid of evidence that Brainlab’s customers used the FiberTracking software to image particular chosen structures.

In its summary-judgment opposition, NeuroGrafix disputed this claim construction, essentially arguing that “selected structure” simply requires choosing a particular structure as a subject for the claimed process. That is possible in the FiberTracking software, NeuroGrafix asserted, because at least the pyramidal tract is visible after taking a preliminary image and can then be chosen for imaging according to the claimed method. *See* J.A. 8012 (“[E]ither visually after opening the skull or from preliminary routine MRI scout images, the technologist can select[] a brain structure called the pyramidal tract.”); J.A. 8014–15 (“With tractography

and DTI, it is possible to select this structure of the brain . . . and then to provide this selected structure as an ROI for the FiberTracking software.”). And NeuroGrafix pointed to Brainlab’s advertisements as evidence that such a use was possible and even encouraged by Brainlab. See J.A. 8015 (showing Brainlab advertisement that says: “It is possible to delineate major white matter tracts, such as the pyramidal tract, by applying fiber tracking algorithms.”); see also J.A. 8013 (showing Brainlab advertisement that says: “Waves of DTI data on exotic eloquent white matter specimens, like pyramidal tracts, now flow easily to your BrainLAB IGS.”). In other words, NeuroGrafix argued, and the MDL court eventually agreed, that the FiberTracking software is capable of in-fringing uses as well as non-infringing uses.

That showing was sufficient for NeuroGrafix to defeat summary judgment, and the MDL court erred in concluding otherwise. NeuroGrafix demonstrated that there was a genuine dispute of material fact on the only issue raised by Brainlab, namely, whether the FiberTracking software was capable of infringing uses. Evidence of actual infringing uses of the FiberTracking software was unnecessary to answer the only grounds for summary judgment asserted by Brainlab.²

² Thus, we need not and do not decide whether, even if NeuroGrafix did not produce direct evidence of actual infringement, instances of infringement can be inferred from the statements and figures in Brainlab’s advertisements and manual. See *Summary Judgment Op.* at *4 (citing *Toshiba Corp.*

A court cannot grant summary judgment on a ground that was neither asserted by the movant nor made the subject of judicial action under Rule 56(f) that gave the non-movant proper notice of the ground and of the obligation “to come forward with all of her evidence.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 326 (1986); see *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1562 (Fed. Cir. 1995) (following Seventh Circuit law); see also, e.g., *Lusson v. Carter*, 704 F.2d 646, 647 (1st Cir. 1983). And in the specific context of patent infringement, we have held that summary judgment of non-infringement requires the accused infringer to “point[] to the specific ways in which accused systems did not meet the claim limitations.” *Exigent Technology, Inc. v. Atrana Solutions, Inc.*, 442 F.3d 1301, 1309 (Fed. Cir. 2006). The MDL court’s ruling was contrary to those basic principles in that it granted summary judgment against NeuroGrafix for its failure to come forward with evidence to answer a non-infringement ground that had not been asserted and of which it had not been given proper notice.

To be sure, our law is clear that, in this case, NeuroGrafix could not sustain a claim of direct infringement of the method claims by merely showing that the accused soft-ware is “capable of” operating in an infringing manner. See, e.g., *Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d 1321, 1329 (Fed. Cir. 2010). We assume, without questioning, that in this case NeuroGrafix

v. Imation Corp., 681 F.3d 1358, 1364 (Fed. Cir. 2012); *Fujitsu Ltd. v. Netgear Inc.*, 620 F.3d 1321, 1329 (Fed. Cir. 2010)).

must ultimately make a showing that the accused software was *actually* used in an infringing manner by Brainlab (for direct infringement case) or by one or more of Brainlab's customers (for indirect infringement). Moreover, it is understandable that the district court might be surprised that NeuroGrafix made no such showing after the years of litigation and discovery this MDL spanned. Nevertheless, the motion being considered by the district court in this case was one structured and limited by the movant. The court was not free to look down the road and consider what the non-movant might need to establish to survive a differently structured, well-supported motion. The motion before it necessarily limited the court's inquiry.

