

No.

In the Supreme Court of the United States

ACER AMERICA CORPORATION, ACER INCOPORATED,
PETITIONERS,

v.

INTELLISOFT, LTD., BRUCE BIERMAN
RESPONDENTS.

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT*

PETITION FOR A WRIT OF CERTIORARI

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and Acer Inc.*

QUESTIONS PRESENTED

(1) Where Plaintiffs' theories of trade secret ownership, misappropriation, and damages depend on deciding the patent law issues of inventorship, claim construction, and infringement, does Plaintiffs' claim "necessarily arise," under *Gunn v. Minton*, 568 U.S. 251, 258 (2013), from patent law, thereby justifying removal under 28 U.S.C. §1451, of the claim to district court?

(2) May a state court control jurisdiction over a federal patent law claim and removal under 28 U.S.C. §1454 by declining to make the notice of removal "**operative**" under state court procedures in contravention to Congress' intent as implemented in the American Invents Act and risking uniformity in application of patent law principles?

CORPORATE DISCLOSURE STATEMENT PURSUANT TO RULE 29.6

Acer America Corporation is a California corporation and an indirect subsidiary of Acer, Inc., a publicly held company. Acer, Inc. is a Taiwan corporation which is publicly held. No publicly held company owns ten percent or more of the stock of Acer, Inc.

PARTIES TO THE PROCEEDINGS

Petitioners Acer America Corporation and Acer Inc. (collectively “Acer” or “Petitioners”) were defendants, declaratory judgment plaintiffs, and appellees in the proceedings below.

Respondents Intellisoft, Ltd. and Mr. Bruce Bierman (collectively “Intellisoft” or “Respondents”) were plaintiffs, declaratory judgment defendants, and appellants in the proceedings below.

PROCEEDINGS IN TRIAL AND APPELLATE COURTS

Intellisoft, Inc. v. Acer America Corporation et al. (Case No. 17-cv-06272-PJH) in the United States District Court, Northern District of California, judgment entered February 4, 2019.

Intellisoft, Ltd, Bruce Bierman v. Acer America Corporation, Acer Incorporated (Case No. 2019-1522) in the United States Court of Appeals for the Federal Circuit, judgment entered April 3, 2020 and rehearing denied June 5, 2020.

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INTRODUCTION

The Federal Circuit gives no respect to, and reaches a result inconsistent with *Gunn v. Minton*, 568 U.S. 251 (2013). The district court expressly found that plaintiff’s “only” trade secret theory “calls into question the named inventors of the ’713 Family of Patents.” Appx D, at 8. The district court further found that this case requires it to determine “how the claims within the ’713 Family of Patents should be construed and whether [defendant’s] use of the ACPI standard necessarily used the ’713 Family of Patents.” *Id.* at 12. With sound adherence to the standards in *Gunn v. Minton*, the district court accepted this case because plaintiff’s single theory “necessarily raises” “patent issues.” *See id.* at 8, 16.

With a blind eye to *Gunn v. Minton*, the Federal Circuit ignored the district court’s findings and concluded that this case does not “necessarily raise substantial patent law issue[s].” Instead the Federal Circuit perceived that plaintiff’s only “burden was to satisfy the ownership standards for trade secrets under California law rather than to prove [who] is the inventor of the ’713 patent.” Appx A, at 8. The Federal Circuit did not note that Intellisoft’s only “trade secret” was claim 1 of the ’713 patent. The so-called “trade secret” issue and the patent inventorship issue were synonymous. Without regard for the district court, the Federal Circuit also noted that plaintiff’s trade secret theory did not require a reading of patent claims even though plaintiff’s only theory of misappropriation was based on equating the ’713 Patent Family claims with an industry standard. *See id.* at 8-9. Moreover, the

damages allegations were based solely on a royalty for use of that standard. *See id.* at 9.

Thus, the Federal Circuit ruling ignores the *Gunn* ruling, the substance of the plaintiff's claims, as well as the district court reasoning. Relying on a state law theory that plaintiff never advanced, the Federal Circuit declined to implement *Gunn*'s holding that resolving a patent law issue meets the "necessarily raises" requirement. 568 U.S. at 258.

Of equally disturbing significance, the Federal Circuit rendered 28 U.S.C. §1454 inoperable by misconstruing its language and disregarding its express purpose. The America Invents Act ("AIA") added §1454 to allow removal based on a patent counterclaim. *Id.* In drafting §1454, Congress "expand[ed] the removal jurisdiction of Federal district courts to the detriment of the States," reasoning that state law claims that generated a patent counterclaim should be removed. H.R. Rep. No. 109-407, 5-6; 28 U.S.C. §1454(d). Thus, Congress statutorily overruled *Holmes Group v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826 (2002), and clarified that it is the federal courts that should handle patent counterclaims. H.R. Rep. No. 109-407 at 18.

The Federal Circuit decision departs from the plain language and purpose of §1454. The Federal Circuit ruled that the term "assert" in §1454 (enacted in September 2012) is synonymous with the word "brought" in §1441 (originally inserted in 1875). But Congress deliberately chose not to use the word "brought" in §1454 but instead to make its intent clear with the broader term "assert." The Federal Circuit equated the disparate terms and circumvented the enactment of §1454. In effect, the Federal Circuit, by judicial fiat, returns removal law to the overruled *Holmes Group* standard.

CITATION OF OFFICIAL AND UNOFFICIAL OPINIONS AND ORDERS BELOW

The Order of the District Court for the Northern District of California denying Intellisoft's Motion to Remand in the matter of *Intellisoft, Inc. v. Acer America Corporation et al.* (Case No. 17-cv-06272-PJH) was issued on January 22, 2018 (DE 35) and is not reported. *See* Appx D.

The Order of the District Court for the Northern District of California denying Intellisoft's Motion to Dismiss in the matter of *Intellisoft, Inc. v. Acer America Corporation et al.* (Case No. 17-cv-06272-PJH) was issued on May 29, 2018 (DE 57) and is not reported. *See* Appx C.

The Order of the District Court for the Northern District of California granting Acer's Motion for Summary Judgment in the matter of *Intellisoft, Inc. v. Acer America Corporation et al.* (Case No. 17-cv-06272-PJH) was issued on December 16, 2018 (DE

86) and is not reported. *See* Appx B. The District Court’s Final Judgment was issued on February 4, 2019 (DE 92) and appeal was taken to the Federal Circuit Court of Appeals.

The Federal Circuit Court of Appeals’ Judgment and Opinion in *Intellisoft, Ltd, Bruce Bierman v. Acer America Corporation, Acer Incorporated* (Case No. 2019-1522), of which review is sought herein, were issued on April 3, 2020 (DE 44, 45) and is reported at 708 Fed. Appx. 680. *See* Appx A. The Federal Circuit Court of Appeals denied a Petition for Panel Rehearing and Rehearing En Banc on June 5, 2020 (DE 52) and its Mandate was issued June 12, 2020 (DE 53). *See* Appx E.

JURISDICTION

The Supreme Court has jurisdiction to review, on a *writ of certiorari* of the judgment under 28 U.S.C. §1254(1), the Federal Circuit Court of Appeals’ Judgment and Opinion in *Intellisoft, Ltd, Bruce Bierman v. Acer America Corporation, Acer Incorporated* (Case No. 2019-1522) which were issued on April 3, 2020 (DE 44, 45). The Federal Circuit Court of Appeals denied a Petition for Panel Rehearing and Rehearing En Banc on June 5, 2020 (DE 52) and its Mandate was issued June 12, 2020 (DE 53). Per the Court’s March 19, 2020 order, this petition is timely filed as “the deadline to file any petition for a writ of certiorari due on or after [March 19,2020] is extended to 150 days from the date of the lower court judgment, order denying discretionary review, or order denying a timely petition for rehearing.”

APPLICABLE LAWS

28 U.S.C. § 1338(a)

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights. For purposes of this subsection, the term “State” includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.

28 U.S.C. § 1441(a) – (c)

(a) GENERALLY.—

Except as otherwise expressly provided by Act of Congress, any civil action brought in a State court of which the district courts of the United

States have original jurisdiction, may be removed by the defendant or the defendants, to the district court of the United States for the district and division embracing the place where such action is pending.

(b) REMOVAL BASED ON DIVERSITY OF CITIZENSHIP.—

(1)

In determining whether a civil action is removable on the basis of the jurisdiction under section 1332(a) of this title, the citizenship of defendants sued under fictitious names shall be disregarded.

(2)

A civil action otherwise removable solely on the basis of the jurisdiction under section 1332(a) of this title may not be removed if any of the parties in interest properly joined and served as defendants is a citizen of the State in which such action is brought.

(c) JOINDER OF FEDERAL LAW CLAIMS AND STATE LAW CLAIMS.—

(1) If a civil action includes—

(A)

a claim arising under the Constitution, laws, or treaties of the United States (within the meaning of section 1331 of this title), and

(B)

a claim not within the original or supplemental jurisdiction of the district court or a claim that has been made nonremovable by statute, the entire action may be removed if the action would be removable without the inclusion of the claim described in subparagraph (B).

(2)

Upon removal of an action described in paragraph (1), the district court shall sever from the action all claims described in paragraph (1)(B) and shall remand the severed claims to the State court from which the action was removed. Only defendants against whom a claim described in paragraph (1)(A) has been asserted are required to join in or consent to the removal under paragraph (1).

...

28 U.S.C. § 1454

(a) IN GENERAL.—

A civil action in which any party asserts a claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights may be removed to the district court of the United States for the district and division embracing the place where the action is pending.

(b) SPECIAL RULES.—The removal of an action under this section shall be made in accordance with section 1446, except that if the removal is based solely on this section—

(1) the action may be removed by any party; and

(2) the time limitations contained in section 1446(b) may be extended at any time for cause shown.

(c) CLARIFICATION OF JURISDICTION IN CERTAIN CASES.—

The court to which a civil action is removed under this section is not precluded from hearing and determining any claim in the civil action because the State court from which the civil action is removed did not have jurisdiction over that claim.

(d) REMAND.—If a civil action is removed solely under this section, the district court—

(1) shall remand all claims that are neither a basis for removal under subsection (a) nor within the original or supplemental jurisdiction of the district court under any Act of Congress; and

(2) may, under the circumstances specified in section 1367(c), remand any claims within the supplemental jurisdiction of the district court under section 1367.

STATEMENT

This dispute grew out of a business relationship between Intellisoft (and its president Bruce Bierman) (“Intellisoft” or “Respondents”) and Acer that began in the early 1990s. At that time, Intellisoft alleged that it had disclosed to Acer trade secrets concerning computer power management technology under a non-disclosure agreement (“NDA”). According to Intellisoft, the NDA allowed Acer’s use of their “Confidential Information” only to “directly further” the evaluation of Intellisoft’s product for licensing and restricted Acer from “manufactur[ing] parts or components incorporating the Confidential Information.” See Appx A, at 3. Intellisoft claimed that it had discovered in the early 2010s that Acer had applied for a patent that incorporated its trade secrets and had become owner of U.S. Patent No. 5,410,713 (“Acer’s patent”). Intellisoft concluded that Acer had misappropriated its trade secrets and violated the NDA.

Intellisoft therefore brought suit against Acer in California state court, asserting that Acer had misappropriated its trade secrets by incorporating them into patent applications that issued as Acer’s patent and three other related Acer patents (“the Acer patent family”). Intellisoft’s complaint also asserted that Acer had unlawfully incorporated its “Confidential Information, products, and/or technology in Acer products without having a license.” *Id.* Intellisoft’s complaint also alleged three other state law claims, each related to the misappropriation claim.

Shortly before trial, Intellisoft produced three expert reports concerning liability and damages for its the trade secret claim.

Intellisoft’s expert Irving Rappaport concluded that “trade secret and confidential information described in the ‘713 [patent] family . . . were created by . . . Bierman,” and “[he] should have been considered as at least a co-inventor of the ‘713

invention (if not the sole inventor)....” *See* Appx D, at 3. During his deposition, Mr. Rappaport stated that “this is not an inventorship dispute case. It just happens to be the facts in this case.” Appx A, at 3-4

Second, Intellisoft’s expert Robert Zeidman opined that “Intellisoft’s trade secrets were disclosed by Acer in the patent specifications,” pointing to the written description and claims of the ’713 patent family as corresponding to various aspects of the purported trade secrets. Appx A at 4. He also concluded that Acer’s computer products could not comply with the Advanced Configuration and Power Interface (“ACPI”), an industry power management standard, without using the technology disclosed in the ’713 patent family. *See id.* Because the ’713 patent family incorporated the trade secrets, Mr. Zeidman concluded that the computer products “would [have] need[ed] to incorporate Intellisoft’s trade secrets.” *Id.*

Third, Intellisoft’s expert Brian Napper relied on Mr. Zeidman’s report by assuming that all Acer computers complied with the ACPI industry standard and incorporated Intellisoft’s trade secrets. *See id.* He calculated damages based on a theory that Acer should have paid Intellisoft royalties for using the trade secrets. *See id.*

Upon learning of Intellisoft’s patent law-based theory of liability and damages, and shortly before the outset of the state court trial, Acer filed a “Cross-Complaint of Acer Defendants for Declaratory Relief” against Intellisoft, seeking a declaration that “Bierman properly was not named as an inventor of any of the ’713 Family of Patents and . . . is not entitled to an inventorship correction under 35 U.S.C. § 256.” *Id.* Acer cited Mr. Rappaport’s expert report and deposition, Acer alleged that “Bierman [was] asserting an inventorship claim,” and sought declaratory relief that “Bierman was properly not named as an inventor of on any of the ’713 Family of Patents.” *Id.*

In California state court, a party may file a “cross-complaint” setting forth a “cause of action he has against any of the parties who filed the complaint . . . against him.” Cal. Civ. Proc. Code § 428.10(a). Such a “cause of action” is equivalent to a counterclaim under the Federal Rules of Civil Procedure Rule 13. Acer was required to “obtain leave of court to file [the] cross-complaint” because it had already filed its answer to Intellisoft’s complaint. *See* Cal. Civ. Proc. Code § 428.50(c). The state court confirmed that Acer’s “Cross-Complaint is considered **lodged** (pending approval of a stipulation & proposed order for filing of same, or absent a stipulation & order, an ex parte application/order).” *Id.* at 5 (emphasis in original).

Simultaneously with its crossclaim, Acer filed a notice to remove the action to the United States District Court for the Northern District of California under (1) 28 U.S.C. § 1441 providing removal of an action which the district court would have original jurisdiction and (2) 28 U.S.C. § 1454 providing removal of an action where a party asserts a patent counterclaim. In its Notice of Removal, Acer stated that section 1441 removal was proper because Intellisoft’s state law claim for trade secret

misappropriation arose “under federal patent law—specifically, 35 U.S.C. § 256.” *Id.* at 5. Acer’s basis for § 1441 removal was also Mr. Rappaport’s opinion that “Bierman should have been named as an inventor” under federal patent law. *Id.* Acer asserted that removal was proper under section 1454 because its crossclaim alleged a patent inventorship claim. *See id.*

Soon thereafter, Acer filed a First Amended Counterclaim in the District Court, seeking a declaration under 35 U.S.C. § 256 that Bierman properly was not named an inventor of Acer’s patent family. Acer alleged that Intellisoft “intended to . . . try numerous other patent law issues, including patentability, patent validity, claim construction, and patent infringement.” *Id.* at 5-6.

Intellisoft moved the District Court to remand the action to state court. Intellisoft argued that there was no disputed federal issue because its state law trade secret claim did “not require determination of inventorship” under federal patent law and because Acer’s cross-complaint was not “[o]perative” due to Acer’s failure to obtain leave of court. *Intellisoft, Ltd. v. Acer Am. Corp.*, No. 17CV-06272 (N.D. Cal. 2017), ECF 21 at 2, 12, 20. *See id.* at 6.

District Court Judge Hamilton denied Intellisoft’s motion to remand. Her analysis began with a narration of Intellisoft’s disclosure of its single theory of liability.

“Between Rappaport’s expert report and deposition, [Acer] learned for the first time that Rappaport would testify on inventorship, patentability, and validity.” Appx D, at 3. The Rappaport expert report stated that “Mr. Berman should have been named as a co-inventor of the ‘713 patent,” and that it was “arguable that Mr. Berman was the sole inventor of the ‘713 patent family for all the reasons presented.” *Id.* He gave his opinion that the “trade secret and confidential information described in the ‘713 Family of Patents, were created by Mr. Berman on behalf of Intellisoft, Ltd.” *Id.* At his deposition, Mr. Rappaport testified that under federal law, Mr. Bierman should have been named as an inventor and that he planned to so testify at trial. *Id.* He also testified about the validity and patentability of the Acer family of patents, specifically, “that the patent met federal law’s definition for validity and patentability.” *Id.* at 3,8.

In Mr. Zeidman’s report, he also opined that that the patents included Intellisoft’s trade secrets. He included 28 separate claim charts, “each one analyzing whether an industry standard ‘read on’ the ‘713 Family of Patents or necessarily used plaintiff’s trade secrets.” Appx D, at 3. In his analysis Mr. Zeidman “construed the scope and meaning of claims within the ‘713 Family of Patents.” *Id.* at 4. He also concluded that “computers using the ACPI industry standard necessarily used the

‘713 Family of Patents.’ *Id.* He concluded the computers using the ACPI¹ industry standard incorporate Plaintiff’s trade secrets.” *Id.* “Zeidman’s opinion is based on his interpretation of the ACPI industry standard and his construction of the ‘713 Family of patents.” *Id.* at 8, 9.

Mr. Napper expressly relied upon the Rappaport and Zeidman patent analyses, including “Zeidman’s conclusion that ACPI compliant computers use the ‘713 Family of Patents (and therefore, plaintiff’s trade secrets) and Rappaport’s inventorship opinion.” *Id.* at 4. Napper concluded “that Intellisoft is entitled to royalty damages based on every Acer ACPI-compliant computer sold since 1997.” *Id.*

Looking at these expert reports and expert depositions, the “court finds that the above theory, the only one plaintiff has advanced in its briefing and not disclaimed during the hearing [on Intellisoft’s motion to remand], necessarily raises at least two patent issues.” *Id.* at 8.

The district court concluded that § 1441 removal was proper because Intellisoft “ha[d] only advanced one theory of liability and that theory necessarily raise[d] substantial patent law issues,” *Id.* at 16, and the case “boil[ed] down to an inventorship dispute.” *Id.* at 12; Appx A, at 6. The district court concluded that “the inventorship issue [wa]s not just an alternate theory that [the] plaintiff might [have] use[d] to show liability and damages” but was the “only theory of its case.” Appx D, at 10; Appx A, at 6.

The district court found that “plaintiff has not actually articulated an alternative theory that departs from the inventorship dispute described above.” Appx D, at 13-14.

[T]he only theory plaintiff has advanced necessarily raises at least two federal patent law issues. First, plaintiff’s theory requires a showing that Bierman conceived the ideas in the ‘713 Family of Patents. This boils down to an inventorship dispute. Second, Zeidman’s analysis amounts to testimony about how the claims within the ‘713 Family of Patents should be construed and whether Acer’s use of the ACPI standard necessarily used the ‘713 Family of Patents ... Moreover, ***because Zeidman’s theory compares the ACPI standard to the ‘713 patents, rather the trade secrets themselves, it is only applicable if Bierman should have been named as an inventor of coinventor of the ‘713 Family of Patents.***

Id. at 12 (emphasis added). “[A]fter over three years of litigation and on the eve of trial, plaintiff’s only [emphasis in original] theory of liability necessarily involves

¹ Judge Hamilton explained that “ACPI is a power management standard developed by a consortium of companies, led by Microsoft and Intel Corporation.” Appx D at 4.

issues that arise under patent law. Accordingly, the court find the first Gunn factor satisfied.” *Id.* at 14.

The district court also held that § 1454 removal was proper, reasoning that the statute did not require the patent counterclaim to be pleaded in an operative pleading and that it did not matter “[w]hether or not defendants’ cross-complaint was allowed by the [state] court.” *Id.* at 16-17; Appx A, at 6.

The district court granted summary judgment in favor of Acer with respect to Intellisoft’s state law claims, reasoning that Intellisoft had failed to prove under federal patent law that Bierman was the inventor of the Acer patent family claims. Based on this failure, the district court concluded that Intellisoft could not show trade secrets ownership and damages. The district court also held that Intellisoft’s claims were time barred. Appx A, at 6; Appx B at 29-30.

The parties thereafter stipulated to an entry of judgment in favor of Acer on its inventorship crossclaim, and the district court entered final judgment in favor of Acer based on its summary judgment on Intellisoft’s state law claims and the parties’ stipulation regarding Acer’s inventorship counterclaim.