For the same reason, the MDL court's apparent holding that Brainlab's advertisements and manual do not induce infringement as a matter of law also was procedurally im-proper. *See Summary Judgment Op.* at *4 n.6. Brainlab's summary-judgment motion argued only that "Brainlab cannot induce infringement of the asserted claims of the '360 patent" because "[a]bsent direct infringement, there can be no induced infringement." J.A. 7327. It did not argue, as the MDL court seemed to conclude, that the relevant Brainlab materials merely suggested that an infringing use was possible rather than instructing how to use the software in an infringing manner. To the extent that this conclusion was an independent basis for the MDL court's grant of summary

judgment, we reverse the court's decision on that ground as well.³

B

The MDL court's procedural error is an adequate ground for reversal and does not depend on whether its claim construction of "selected structure" was correct. But we address the disputes about the proper construction of that term so that the district court can apply the correct construction on remand. We review the MDL court's claim construction de novo and any underlying factual findings based on extrinsic evidence for clear error. *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct.831, 841 (2015).

We conclude that to "select[] [a]structure" is simply to choose it as a subject for placement into the claimed process that starts with exposing a region to a magnetic field, proceeds to sensing a resonant response, and continues as claimed. That meaning follows from the language of claim36 itself: in step (a), the region exposed to a magnetic polarizing field includes the "selected structure," and in step(e), the resulting dataset distinguishes the "selected structure" from other structures in the region. '360 patent,col.42, lines 46–50;*id.*, col. 42,line 64, through col. 43,line2. The specification does not use the language of "selected structure," but it uses "select" simply to describe choosing something before taking some action. *See, e.g., id.*, col.14, lines 53–62(discussing "select[ing]" a region of interest before

³The MDL court's rejection of NeuroGrafix's inducement claim may also have been based on a construction of "selected structure" that, as we discuss below, was incorrect.

determining the average intensity within that region of interest); *id.*, col.28, lines 23–26 (discussing “select[ing] a volume of interest” before rendering that volume of interest into a projection neurogram).

The MDL court did not set forth a precise claim construction of “selected structure” in its summary-judgment opinion.⁴ In one key respect, though, the court’s understanding of the phrase fits the simple construction that we think is mandated. The court correctly rejected the construction that seemingly underlies Brainlab’s contention that infringing use of the FiberTracking software is impossible, namely, that a “selected structure” is one whose location, orientation, axis, or the like is known in advance of the claimed mapping process to the same degree it will be-come known upon completion of that process. And the court indicated that “delineat[ing] the pyramidal tract,” *Summary Judgment Op.* at *4, and “ascertain[ing] the precise location of the pyramidal tract,” *id.* at *4 n.5, would satisfy the “selected structure” limitation. Those observations fit the specification’s express contemplation of performing the patented method even when, for example, “the axis of the peripheral nerve is not known.” *Id.*, col. 15, lines 63–64.

Two further points about claim construction contentions advanced by the parties—one by

⁴ The MDL court did not construe “selected structure” in its August 2016 claim-construction order; nor did the parties agree to a construction of the phrase. *See In re NeuroGrafix (’360) Patent Litig.*, 201 F. Supp. 3d 206, 212 & n.4 (D. Mass. 2016).

Brainlab, one by NeuroGrafix—are warranted. Brainlab has suggested that software that tracks all fibers in an area cannot perform the method, because the tracking is not limited to a particular selected structure. That view is not supported by claim 36’s language. As long as a chosen structure is among those put into the process for distinguishing the data or images in the way the claim specifies, the claim is satisfied, even if the process used to do that results in comparable data and images for other structures as well. Both claim 36’s preamble and the claim phrase “region including a selected structure” use the word “including.” ’360 patent, col. 42, lines 45, 48. We have “consistently interpreted ‘including’ and ‘comprising’ to have the same meaning, namely, that the listed elements . . . are essential but other elements may be added.” *Lucent Techs., Inc. v. Gateway, Inc.*, 525 F.3d 1200, 1214 (Fed. Cir. 2008). And nothing in the language following either of the “including” terms implies that no other structure may be mapped in the claimed way when a particular chosen structure is placed into the claimed mapping process.