The matter was subsequently appealed to the United States Court of Appeals for the Federal Circuit, which possessed jurisdiction under 28 U.S.C. § 1295(a)(1). The Federal Circuit concluded that the District Court erred by holding that removal was proper under 28 U.S.C. §§ 1441 and 1454. It therefore reversed the District Court’s decision refusing to remand, vacated the District Court’s judgment, and remanded the case to the District Court with instructions to remand the action to California state court.

REASONS FOR GRANTING THE PETITION

A. The Questions Presented Are of Exceptional Importance

The two questions presented in this Petition—whether Petitioners’ counterclaim “necessarily arises” from patent law under *Gunn v. Minton* and whether a federal court’s jurisdiction under 28 U.S.C. § 1454 may be determined by a state court’s action or inaction—raise important federal questions concerning the balance between the powers of the state and federal in resolving patent law issues. The Federal Circuit’s decision (i) is contrary to the balance set by the Supreme Court and Congress and (ii) risks inconsistent rulings from the state and federal courts on the patent issues raised by Respondents.

The Federal Circuit’s treatment of that balance conflicts with relevant decisions of the Supreme Court. In particular, the Federal Circuit relies upon the absence of the state court’s permission to Petitioners to file a counterclaim, as the decisive consideration in deciding whether removal to District Court was proper.

The Supreme Court in *Shamrock Oil & Gas Corp. v. Sheets et al.*, 313 U.S. 100 (1941), considered the question of whether a counterclaim filed in a state lawsuit made that lawsuit removable on diversity grounds under 28 U.S.C. § 71. The Court began its analysis by explaining that its

decision turns on the meaning of the removal statute and not upon the characterization of the suit or the parties to it by state statutes or decisions [citation omitted] The removal statute which is nationwide in its operation, was intended to be uniform in its application, unaffected by local law definition or characterization of the subject matter to which it is to be applied. Hence, the Act of Congress must be construed as setting up its own criteria, irrespective of local law, for determining in what instances suits are to be removed from the state to the federal courts.

313 U.S. at 104.

So too here. Since the § 1441 and § 1454 removal statutes are intended to be nationwide in their operation and to be applied uniformly, they must be “unaffected by local law definition or characterization of the subject matter to which it is to be applied.” Sections 1441 and 1454 must be construed as setting up their own criteria, “irrespective of local law,” for determining when removal is appropriate.

Requiring permission from a state court, according to its own rules and inclinations, to make a party’s claim for relief “operative” is contrary also to the basic statutory scheme of § 1454. That scheme permits any party to remove, with no requirement of permission from the state court, a case to District Court, and permits the District Court to make its own determination of whether removal is proper and whether it has subject matter jurisdiction.

Further, since Respondents’ sole legal theory for recovery relies on assertions of claim construction and infringement of U.S. Patent No. 5,410,713, the state’s ultimate judgment will inevitably turn on its determinations of patent law issues. Such determinations clearly risk inconsistent rulings when that patent is enforced in the federal courts. Moreover, the state court’s determinations of patent law principles risk jurisprudential inconsistencies with the Federal Circuit’s body of patent law because those determinations will not be subject to review by the Federal Circuit. This is the very risk that the Federal Circuit was created to avoid. *Cf.*, *Vermont v. MPHJ Technology Investments, LLC*, 803 F.3d 635, 646 (Fed. Cir. 2015) (resolution of federal patent preemption issues by the state court “has considerable significance beyond the current case” and risks inconsistency with the federal courts).

B. The Federal Circuit Opinion Conflicts with Supreme Court Precedent

The Federal Circuit decision refuses to properly implement *Gunn v. Minton*. The Supreme Court has made it clear that the first consideration for deciding if a district court has jurisdiction over a state law claim is whether “a federal issue is: (1) necessarily raised, . . .” *Gunn v. Minton*, 568 U.S. 251, 258 (2013). This first test within *Gunn* — and the sole basis for the Federal Circuit decision — focuses on the nature of the issue raised by the case. Carefully applying *Gunn* to the alleged trade secret claim here, the district court made the uncontested finding that the *only* basis for Intellisoft’s misappropriation claim, at the time of removal, was its contention that Mr. Bierman claimed to have invented claim 1 of the asserted patents and Intellisoft claimed that Acer infringed those claims. *Supra* 5-7. In the words of the district court, the “court finds that . . . the only [theory] plaintiff has advanced in its briefing and not disclaimed during the hearing [on Intellisoft’s motion to remand], necessarily raises at least two patent issues. Appx D, at 8. To emphasize, Intellisoft’s only basis for its claims necessarily raises and indeed depends on patent issues.

The district court properly recognized that Intellisoft’s only contentions involved patent law governing inventorship, claim construction, and infringement. Thus, patent law was “necessary” for the resolution of the only issues in the case. Notwithstanding this record, the Federal Circuit, on the basis of *Gunn*’s first factor alone, denied federal jurisdiction. *See* Appx A, at 7-10.

The Federal Circuit decision flaunted *Gunn* by constructing its own alternative theory of liability—ownership and misappropriation under state law—and then invokes its own alternative theory to rule that patent law is not necessary to resolve issues of inventorship and infringement. In *Gunn* itself, the malpractice claim could have engendered alternative claims of misconduct and fraud tangential to patent law issues, but the Supreme Court did not allow that shallow circumvention of federal jurisdiction. So too in this case, an “alternative” trade secret allegation cannot be allowed to circumvent the basic first principle of *Gunn*. The district court saw through this dodge and refused to deny federal jurisdiction on the “mere possibility an alternative theory of liability” could exist even though it “will not actually be pursued”; a standard that “could always defeat the *Gunn* test.” Appx D, at 14 . The Federal Circuit, on the other hand, would render *Gunn* meaningless.

The Federal Circuit, apparently uncomfortable with the clear standards of *Gunn*, has wavered in application of this removal doctrine. For instance, in *Jang v. Boston Sci. Corp.* the Federal Circuit applied *Gunn* more faithfully. 767 F.3d 1334 (Fed. Cir. 2014). *Jang* involved a state court contract claim over assignment of various patent claims. *Id.* at 1337. Because the *Jang* court found that the district court “may be called upon to determine the extent to which validity is made relevant to the resolution of the breach-of-contract claim,” it ruled that federal jurisdiction was appropriate. *Id.*; accord *Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 986 F.2d 476, 478 (Fed. Cir. 1993) (federal jurisdiction over state law

disparagement claims where allegedly disparaging statement was an accusation of patent infringement, and liability depended on resolution of patent law issue); *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1329 (Fed. Cir. 1998), *overruled on other grounds by Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999) (*en banc*) (“injurious falsehood” claim based on theory that defendant falsely alleged to “hold exclusive rights to make or sell window shades covered by one or more” patents justified federal jurisdiction).

The Federal Circuit’s present decision, in effect, restores the *Holmes Group* decision that Congress expressly sought to overrule by enacting § 1454. The legislative history describes that decision:

In 1992, Vornado Air Circulation Systems, a manufacturer of patented fans and heaters, sued a competitor, Duracraft, for trade dress infringement, based on a grill design embodied in one of Duracraft's fan models. The 10th Circuit ruled for Duracraft, holding that Vornado had no protectible trade-dress rights in the grill design. [Citations omitted]

Seven years later, Vornado filed a complaint with the U.S. International Trade Commission against Holmes Group, another competitor, alleging that the sale of fans and heaters with a grill design infringed a Vornado patent as well as its trade-dress rights previously denied by the 10th Circuit. Holmes Group filed a declaratory judgement action in a Kansas district court to determine the validity of the trade dress claim. Vornado's answer contained a compulsory counterclaim alleging patent infringement. The Kansas district court ruled in favor of Holmes Group on the trade dress question but stayed proceedings on the matter of patent infringement. The court determined that the counterclaim would be dismissed as well if the remainder of the opinion were upheld on appeal. [Citations omitted] Vornado then appealed to the Federal Circuit in 2001, which vacated the Kansas district court's order and remanded for consideration based on an “intervening” ruling handed down by the Circuit in another case. Holmes Group appealed to the Supreme Court, which granted certiorari to determine whether the Federal Circuit had jurisdiction to hear the case.

The Court ruled that the Federal Circuit lacked jurisdiction. The Federal Circuit decision was vacated and the case transferred to the 10th Circuit for disposition.

Justice Scalia, who authored the opinion, based his decision on the “well-pleaded complaint” rule. Most often invoked to determine the existence of a Federal question under a general jurisdictional statute for U.S. district courts, [citations omitted] the rule has also been applied by the Court to Sec. 1338 and patent cases. In brief, the rule provides that whether a case “arises under” patent law “must be determined from what necessarily appears in the plaintiff’s statement of his own claim in the bill or declaration [i.e., the complaint] . . . [The plaintiff’s well-pleaded complaint must] establish either that Federal patent law creates the cause of action or that the plaintiff’s right to relief necessarily depends on resolution of a substantial question of Federal patent law. . . .” [[Citations omitted] Justice Scalia cited other authority to dismiss the argument that a counter-claim could function as the basis for the “arising under” jurisdiction. [Citations omitted] Neither was he persuaded by the argument that Sec. 1338 should be interpreted within the context of why Congress created the Federal Circuit (i.e., to promote national uniformity in patent law).

H.R. Rep. No. 109-407 at 5-6.

The Committee then stated that it “believes *Holmes Group* contravened the will of Congress when it created the Federal Circuit. That is, the decision will induce litigants to engage in forum-shopping among the regional circuits and state courts. Extending the argument, the Committee is concerned that the decision will lead to an erosion in the uniformity or coherence in patent law that has been steadily building since the Circuit’s creation in 1982.” H.R. Rep. No. 109-407 at 6.

The unmistakable purpose of § 1454 was to prevent unprincipled invocation of state law to defeat federal court jurisdiction. This case falls precisely within the purview of § 1454. For years, Intellisoft’s case masqueraded as a trade secret claim when the trade secret itself and all damages allegations asserted federal patent doctrines of inventorship and infringement.

C. The Federal Circuit Decision Improperly Conditioned Section § 1454 Removal Upon Approval of the State Court

1. The Federal Circuit’s Analysis

The Federal Circuit erased the district court’s § 1454 jurisdiction by improperly limiting § 1454 removal to cases in which the patent law-based claim is “operative,”

i.e., a claim that is either allowed as of right or by leave of the state court. *See* Appx A, at 11.

The Federal Circuit replaced the wording of § 1454 with that of § 1441: “[w]e conclude that removal under Section 1454, like removal under section 1441, requires that the claim supporting removal must be contained in an operative pleading,” citing Sixth and Seventh Circuit decisions holding “that a claim is ‘brought’ under section 1441 only after the claim supporting federal jurisdiction is pleaded in an operative complaint as opposed to a proposed amendment.” *Id.* at 11-12. Section 1454, however, does not use the term “brought,” but instead deliberately uses the broader term “assert.”

The Federal Circuit nonetheless equated the word “**brought**” in §1441(a) with the word “**assert**” in §1454. It noted that § 1441(c)(2) recites the word “assert.” *See* 28 U.S. Code § 1441(c)(2) (“Only defendants against whom a claim described in paragraph (1)(A) has been **asserted** are required to join in or consent to the removal under paragraph (1).”) (emphasis added). It then read § 1441 as using those words interchangeably. If “brought” and “assert” have the same meaning, “§ 1454 requires that [the claim] must be included in an operative pleading.” *Id.* at 12.

2. Section 1454’s Plain Wording Requires Removal

The Federal Circuit’s narrowing of § 1454 jurisdiction contravenes the plain meaning of the statutory text as well as canons of statutory construction. “Brought” in legal texts has a specific connotation of a party filing pleading that begins litigation. Indeed, § 1441 uses the word “brought” to refer to the specific action of a plaintiff that initiates “any civil action.” An action is “brought” through either an original complaint or an authorized amendment of a pleading. Fed. R. Civ. P. 3 (“A civil action is commenced by filing a complaint with the court.”).

In contrast, the word “assert” has the more generic meaning of “allege.” *See* “Assert,” *Black’s Law Dictionary* (11th ed. 2019) (“To state positively.”). This definition is consistent with the common meaning of “assert” as “to state or declare positively and often forcefully and aggressively” *Merriam-Webster Collegiate Dictionary*, page 74 (11th ed. 2003). Indeed, in the present decision, the Federal Circuit’s uses the word “assert” six times – completely apart from its discussion of statutory construction – in this generic sense to refer to both a parties’ pleadings and its allegations in the dispute (*e.g.*, “Acer asserted that removal was proper under section 1454”). *See, e.g.*, Appx A, at 5. The word “bring,” however, is used in the present decision only in the context of an action (“When a plaintiff brings only a state claim”). *See, e.g.*, Appx A, at 7.

Other passages of the removal statute confirm the understanding of “assert” to mean “allege.” *See* 28 U.S.C. §1446(c)(2) (“[T]he notice of removal may assert the amount in controversy.”). The only other requirement is that the assertion must be

in the civil action, i.e. filed. *Id.* § 1454. At that point, removal is permitted, even though the state court could never acquire jurisdiction over the patent claims. *Id.* § 1454(c). The Federal Circuit suggested that “assert” and “brought” are equivalent because § 1441 also uses the term “assert,” when identifying the defendants that must agree to removal. *Id.* § 1441(c)(2). That provision states that if a complaint does not allege a federal cause of action against a particular defendant, that defendant need not consent to removal. There is nothing in that section to suggest that “assert” means “brought” – it is only conjecture by the Federal Circuit. To the contrary, other removal statute provisions carefully delineate when, in the life of a claim, a defendant’s obligations to consent to removal attach. *See, e.g.,* §1446(b)(2).

When the Federal Circuit equates “assert” with “brought,” it also violates the basic canon of statutory construction that different terms in the same text have different meanings: “[W]here Congress includes particular language in one section of a statute but omits it in another ..., it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Keene Corp. v. United States*, 508 U.S. 200, 208 (1993).

3. The § 1454’s Legislative History Supports Removal

The Federal Circuit’s construction of § 1454 jurisdiction also contravenes its legislative history.

When it enacted §1454, Congress was aware of the long history of §1441, yet it purposely chose to create a new removal statute, §1454, which did not require claims to be “brought.” Consequently, courts must conclude that Congress made a specific choice, and to rule otherwise, was error. *See, e.g., Central Bank of Denver v. First Interstate Bank*, 511 U.S. 164, 176-77 (1994).

Congress also rejected a Federal Circuit Bar proposal to prohibit removal based on patent law counterclaims. H.R. Rep. No. 109-407 at 5-6 (rejecting amendments to §§ 1338 and 1441).

Congress recognized that district courts should consider not only patent law counterclaims, but also the state law claims that spawned those claims. *Id.* In doing so, Congress “ensure[d] that State courts will not adjudicate any claim for relief arising under any Act of Congress pertaining to patents...” while ensuring that interrelated claims could be considered together. *Id.* at 8. If the Federal Circuit is correct that Congress’ only concern was for eliminating state court jurisdiction over patent claims, the AIA’s revisions to § 1338(a) would have been sufficient. But Congress created a new removal statute which explicitly allowed removal of the entire case based on assertion of patent counterclaims despite the district court’s lack of original jurisdiction to hear those counterclaims. *Id.* at 9, 18 (AIA “creates a new Federal removal statute (28 U.S.C. § 1454) that would allow patent issues in a State action to be removed to U.S. district court....”).

This express Congressional intent that “State courts will not adjudicate any claim for relief arising under any Act of Congress pertaining to patents” is reflected in the clear wording of the § 1454 that places control of removal in the hands of “*any party*” (§ 1454(b)(1)). The Federal Circuit’s decision would, instead, utterly frustrate such ready removal. If an “operative pleading” is required, a state court could block removal by denying a motion to amend pleadings, or even by not ruling on it. This was not what Congress wanted nor what the law says.

4. The Federal Circuit’s Policy Arguments Cannot Overrule § 1454’s Express Wording & Legislative History

The Federal Circuit justifies its construction of § 1454 by making a series of policy arguments. Such policy arguments, however, cannot supersede the clear wording of the statute or Congressional intent.

But even if considered, the Federal Circuit’s policy arguments do not bear scrutiny. The Federal Circuit considered it “anomalous” for a defendant’s time to file a notice of removal to start upon a plaintiff’s allegation of a patent claim but before the state court had permitted the filing of such a claim. *See* Appx A, at 12. Far from anomalous, Congress structured § 1454 to achieve that end because state courts cannot properly exercise jurisdiction over the claims § 1454 covers. H.R. Rep. No. 109-407 at 9, 18 and §1338(a). Recognizing that issue, Congress provided for removal despite the lack of jurisdiction. *Id.* § 1454(c). The Federal Circuit’s cited cases—which turn on the state court properly obtaining jurisdiction over federal causes of action state courts are permitted to hear—are inapposite.

The Federal Circuit’s requirement that a state court first grant permission to assert a claim over which it lacks jurisdiction as a prerequisite for removal is anomalous because: (1) § 1454 permits removal when a patent claim is asserted in the initial complaint, or in a counterclaim filed as of right, but not if the same claim is raised in a filed, but not approved, amendment; (2) in states where amendments can occur without leave, a patent claim or counterclaim in an amended pleading can be removed, but not in states where leave is required (and denied); and (3) litigants are allowed to remove when a state court grants leave, but are denied removal when a state court judge decides that an amendment would be futile because it lacks jurisdiction over the patent counterclaims.

The Federal Circuit’s dicta suggesting that state courts should deny leave to assert counterclaims as a means of limiting jurisdiction over patent claims is also incorrect. *See* Appx A, at 14. State courts have no jurisdiction over patent claims, so there is nothing to limit. Allowing amendment (and removal) has the salutary effect of promoting efficiency, as Congress intended. H.R. Rep. No. 109-407 at 18 (“[§ 1454] promotes administrative efficiencies by obviating the need for a state litigant to file a second suit to address patent claims in federal court.”). Thus, the Federal Circuit’s suggestion that a separate federal declaratory judgment action would suffice—which

is what the Federal Circuit Bar proposed—is precisely what Congress rejected. *Id.* Indeed, the Federal Circuit’s reasoning sweeps far beyond this case. It abdicates the federal judiciary’s removal determinations to the permissive whims of state courts.

As the district court noted, under the Federal Circuit reasoning, federal jurisdiction questions would often turn on differences in state law. *See* Appx D, at 19. Had this case been filed in Illinois rather than California, the Federal Circuit presumably would have reached a contrary decision on §1454 jurisdiction. *Id.* The Federal Circuit should not permit federal jurisdiction to turn on the accident of state procedural rules and/or the discretion of individual state court judges. Congress did not intend, and the literal wording of §1454 does not allow, such a result because Congress sought “to prevent the inconsistencies that may develop once more by allowing multiple forums to hear patent cases,” when it enacted § 1454. H.R. Rep. No. 109-407 at 19.

The Federal Circuit justified its ruling by suggesting that it would further the policy of keeping patent claims out of state court. *See* Appx A, at 14. To the contrary, patent claims may not be adjudicated in state court because of other changes the AIA effected. *See* 28 U.S.C. § 1338. The Federal Circuit’s holding is based on unfounded concerns and will generate duplicative litigation, directly contradicting to Congress’ intent. H.R. Rep. No. 109-407 at 18.

In sum, this case enables the Supreme Court to ensure that the boundaries between state and federal jurisdiction are faithfully applied. In an era of growing numbers and significance of trade secret cases, the intersection with federal law will create many more potential collisions. Indeed, as evinced by this case, the Federal Circuit itself struggles to set and follow the uniform standard set by *Gunn v. Minton* and 28 U.S.C. § 1454.

CONCLUSION

For the foregoing reasons, this Court should grant Acer's petition for a *writ of certiorari*.

Respectfully submitted,

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SEPTEMBER 2020

APPENDIX

APPENDIX A

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

**INTELLISOFT, LTD., A DELAWARE
CORPORATION,**
Plaintiff/Counterclaim Defendant-Appellant

BRUCE BIERMAN, AN INDIVIDUAL,
Counterclaim Defendant-Appellant

v.

**ACER AMERICA CORPORATION, A CALIFORNIA
CORPORATION, ACER INCORPORATED, A
TAIWAN CORPORATION,**
Defendants/Counterclaimants-Appellees

2019-1522

Appeal from the United States District Court for the
Northern District of California in No. 4:17-cv-06272-PJH,
Judge Phyllis J. Hamilton.

Decided: April 3, 2020

AARON MARTIN PANNER, Kellogg, Hansen, Todd, Figel
& Frederick, P.L.L.C., Washington, DC, argued for plain-
tiff/counterclaim defendant-appellant and counterclaim
defendant-appellant. Also represented by COLLIN WHITE.

MATTHEW GORDON BALL, K&L Gates LLP, San Francisco, CA, argued for defendants/counterclaimants-appellees. Also represented by JASON NATHANIEL HAYCOCK; THEODORE J. ANGELIS, JEFFREY CHARLES JOHNSON, Seattle, WA; ANDREW SPIELBERGER, Balaban And Spielberger LLP, Los Angeles, CA.