For its part, NeuroGrafix argues on appeal that “selected structure” should be construed as equivalent to “region” and that all uses of the FiberTracking software are therefore infringing because Brainlab’s customers necessarily choose a region to be the subject of the claimed method before performing the steps of the method. That always-infringes contention is the polar opposite of Brainlab’s never-infringes contention, and it is equally wrong. The argument was likely forfeited by not being adequately

presented; indeed, in its motion for reconsideration before the MDL court, NeuroGrafix specifically agreed with the MDL court's conclusion that "FiberTracking is capable of both infringing uses and non-infringing uses." J.A. 8449 (quoting *Summary Judgment Op.* at *3). In any event, NeuroGrafix's construction contradicts the claim language. Claim 36 refers to "selected structure" and "region" as separate concepts, with "selected structure" being something merely located in the "region." See '360 patent, col. 42, lines 48–50 ("the region including a selected structure that exhibits diffusion anisotropy and other structures that do not exhibit diffusion anisotropy").

III

For the foregoing reasons, we reverse the MDL court's grant of summary judgment and remand for further proceedings consistent with this opinion.

Each party shall bear its own costs.

REVERSED AND REMANDED

(ii) Order of Northern District of Illinois
Dismissing Counterclaim of Invalidity

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AARON G. FILLER, AS AN INDIVIDUAL AND ON
BEHALF OF NEUROGRAFIX-SOLE
PROPRIETORSHIP, NEUROGRAFIX,
NEUROGRAPHY INSTITUTE MEDICAL
ASSOCIATES, INC., & IMAGE-BASED
SURGICENTER CORPORATION

Plaintiff,

BRAINLAB, INC., ET AL.

Defendant.

Case No.: 1:12-cv-06075
Honorable Matthew F. Kennelly

DISMISSAL OF COUNTERCLAIM OF
INVALIDITY AND AFFIRMATIVE DEFENSES
OF INVALIDITY

Re: US Patent 5,560,360
Magnetic Resonance Neurography and Diffusion
Anisotropy Imaging

This docket entry was made by the Clerk on
Sunday, November 1, 2020:

MINUTE entry before the Honorable Matthew F.
Kennelly:

Based on the parties' stipulation [447], defendants' counterclaim for declaratory judgment of invalidity (counterclaim 2 of defendants' amended answer and counterclaims [196]) is dismissed with prejudice, and defendants' affirmatives defenses regarding patent invalidity [196, pars. 35–42] are withdrawn. The Court recognizes that this may affect the parties' deposition designations but intends to rule on the designations/objections in their current form, and the parties may then if they wish withdraw designated testimony that is no longer relevant. (mk)

Appendix 3 – Order on Rehearing

No. 21-71080

UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT

AARON G. FILLER,

Petitioner-Appellant,

COMMISSIONER OF INTERNAL REVENUE,

Respondent-Appellee.

Tax Ct. No. 23581-17 MEMORANDUM*

Petition for Panel Rehearing and for
Rehearing En Banc

Appeal from a Decision of the
United States Tax Court

September 22, 2022, Pasadena, California

Before: RAWLINSON and CHRISTEN, Circuit
Judges, and BENNETT,¹ District Judge.

ORDER

The panel voted to deny the Petition for Panel
Rehearing.

Judges Rawlinson and Christen voted to deny,
and Judge Bennett recommended denying, the
Petition for Rehearing En Banc.

The full court has been advised of the Petition for Rehearing En Banc, and no judge of the court has requested a vote.

The Combined Petition for Panel Rehearing and Petition for Rehearing En

Banc of Appeal, filed August 29, 2022, is DENIED.

¹The Honorable Richard D. Bennett, United States District Judge for the District of Maryland, sitting by designation.

Appendix 4-Order Sought to Be Reviewed

(i) see Appendix 1 above

Appendix 5-Material Required by 1(f) or 1 (g)(i)

(i.) Constitution of the State of Florida Article
X, Section 6

Eminent domain.—

(a) No private property shall be taken except for a public purpose and with full compensation therefor paid to each owner or secured by deposit in the registry of the court and available to the owner.

(b) Provision may be made by law for the taking of easements, by like proceedings, for the drainage of the land of one person over or through the land of another.

(c) Private property taken by eminent domain pursuant to a petition to initiate condemnation proceedings filed on or after January 2, 2007, may not be conveyed to a natural person or private entity except as provided by general law passed by a three-fifths vote of the membership of each house of the Legislature.

History.—Am. H.J.R. 1569, 2006; adopted 2006.