Before DYK, O'MALLEY, and CHEN, *Circuit Judges*.

DYK, *Circuit Judge*.

Intellisoft, Ltd. (“Intellisoft”) and its president Bruce Bierman (collectively, “appellants”) sued Acer America Corporation and Acer Inc. (collectively, “Acer”) in California state court, asserting various state law claims, including misappropriation of trade secrets. After more than three years of litigation, Acer sought to plead a patent inventorship counterclaim under federal law and thereafter removed the action to the United States District Court for the Northern District of California. The district court denied Intellisoft’s motion to remand and later entered final judgment in favor of Acer.

We conclude that the district court erred by holding that removal was proper under 28 U.S.C. §§ 1441 and 1454. We thus reverse the district court’s decision refusing to remand, vacate the district court’s judgment, and remand to the district court with instructions to remand the action to California state court.

BACKGROUND

This case originated from a business relationship between the appellants and Acer dating back to the early 1990s. At that time, the appellants allegedly shared with Acer trade secrets concerning computer power management technology under a non-disclosure agreement (“NDA”). According to the appellants, the NDA allowed

Acer's use of their "Confidential Information" only to "directly further" the evaluation of Intellisoft's product for licensing and restricted Acer from "manufactur[ing] parts or components incorporating the Confidential Information." J.A. 406; Appellants' Br. 5. The appellants claim that they discovered in the early 2010s that Acer had applied for a patent that incorporated their trade secrets and became the owner of U.S. Patent No. 5,410,713 ("the '713 patent"). The appellants concluded that Acer had misappropriated their trade secrets and violated the NDA.

In March 2014, the appellants filed suit against Acer in California state court, asserting that Acer misappropriated their trade secrets by incorporating them into patent applications that issued as the '713 patent and three other related patents ("the '713 patent family").¹ The complaint also asserted that Acer unlawfully "incorporate[ed] [their] Confidential Information, products, and/or technology in Acer products without having a license." J.A. 392. The complaint alleged various other state law claims as well.

In May 2015, Bierman assigned his ownership interest in the trade secrets to Intellisoft and dismissed his claims in the state court action. On September 25, 2015, Intellisoft filed the operative Fourth Amended Complaint in state court. On October 26, 2015, Acer filed an answer.

In September 2017, Intellisoft produced three expert reports concerning liability and damages on the trade secret claim. First, Intellisoft's expert Irving Rappaport concluded that "trade secret and confidential information described in the [']713 [patent] family . . . were created by . . . Bierman," J.A. 2213, and "[he] should have been named [at least] as a co-inventor of the [']713 patent," J.A. 2237. During his deposition, Mr. Rappaport stated that "this is

¹ The three related patents are U.S. Patent Nos. 5,870,613; 5,884,087; and 5,903,765.

not an inventorship dispute case. It just happens to be the facts in this case.” J.A. 1794.

Second, Intellisoft’s expert Robert Zeidman opined that “Intellisoft’s trade secrets were disclosed by Acer in the patent specifications,” pointing to the written description and claims of the ’713 patent family as corresponding to various aspects of the purported trade secrets. J.A. 2276. He also concluded that Acer’s computer products could not comply with the Advanced Configuration and Power Interface (“ACPI”), an industry power management standard, without using the technology disclosed in the ’713 patent family. Because the ’713 patent family incorporated the trade secrets, Mr. Zeidman concluded that the computer products “would [have] need[ed] to incorporate Intellisoft’s trade secrets.” J.A. 2276–77.

Lastly, Intellisoft’s expert Brian Napper, relying on Mr. Zeidman’s report, and assuming that all Acer computers complied with the ACPI industry standard and incorporated the trade secrets, calculated damages based on a theory that Acer should have paid Intellisoft royalties for using the trade secrets.

Trial was scheduled to begin in November 2017. On October 30, 2017, Acer “e-filed” a “Cross-Complaint of Acer Defendants for Declaratory Relief” against the appellants, seeking a declaration that “Bierman properly was not named as an inventor of any of the ’713 Family of Patents and . . . is not entitled to an inventorship correction under 35 U.S.C. § 256.” J.A. 622. Referring to Mr. Rappaport’s expert report and deposition, Acer alleged that “Bierman [was] asserting an inventorship claim,” J.A. 624, and sought declaratory relief that “Bierman properly was not named as an inventor of [the ’713 patent family],” J.A. 622.

In California state court, a party may file a “cross-complaint” setting forth a “cause of action he has against any of the parties who filed the complaint . . . against him.” Cal. Civ. Proc. Code § 428.10(a). Such a “cause of action”

is equivalent to a counterclaim under the Federal Rules of Civil Procedure Rule 13. Acer was required to “obtain leave of court to file [the] cross-complaint” because it had already filed its answer to Intellisoft’s complaint. *See* Cal. Civ. Proc. Code § 428.50(c). The state court confirmed that Acer’s “Cross-Complaint is considered **lodged** (pending approval of a stipulation & proposed order for filing of same, or absent a stipulation & order, an ex parte application/order).” J.A. 1388 (emphasis in original).

Also on October 30, 2017, Acer removed the action to the United States District Court for the Northern District of California under (1) 28 U.S.C. § 1441 providing removal of an action which the district court would have original jurisdiction and (2) 28 U.S.C. § 1454 providing removal of an action where a party asserts a patent counterclaim. In its Notice of Removal, Acer stated that section 1441 removal was proper because Intellisoft’s state law claim for trade secret misappropriation arose “under federal patent law—specifically, 35 U.S.C. § 256.”² J.A. 303. Acer’s basis for section 1441 removal was also Mr. Rappaport’s opinion that “Bierman should have been named as an inventor” under federal patent law. J.A. 302. Acer asserted that removal was proper under section 1454 because its cross-complaint alleged a patent inventorship claim. After removal, on November 20, 2017, Acer filed a First Amended Counterclaim, seeking a declaration under 35 U.S.C. § 256 that Bierman properly was not named an inventor of the ’713 patent family. Acer alleged that Intellisoft “intended

² Intellisoft also pleaded claims for breach of contract, intentional misrepresentation and fraudulent concealment, and accounting in its Fourth Amended Complaint. Acer argues only that the trade secret claim raised a federal issue.

to . . . try numerous other patent law issues, including patentability, patent validity, claim construction, and patent infringement.” J.A. 1283.

On November 27, 2017, Intellisoft moved the district court to remand the action to state court. Intellisoft argued that there was no disputed federal issue because its state law trade secret claim did “not require determination of inventorship” under federal patent law and Acer’s cross-complaint was not “[o]perative” due to Acer’s failure to obtain leave of court. *Intellisoft, Ltd. v. Acer Am. Corp.*, No. 17-CV-06272 (N.D. Cal. 2017), ECF 21 at 2, 12, 20.

The district court denied Intellisoft’s motion to remand. It held that section 1441 removal was proper because Intellisoft “ha[d] only advanced one theory of liability and that theory necessarily raise[d] substantial patent law issues,” J.A. 16, and the case “boil[ed] down to an inventorship dispute,” J.A. 12. The district court concluded that “the inventorship issue [wa]s not just an alternate theory that [the] plaintiff might [have] use[d] to show liability and damages” but was the “only theory of its case.” J.A. 10. The district court also held that section 1454 removal was proper, reasoning that the statute did not require the patent counterclaim to be pleaded in an operative pleading and that it did not matter “[w]hether or not defendants’ cross-complaint was allowed by the [state] court.” J.A. 17–18.

Having declined to remand the case to state court, in December 2018, the district court granted summary judgment in favor of Acer with respect to Intellisoft’s state law claims, reasoning that Intellisoft failed to prove under federal patent law that Bierman was the inventor of the ’713 patent family claims. Based on this failure, the district court concluded that Intellisoft could not show trade secrets ownership and damages. It also held that the claims were time barred. The parties thereafter stipulated to an entry of judgment on the inventorship counterclaim

in favor of Acer. In February 2019, the district court entered final judgment in favor of Acer based on its summary judgment on Intellisoft's state law claims and the parties' stipulation regarding Acer's inventorship counterclaim.

The appellants appeal, arguing that removal was improper and seeking a remand to state court. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

I. Section 1441 Removal

We first consider whether removal was proper under section 1441. That section generally provides that “any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed by the defendant or the defendants, to the district court of the United States.” 28 U.S.C § 1441(a). Section 1338(a) of Title 28 provides in part that the “district courts shall have original jurisdiction of any civil action arising under any Act of Congress related to patents.” The propriety of section 1441 removal depends here on whether Intellisoft's state law claims could be brought in federal court pursuant to section 1338. We review *de novo* whether the district court had section 1338 jurisdiction, and apply Federal Circuit law. *Microsoft Corp. v. GeoTag, Inc.*, 817 F.3d 1305, 1311 (Fed. Cir. 2016).

When a plaintiff brings only a state law claim, as here, the district court will have original jurisdiction “over [the] state law claim . . . if a federal issue is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.” *Gunn v. Minton*, 568 U.S. 251, 258 (2013). The Supreme Court has explained that only a “special and small category” of cases would meet all four requirements. *Id.* (quoting *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 699 (2006)).

Addressing the first prong in the *Gunn* test, Acer contends that Intellisoft's trade secrets misappropriation claim necessarily raised patent law issues: (1) Intellisoft had to prove Bierman is the sole inventor of the '713 patent family to establish ownership of the trade secrets and (2) Intellisoft's expert offered a claim construction and infringement analysis with respect to the '713 patent family to show liability and damages.

Acer's arguments do not establish that Intellisoft's trade secret claim necessarily raised patent law issues. First, Intellisoft did not need to prove inventorship under federal law to establish ownership. Although Intellisoft's expert Mr. Rappaport stated that Bierman was an inventor of the claims in the '713 patent family as a factual matter, Intellisoft did not need to prove that statement was true but needed to show only that Intellisoft by assignment from Bierman was the owner of the trade secrets. In other words, Intellisoft's burden was to satisfy the ownership standards for trade secrets under California law rather than to prove that Bierman is the inventor of the '713 patent family, and ownership under state law did not require proof of patent inventorship. The ownership issue thus did not necessarily depend on patent laws.

Second, Intellisoft did not need to establish patent infringement to prove trade secrets misappropriation. Here, Intellisoft's expert Mr. Zeidman compared the trade secret, '713 patent family, and ACPI standard to conclude that Acer misappropriated the trade secrets by incorporating them into the patents and Acer "would [have] need[ed] to incorporate [the] trade secrets" into its products to comply with the ACPI, a standard by itself that incorporated the trade secrets disclosed by the patents. J.A. 2277. Intellisoft had to show only that Acer misappropriated ("used" or "disclosed") the trade secrets under California state law. See Cal. Civ. Code § 3426.1. The '713 patent family was only being used as evidence to support Intellisoft's state law claims. This analysis required no construction of the

patent claims or proof that Acer's products "infringed" the '713 patent family under 35 U.S.C. § 271.

Third, Intellisoft's damages case did not necessarily depend on the resolution of patent law issues. Its expert Mr. Napper calculated damages in the form of royalties that Intellisoft would have received from Acer for using the trade secrets since 1997, assuming a royalty rate from the parties' 1992 software agreement. But this agreement was a software license for Intellisoft's Bookmark product and it neither included a patent license nor referenced the '713 patent family. Mr. Napper's damages calculation also presumed that Acer's products incorporated the trade secrets based on Mr. Zeidman's analysis. To prove such damages, however, Intellisoft did not need to establish that Acer's products infringed the '713 patent family. Thus, the damages issue also did not necessarily depend on the resolution of patent law issues.

We have made clear that a plaintiff's reliance on a patent as evidence to support its state law claims does not necessarily require resolution of a substantial patent question.

In *Uroplasty, Inc. v. Advanced Uroscience, Inc.*, 239 F.3d 1277 (Fed. Cir. 2001), the plaintiff alleged that its former executive officer, who became the defendant's chairman, "used and divulged [the plaintiff's] trade secrets . . . by acts that included the preparation and filing of [the defendant's patent] application." *Id.* at 1279–80. We held that "[t]he . . . patent may be evidence in support of [the plaintiff's] allegations, but the mere presence of the patent does not create a substantial issue of patent law." *Id.* at 1280. Thus, the plaintiff's reliance on a patent to prove misappropriation of trade secrets did not "necessarily depend[] on resolution of a substantial question of federal patent law." *Id.* at 1279–80 (quoting *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988)). We have

reached similar conclusions in other cases. *See Bd. of Regents, Univ. of Tex. Sys., ex rel. Univ. of Tex. at Austin v. Nippon Tel. & Tel. Corp.*, 414 F.3d 1358, 1362–63, 1365 (Fed. Cir. 2005) (state law claim of tortious interference did not necessarily require resolution of a federal patent law issue just because the plaintiff sought to show ownership of information incorporated into its U.S. patent); *Krauser v. BioHorizons, Inc.*, 753 F.3d 1263, 1265–67, 1269 (Fed. Cir. 2014) (state law claim of ownership of the defendants’ dental systems allegedly incorporated in the defendants’ patents did not depend on resolution of a federal patent law issue); *id.* at 1269 (“A claim of ownership does not necessarily require consideration of patent law inventorship.” (emphasis in original)).

The Tenth Circuit likewise held that using a patent as evidence for a misappropriation claim does not give rise to section 1338 jurisdiction in *Russo v. Ballard Med. Prod.*, 550 F.3d 1004 (10th Cir. 2008). In *Russo*, the plaintiff allegedly shared trade secrets concerning catheter devices with the defendants under a confidential disclosure agreement. *Id.* at 1007–08. The plaintiff asserted that the defendants’ patents misappropriated his trade secrets. *Id.* at 1010. The court held that “the fact that patents may be used as evidence in aid of a trade secret claim is not the same thing as raising a substantial (or really, any) question of federal patent law.” *Id.* (citing *Uroplasty*, 239 F.3d at 1280).

Because Intellisoft’s trade secret claim did not “necessarily depend[] on resolution of a substantial question of federal patent law,” *Uroplasty*, 239 F.3d at 1279 (quoting *Christianson*, 486 U.S. at 809), we need not address other prongs of the *Gunn* test. The district court did not have jurisdiction under section 1338(a), and the state law claims could not be removed under section 1441.

II. Section 1454 Removal

Acer alternatively claims that removal was proper under section 1454 because of its inventorship counterclaim. Section 1454 provides:

A civil action in which any party asserts a claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights may be removed to the district court of the United States for the district and division embracing the place where the action is pending.

28 U.S.C. § 1454(a). We review de novo and apply Federal Circuit law on whether removal was proper under section 1454. *See GeoTag*, 817 F.3d at 1311.

Acer argues that the language “action in which any party asserts a claim for relief” of section 1454 did not require it to plead the counterclaim in an operative cross-complaint. According to Acer, what matters is that the cross-complaint was purportedly “filed”—received by the state court—regardless of whether it was legally operative. We disagree.

We conclude that removal under section 1454, like removal under section 1441, requires that the claim supporting removal must be contained in an operative pleading. Section 1441 allows removal if an action over which the district court would have original jurisdiction was “brought” in the state court. Courts have held that a claim is “brought” under section 1441 only after the claim supporting federal jurisdiction is pleaded in an operative complaint as opposed to a proposed amendment. *Sullivan v. Conway*, 157 F.3d 1092, 1094 (7th Cir. 1998) (“Until the state judge granted the motion to amend, there was no basis for removal. Until then, the complaint did not state a federal claim. It might never state a claim, since the state judge might deny the motion.”); *Freeman v. Blue Ridge Paper Prod., Inc.*, 551 F.3d 405, 410 (6th Cir. 2008).

It is evident that “assert” in section 1454 has the same meaning as “brought” in section 1441. In section 1441, Congress provided that “[o]nly defendants against whom a [federal claim] has been asserted are required to join in or consent to the removal.” 28 U.S.C. § 1441(c)(2) (emphasis added). Thus, section 1441 itself uses the word “asserted” as equivalent to the term “brought.” Similarly, many other statutes assume that the “brought” language means that the claim giving rise to jurisdiction was asserted. *See, e.g.*, 35 U.S.C. § 271(e)(5) (federal courts have “subject matter jurisdiction in any action brought” under certain Hatch-Waxman provisions); 19 U.S.C. § 1337(f)(2) (the government may recover penalty in “a civil action brought” by the International Trade Commission); 28 U.S.C. § 1332(d)(1)(B), (3)(D) (class action definition and exercise of jurisdiction concern an action “brought” by one or more representatives). We conclude that removal based on an “asserted” claim for relief under section 1454 requires that it must be included in an operative pleading.

A contrary interpretation would mean that the defendant’s time to file a notice of removal would begin to run even if the claim had no effect because it was yet to be made part of the case, and would “have the anomalous effect that the removed case lacks federal jurisdiction at the time that it is removed.” *Freeman*, 551 F.3d at 410; *Carvalho v. Equifax Info. Servs., LLC*, 629 F.3d 876, 885 (9th Cir. 2010) (“It is axiomatic that a case cannot be removed before its inception.”); *Reyes v. Dollar Tree Stores, Inc.*, 781 F.3d 1185, 1189 (9th Cir. 2015) (tentative class certification ruling had no “jurisdictional effect”). Consistent with this view, we have held that the defendant’s right to removal depends on the “pleading operative at the time” of removal and not on later amendments. *Bd. of Regents*, 414 F.3d at 1360 n.* (citing *Pullman Co. v. Jenkins*, 305 U.S. 534, 537 (1939)); *see also Abada v. Charles Schwab & Co.*, 300 F.3d 1112, 1117 (9th Cir. 2002).

Here, Acer's cross-complaint was not a legally operative pleading when it removed the action. Under California law, Acer could have filed the cross-complaint as a matter of right before or at the same time as its answer to the complaint. Cal. Civ. Proc. Code § 428.50(a). But, after that time, Acer was required to "obtain leave of court to file [the] cross-complaint." *Id.* § 428.50(c). California courts have held that a pleading was "ineffective" where the party seeking to file the pleading did not obtain the required leave of court. *People v. Oken*, 324 P.2d 58, 61 (Cal. Ct. App. 1958); see also *Morrow v. Carona*, No. E030000, 2002 WL 1832899, at *2 (Cal. Ct. App. Aug. 12, 2002) (unpublished). Acer admits that the cross-complaint was not legally operative under state law and it would have "needed leave to amend to file the counterclaim." Oral Argument 22:15–21, available at <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2019-1522.MP3>. The district court itself agreed that "[Acer's] cross-complaint did not become operative . . . under the California Code of Civil Procedure." J.A. 4. Because Acer's cross-complaint was not operative, it was never "asserted" under section 1454 and thus there was no basis for removal.

We reach our conclusion by looking at state law not to interpret the patent statute but to determine whether a party satisfied the criteria set forth in that statute. This approach is consistent with *Shamrock Oil & Gas Corp. v. Sheets*, 313 U.S. 100 (1941), which concerned an earlier and different statute, § 28 of the Judiciary Code,³ that allowed "the defendant or defendants" to remove based on diversity jurisdiction. *Id.* at 103–04. There the Supreme Court held that the word "defendant" was to be construed under Congress's "own criteria, irrespective of local law," and that its meaning excluded the plaintiff who initiated the action

³ This statute was codified as 28 U.S.C. § 71 at that time.

even if a counterclaim was asserted against him. *Id.* at 104, 108. Similarly, here we construe “assert” in section 1454 under Congress’s criteria irrespective of how state courts would interpret that word.

Treating an inoperative patent counterclaim as not being “asserted” is consistent with Congressional policy. Congress intended to keep claims arising under patent laws out of state court proceedings by conferring jurisdiction to only federal courts. *See* 28 U.S.C. § 1338(a). Denying leave to file a federal patent counterclaim in state court is fully consistent with the policy that patent claims should not be litigated in state courts. Any refusal to entertain federal patent claims in state court would serve the purpose of limiting state court jurisdiction over federal patent claims. We note that if the state court denied leave to file the patent counterclaim, Acer would still not have been deprived of its claim because it had “an alternative way to present [its] patent claim[] on the merits in federal court: a separate federal declaratory judgment action.” *Preston v. Nagel*, 857 F.3d 1382, 1386 (Fed. Cir. 2017).

As an alternative ground, Acer argues that its amended counterclaim filed in federal court after removal satisfied section 1454. There is no merit to this argument because we have repeatedly held that “[i]t is only the pleading operative at the time the petition to remove was filed . . . that is relevant to determining [the] right to remove[,]” not later amendments. *Bd. of Regents*, 414 F.3d at 1360 n.* (discussing §§ 1338 and 1441 removal); *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1268 n.8 (Fed. Cir. 2007) (same); *see also Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc.*, 986 F.2d 476, 477 (Fed. Cir. 1993). Section 1454 includes no language that justifies a treatment different from other removal statutes.

INTELLISOFT, LTD. v. ACER AMERICA CORP.

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Accordingly, we hold that Acer's removal under section 1454 was improper because the October 30, 2017, cross-complaint was not legally operative.

CONCLUSION

For the foregoing reasons, we vacate the district court's judgment and reverse its denial of Intellisoft's motion to remand. We need not resolve the question of whether removal was timely. On remand, the district court must remand the action to California state court.⁴

VACATED, REVERSED, AND REMANDED

COSTS

Costs to the appellants.

⁴ In ordering remand to state court, we, of course, do not express any opinion concerning the merits of Intellisoft's state law claims.

APPENDIX B

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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

INTELLISOFT, Ltd,
Plaintiff,
v.
ACER AMERICA CORPORATION, et
al.,
Defendants.

Case No. 17-cv-06272-PJH

**ORDER GRANTING MOTION FOR
SUMMARY JUDGMENT**

Re: Dkt. No. 64

Defendants Acer America Corporation and Acer Inc.’s (“Acer”) motion for summary judgment came on for hearing before this court on October 10, 2018. Plaintiff Intellisoft, Ltd. appeared through its counsel, Alfredo Torrijos, Daniel Balaban, and Andrew Spielberg. Defendants appeared through their counsel, Mathew Ball, Jason Haycock, and Jeffrey Johnson. Having read the papers filed by the parties and carefully considered their arguments and the relevant legal authority, and good cause appearing, the court hereby GRANTS defendants’ motion, for the following reasons.

BACKGROUND

A. Procedural Background¹

This court previously summarized the action as follows:

On March 21, 2014, [Bruce] Bierman and Intellisoft filed this action in the Superior Court of the State of California for the County of Marin against [Acer]. Bierman later voluntarily dismissed himself from the case and assigned his interest to

¹ Defendants are reminded that L.R. 3-4(c)(3) requires that “type may not be smaller than 12-point standard font[;]” not 11.5-point.

1 Intellisoft. In brief, Intellisoft alleges that Bierman invented
2 certain trade secrets related to computer power management.
3 Fourth Amended Complaint (“4thAC”), ¶¶ 41-65 [Ball Ex. 14].
4 Intellisoft further alleges that in the early 1990s, Bierman
5 shared those purported trade secrets with Acer pursuant to a
6 non-disclosure agreement, that Acer stole those trade secrets,
7 and that Acer obtained a series of patents (the “713 patents”
8 or the “patents”) based on those trade secrets without
9 Bierman’s knowledge. *Id.* ¶¶ 27-65. On September 25, 2015,
10 Intellisoft filed its fifth pleading, the 4thAC, asserting causes of
11 action for: (1) misappropriation of trade secrets, (2) intentional
12 misrepresentation and concealment, (3) breach of contract—
13 non disclosure agreement, and (4) accounting. *Id.* ¶¶ 70-101.

14 Dkt. 57 at 1-2. The parties agree that the second and fourth causes of action rise and fall
15 with the first and third causes of action.

16 On September 28, 2015, plaintiff produced its First Amended Designation of Trade
17 Secrets pursuant to Cal. Civ. P. § 2019.210. Ball Ex. 35

18 Two years later, and after more than three years of litigation in state court, plaintiff
19 produced three expert reports and defendants subsequently deposed two of those
20 reporting experts. Together, the expert testimony revealed for the first time that plaintiff’s
21 entire theory of liability necessarily depends on plaintiff showing that Bierman, and not
22 Acer’s employees, conceived of the invention claimed by the ‘713 patents. See generally
23 Dkt. 35 (Motion to Remand Order). Based on that new information defendants removed
24 the action to this court and subsequently filed a counterclaim against plaintiff and
25 Bierman seeking a declaratory judgment under the Federal Declaratory Judgment Act
26 and 35 U.S.C. § 256 that Bierman was properly not named as an inventor of the ‘713
27 Family of Patents. See Dkt. 35 at 4-5 (discussing relevant history). The court
28 subsequently denied Intellisoft’s motion to remand because the court had federal subject-
matter jurisdiction based on Acer’s Declaratory Judgment Act counterclaim and under 28
U.S.C. §§ 1338 & 1441 because Intellisoft’s state law claims necessarily raised
substantial questions of patent law. See generally id.; Dkt. 57 at 2 (discussing order
denying motion to remand).

Now before the court is defendants’ motion for summary judgment. That motion
primarily argues that because plaintiff’s theory hinges on plaintiff showing that Bierman

1 conceived of the invention claimed by the '713 Family of Patents, federal patent law
2 applies and that plaintiff cannot meet the applicable clear and convincing evidence
3 standard. Plaintiff disagrees that patent law applies to the inventorship issue and also
4 reargues that this court lacks jurisdiction. The court has rejected the latter contention on
5 two prior occasions, see Dkts. 35, 57, and will not address it a third time here. Instead,
6 the court focuses on what law applies to the inventorship issue and whether plaintiff's
7 evidence satisfies its burden to survive summary judgment.

8 **B. Acer and Intellisoft/Bierman's Business Relationship**

9 In September 1990, Intellisoft and Acer entered into a non-disclosure agreement.
10 Ball Ex. 21 (the "NDA"). Defendants argue that the parties entered into the NDA because
11 Intellisoft was going to alter its off-the-shelf software (henceforth, "Bookmark") for Acer's
12 use. Plaintiff agrees but also contends that, pursuant to the NDA, Bierman disclosed to
13 Acer hardware-related trade secrets. While the NDA prohibits generally the
14 misappropriation of any confidential information, it only specifically references Intellisoft's
15 software. Id.

16 On January 2, 1992, Acer applied for a patent entitled "Power-Management
17 System for A Computer," 5,410,713, which named Dave White, Yen W. Lee, Rod Ang,
18 Ray Barbieri, James Chen, and Suh C. Lee as its inventors. Ball Ex. 2. Acer
19 subsequently obtained three continuations of that patent. On April 25, 1995, the '713
20 patent was published. Plaintiff contends that the '713 patent improperly disclosed the
21 trade secrets Bierman shared pursuant to the 1990 NDA.

22 On January 3, 1992, Acer and plaintiff entered into a licensing agreement allowing
23 Acer to use Bookmark. Ball Ex. 1. The licensed version of Bookmark allowed Acer's
24 computer to boot up and perform specific features, rather than waiting for the computer to
25 boot up all of its features before completing the desired computing task. During a
26 deposition, Bierman testified that in October 1991 he faxed a written authorization to an
27 Acer employee authorizing Acer to use the purported trade secrets so long as Acer
28 licensed Bierman's software. See Ball Ex. 11 at 371:19-372:9, 209:23-211:16. Plaintiff

1 has pointed to no evidence corroborating Bierman’s testimony and the Acer employee
 2 denied he ever received that authorization. Ball Ex. 6 at 176:1-13. And neither the
 3 January 1992 license nor a subsequent September 1992 license mentions that apparent
 4 authorization. See Ball Exs. 1, 13.

5 **C. The Patent**

6 The patented invention is “[a] power management system for a personal computer
 7 comprise[d] [of] a power management processor, a switchable power supply and a keep
 8 alive power supply.” Ball Ex. 2. Because Acer argues that plaintiff’s claims fail if Bierman
 9 is not the sole inventor of the technology claimed by the ’713 Family of Patents, Acer
 10 focuses on showing that Bierman did not invent the Power Management Microprocessor
 11 (or “PMM”). The PMM is a microprocessor that is connected to, but independent of, the
 12 computer’s main CPU and motherboard (or “host computer”).

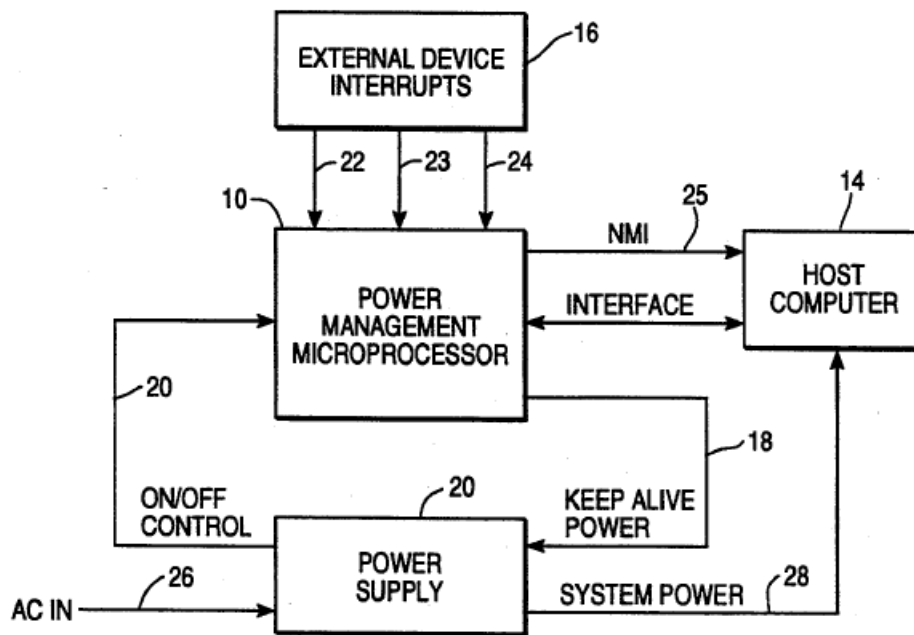


FIG. 1

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26 Id. at Fig. 1.
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United States District Court
 Northern District of California

1 Essentially, if the power supply is plugged in and the power supply switch is on,
2 the above setup allows the PMM to remain constantly powered by the “keep alive power”
3 connection. As a result, the PMM will continue to function even if the “host computer” is
4 not receiving any power. Because it is always on, the PMM can detect “External Device
5 Interrupts.” The PMM also can control the main power supply via the On/Off control and
6 the computer can talk to the PMM via the “interface” connection. See generally id. at
7 6:25-8:22.

8 For example, pressing a soft power switch connected as an “external device”—
9 the normal power button on modern day computers—might tell the PMM that the user is
10 done for the day and to power off. However, unlike a hard power switch, which would
11 shut off all power immediately, once the PMM receives the signal from the soft power
12 switch, the PMM might interface with the host computer directing it to save its memory
13 state for later use. Only after the host computer signals the PMM that that operation has
14 been completed, will the PMM signal the power supply to stop providing power to the
15 host computer. Ball Ex. 2 at 4:36-5:17, 8:1-31.

16 Similarly, the invention provides the ability for a computer in an off state to receive
17 a fax. In short, if a fax machine attached as an “external device” rings, a signal would be
18 sent to the PMM indicating that a fax is incoming. When programmed correctly, the PMM
19 would then tell the main power supply to power the “host computer.” The PMM would
20 then direct the host computer that it should not boot up all its functions (because if it did it
21 would miss the incoming fax) and instead only boot up the functions/software needed to
22 receive a fax. See Ball Ex. 2 at 5:18-62.

23 Acer claims that it was the latter-described function that led to James Chen
24 inventing the PMM. Ball Ex. 4 at 45:21-46:13; 66:18-67:1. In 1990, Microsoft released
25 Windows 3.0, which allowed computers to integrate, inter alia, fax machines. Ball Ex. 3
26 at 86:16-88:25. Acer created the AcerPAC 150 to take advantage of that functionality.
27 Id. The PMM was part of the hardware solution to integrating the fax machine and it is
28 undisputed that the licensed Bookmark software was part of the software solution.

1 Plaintiff, however, contends that Bierman contributed more than just the software.

2 **D. The Alleged Trade Secrets**

3 The court had trouble pinning down exactly what technology plaintiff claims
 4 Bierman conceived. Plaintiff simultaneously contends that Bierman conceived of
 5 everything within the patent, while also emphasizing that though some elements of the
 6 patent are public, the specific combination of elements is the purported trade secret.²
 7 The record evidence hues more closely to the former. Plaintiff's liability expert, Robert
 8 Zeidman, opines that "[t]he trade secrets consist of hardware, software, and
 9 combinations of hardware and software," Ball Ex. 18 ¶ 5, and describes it as:

10 SMART, as disclosed by Intellisoft, is a power control system
 11 for computers for intelligently controlling a computer's
 12 switchable main power supply ("PCMP") based on internal
 13 logic, interrupts, signals from the host computer or software
 14 operating on the host computer, external devices, and/or
 15 peripherals connected to the host computer. SMART consists
 16 of (a) an always powered processor that controls, either directly
 17 or through an electronic control signal, whether or not the
 18 computer's switchable main power supply is supplying power
 19 to the computer system and components of the computer
 system (i.e., a "power management processor"); (b) a method
 for the always powered processor to monitor interrupts,
 communications from the host computer or software operating
 on the host computer, external devices, and/or peripherals
 connected to the host computer (i.e., a "watchdog"); and (c) a
 method for providing continuous power to the always powered
 processor and/or logic and, optionally, other devices that are
 not powered by the computer's switchable main power supply
 (i.e., a "keep-alive power supply" or "standby power").

20 Id. ¶ 6, see also id. ¶¶ 7-37, 39 ("The Intellisoft trade secrets listed above were not
 21 generally known individually or in combination"). Bierman, the person who allegedly
 22 conceived of the trade secrets, testified that nothing in the patent was Acer's idea and
 23 that Acer just built what Bierman invented. Ball Ex. 11 at 80:2-24, 404:3-8 ("Acer didn't
 24

25 _____
 26 ² For example, part of the record describes the trade secrets as "a combination of either
 27 [1] SMART power supply, SMART power management processor, SMART watchdog,
 28 switchable power supply and software that can save and restore the system or [2] all of
 those things, plus start up options." Ball Ex. 10 at 333:10-25. That description is at least
 conceivably consistent with some or all of the individual elements being public, but the
 combination of those being an undisclosed trade secret.

1 create concepts or ideas. They built . . . the invention that was presented to them”).

2 This court also finds that the scope of the technology claimed by the '713 patent is
3 coterminous with the technology described by plaintiff's trade secret designation.

4 **E. ACPI and The Trade Secrets**

5 The Advanced Configuration and Power Interface (“ACPI”) standard is a power
6 management standard developed by Microsoft and Intel with the intention of
7 standardizing certain computer functions. Around 1996 or 1997, Acer began producing
8 ACPI-compliant computers. Ball Ex. 7 at 162:9-12; Ball Ex. 8 ¶ 11.

9 This court has previously described plaintiff's theory of how ACPI relates to the
10 '713 patents and the alleged trade secrets:

11 In Zeidman's report, Ex. 9, supplemental report (filed October
12 10, 2017), Ex. 11, and deposition, Ex. 13, Zeidman compared
13 the purported trade secrets to the '713 Family of Patents and
14 opined that the patents included plaintiff's trade secrets. See,
15 e.g., Ex. S; see also generally Exs. 9, 11, 13. Zeidman's expert
16 reports also attached 28 separate claim charts, each one
17 analyzing whether [ACPI] . . . “read on” the '713 Family of
18 Patents or necessarily used plaintiff's trade secrets. See, e.g.,
19 Ex. 10 and 12. In performing this analysis, Zeidman construed
20 the scope and meaning of claims within the '713 Family of
21 Patents. See Id. As relevant here, Zeidman concluded that
22 computers using the ACPI industry standard necessarily used
23 the '713 Family of Patents. Ex. 10 at 35, Ex. 11 ¶ 16; Ex. 12 at
24 2, Ex. 13 at 332:23-333:9. Accordingly, it is Zeidman's opinion
25 that computers using the ACPI industry standard incorporate
26 plaintiff's trade secrets. Ex. 13 at 366:3-6.

27 Lastly, [plaintiff's damages] [] expert[s] report states that
28 Intellisoft is entitled to royalty damages based on every Acer
ACPI-compliant computer sold since 1997. See, e.g., Ex. 14
¶¶ 8-10, 20. Napper's calculation expressly relies on
Zeidman's and Rappaport's analysis, including Zeidman's
conclusion that ACPI compliant computers use the '713 Family
of Patents (and, therefore, plaintiff's trade secrets) and
Rappaport's inventorship opinion. Ex. 14 ¶¶ 8-10, 19, 20.

Dkt. 35 at 3-4 (footnote omitted).

Further, plaintiff has consistently argued and its experts have consistently opined
that though ACPI does not specify how it should be implemented, “in order to comply with
the ACPI specification, a computer would need to incorporate Intellisoft's trade secrets. I
cannot see any way to implement ACPI without doing so.” Ball Ex. 19 ¶ 6. And Zeidman

1 testified that comparing the trade secrets to the patents and then the patents to the ACPI
2 standard is logically the same as comparing the trade secrets to ACPI. Reply Ex. 1 at
3 332:5-22.

4 DISCUSSION

5 A. Legal Standard

6 1. Summary Judgment

7 Summary judgment is proper where the pleadings, discovery, and affidavits show
8 that there is “no genuine dispute as to any material fact and the movant is entitled to
9 judgment as a matter of law.” Fed. R. Civ. P. 56(a). Material facts are those which may
10 affect the outcome of the case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248
11 (1986). A dispute as to a material fact is genuine if there is sufficient evidence for a
12 reasonable jury to return a verdict for the nonmoving party. Id. at 248-49.

13 The party moving for summary judgment bears the initial burden of identifying
14 those portions of the pleadings, discovery, and affidavits which demonstrate the absence
15 of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986).
16 When the moving party has met this burden of production, the nonmoving party must go
17 beyond the pleadings and, by its own affidavits or discovery, set forth specific facts
18 showing that there is a genuine issue for trial. Id. at 323. The court must view the
19 evidence in the light most favorable to the nonmoving party. See Tolan v. Cotton, 572
20 U.S. 650, 657 (2014). If the nonmoving party nevertheless fails to meet its burden, the
21 moving party wins.

22 2. Federal Patent Law Applies To The Inventorship Issue

23 a. Plaintiff Must Prove He Is An Inventor As Defined by the Federal 24 Patent Laws

25 The Federal Circuit has frequently explained that “the field of federal patent law
26 preempts any state law that purports to define rights based on inventorship.” HIF Bio,
27 Inc. v. Yung Shin Pharm. Indus. Co., 600 F.3d 1347, 1353 (Fed. Cir. 2010); Univ. of Colo.
28 Found. v. Am. Cyanamid Co., 196 F.3d 1366, 1372 (Fed. Cir. 1999) (Cyanamid IV).

1 When “the only possible theory upon which relief could be granted to the plaintiffs would
2 be one in which determining the true inventor” of a patented idea “is essential,” federal
3 patent law applies to the issue of inventorship. HIF Bio, 600 F.3d at 1353, 1355;
4 Cyanamid IV, 196 F.3d at 1372.

5 This court has twice previously held that plaintiff’s state law claims depend on
6 determining whether Bierman, rather than Acer’s employees, invented the ideas claimed
7 by the ’713 patent. See generally Dkts. 35, 57. Indeed, this court’s subject-matter
8 jurisdiction is based on that finding. Neither plaintiff’s rehashed jurisdictional arguments
9 nor any evidence presented in opposition to the present motion provides reason to
10 reconsider those prior findings.

11 The court nevertheless finds it instructive to discuss Univ. of Colorado Found., Inc.
12 v. Am. Cyanamid Co., which bears substantial parallels to the present action and sets
13 forth the applicable law. The Cyanamid plaintiffs, two doctors and various university-
14 related entities, sued a vitamin manufacturer for, inter alia, fraudulent nondisclosure,
15 unjust enrichment, and patent infringement, alleging that the doctors had invented a
16 particular vitamin formulation, and that the manufacturer intentionally omitted them as
17 inventors on the patent application and intentionally hid the patent from plaintiffs. Univ. of
18 Colorado Found., Inc. v. Am. Cyanamid Co., 974 F. Supp. 1339, 1342-44 (D. Colo. 1997)
19 (Cyanamid III). The Cyanamid defendant countered that its employees were the true
20 inventors of the reformulated vitamin and therefore the lawful owner. Id. at 1342. In the
21 first instance, the district court applied Colorado state common law
22 ownership/inventorship standards to plaintiffs’ state law claims and federal patent
23 inventorship law to plaintiff’s patent infringement claims. Id. at 1353 n.2.

24 The Federal Court rejected that distinction on appeal in Cyanamid IV. In
25 Cyanamid IV, the Federal Circuit reversed the lower court’s bench trial determination
26 because the district court applied Colorado common law, rather than Federal patent law,
27 when determining whether plaintiff was the true inventor of the ideas within the patent at
28 issue. Cyanamid IV, 196 F.3d at 1372. The Federal Circuit explained that “the

1 University's fraudulent nondisclosure and unjust enrichment claims”—both state law
 2 claims—“depend on the Doctors' status as inventors[,]” and “whether [defendant] had a
 3 duty to disclose its intention to and filing of the Patent application depends on who was
 4 the inventor of the reformulated” vitamin. Id. at 1372 (internal quotation marks omitted).