(ii.) Constitution of the State of California
Article I – Declaration of Rights

§ 19. Eminent domain; just compensation; prohibition on acquisition for conveyance to private person; exceptions

Effective: June 4, 2008

(a) Private property may be taken or damaged for a public use and only when just compensation, ascertained by a jury unless waived, has first been paid to, or into court for, the owner. The Legislature may provide for possession by the condemnor following commencement of eminent domain proceedings upon deposit in court and prompt release to the owner of money determined by the court to be the probable amount of just compensation.

(b) The State and local governments are prohibited from acquiring by eminent domain an owner-occupied residence for the purpose of conveying it to a private person.

(c) Subdivision (b) of this section does not apply when State or local government exercises the power of eminent domain for the purpose of protecting public health and safety; preventing serious, repeated criminal activity; responding to an emergency; or remedying environmental contamination that poses a threat to public health and safety.

(d) Subdivision (b) of this section does not apply when State or local government exercises the power of eminent domain for the purpose of acquiring private property for a public work or improvement.

(e) For the purpose of this section:

1. "Conveyance" means a transfer of real property whether by sale, lease, gift, franchise, or otherwise.

2. "Local government" means any city, including a charter city, county, city and county, school district, special district, authority, regional entity, redevelopment agency, or any other political subdivision within the State.

3. "Owner-occupied residence" means real property that is improved with a single-family residence such as a detached home, condominium, or townhouse and that is the owner or owners' principal place of residence for at least one year prior to the State or local government's initial written offer to purchase the property. Owner-occupied residence also includes a residential dwelling unit attached to or detached from such a single-family residence which provides complete independent living facilities for one or more persons.

4. "Person" means any individual or association, or any business entity, including, but not limited to, a partnership, corporation, or limited liability company.

5. “Public work or improvement” means facilities or infrastructure for the delivery of public services such as education, police, fire protection, parks, recreation, emergency medical, public health, libraries, flood protection, streets or highways, public transit, railroad, airports and seaports; utility, common carrier or other similar projects such as energy-related, communication related, water-related and wastewater-related facilities or infrastructure; projects identified by a State or local government for recovery from natural disasters; and private uses incidental to, or necessary for, the public work or improvement.

6. “State” means the State of California and any of its agencies or departments.

(iii.) 26 U.S.C.A. § 165, I.R.C. § 165 Losses

Effective: December 22, 2017

(a) General rule.--There shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise.

(b) Amount of deduction.--For purposes of subsection (a), the basis for determining the amount of the deduction for any loss shall be the adjusted basis provided in section 1011 for determining the loss from the sale or other disposition of property.

(c) Limitation on losses of individuals.--In the case of an individual, the deduction under subsection (a) shall be limited to—

(1) losses incurred in a trade or business;

(2) losses incurred in any transaction entered into for profit, though not connected with a trade or business; and

(3) except as provided in subsection (h), losses of property not connected with a trade or business or a transaction entered into for profit, if such losses arise from fire, storm, shipwreck, or other casualty, or from theft.

(d) Wagering losses.--Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions. For purposes of the preceding sentence, in the case of taxable years

beginning after December 31, 2017, and before January 1, 2026, the term “losses from wagering transactions” includes any deduction otherwise allowable under this chapter incurred in carrying on any wagering transaction.

(e) Theft losses.--For purposes of subsection (a), any loss arising from theft shall be treated as sustained during the taxable year in which the taxpayer discovers such loss.

(iv.) 28 U.S.C. §1498(a) Patent and
copyright cases

Effective: October 28, 1998

(a) 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. Reasonable and entire compensation shall include the owner's reasonable costs, including reasonable fees for expert witnesses and attorneys, in pursuing the action if the owner is an independent inventor, a nonprofit organization, or an entity that had no more than 500 employees at any time during the 5-year period preceding the use or manufacture of the patented invention by or for the United States.

Notwithstanding ¹ the preceding sentences, unless the action has been pending for more than 10 years from the time of filing to the time that the owner applies for such costs and fees, reasonable and entire compensation shall not include such costs and fees if the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust.

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.

The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States prior to July 1, 1918.

A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or

in the making of which Government time, materials or facilities were used.

Appendix 6 - Any other essential material

US 5,560,360 – Image Neurography and
Diffusion Anisotropy Imaging (Oct. 1, 1996)
Inventors Aaron G. Filler, Jay S. Tsuruda,
Todd L. Richards, and Franklyn A. Howe.

(See separate Rule 33-2 document)