5 The court determined that while the state law claims were not completely
 6 preempted by federal patent law, “federal patent law preempt[ed] states from dictating the
 7 standards of inventorship.” Id. The court reasoned:

8 Field preemption describes exclusive regulation of a legal
 9 subject by federal law. To preempt a field, federal law must
 10 evince “a scheme of federal regulation so pervasive” that no
 11 room remains for a state to supplement. Alternatively, federal
 law preempts a field by addressing a “federal interest . . . so
 dominant that the federal system will be assumed to preclude
 enforcement of state laws on the same subject.”

12 * * *

13 An independent inventorship standard under state law would
 14 likely have different requirements and give rise to different
 15 remedies than federal patent law. A different state inventorship
 16 standard might grant property rights to an individual who would
 17 not qualify as an inventor under federal patent law, or might
 18 grant greater relief to inventors than is afforded by federal
 19 patent law. Either situation might frustrate the dual federal
 20 objectives of rewarding inventors and supplying uniform
 21 national patent law standards.

22 The federal Patent Act leaves no room for states to supplement
 23 the national standard for inventorship. Title 35 contains explicit
 24 and detailed standards for inventorship. Moreover, federal law
 25 has provided this court with jurisdiction to enforce these
 26 comprehensive provisions to provide a uniform national
 27 standard for inventorship. Therefore, the field of federal patent
 28 law preempts any state law that purports to define rights based
 on inventorship. Consequently, this court vacates the district
 court's conclusion that the Doctors were the inventors of
 reformulated [vitamin] and that Dr. Ellenbogen[, defendant's
 employee,] was not the inventor. Upon remand, the court must
 apply federal patent law principles to determine whether the
 Doctors and/or Dr. Ellenbogen were inventors of the technology
 of the '634 patent.

29 Id. (citations omitted; emphasis added).

30 In accordance with the Federal Circuit's direction, on remand the Cyanamid district
 31 court applied federal patent inventorship law not only to plaintiff's federal claims, but also
 32 to plaintiff's state law claims of fraud and unjust enrichment because those claims

1 “hinge[d] on the finding that the doctors invented the subject matter of the [] patent.” See
 2 Univ. of Colorado Found., Inc. v. Am. Cyanamid Co., 105 F. Supp. 2d 1164, 1184 (D.
 3 Colo. 2000) (Cyanamid V). The Federal Circuit affirmed. Univ. of Colorado Found., Inc.
 4 v. American Cyanamid, 342 F.3d 1298, 1308-09 (Fed. Cir. 2003) (Cyanamid VI).

5 As was the case in Cyanamid, “[t]he threshold issue [here]. . . is whether [Bierman]
 6 w[as], in fact, the true and sole inventors of the patented technology under federal patent,
 7 rather than state common law, standards.” Cyanamid V, 105 F. Supp. 2d at 1176; see
 8 also Gonzalez-Hernandez v. Orbay, No. 08-21782-CIV, 2008 WL 11333594, at *2 (S.D.
 9 Fla. June 25, 2008) (refusing to remand because “inventorship is governed solely by
 10 federal law” and plaintiff’s ownership claim hinged on showing he was the sole inventor).

11 Rather than addressing the above binding authority, plaintiff asserts that its state
 12 law claims do not require a showing that plaintiff is an inventor, that the alleged
 13 disclosure occurred within the ’713 Patent’s specification section and thus does not
 14 require an analysis of inventorship, and that this court should instead follow Russo v.
 15 Ballard Medical Products, 550 F.3d 1004 (10th Cir. 2008).

16 **i. Plaintiff’s State Law Claims Requires An Inventorship**
 17 **Determination**

18 Plaintiff first contends that this case does not require an inventorship analysis
 19 because the elements of plaintiff’s state law claims do not mention “invent” or “conceive.”
 20 The court disagrees.

21 To succeed on its misappropriation claim, plaintiff must prove, inter alia, “1. That
 22 [the plaintiff] owned [or] was a licensee” of the claimed trade secrets. CACI 4401. That
 23 makes sense. A plaintiff cannot recover for an alleged misappropriation of something—
 24 here a trade secret—that the plaintiff never owned. In theory, the ownership requirement
 25 could be proven in any number of ways. A plaintiff could seek to show that she
 26 purchased the trade secret from the undisputed inventor and that is why the plaintiff owns
 27 it. Or a plaintiff could seek to prove she inherited the trade secret, or that it was gifted to
 28 her rather than to someone else. If plaintiff had chosen any of those theories of

1 ownership, then the action would belong in state court. See Tavory v. NTP, Inc., 297 F.
2 App'x 976, 984 (Fed. Cir. 2008) (“If [] [plaintiff’s] co-ownership did not depend on
3 resolving inventorship” then state law claim would not be preempted “because ownership,
4 as distinct from inventorship, is generally governed by state law.”); see also Regents of
5 Univ. of Cal. v. Chen, No. 16-CV-07396-EMC, 2017 WL 3215356, at *7–8 (N.D. Cal. July
6 26, 2017) (declining to apply patent law where “the key question is not who invented the
7 inventions described in the [] patents,” but “rather when they were invented”).

8 That, however, is not the case here. Plaintiff’s only theory here is that it owns the
9 purportedly misappropriated trade secret because Bierman invented it. That theory of
10 ownership, as discussed above, requires the application of federal inventorship law.
11 Cyanamid V, 105 F. Supp. 2d at 1172 (“The principal finding of the [Cyanamid IV] was
12 that the state law concepts of ‘ownership’ or ‘inventorship’ previously applied “could not
13 stand”); see also Tavory, 297 F. App'x at 984, 984 n.8 (state law claim preempted where,
14 inter alia, co-ownership depended on inventorship analysis).

15 Of course, plaintiff’s breach of contract claim based on the 1990 NDA fails for
16 similar reasons. That claim requires plaintiff to prove that Acer did something that the
17 contract prohibited it from doing—here, disclosing a trade secret or confidential
18 information that Intellisoft actually owned. And, like with its trade secret claim, plaintiff
19 seeks to satisfy that ownership element by showing that Bierman, and not the named
20 inventors, conceived of the invention claimed by the '713 patent.

21 During the hearing plaintiff raised a second reason why it believed its claim did not
22 require an inventorship analysis. Intellisoft contends that it is not interested in the '713
23 patent’s claimed invention because that went through the patent application and
24 prosecution process. Instead, according to plaintiff, the complained of disclosure
25 occurred within the patent’s specification section, as opposed to the patent’s claims
26 section. Thus, plaintiff’s argument continues, patent law does not apply because
27 Bierman is not claiming he conceived of the patented idea—contained within the claims
28 section—but the idea disclosed within the specification section of the patent.

1 While clever (and convoluted), the argument fails to persuade for at least three
2 reasons. First, plaintiff fails to actually identify what part of the specification section
3 purportedly improperly discloses the alleged combination trade secret.

4 Second, because plaintiff never specifies what in the specification section of the
5 '713 patent disclosed the alleged trade secrets, plaintiff also fails to identify how that
6 alleged but unspecified disclosure differs from the claimed technology. And the court
7 independently has found no basis to believe that the specification section reveals
8 something that the claimed invention does not.

9 In fact, plaintiff does not really argue that its trade secret is not coextensive with
10 the claimed invention. Rather plaintiff appears to argue that the two are different merely
11 because the claimed invention went through the patent application and prosecution
12 process. That "difference" does not hold water in the face of plaintiff's repeated
13 contention that the claimed trade secrets and the patented technology are the same.

14 Third, plaintiff unduly seeks to divorce the claimed invention from its specification.
15 Phillips v. AWH Corp., 415 F.3d 1303, 1315 (Fed. Cir. 2005) ("The claims, of course, do
16 not stand alone. Rather, they are part of a fully integrated written instrument, consisting
17 principally of a specification that concludes with the claims. For that reason, claims must
18 be read in view of the specification, of which they are a part." (internal citation and
19 quotation marks omitted)).

20 **ii. Russo v. Ballard Medical Products**

21 Plaintiff next argues that this court should follow Russo and hold that plaintiff's
22 theory of liability is not premised on patent inventorship. The court recognizes that Russo
23 has certain similarities to the present action. In Russo, the plaintiff, an independent
24 medical device inventor, sued a medical products company alleging that the company
25 misappropriated his trade secret and breached the parties' confidentiality agreement by
26 using certain of the plaintiff's innovations to secure two patents and to subsequently
27 introduce a new product to the market. Russo, 550 F.3d at 1006-08. After the district
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1 court instructed the jury on Utah trade secret and contract law, id. at 1015, the jury found
2 for the plaintiff and awarded \$20 million in damages, id. at 1006.

3 On appeal, the Russo defendant primarily argued that plaintiff's state law claims
4 were preempted by federal patent law. After determining that it, rather than the Federal
5 Circuit, had jurisdiction,³ the Tenth Circuit turned to arguments pertinent to this action,
6 including whether plaintiff's liability case was "irreconcilable with the presumption of
7 inventorship arising from" defendant's patents. Id. at 1014. Specifically, the defendant
8 argued that plaintiff cast himself as the "true inventor" of the patented ideas and that any
9 question of inventorship must be established under federal patent law standards. The
10 Tenth Circuit disagreed: "Mr. Russo pointed at trial, precisely as he did in his complaint,
11 to Ballard's patents as evidence of how [the defendant] misappropriated his secret and
12 breached the CDA. But this bare fact does not necessarily mean that his trial raised any
13 question of federal patent law . . . let alone suggest that Mr. Russo sought rights
14 associated with being a patent's inventor." Id. at 1015 (emphasis in original).

15 The Russo court then addressed Cyanamid. Russo explained that Cyanamid IV
16 found that "some of the claims implicated the question of inventorship and the right to
17 exclude the public from using their invention and, accordingly, had to be decided under
18 federal, not state, law." Id. (original emphasis). This court, of course, agrees. As
19 discussed above, Cyanamid left no doubt that if a state law claim hinges on the plaintiff
20 showing that she, and not the named inventor, conceived of the patented technology then
21 federal patent inventorship law applies to the issue of inventorship. See Cyanamid IV,
22 196 F.3d at 1372.

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26 ³ This alone provides reason to believe that the facts of Russo distinguish it from the
27 present action. Russo's jurisdictional analysis essentially mirrors the one this court
28 applied when it denied plaintiff's motion to remand because plaintiff's single theory of
liability necessarily raised substantial questions of patent law. If Russo had made the
same determination, then it could not have retained jurisdiction because the Federal
Circuit has exclusive jurisdiction over such appeals.

1 In an attempt to distinguish Cyanamid, the Tenth Circuit next explained that
2 “[w]hile some of the [Cyanamid plaintiffs] claims involved patent law issues that had to be
3 decided under federal law, the Federal Circuit went on to hold that not every claim
4 brought by the doctors did so, [and] explain[ed] that ‘federal patent law does not preempt
5 . . . state law claims’ for unjust enrichment for ‘wrongful use of the Doctors’ research
6 results.” Russo, 550 F.3d at 1015 (quoting Cyanamid IV, 196 F.3d. at 1371–72) (original
7 ellipses and emphasis). Russo also points out that Cyanamid VI reiterated that point. Id.

8 That is true too. In both Cyanamid IV and Cyanamid VI, the Federal Circuit
9 rejected the defendant’s claim that federal patent law completely preempted plaintiff’s
10 state law fraudulent non-disclosure and unjust enrichment claims. However, and
11 critically, that says nothing about whether, when proving those not-preempted state law
12 claims, plaintiff must establish certain elements (or issues) under federal law. And
13 Cyanamid required exactly that. Though plaintiff’s state law claims were not completely
14 preempted, field preemption required the Cyanamid plaintiff to prove the inventorship
15 issue under federal patent law. See Cyanamid IV, 196 F.3d at 1372 (“[F]ederal patent
16 law does not preempt [plaintiffs’] state law claims,” but because those state law claims
17 “depend on the [plaintiffs’] status as inventors . . . [u]pon remand, the court must apply
18 federal patent law principles to determine” who “were the inventors of the technology[.]”).
19 Here, like in Cyanamid, the court does not hold that plaintiff’s state law claims are
20 completely preempted, but rather only that the inventorship issue must be established
21 under federal patent law.

22 Lastly, Russo itself foresaw the present situation and placed it into the purview of
23 federal patent law. Russo explained that claims “that seek to exclude others from
24 employing a publicly disclosed idea[] [] must be tried under federal patent law.”

25 Russo, 550 F.3d at 1016. That is exactly what plaintiff seeks to do here. Plaintiff
26 premises its royalty-based damages theory not on the now-public technology disclosed
27 by the '713 Family of Patents but instead, and remarkably, on Acer’s implementation of
28

1 the ACPI standard—a standard released to the public years after Acer applied for the
 2 '713 patent and one that plaintiff concedes Microsoft and Intel “independently developed,”
 3 see Dkt. 72 at 23:8-13. Thus, by seeking to exclude Acer from employing both its own
 4 technology and a publicly disclosed technology, plaintiff seeks “rights associated with
 5 inventorship of the patents.” Russo, 550 F.3d at 1014, 1016; see also Dkt. 35 at 3:23-
 6 4:12 (explaining that plaintiff’s damages theory seeks royalty damages based on every
 7 Acer ACPI-compliant computer sold since 1997), 8:15-25.

8 Plaintiff’s own expert provides further evidence that plaintiff seeks “rights
 9 associated with inventorship of the patents.” Plaintiff’s damages expert opines (with little
 10 supporting analysis) that plaintiff is also entitled to the “benefit that Acer gained from its
 11 use of the '713 family of patents in its [patent infringement] litigation with HP” and
 12 subsequent settlement. Ball Ex. 8 ¶ 23-26. That is, plaintiff seeks to benefit from Acer’s
 13 patent-based right to exclude HP (and other companies) from using the '713 Family of
 14 Patents. The Federal Circuit has spoken definitively on that issue as well: “Thus,
 15 [plaintiff’s] entitlement here to a portion of any benefits from the enforcement [or royalties]
 16 of the patents-in-suit in patent infringement actions stems solely from his entitlement to
 17 being joined as a co-owner. Here, since [plaintiff] status as a co-owner depends entirely
 18 on whether he was a co-inventor, the dispositive issue is [plaintiff’s] alleged co-
 19 inventorship, which is governed exclusively by federal patent law.” Tavory, 297 F. App'x
 20 at 984 (footnote omitted) (alleged co-inventor’s unjust enrichment claim “essentially”
 21 sought “his share of monies received by [defendant] from the licensing and enforcement
 22 of the patents-in-suit . . . which [plaintiff] is allegedly entitled to due to his contribution to
 23 the conception of the invention in those patents[.]”).⁴

24 _____
 25 ⁴ Well after the 11th hour, plaintiff filed a motion for leave to submit two opinions that
 26 were published 6 months prior to the court taking the matter under submission. While the
 27 court denied that motion, those cases prove unpersuasive and do not change the above
 28 analysis. Xitronix Corp. v. KLA-Tencor Corp., 882 F.3d 1075 (Fed. Cir. 2018) (Federal
 Circuit did not have jurisdiction over action alleging federal antitrust claim premised on an
 alleged fraud on the USPTO because action did not necessarily depend on resolution of
 a substantial question of patent law); Broadband ITV, Inc. v. OPENTV, Inc., Case No.

1 **b. The Court Must Apply Patent Inventorship Law’s Clear and**
 2 **Convincing Standard**

3 Defendants next argue that because federal patent law applies to the inventorship
 4 issue, plaintiff must provide clear and convincing evidence based on corroborating
 5 evidence that Bierman invented the technology in the '713 patent. The court agrees.

6 “Patent issuance creates a presumption that the named inventors are the true and
 7 only inventors.” Ethicon, Inc. v. United States Surgical Corp., 135 F.3d 1456, 1460
 8 (Fed.Cir.1998). A party challenging inventorship “must meet the heavy burden of proving
 9 its case by clear and convincing evidence and must provide evidence to corroborate the
 10 alleged joint inventor’s conception.” Eli Lilly & Co. v. Aragdigm Corp., 376 F.3d 1352,
 11 1358 (Fed. Cir. 2004) (internal citation and footnote omitted). “Reliable evidence of
 12 corroboration preferably comes in the form of physical records that were made
 13 contemporaneously with the alleged prior invention.” Trovan, Ltd. v. Sokymat SA, 299
 14 F.3d 1292, 1302 (Fed. Cir. 2002). “Circumstantial evidence about the inventive process
 15 may also corroborate.” Id. at 1303. “Additionally, oral testimony of someone other than
 16 the alleged inventor may corroborate.” Id. Whether the purported inventor or co-
 17 inventor's testimony has been sufficiently corroborated is evaluated under a “rule of
 18 reason analysis,” which requires a court to consider “all pertinent evidence . . . so that a
 19 sound determination of the credibility of the inventor's story may be reached.” Price v.
 20 Symsek, 988 F.2d 1187, 1195 (Fed. Cir. 1993).

21 Numerous courts have applied that standard to state law claims at summary
 22 judgment. See, e.g., Stern v. Trustees of Columbia Univ. in City of New York, No. 01 CIV
 23 10086RCC, 2005 WL 398495, at *9 (S.D.N.Y. Feb. 18, 2005) (holding that state law
 24 claims failed because plaintiff failed to meet the clear and convincing evidence standard
 25 on the inventorship issue), aff'd, 434 F.3d 1375 (Fed. Cir. 2006) (affirming use of clear

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 3:17-CV-06647-SK, Dkt. 36 (remanding action to state court because allegedly breached
 licensing agreement was not limited to patented technology).

1 and convincing evidence standard); Cyanamid V, 105 F. Supp. 2d at 1175, 1179 n.9,
 2 1183-85 (same); Cyanamid VI, 342 F.3d at 1308 (affirming Cyanamid V); Memorylink
 3 Corp. v. Motorola Sols., Inc., No. 08 C 3301, 2013 WL 4401676, at *10-11 (N.D. Ill. Aug.
 4 15, 2013) (granting summary judgment on state law claims that depended on plaintiff
 5 showing ownership of the patented idea because plaintiff failed to provide clear and
 6 convincing evidence that its employees were the “true inventors” of the now-patented
 7 idea) aff'd sub nom. Memorylink Corp. v. Motorola Sols., Inc., Motorola Mobility, Inc., 773
 8 F.3d 1266 (Fed. Cir. 2014). This court will do the same.

9 **c. Patent Inventorship Law**

10 The Federal Circuit has repeatedly explained:

11 Conception is the touchstone of invention, and it requires a
 12 definite and permanent idea of an operative invention, including
 13 every feature of the subject matter sought to be patented. An
 14 idea is definite and permanent when the inventor has a specific,
 15 settled idea, a particular solution to the problem at hand, not
 16 just a general goal or research plan.”

17 In re VerHoef, 888 F.3d 1362, 1366 (Fed. Cir. 2018) (internal citations and quotation
 18 marks omitted; original emphasis). “Conception is complete only when the idea is so
 19 clearly defined in the inventor's mind that only ordinary skill would be necessary to
 20 reduce the invention to practice, without extensive research or experimentation.”
 21 Burroughs Wellcome Co. v. Barr Labs., Inc., 40 F.3d 1223, 1228 (Fed. Cir. 1994).

22 “When an invention is made jointly, the joint inventors need not contribute equally
 23 to [an invention’s] conception.” In re VerHoef, 888 F.3d at 1366. A joint inventor must:

24 (1) contribute in some significant manner to the conception or
 25 reduction to practice of the invention, (2) make a contribution to
 26 the claimed invention that is not insignificant in quality, when
 27 that contribution is measured against the dimension of the full
 28 invention, and (3) do more than merely explain to the real
 inventors well-known concepts and/or the current state of the
 art.

29 Id. That is, a purported sole inventor must prove that she alone conceived of the entire
 30 invention, which may include showing that all of the other inventors—here, the named
 31 inventors—failed to meet one of the above elements.

1 Whether the purported inventor is the sole inventor or a co-inventor proves to have
2 important consequences. “[E]ach co-inventor presumptively owns a pro rata undivided
3 interest in the entire patent, no matter what their respective contributions.” Univ. of Utah
4 v. Max-Planck-Gesellschaft Zur Forderung Der Wissenschaften E.V., 734 F.3d 1315,
5 1324 (Fed. Cir. 2013); Ethicon, 135 F.3d at 1460 (“A contribution to one claim is enough”
6 to be a co-inventor). In contrast, a sole inventor would—barring other factors not present
7 here—have sole ownership and use of the patent.

8 **B. Analysis**

9 **1. Plaintiff Has Not Presented Clear and Convincing Evidence That** 10 **Bierman Is An Inventor or Co-Inventor**

11 The court next turns to whether plaintiff has submitted evidence sufficient to prove
12 “by clear and convincing evidence”—including evidence corroborating Bierman’s own
13 testimony—that Bierman conceived of (or partially conceived of) the technology within the
14 ’713 patent.

15 As an initial matter, plaintiff’s counsel conceded at the hearing that if the court
16 determines that patent law’s clear and convincing standard applied (which the court has),
17 then summary judgment should be granted. Dkt. 82, Hr’g Tr. at 13:19-14:14 (“If [patent
18 law] is what the court is going to analyze this under . . . then we concede because there’s
19 no way for us to be able to move forward and prove under that law.”). While this court
20 does not rely only on that candid concession, the court concurs with it.

21 Regarding plaintiff’s sole inventorship claim, Acer focuses on showing that
22 Bierman did not invent the PMM. As described above, the PMM is a microprocessor that
23 exists and functions independently from the host computer, remains constantly powered,
24 and is designed to detect incoming external signals when the host computer is off. Ball
25 Ex. 2. Similarly, plaintiff’s trade secret designation describes “SMART” as “a separate
26 power supply” that “needed to always remain powered” and “would act as a watchdog
27 and control the PC’s conventional switchable main power supply.” Ball Ex. 35 at 13-14.
28 Further, like the PMM, “SMART’s watchdog capability would monitor, communicate and

1 control requests via interrupts by devices requesting or requiring a power on or power off
2 of the” main power supply. Id. at 15. Bierman testified that PMM and “SMART” are
3 equivalent. Ball Ex. 11 at 159:20-21.

4 Though it was not their burden to do so, defendants presented extensive evidence
5 that Chen invented the PMM. Ball Ex. 4 at 45:21-46:13 (Chen testimony: Q. . . . “Who
6 came up with the idea to use a [PMM] in this invention? A. Mine.”); id. at 93:2-24; Ball
7 Ex. 3 at 126:4-17; Ball Ex. 5 at 125:5-13; Ball Ex. 6 at 88:20-21.

8 In response, plaintiff does not present any evidence that corroborates Bierman’s
9 testimony that he invented the PMM. Plaintiff first points to thirteen documents that
10 purportedly show Bierman conceived of the PMM.⁵ But twelve of those documents only
11 pertain to Intellisoft’s software and do not mention hardware, much less microprocessors
12 generally, or any microprocessor or idea resembling the PMM. See Ball Ex. 21-22, 24-
13 32; Pltf’s Ex. 32. In the thirteenth document, a January 1995 email, an employee in
14 Acer’s IP department asks White (a named co-inventor of the ’713 patents), to provide
15 information to assist Acer’s participation in an annual invention award. Pltf’s Ex. 33.
16 Importantly (and dispositively), the email makes no mention of Bierman or Intellisoft and
17 thus says nothing about whether Bierman conceived of the PMM, or any other part of the
18 disputed technology.

19 Plaintiff nevertheless argues that those documents are circumstantial evidence
20 that Bierman invented the patented trade secrets because Bierman created and shared
21 the documents with Acer over 25 years ago.

22 The court disagrees. Certainly, the documents provide circumstantial (and direct)
23 evidence of certain things, including (1) that Acer entered into an NDA with Bierman in
24 1990 to potentially license a unique version of Intellisoft’s software, (2) that Intellisoft

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27 ⁵ Plaintiff produced eleven documents in response to defendants’ request for all
28 documents that allegedly disclosed the alleged trade secret before January 2, 1992. Ball
Exs. 21-22, 24-32. Plaintiff’s opposition pointed to two additional documents. Pltf’s Exs.
32-33.

1 disclosed and discussed that software with Acer, and (3) that Acer licensed a version of
2 that software in 1992. But evidence that Bierman discussed and disclosed software
3 ideas is not equivalent to circumstantial evidence of Bierman's conception of the PMM.
4 Tellingly, plaintiff fails to describe how the documents relate to the PMM, or any other
5 specific part of the patent. Moreover, even if the documents did have a fleeting reference
6 to the PMM (and the court finds that they do not), that would not be enough. The
7 corroborating evidence must show that Bierman had a "clearly defined" idea, such that
8 "only ordinary skill would be necessary to reduce the invention to practice, without
9 extensive research or experimentation." Burroughs Wellcome, 40 F.3d at 1228. Nothing
10 in the cited documents come close to describing the PMM and the documents certainly
11 did not reveal to Acer a clearly defined idea for the PMM—or any other part of the patent.
12 See Coleman v. Dines, 754 F.2d 353, 360 (Fed. Cir. 1985) ("The evidence did not show
13 that Coleman's 'completed thought' was disclosed to others."); Caterpillar Inc. v. Sturman
14 Indus., Inc., 387 F.3d 1358, 1380 (Fed. Cir. 2004) (reversing district court because
15 presentation revealing 2-way valve and 3-way valve but not the patented 3-way spool
16 integrated valve did not meet clear and convincing standard).⁶

17 Plaintiff next points to the testimony of Dirk Wesseling, who was one of Intellisoft's
18 software engineers and wrote the source code for Bookmark. Pltf' Ex. 36 at 45:6-19.
19 Bierman identified Wesseling as the only person who could corroborate Bierman's
20 inventorship story. Wesseling did not do so. The cited testimony shows that Wesseling
21 corroborates Bierman's undisputed claim that he invented certain software. Pltf's Ex. 36
22 at 45:6-19; 46:2-11; 47:24-48:22). But when asked whether he knew who conceived of
23 the PMM-type idea, Wesseling stated he did not know if it was Acer or Bierman. Ball Ex.
24 17 at 197:25-198:5; Pltf's Ex. 35 at 140:23-141:5.

25 Plaintiff also argues that Chen designed and built the hardware per the
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27 _____
28 ⁶ For the same reason, the documents do not suggest that Bierman made a significant
contribution to the PMM's conception.

1 specifications given to him by Bierman. Again, the cited evidence does not support
2 plaintiff's contention. Chen testified that Kiremidjian told him "what kind of functionality"
3 was needed and "based on that, [Chen] came up with the design of the hardware . . ."
4 Pltf's Ex. 20 at 31:1-22, 143:17-144:6 (similar). That does not show that Bierman
5 conceived of the PMM, or any other part of the patent. Further, even if Bierman had told
6 Kiremidjian about the desired functionality—which there is no corroborating evidence of—
7 and even if Kiremidjian then passed that on to Chen—which there is no corroborating
8 evidence of—Chen still conceived of how to achieve that functionality, i.e., he designed
9 the "operative invention."

10 More generally, plaintiff's various arguments aimed at attacking the named
11 inventors do not satisfy plaintiff's burden because "[e]ven if [Acer] and [its] co-inventors
12 did not conceive of the invention, that fact alone does not prove that [Bierman] did
13 conceive of the" PMM. Tavory, 297 F. App'x at 981.

14 The court also finds that plaintiff has not presented any corroborating evidence
15 that Bierman is a co-inventor of the disputed technology. Plaintiff fails to articulate what it
16 is Bierman allegedly contributed to the patent's claimed invention, much less prove with
17 corroborating evidence that Bierman made that unspecified contribution. Plaintiff also
18 fails to present any corroborating evidence that Bierman disclosed that unspecified
19 contribution or idea to an Acer employee. Nor has plaintiff presented any corroborating
20 evidence that Acer misappropriated and disclosed that unspecified contribution
21 somewhere within the '713 patent. And merely providing a software that the patented
22 technology interacts with is insufficient. Hess v. Advanced Cardiovascular Sys., Inc., 106
23 F.3d 976, 981 (Fed. Cir. 1997) (affirming lower court's conclusion that plaintiff was not a
24 co-inventor by virtue of, inter alia, "supplying a product to [the named inventors] for use in
25 their invention"). Lastly, as discussed below, even if plaintiff had shown that Bierman
26 was a co-inventor, plaintiff has not presented a corresponding cognizable damages
27 theory.

28 In sum, the court finds that plaintiff has failed to present any corroborating

1 evidence, much less clear and convince evidence, that Bierman invented the PMM or co-
2 invented the patented technology. Without such evidence, plaintiff cannot strip Acer of its
3 patent rights on the contention that (essentially) Bierman had the idea first. And plaintiff
4 can certainly not do so when there is no corroborating evidence of either Bierman's
5 conception or his disclosure to Acer. For the above reasons, the court GRANTS
6 defendants' motion for summary judgment because plaintiff cannot prove ownership of
7 the disputed technology and therefore his trade secret and contract claims fail.

8 **2. Whether Summary Judgment Must Be Granted Because Plaintiff**
9 **Cannot Prove Damages**

10 **a. Napper's Damage's Analysis Necessarily Assumes That**
11 **Bierman Was The Sole Inventor**

12 As explained above, "Each co-owner of a United States patent is ordinarily free to
13 make, use, offer to sell, and sell the patented invention without regard to the wishes of
14 any other co-owner." Schering Corp. v. Roussel-UCLAF SA, 104 F.3d 341, 344 (Fed.
15 Cir. 1997). Thus, so long as the named inventors invented some part of the patent, then
16 Acer had a right to use the patent without regard to any other purported co-inventor's
17 wishes.

18 That directly contrasts with plaintiff's damages expert's premise for calculating
19 damages, which this court has previously found necessarily assumes that Bierman is the
20 sole inventor. Plaintiff's damages expert assumes that Acer initially breached the NDA
21 by applying for the '713 patent. Ball Ex. 8 ¶ 17. In addition, plaintiff's damages expert
22 assumes that implementation of the ACPI standard requires the use of plaintiff's trade
23 secrets, id. ¶ 21 n. 40, and thus all of Acer's ACPI-compliant computers sold after 1997
24 used plaintiff's trade secrets without Intellisoft's authorization, id. ¶¶ 11, 12, 21. However,
25 rather than setting forth two damages analysis—one based on the patent's purported
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1 disclosure and one based on Acer's ACPI-compliant computers—Napper only calculated
2 royalties based on each ACPI-compliant computer Acer sold after 1997.⁷ Id. ¶¶ 20, 21.

3 That theory of damages necessarily assumes that Bierman is the sole inventor of
4 the disputed technology. That is because if Acer is even a co-inventor of that technology,
5 then Acer is free to use the patented invention without regard to the wishes of any other
6 co-inventor. Based on co-inventorship alone, plaintiff cannot rip away Acer's right to use
7 a technology that it (at least in part) invented. And plaintiff certainly cannot do so when
8 there is no corroborating evidence that Bierman conceived of any part of the patented
9 technology.⁸

10 **b. Assuming Bierman Was A Co-Inventor, There Is No Evidence of**
11 **Intellisoft's Damages.**

12 Even assuming Bierman co-invented the patented idea, plaintiff provides no
13 evidence of the amount of damages Intellisoft suffered. Again, Cyanamid IV provides the
14 appropriate framework. There, the Federal Circuit instructed that:

15 If the court finds that the Doctors jointly invented the
16 reformulated product with [the currently named inventor], the
17 financial opportunity that the University [who employed the
18 doctors] could have lost was the payment that Cyanamid would
19 have made to secure the Doctors' cooperation in filing the
20 required documents with the PTO, such as oaths and
21 declarations. Because federal patent law allows joint owners
22 to practice a patented technology without accounting to the
23 other co-owners, Cyanamid would not have needed to acquire
24 ownership of the patent or licenses thereunder. . . . the district
25 court could [also] find that Cyanamid would have also paid the
26 University for either an assignment of the University's
27 ownership in the [] patent or an exclusive license thereunder.

28 Cyanamid IV, 196 F.3d at 1373.

That is, plaintiff could have presented evidence regarding how much Acer would
have paid to secure Bierman's cooperation in applying for the '713 patent application.
Alternatively, plaintiff could have presented evidence showing the amount Acer would

⁷ Napper performed the same calculation using 2000 as a start date. Ball Ex. 8 ¶ 22.

⁸ Napper's report also references a "Disgorgement" damages theory, but never completes that analysis. See Ball Ex. 8 ¶ 23-26.

1 have paid for an assignment of Intellisoft's interest in the technology. Plaintiff did neither.
2 Instead, plaintiff's damages theory essentially seeks to exclude Acer from using its own
3 technology, unless Acer licenses that technology from plaintiff.

4 **c. Plaintiff's Damages Theory Fails Because It Is Based On Acer's**
5 **Implementation of the ACPI Standard.**

6 Independent of the two above grounds, summary judgment must be granted
7 because plaintiff's only damages theory is premised on Acer's implementation of ACPI,
8 an independently developed and publicly disclosed standard.

9 Plaintiff alleges that Bierman disclosed the alleged trade secrets to Acer after the
10 parties executed the 1990 NDA. Plaintiff also alleges that Acer misappropriated those
11 trade secrets and applied for a patent in January 1992, thereby disclosing the trade
12 secrets. Subsequently, Microsoft and Intel publicly disclosed the ACPI standard around
13 1996. Plaintiff does not contend that Microsoft or Intel (or any other company involved in
14 the release of ACPI) misappropriated plaintiff's trade secrets. Lastly, as discussed
15 above, plaintiff's sole damages theory calculates royalties based on every Acer ACPI-
16 compliant computer produced after 1997.

17 Those facts have significant consequences. First, plaintiff has presented no
18 damages evidence for the period between 1992 and 1997. Second, because ACPI was
19 independently developed and disclosed, nothing prohibited Acer from implementing it.
20 See Ball Ex. 21 (NDA) ¶ 2 (excluding liability for use of publicly known information); Cal.
21 Civ. Code § 3426.1 (derives value from not being known to the general public); Mattel,
22 Inc. v. MGA Entm't, Inc., 782 F. Supp. 2d 911, 963 (C.D. Cal. 2011) ("the UTSA does not
23 prevent a person from using independently developed or properly obtained trade secret
24 information already in the possession of another.").

25 Plaintiff responds that Acer is liable because, according to plaintiff's expert, "in
26 order to comply with the ACPI specification, a computer would need to incorporate
27 Intellisoft's trade secrets." Ball Ex. 19 ¶ 6. But if countless other computer companies
28 implemented ACPI without stealing Intellisoft's trade secrets, then there is no reason to

1 think that Acer could not do the same using ordinary skills in the art. Plaintiff's own
 2 expert recognized that fact. Dkt. 77-1, Pltff's Exs. 42 at 335:7-17 ("one of ordinary skill in
 3 the art would know [to use the trade secrets] . . . to implement the ACPI specification").
 4 Again, nothing prohibits Acer from implementing an independently developed and
 5 publicly disclosed idea, even if that idea matches a technology that plaintiff previously
 6 kept as a trade secret.⁹

7 For each of the above reasons, the court GRANTS defendants' motion for
 8 summary judgment.

9 3. Whether Plaintiff's Claims Are Time-Barred

10 Independent of the above, and alternatively, the court GRANTS defendants'
 11 motion for summary judgment because plaintiff's claims are time barred.

12 "An action for misappropriation must be brought within three years after the
 13 misappropriation is discovered or by the exercise of reasonable diligence should have
 14 been discovered." Cal. Civ. Code § 3426.6. An action for breach of a written contract
 15 must be brought within four years. Cal. Civ. Proc. § 337(1).

16 "A plaintiff must bring a claim within the limitations period after accrual of the
 17 cause of action." Fox v. Ethicon Endo-Surgery, Inc., 35 Cal. 4th 797, 806 (2005). "An
 18 important exception to the general rule of accrual is the 'discovery rule,' which postpones
 19 accrual of a cause of action until the plaintiff discovers, or has reason to discover, the
 20 cause of action." Id. at 807 (internal citations omitted). The California Supreme Court
 21 has "set[] forth two alternate tests for triggering the limitations period: (1) a subjective
 22 test requiring actual suspicion by the plaintiff that the injury was caused by wrongdoing;
 23 and (2) an objective test requiring a showing that a reasonable person would have
 24 suspected the injury was caused by wrongdoing. The first to occur under these two tests
 25 begins the limitations period." Nguyen v. W. Digital Corp., 229 Cal. App. 4th 1522, 1552,
 26

27 ⁹ Nor has plaintiff argued (or provided evidence) that it should receive damages based on
 28 any head start Acer might have had in implementing ACPI because of its purported
 misappropriation of plaintiff's trade secrets.

1 (2014); see also CACI 455.

2 The parties appear to agree that Bierman did not have an actual suspicion until
3 July 2013. Pltf's Ex. 12 at 529:19-23. Defendants, however, argue that plaintiff had
4 reason to suspect the injury in the mid-to-late 1990s when ACPI-compliant computers
5 and the "soft switch" became ubiquitous. The court agrees.

6 Plaintiff consistently argues, and its experts consistently opine, that computers
7 cannot implement ACPI without using the alleged trade secrets. See, e.g., Ball Ex. 10 at
8 366:3-6; Ball Ex. 18 ¶ 57. It is also undisputed that Bierman learned of ACPI when it was
9 released in the mid-1990s. Ball Ex. 34 at 406:14-21. In addition, plaintiff and Bierman
10 claim that the soft switch is an essential component of the purported trade secret, Ball Ex.
11 23 at 86:24-87:3 ("one of the requirements of the invention" was a "soft switch"); Ball Ex.
12 35 at 8:22-25 ("Enable the new power push button, eliminating the light-switch on/off type
13 implementation, to control a PC system's power supply . . ."), at 16:8-11; Ball Ex. 18 ¶ 12
14 ("Intellisoft proposed a 'soft switch' that sent a signal to a PC."), which the parties do not
15 dispute has been ubiquitous since the mid-1990s. See Wolfe Decl. ¶ 13. Lastly, as of
16 1992, Bierman knew how to identify his claimed trade secret combination when present
17 in a computer. Ball Ex. 11 at 83:20-97:16 (Bierman explaining how he confirmed an Acer
18 prototype contained his trade secrets). One such indication, according to Bierman, was
19 the presence of a soft switch. Id. at 85:18-86:4.

20 A reasonable person knowing those facts would have suspected that his trade
21 secret had been misappropriated.¹⁰ If Bierman invented the soft switch or if his purported
22 invention required a soft switch, the ubiquity of such a device would have put him on
23

24 ¹⁰ Though neither party addresses the issue, Bierman should have suspected someone
25 misappropriated his trade secrets based on the ubiquity of computers featuring
26 hibernate/sleep modes. Plaintiff's expert opined that that feature was also indicative of a
27 computer using plaintiff's trade secrets and used the presence of that feature to identify
28 which Acer computers used plaintiff's trade secrets. Ball Ex. 18 ¶ 72, ¶ 75 ("running
windows 98, which allows hibernate mode"); ¶ 77 (same for Windows vista); ¶ 79 (same
for Windows 10). It beggars belief that between December 1997 and 2010, Bierman did
not notice the Windows hibernate feature.

1 notice that his trade secret may have been misappropriated. Similarly, if the ACPI
 2 standard required the implementation of Bierman’s trade secrets, then Bierman (or
 3 plaintiff) should have suspected his trade secrets had been misappropriated in the mid-
 4 1990s when Bierman admittedly knew of ACPI’s release.¹¹ Considering plaintiff contends
 5 only that Bierman disclosed the trade secrets to Acer, Acer was the most reasonable
 6 suspect. And, in any event, the discovery period ceases once Bierman had reason to
 7 suspect someone had misappropriated his trade secrets, even if Bierman had not yet
 8 identified the culprit. See Bernson v. Browning-Ferris Industries, 7 Cal. 4th 926, 932
 9 (1994) (“[T]he general rule in California has been that ignorance of the identity of the
 10 defendant is not essential to a claim and therefore will not toll the statute.”); Norgart v.
 11 Upjohn Co., 21 Cal. 4th 383, 397-98 (1999) (“the plaintiff discovers the cause of action . .
 12 . when, simply put, he at least suspects that someone has done something wrong to him
 13 ” and explaining that is why Doe defendants may be named).

14 Accordingly, the court holds that Bierman and plaintiff had reason to suspect that
 15 he had been harmed and was therefore required to “conduct a reasonable investigation
 16 of all potential causes of that injury.” Fox, 35 Cal.4th at 808. The burden thus shifts to
 17 plaintiff to show that “despite diligent investigation of the circumstances of the injury . . .
 18 [it] could not have reasonably discovered facts supporting the cause of action within the
 19 applicable statute of limitations period.” Id. at 809.

20 Rather than providing evidence that such an investigation was not fruitful, plaintiff
 21 puts forth two unpersuasive arguments. First, plaintiff argues that any investigation
 22 triggered by ACPI would have only revealed that ACPI was independently developed.
 23 That contention is incorrect. According to plaintiff, implementation of ACPI requires the
 24 use of plaintiff’s trade secrets. Thus, any investigation into Acer’s—the only company
 25 who Bierman purportedly disclosed the trade secret to—implementation of ACPI would
 26

27 _____
 28 ¹¹ Moreover, in 2005, Bierman owned an ACPI-compliant computer that used a soft
 switch. See Ball Ex. 36 at 4:24-5:12; Wolfe Decl. ¶¶ 7, 10.

1 necessarily reveal that Acer was using Intellisoft's purported trade secret. Plaintiff cannot
 2 both claim that every Acer ACPI-compliant computer constitutes a use of its trade
 3 secrets, while at the same time claiming that an investigation into ACPI would not reveal
 4 the use of those same trade secrets.

5 Second, plaintiff argues that the presence of the soft switch would not put Bierman
 6 on notice because plaintiff alleges a combination trade secret. That argument has
 7 already been rejected above. Because plaintiff and Bierman assert that the soft switch is
 8 essential to the purported trade secret, the presence of the soft switch (even if not a trade
 9 secret itself) would have put a reasonable person on notice that there was something to
 10 investigate. Under plaintiff's theory, that investigation would have revealed Acer's
 11 purported misappropriation of Bierman's trade secret.

12 For the above reasons, the court GRANTS defendants' motion for summary
 13 judgment because plaintiff's claims are time barred.¹²

14 CONCLUSION

15 For the foregoing reasons, the court GRANTS summary judgment in favor of
 16 defendants on plaintiff's misappropriation of trade secrets claim and breach of contract
 17 claim because plaintiff's have failed to show with clear and convincing evidence that
 18 Bierman invented or co-invented the patented technology and, thus, plaintiff's have failed
 19 to show they had any ownership right over that technology. In the alternative, the court
 20 GRANTS summary judgment on those claims because plaintiff's only damages theory
 21 depends on a finding that Bierman alone invented the patented technology, which plaintiff
 22

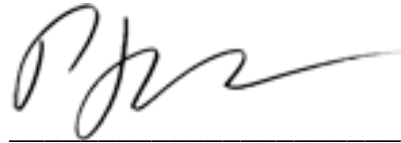
23 ¹² In addition, the complaint states that on February 6, 2002, "Bierman sold all
 24 outstanding shares in Intellisoft and his personal intellectual property to Angelo DiLeva"
 25 and DiLeva did not relinquish ownership until July 14, 2006. Ball Ex. 14 ¶ 24. "It is
 26 [plaintiff's] burden to prove lack of knowledge throughout the entire history of the
 27 existence of his trade secrets[.] . . . However, [plaintiff] has provided no evidence showing
 28 that he can do so for the period of time that the intellectual property was owned by
 [DiLeva]." Bierman v. Int'l Bus. Mach. Corp., Case No. 10-cv-4199-PJH, 2012 WL
 506562, *7 (N.D. Cal., Feb. 15, 2012) aff'd sub nom., 547 F. App'x 851 (9th Cir. 2013).
 Further, as was the case for Bierman, the court doubts that DiLeva failed to notice the
 presence of Windows' hibernate feature, ACPI, or soft switches on computers between
 2002 and 2006.

1 has failed to prove under the applicable standard, and because plaintiff's claims are time
2 barred. Because plaintiff's accounting claim and its intentional misrepresentation and
3 concealment claim rise and fall with plaintiff's other two causes of action, the court
4 GRANTS defendants' motion for summary judgment on those claims as well.

5 As this order disposes of all claims in plaintiff's operative complaint, defendants'
6 counterclaim is the only remaining claim in this action. The parties shall meet and confer
7 by December 21, 2018, and file a joint status statement by January 4, 2019, that
8 addresses how this action should proceed to resolution.

9 **IT IS SO ORDERED.**

10 Dated: December 6, 2018



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12 PHYLLIS J. HAMILTON
13 United States District Judge
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United States District Court
Northern District of California

APPENDIX C

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

INTELLISOFT, Ltd,
Plaintiff,
v.
ACER AMERICA CORPORATION, et
al.,
Defendants.

Case No. 17-cv-06272-PJH

**ORDER DENYING COUNTER-
DEFENDANTS' MOTION TO DISMISS**

Re: Dkt. No. 48

Before the court is counter-defendants Intellisoft, Ltd and Bruce Bierman's motion to dismiss defendants and counter-plaintiffs Acer America Corp. and Acer Inc.'s (together, "Acer") counterclaim for declaratory relief under the Declaratory Judgment Act. The matter is fully briefed and suitable for decision without oral argument. Having read the parties' papers and carefully considered their arguments and the relevant legal authority, and good cause appearing, the court hereby DENIES counter-defendants' motion as follows.

BACKGROUND¹

On March 21, 2014, Bierman and Intellisoft filed this action in the Superior Court of the State of California for the County of Marin against Acer. Bierman later voluntarily dismissed himself from the case and assigned his interest to Intellisoft. In brief, Intellisoft alleges that Bierman invented certain trade secrets related to computer power

¹ As the current motion presents similar legal and factual issues, the court assumes the parties' familiarity with the court's prior order on Intellisoft's motion to remand.

1 management. Fourth Amended Complaint (“4thAC”), ¶¶ 41-65. Intellisoft further alleges
2 that in the early 1990s, Bierman shared those purported trade secrets with Acer pursuant
3 to a non-disclosure agreement, that Acer stole those trade secrets, and that Acer
4 obtained a series of patents (the “713 patents” or the “patents”) based on those trade
5 secrets without Bierman’s knowledge. Id. ¶¶ 27-65. On September 25, 2015, Intellisoft
6 filed its fifth pleading, the 4thAC, asserting causes of action for: (1) misappropriation of
7 trade secrets, (2) intentional misrepresentation and concealment, (3) breach of contract—
8 non disclosure agreement, and (4) accounting. Id. ¶¶ 70-101.

9 On October 30, 2017, Acer removed the matter to this court after Intellisoft
10 revealed through last-minute expert discovery that, according to Acer, Intellisoft’s case
11 rested on patent theories of inventorship, infringement, and infringement-based royalty
12 damages. Notice of Removal, Dkt. 1. On November 20, 2017, Acer filed an amended
13 counterclaim against Bierman and Intellisoft seeking a declaratory judgment that Bierman
14 did not contribute to the invention of the ideas in the ’713 patents and was properly not
15 named as an inventor of those patents. Dkt. 20 ¶ 7.

16 On January 22, 2018, the court denied Intellisoft’s motion to remand, holding that
17 the court had federal subject-matter jurisdiction on two independent grounds. See
18 generally Dkt. 35 (the “Remand Order”). First, Acer’s Declaratory Judgment Act
19 counterclaim provided a basis for removal under 28 U.S.C. § 1454 and 35 U.S.C. § 256.
20 Id. at 16-22. Second, jurisdiction existed under §§ 1338 & 1441 because Intellisoft’s
21 state law claims necessarily raised questions of patent law. Id. at 11-16.

22 Counter-defendants now move to dismiss Acer’s Declaratory Judgment Act
23 counterclaim because, according to counter-defendants, there is no case or controversy
24 and because Acer lacks standing as it has not alleged an injury. The court’s Remand
25 Order specifically addressed the justiciability of Acer’s counterclaim under Medimmune,
26 Inc. v. Genentech, Inc., 549 U.S. 118, 127 (2007). Id. at 20-22. Nevertheless, counter-
27 defendants argue that the present motion demands a different result because of two
28 newly-submitted pieces of evidence: (i) declarations from Bierman and Andrew

1 Spielberg, counter-defendants' counsel, that contain "covenants not to sue" and (ii) a
2 declaration from Intellisoft's expert Irving Rappaport attesting that he will not offer
3 testimony that Bierman or Intellisoft should have been named as inventors on any of the
4 '713 Patents.

5 As discussed below, the court finds that these two "new" facts do not extinguish
6 the controversy supporting Acer's declaratory judgment counterclaim.

7 DISCUSSION

8 A. Legal Standard

9 1. Rule 12(b)(6)

10 A motion to dismiss under Rule 12(b)(6) tests for the legal sufficiency of the claims
11 alleged in the complaint. Ileto v. Glock, 349 F.3d 1191, 1199-1200 (9th Cir. 2003).

12 Under the minimal notice pleading requirements of Federal Rule of Civil Procedure 8,
13 which requires that a complaint include a "short and plain statement of the claim showing
14 that the pleader is entitled to relief," Fed. R. Civ. P. 8(a)(2), a complaint may be
15 dismissed under Rule 12(b)(6) if the plaintiff fails to state a cognizable legal theory, or
16 has not alleged sufficient facts to support a cognizable legal theory. Somers v. Apple,
17 Inc., 729 F.3d 953, 959 (9th Cir. 2013).

18 While the court must accept as true all the factual allegations in the complaint,
19 legally conclusory statements, not supported by actual factual allegations, need not be
20 accepted. Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009). The complaint must proffer
21 sufficient facts to state a claim for relief that is plausible on its face. Bell Atlantic Corp. v.
22 Twombly, 550 U.S. 544, 555, 558-59 (2007).

23 "A claim has facial plausibility when the plaintiff pleads factual content that allows
24 the court to draw the reasonable inference that the defendant is liable for the misconduct
25 alleged." Iqbal, 556 U.S. at 678 (citation omitted). "[W]here the well-pleaded facts do not
26 permit the court to infer more than the mere possibility of misconduct, the complaint has
27 alleged—but it has not 'show[n]'—that the pleader is entitled to relief." Id. at 679.

28 Where dismissal is warranted, it is generally without prejudice, unless it is clear the

1 complaint cannot be saved by any amendment. Sparling v. Daou, 411 F.3d 1006, 1013
2 (9th Cir. 2005).

3 **2. Rule 12(b)(1)**

4 On a motion to dismiss pursuant to Rule 12(b)(1), the applicable standard turns on
5 the nature of the jurisdictional challenge. A defendant may either challenge jurisdiction
6 on the face of the complaint or provide extrinsic evidence demonstrating lack of
7 jurisdiction on the facts of the case. White v. Lee, 227 F.3d 1214, 1242 (9th Cir. 2000).
8 Where, as here, the party makes a factual challenge, the party “rel[ies] on affidavits or
9 any other evidence properly before the court to contest the truth of the complaint's
10 allegations.” Courthouse News Service v. Planet, 750 F. 3d 776, 780 (9th. Cir. 2014)
11 (internal quotation marks omitted, alteration in original). “When the defendant raises a
12 factual attack, the plaintiff must support her jurisdictional allegations with ‘competent
13 proof,’ under the same evidentiary standard that governs in the summary judgment
14 context.” Leite v. Crane Co., 749 F.3d 1117, 1121 (9th Cir. 2014) (internal citation
15 omitted). The burden of establishing that a cause of action lies within the court’s limited
16 jurisdiction rests upon the party asserting jurisdiction. Kokkonen v. Guardian Life Ins. Co.
17 of Am., 511 U.S. 375, 377 (1994).

18 The Ninth Circuit has explained:

19 As required by Article III, courts may adjudicate only actual
20 cases or controversies. U.S. Const. art. III, § 2, cl.1. When
21 presented with a claim for a declaratory judgment, therefore,
22 federal courts must take care to ensure the presence of an
23 actual case or controversy, such that the judgment does not
become an unconstitutional advisory opinion. Absent a true
case or controversy, a complaint solely for declaratory relief
under 28 U.S.C. § 2201 will fail for lack of jurisdiction under
Rule 12(b)(1).

24 Rhoades v. Avon Prod., Inc., 504 F.3d 1151, 1157 (9th Cir. 2007) (citation omitted).

25 The Supreme Court “require[s] that the dispute be ‘definite and concrete, touching
26 the legal relations of parties having adverse legal interests’; and that it be ‘real and
27 substantial’ and ‘admi[t] of specific relief through a decree of a conclusive character, as
28 distinguished from an opinion advising what the law would be upon a hypothetical state of

1 facts.’ ” Danisco U.S. Inc. v. Novozymes A/S, 744 F.3d 1325, 1330 (Fed. Cir. 2014)
 2 (quoting Medimmune, 549 U.S. at 127). “[T]he question in each case is whether the facts
 3 alleged, under all the circumstances, show that there is a substantial controversy,
 4 between parties having adverse legal interests, of sufficient immediacy and reality to
 5 warrant the issuance of a declaratory judgment.” MedImmune, 549 U.S. at 127.²

6 However, the “general rule” applies that “when the question of jurisdiction and the
 7 merits of the action are intertwined, dismissal for lack of subject matter jurisdiction is
 8 improper.” In re Wilshire Courtyard, 729 F.3d 1279, 1284 n.4 (9th Cir. 2013); Leite, 749
 9 F.3d at 1121-22 n.3 (“[A] court must leave the resolution of material factual disputes to
 10 the trier of fact when the issue of subject-matter jurisdiction is intertwined with an element
 11 of the merits of the plaintiff’s claim.” (emphasis added)).

12 **B. Analysis**

13 **1. Counter-Defendants’ Two New Facts Do Not Change The Court’s Prior** 14 **Justiciability Ruling.**

15 As indicated above, counter-defendants’ motion primarily contends that two new
 16 facts—the covenants not to sue and Rappaport’s declaration—remove any controversy
 17 supporting Acer’s counterclaim. The court rejected a nearly identical argument when it
 18 denied Intellisoft’s motion to remand. See Remand Order at 20-22. (addressing whether
 19 there was an actual controversy for the purposes of the Declaratory Judgment Act).
 20 Regardless of how counter-defendants’ characterize them, the newly submitted facts are
 21 not substantively different from those the court considered in its prior order.

22 **a. Counter-Defendants’ Covenants Not To Sue**

23 In support of this motion, counter-defendants submitted “covenants not to sue”
 24 within the declarations of Bierman and Spielberger. Though the covenants are phrased
 25

26 ² Counter-defendants argue that court should apply the “reasonable apprehension” test.
 27 That showing is sufficient, but not necessary. Arkema Inc. v. Honeywell Int’l, Inc., 706
 28 F.3d 1351, 1356 n.5 (Fed. Cir. 2013) (“While a declaratory judgment plaintiff is no longer
 required to demonstrate a reasonable apprehension of suit, such a showing remains
 sufficient to establish jurisdiction.” (internal citation omitted)).

1 in several ways, the substance is the same:

2 I, Bruce Bierman, on behalf of myself as an individual, hereby
 3 unequivocally and unconditionally covenant not to ever sue
 4 Acer America Corporation and/or Acer, Inc. (“Counter-
 5 Plaintiffs”) and/or any affiliate or assignee of Counter-Plaintiffs
 6 under 35 USC Section 256 or make any claim or assertion in
 7 any action to be named as an inventor or as a co-inventor of
 8 United States Patent Numbers 5,410,713 and its Continuation
 9 Patents: 5,870,613; 5,884,087 and 5,903,765.

10 Bierman Decl. ¶ 3; see also Bierman Decl. ¶ 5 (“waive any interest in being named as an
 11 inventor or co-inventor for” the patents); Bierman Decl. ¶¶ 7-11; Spielberg Decl. ¶ 3-6.

12 By way of comparison, in its motion to remand, Intellisoft argued that no
 13 controversy existed because Bierman and Spielberg attested that neither Bierman nor
 14 Intellisoft would seek to have Bierman “declared as an inventor as that term is defined in
 15 Title 35 of the United States Code by any Tribunal or by the USPO on any patent.”

16 Dkt. 21, Spielberg Remand Decl. ¶ 6; see also Dkt. 28, Spielberg Remand Reply
 17 Decl. ¶ 4 (similar); Dkt. 28, Bierman Remand Reply Decl. ¶ 4 (similar).

18 The two sets of declarations are substantively the same. Both sets of declarations
 19 confirm that counter-defendants do not seek to have Bierman named as an inventor of
 20 the patents under the federal patent laws. See also Bierman Decl. ¶ 11 (“I hereby
 21 confirm that Intellisoft, Ltd is not seeking to be declared as an inventor or co-inventor per
 22 35 USC Section 256.”). But counter-defendants simultaneously concede that “the source
 23 of the ideas in the 713 Family of Patents is at issue in Intellisoft’s trade secret
 24 misappropriation and breach of contract claims.” Reply at 6. This is the same distinction
 25 the court made and found sufficient and justiciable in its prior order. Counter-defendants’
 26 inclusion of the phrase “covenant not to sue” does not change that analysis.

27 Accordingly, for the same reason the court rejected Intellisoft’s argument in
 28 support of remand, the court rejects counter-defendants’ argument here:

The court finds the present controversy meets th[e
Medimmune] standard. [Intellisoft’s] state court cause of
 action is premised on a showing that the ’713 Family of
 Patents contain ideas that were not conceived of by the
 named inventors of those patents. [Intellisoft] does not
 dispute that Bierman’s purported conception of the technology
 is central to plaintiff’s misappropriation theory. Further, if

1 [Intellisoft] succeeds in showing Bierman conceived of the
 2 ideas, any or all of the '713 Family of Patents might be
 3 invalidated for defect in inventorship under 35 U.S.C. § 256. . .
 . [Intellisoft's] refusal to stipulate that the '713 Family of
 Patents correctly lists the named inventors, confirms this
 holding.

4 Remand Order at 21.

5 **b. Rappaport's Declaration**

6 The Rappaport declaration is the only other new evidence counter-defendants
 7 submitted. As detailed in the Remand Order, during Rappaport's deposition, he testified
 8 that Bierman should have been named as an inventor of the '713 patents and he planned
 9 on testifying to that effect at trial. Remand Order at 3. Rappaport now attest that he "will
 10 not offer testimony . . . in questioning from anyone in this action that Mr. Bierman (or
 11 Intellisoft, Ltd) should have been named as an inventor or a co-inventor on any of the
 12 subject patents." Rappaport Decl. ¶ 3. And Rappaport will not testify that "Bierman or
 13 Intellisoft, Ltd has a legal inventorship claim under the federal patent laws." Id.

14 Rappaport's revised intention does not change the court's prior analysis. In short,
 15 Rappaport vows that he will not testify that Bierman or Intellisoft should have been a
 16 named inventor, as defined by the federal patent laws, on the '713 patents. Rappaport
 17 could, however, testify at trial that Bierman invented—i.e., conceived of the ideas—in the
 18 '713 patents without specifically referencing "inventor" as defined under the federal patent
 19 laws. The court has already rejected that artful but artificial distinction. Remand Order at
 20 11-15; see also Dkt. 51-1, Ex. A (excerpt of hearing on motion for remand transcript).

21 **2. Counter-Defendants' Covenants Not To Sue Do Not Extinguish The**
 22 **Controversy.**

23 Counter-defendants next argue that the covenants not to sue require dismissal of
 24 the counterclaim because they extinguish the controversy between the parties. Intellisoft
 25 did not raise this particular argument in its prior motion. Nevertheless, for reasons similar
 26 to those discussed in the Remand Order, the court holds that counter-defendants'
 27 covenants do not moot the relevant controversy between the parties.

28 The Federal Circuit has "held that 'whether a covenant not to sue will divest the

1 trial court of jurisdiction depends on what is covered by the covenant.” Dow Jones & Co.
2 v. Ablaise Ltd., 606 F.3d 1338, 1346–47 (Fed. Cir. 2010) (quoting Revolution Eyewear,
3 Inc. v. Aspex Eyewear, Inc., 556 F.3d 1294, 1297 (Fed. Cir. 2009)). As explained above,
4 the covenants only disavow actions brought under § 256 or argument asserting that
5 Bierman or Intellisoft should have been named as an inventor, as defined by the federal
6 patent laws, on the patents at issue. True, the covenants do not contain any exceptions
7 or caveats, but the covenants are too narrow to “extinguish[] any current or future case
8 or controversy between the parties, and divest[] the [] court of subject matter
9 jurisdiction.” Dow Jones, 606 F.3d at 1348.

10 Justiciability under the Declaratory Judgment Act is broader than counter-
11 defendants recognize. In Arkema Inc. v. Honeywell Int'l, Inc., 706 F.3d 1351, 1355 (Fed.
12 Cir. 2013), Honeywell initially accused Arkema of infringing Honeywell’s European patent
13 rights with respect to a particular product, 1234yf. One year later, Arkema sued
14 Honeywell in the Eastern District of Pennsylvania seeking declaratory judgment that two
15 of Honeywell’s patents were invalid and Arkema’s plan to sell 1234yf in the U.S. would
16 not infringe on those patents. 706 F.3d at 1355. Honeywell subsequently
17 counterclaimed asserting infringement based on Arkema’s 1234yf offering. Id. While that
18 litigation was ongoing, the U.S. Patent and Trademark Office (“USPTO”) granted
19 Honeywell’s application for two related patents and Arkema moved to supplement its
20 complaint seeking declaratory judgment of non-infringement and invalidity as to those two
21 related patents because Arkema feared further liability should it proceed to sell 1234yf.
22 Id. The district court found that there was no justiciable controversy as to those two
23 patents. Id. at 1355-56. The Federal Circuit reversed. Id. at 1357.

24 The Federal Circuit framed the dispute as “a controversy between Arkema and
25 Honeywell as to the legal rights in the 1234yf technology.” Id. That, according to the
26 court, was “a quintessential example of a situation in which declaratory relief [was]
27 warranted.” Id. The court explained that Arkema “has concrete plans for offering 1234yf”
28 in the U.S., but if “Honeywell’s view of its patent coverage prevails, then proceeding with

1 its plans would expose Arkema to significant liability.” Id. The Federal Circuit explained
2 that “[e]ven under the now-discarded reasonable apprehension test, it was well
3 established that a sufficient controversy existed for declaratory judgment jurisdiction
4 when the patentee had accused the declaratory judgment plaintiff of misappropriating the
5 same technology in a related litigation.” Id. at 1358 (citing Goodyear Tire & Rubber Co.
6 v. Releasomers, Inc., 824 F.2d 953, 955 (Fed. Cir. 1987)). “Here, Honeywell has
7 accused Arkema of infringing its rights with respect to 1234yf in litigation over [a] closely
8 related [] patent . . . This creates a sufficient affirmative act on the part of the patentee
9 for declaratory judgment purposes.” Id.

10 Goodyear, applying the less lenient “reasonable apprehension” test, reached a
11 similar conclusion based on facts similar to those here. Goodyear involved two separate
12 suits involving the same technology. 824 F.2d at 954. The state court suit alleged
13 misappropriation of certain trade secrets related to the technology. Id. While that case
14 was ongoing, the USPTO granted the state court plaintiff two patents “directed to
15 essentially the same technology involved in the state trade secret litigation.” Id. State
16 court defendant Goodyear subsequently initiated suit in federal court seeking a
17 declaratory judgment that the issued patents were invalid, unenforceable, and non-
18 infringed. Id. The Federal Circuit reversed the district court’s holding that no “actual
19 controversy” existed.

20 Like the Honeywell court, the Goodyear court framed the controversy broadly.
21 “[T]he situation here indicates that these parties are themselves currently embroiled in a
22 protracted dispute in state court over the commercial technology generally covered by
23 the” issued patents. Goodyear, 824 F.2d at 955. The court explained that:

24 The mere fact that the state court action did not specifically
25 involve the [issued patents] . . . is immaterial in these
26 circumstances. First, those patents did not issue until after
27 the state trial judge had granted Goodyear's motion for
28 summary judgment, and thus the patents could not have been
at issue in that litigation. Second, though the patents had not
issued when the state action was begun, that proceeding
involves trade secret misappropriation of the same technology
covered by the . . . [issued] patents.

1 Goodyear, 824 F.2d at 955 (emphasis added, citation omitted).

2 In accordance with Honeywell and Goodyear, counter-defendants' covenants do
 3 not extinguish the controversy underlying Acer's declaratory judgment counterclaim.
 4 Counter-defendants' covenants are designed to moot Acer's counterclaim while
 5 simultaneously allowing Intellisoft to pursue its trade secret claim. A claim that, as
 6 explained in the Remand Order, addresses the exact same issue as to the exact same
 7 technology. See generally Remand Order. Counter-defendants admit that that
 8 controversy exists. Dkt. 53 at 6 ("The source of the ideas in the 713 Family of Patents is
 9 at issue . . ."). That Intellisoft chose to address that controversy via a trade secret suit
 10 does not prohibit Acer from addressing the same controversy via the Declaratory
 11 Judgment Act. See also Teva Pharm. USA, Inc. v. Novartis Pharm. Corp., 482 F.3d
 12 1330, 1344–45 (Fed. Cir. 2007) ("[R]elated litigation involving the same technology and
 13 the same parties is relevant in determining whether a justiciable declaratory judgment
 14 controversy exists on other related patents."); Vanguard Research, Inc. v. PEAT, Inc.,
 15 304 F.3d 1249, 1255 (Fed.Cir. 2002) (justiciable declaratory judgment controversy where
 16 defendant had brought trade secret suit against declaratory judgment plaintiff).³

17 **3. Whether Acer Has Article III Standing**

18 Counter-defendants next argue that Acer does not have Article III standing
 19 because Acer has not alleged an injury. This argument ignores the court's prior order
 20 and the relevant law. The MedImmune test encompasses the Article III injury
 21 requirement.

22 [T]here is no bright-line rule for determining whether an action
 23 satisfies the case or controversy requirement. To the
 24 contrary, the difference between an abstract question and a
 'controversy' contemplated by the Declaratory Judgment Act
 is necessarily one of degree . . . with the basic standard being

26 ³ For similar reasons, the court rejects counter-defendants' 35 U.S.C. § 102 argument
 27 that no controversy exists because counter-defendants do not have have standing to
 28 invalidate the patents. The controversy here is not whether the patent is invalid due to
 improperly named inventors, but rather who conceived of the technology in the patents.
 The same goes for counter-defendants' § 286 statute of limitations argument.

whether “the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment . . .”

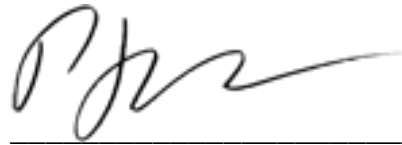
Prasco, LLC v. Medicis Pharm. Corp., 537 F.3d 1329, 1336 (Fed. Cir. 2008) (quoting Medimmune). If, as is the case here, the declaratory relief plaintiff satisfies that test, then the declaratory relief plaintiff also has standing.⁴

CONCLUSION

In accordance with the foregoing, the court DENIES counter-defendants’ motion to dismiss.⁵

IT IS SO ORDERED.

Dated: May 29, 2018



PHYLLIS J. HAMILTON
United States District Judge

United States District Court
Northern District of California

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⁴ Acer has also separately alleged a plausible injury. Acer faces millions of dollars’ worth of liability if Intellisoft succeeds on its trade secret claim. Dkt. 20 ¶ 33. Further, Acer’s past and future attorneys’ fees satisfy Article III’s injury requirement. See Joe Hand Promotions, Inc. v. Cusi, 2013 U.S. Dist. LEXIS 107730, at *3 (S.D. Cal. July 31, 2013).

⁵ Counter-defendants’ request for judicial notice is DENIED as moot.

APPENDIX D

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

INTELLISOFT, Ltd,
Plaintiff,
v.
ACER AMERICA CORPORATION, et
al.,
Defendants.

Case No. 17-cv-06272-PJH

**ORDER DENYING PLAINTIFF'S
MOTION TO REMAND**

Re: Dkt. No. 21

Plaintiff Intellisoft, Ltd's ("Intellisoft") motion to remand came on for hearing before this court on January 10, 2018. Plaintiff appeared through its counsel, Andrew Spielberg. Defendants and counterclaimants Acer America Corporation and Acer Inc. (together, "Acer") appeared through their counsel, Matthew Ball. Having read the papers filed by the parties and carefully considered their arguments and the relevant legal authority, and good cause appearing, the court hereby DENIES plaintiff's motion to remand, for the following reasons.

BACKGROUND

A. Procedural Background

On March 21, 2014, Bruce Bierman and Intellisoft filed this action in the Superior Court of the State of California for the County of Marin. On October 22, 2014, the Marin County Superior Court transferred the case to the County of Santa Clara. In May 2015, Bierman assigned to Intellisoft any and all interest and substantive rights he had to the intellectual property relevant to this case. Dkt. 1-1 ¶ 13. Bierman dismissed himself from the case that same month. On September 25, 2017, Intellisoft filed the operative Fourth

1 Amended Complaint (the “complaint”).

2 Intellisoft alleges that in the early 1990s Bierman shared with engineers at Acer
3 America Corporation pursuant to a non-disclosure agreement certain purported trade
4 secrets related to computer power management. Intellisoft further alleges that in January
5 1992, Acer used those ideas without Bierman’s knowledge or permission in applying for
6 and later obtaining U.S. Patent No. 5,410,713, “Power Management System for a
7 Computer,” (“the ’713 Patent”), as well as three later continuations of that patent
8 (collectively, the “’713 Family of Patents” or the “patents”).

9 The alleged trade secrets relate to a “smart computer power supply” that allows
10 computer manufacturers to manage and control power in a computer by implementing a
11 second “smart” standby low power supply coupled to a pushbutton power switch
12 (eliminating the wall-switch type on/off) and a microprocessor and other components to
13 control power to the computer’s main switchable power supply. Intellisoft also
14 purportedly developed software that interacted with this mechanism to provide enhanced
15 PC wake up and shutdown process and procedures, and the ability to control other
16 system states. See Dkt. 1-1 ¶ 42.

17 The operative complaint asserts four causes of action for: (1) misappropriation of
18 trade secrets, (2) intentional misrepresentation and concealment, (3) breach of contract—
19 non-disclosure agreement, and (4) accounting. The parties agree that causes of action 2
20 and 4 depend on causes of action 1 and 3.

21 Since its filing in March 2014, the case has been actively litigated, including
22 multiple motions to dismiss and multiple summary judgment motions. Prior to removal,
23 the parties had completed fact discovery and expert discovery was nearing completion.
24 Defendants’ removal and the present motion to remand arise directly from expert
25 disclosures and depositions that occurred in September and October 2017—
26 approximately one month before the state court’s November 13, 2017 expert discovery
27 deadline expired.

28 Trial was set to begin in state court on November 28, 2017.

B. Expert Discovery Background

On March 8, 2017, Intellisoft served its expert disclosure. As relevant here, the disclosure described in general terms what plaintiff's experts would opine upon. As relevant here, the disclosure stated that Irving Rappaport "may be called to testify on issues pertaining to liability and damages," Bob Zeidman "may be called to testify on issues pertaining to liability and damages," and Brian Napper "may be called to testify on damages." Ex. 5 at 3-4.

In late September 2017, defendants received Rappaport's and Zeidman's expert reports. Exs. 7, 9. On October 11 and 20, 2017, defendants deposed Zeidman and Rappaport, respectively. On October 27, 2017, three days before this case was removed, defendants received Napper's expert report. Ex. 14.

Between Rappaport's expert report and deposition, defendants learned for the first time that Rappaport would testify on inventorship, patentability, and validity. For example, Rappaport's expert report states that "Mr. Bierman should have been named as a co-inventor of the '713 patent . . . [and] arguable that Mr. Bierman was the sole inventor of the '713 patent family for all the reasons presented" in the Rappaport's expert report. Ex. 7 at 33. Rappaport also opined that the "trade secret and confidential information described in the '713 Family of Patents, were created by Mr. Biermand on behalf of Intellisoft, Ltd." Id. at 9. During his deposition, Rappaport confirmed that it was his opinion that under federal law Bierman should have been named as an inventor and that he intended to testify to that effect at trial. Ex. 8 at 18:6-19:8. Rappaport also opined on the '713 Family of Patents validity and patentability under federal law. Ex. 7 at 8-9.

In Zeidman's report, Ex. 9, supplemental report (filed October 10, 2017), Ex. 11, and deposition, Ex. 13, Zeidman compared the purported trade secrets to the '713 Family of Patents and opined that the patents included plaintiff's trade secrets. See, e.g., Ex. S; see also generally Exs. 9, 11, 13. Zeidman's expert reports also attached 28 separate claim charts, each one analyzing whether an industry standard "read on" the '713 Family of Patents or necessarily used plaintiff's trade secrets. See, e.g., Ex. 10 and 12. In

1 performing this analysis, Zeidman construed the scope and meaning of claims within the
 2 '713 Family of Patents. See Id. As relevant here, Zeidman concluded that computers
 3 using the ACPI¹ industry standard necessarily used the '713 Family of Patents. Ex. 10 at
 4 35, Ex. 11 ¶ 16; Ex. 12 at 2, Ex. 13 at 332:23-333:9. Accordingly, it is Zeidman's opinion
 5 that computers using the ACPI industry standard incorporate plaintiff's trade secrets.
 6 Ex. 13 at 366:3-6.

7 Lastly, Napper's expert report states that Intellisoft is entitled to royalty damages
 8 based on every Acer ACPI-compliant computer sold since 1997. See, e.g., Ex. 14 ¶¶ 8-
 9 10, 20. Napper's calculation expressly relies on Zeidman's and Rappaport's analysis,
 10 including Zeidman's conclusion that ACPI compliant computers use the '713 Family of
 11 Patents (and, therefore, plaintiff's trade secrets) and Rappaport's inventorship opinion.
 12 Ex. 14 ¶¶ 8-10, 19, 20.

13 **C. Removal Background**

14 On October 30, 2017, in response to these reports and depositions, defendants
 15 filed a cross-complaint in state court naming Bierman and plaintiff. That cross-complaint
 16 sought a declaratory judgment under the Federal Declaratory Judgment Act and 35
 17 U.S.C. § 256 that Bierman should not be a named inventor on any of the patents in the
 18 '713 Family. Ex. 15.² However, defendants' cross-complaint did not become operative
 19 because under the California Code of Civil Procedure a party must obtain leave of court
 20 to file a cross-complaint unless the party has not filed an answer or the court has not yet
 21 set a date for trial. Cal. Code of Civ. P. § 428.50. Because defendants had neither
 22 moved nor obtained leave of court, the cross-complaint was deemed "lodged." Ex. D.

23 Also on October 30, 2017, shortly after the cross-complaint was "lodged" with the
 24

25 ¹ ACPI is a power management standard developed by a consortium of companies, led
 26 by Microsoft and Intel Corporation. Dkt. No. 20, 5 n.1, First Amended Counterclaim. The
 27 standard was first released in December 1996 and became the industry-wide power
 28 management standard. Id. Acer began designing computers that complied with the
 ACPI standard after its release in late 1996. Id.

² As discussed in detail below, § 256 authorizes federal judicial resolution of inventorship
 contests over issued patents. 35 U.S.C. § 256.

1 state court, defendants removed the case to this court. In their removal papers,
 2 defendants claimed removal was proper under 28 U.S.C. §§ 1338 & 1441 and,
 3 alternatively, proper under 28 U.S.C. § 1454. See Dkt. 1. Defendants claim removal was
 4 proper under § 1441 because under § 1338(a) federal district courts of the United States
 5 have original and exclusive jurisdiction “over any claim for relief arising under any Act of
 6 Congress relating to patents.” 28 U.S.C. § 1338(a). Defendants’ notice of removal
 7 argued that plaintiff’s misappropriation of trade secrets theory arises under an Act of
 8 Congress relating to patents because it necessarily raises the patent issue of
 9 inventorship, which is a claim arising under federal patent law—specifically, 35 U.S.C. §
 10 256. See Dkt. 1 ¶¶ 10-15.

11 Second, defendants claimed removal was proper under § 1454 based on
 12 defendants’ cross-complaint seeking declaratory relief that Bierman was properly not
 13 named as an inventor of the ’713 Family of Patents. Dkt. 1 ¶ 16.

14 The notice of removal also argues that though litigation began over three years
 15 ago, the case was timely removed because the notice of removal was filed 30 days after
 16 receipt of “other paper”—the expert reports—that put defendants on notice that the case
 17 is one that had become removable. 28 U.S.C. § 1446(b)(1), (3) (“[I]f the case stated by
 18 the initial pleading is not removable, a notice of removal may be filed within thirty days
 19 after receipt by the defendant . . . [of] other paper from which it may first be ascertained
 20 that the case is one which is or has become removable.”).

21 On November 20, 2017, after removal, defendants timely filed a First Amended
 22 Counterclaim in this court. Dkt. 20. That counterclaim repeats the inventorship and
 23 declaratory judgment allegations, but also includes numerous allegations based on
 24 plaintiff’s experts’ testimony regarding “other federal patent law issues” plaintiff will
 25 allegedly argue at trial, namely claim construction, infringement, validity, and
 26 patentability. See Dkt. 20 ¶¶ 16-26.

27 Plaintiff filed the present motion to remand on November 27, 2017.

28 DISCUSSION

1 **A. Legal Standard**

2 A defendant may remove a civil action filed in state court if the action could have
3 originally been filed in federal court. 28 U.S.C. § 1441. Federal courts are courts of
4 limited jurisdiction, possessing only that power authorized by the Constitution and statute.
5 Kokkonen v. Guardian Life Ins. Co. of America, 511 U.S. 375, 377 (1994). A plaintiff may
6 seek to have a case remanded to the state court from which it was removed if the district
7 court lacks jurisdiction or if there is a defect in the removal procedure. 28 U.S.C.
8 § 1447(c). The district court must remand the case if it appears before final judgment
9 that the court lacks subject matter jurisdiction. Id.

10 The removal statutes are construed restrictively, so as to limit removal jurisdiction.
11 See Shamrock Oil & Gas Corp. v. Sheets, 313 U.S. 100, 108-09 (1941). There is a
12 “strong presumption” against removal jurisdiction. Gaus v. Miles, Inc., 980 F.2d 564, 566
13 (9th Cir. 1992). This means that the burden of establishing federal jurisdiction for
14 purposes of removal is on the party seeking removal. Hunter v. Philip Morris USA, 582
15 F.3d 1039, 1042 (9th Cir. 2009). Doubts as to removability are resolved in favor of
16 remanding the case to state court. Matheson v. Progressive Specialty Ins. Co., 319 F.3d
17 1089, 1090 (9th Cir. 2003).

18 Federal courts have original and exclusive jurisdiction in “any civil action arising
19 under any Act of Congress relating to patents.” 28 U.S.C. § 1338(a). “Under the well-
20 pleaded complaint rule, . . . whether a claim arises under patent law must be determined
21 from what necessarily appears in the plaintiff’s statement of his own claim . . . , unaided by
22 anything alleged in anticipation or avoidance of defenses which it is thought the
23 defendant may interpose.” Christianson v. Colt Indus. Operating Corp., 486 U.S. 800,
24 809 (1988).

25 A case can “arise under federal law” in two ways. Gunn v. Minton, 568 U.S. 251,
26 256-58 (2013). First, “a case arises under federal law when federal law creates the
27 cause of action asserted.” Id. at 257. This “creation test” “accounts for the vast bulk of
28 suits that arise under federal law[.]” Id. (citation omitted). Second, even when a claim

1 “finds its origins in state rather than federal law,” the claim nevertheless arises under
 2 federal law where it “necessarily raise[s] a stated federal issue, actually disputed and
 3 substantial, which a federal forum may entertain without disturbing any congressionally
 4 approved balance of federal and state judicial responsibilities.” Id. at 257-58.

5 Section 1454 of Title 28 provides an independent additional avenue of removal.
 6 That section allows removal of any “civil action in which any party asserts a claim for
 7 relief arising under any Act of Congress relating to patents.” 28 U.S.C. § 1454. This
 8 provision was “intended to provide federal courts . . . with a broader range of jurisdiction;
 9 that is, with jurisdiction over claims arising under the patent laws even when asserted in
 10 counterclaims, rather than in an original complaint.” Vermont v. MPHJ Tech.
 11 Investments, LLC, 803 F.3d 635, 644 (Fed. Cir. 2015) (emphasis in original).

12 Under either removal statute, defendants removal must comply with § 1446(b)(1),
 13 which requires defendants to remove state-court actions to federal court within thirty days
 14 of receiving an initial pleading or other document that reveals a basis for removal. Jordan
 15 v. Nationstar Mortg. LLC, 781 F.3d 1178, 1179 (9th Cir. 2015). However, the Ninth
 16 Circuit has explained that

17 Section 1446(b) is triggered upon the receipt by the
 18 defendants of a paper in the action from which removability
 19 may be ascertained. For obvious reasons, we don't charge
 20 defendants with notice of removability until they've received a
 21 paper that gives them enough information to remove.
 22 Because the focus remains on whether the case ‘is or has
 23 become removable,’ counsel’s clairvoyant sense of what
 24 actions a plaintiff might take plays no role in the analysis.
 25 Under this approach, a defendant is not put to the impossible
 26 choice of subjecting itself to fees and sanctions by filing a
 27 premature (and baseless) notice of removal or losing its right
 28 to remove the case by waiting too long.

29 Chan Healthcare Grp., PS v. Liberty Mut. Fire Ins. Co., 844 F.3d 1133, 1142 (9th Cir.
 30 2017) (internal citations and quotation marks omitted).

31 **B. Analysis**

32 As explained below, the court holds that under the facts of this case the court has
 33 subject matter jurisdiction and that defendants’ removal was proper under §§ 1338 &

1 1441 and, alternatively, under § 1454. Accordingly, the court DENIES plaintiff's motion to
2 remand.

3 The court's holding is based on the specific facts and procedural history of the
4 case, as well as the theory plaintiff intends to advance at trial. Specifically, the court
5 understands that plaintiff intends to argue and show at trial that Bierman conceived of
6 and disclosed to Acer engineers, pursuant to a non-disclosure agreement, many of the
7 ideas eventually published in Acer's 1992 '713 patent application. In support, Rappaport
8 and Zeidman will testify to that effect on direct examination. Further, Rappaport, during
9 his deposition, testified that at trial he planned to testify that under federal patent law
10 Bierman should have been a named inventor of the '713 Family of Patents.

11 Additionally, in support of plaintiff's theory, Rappaport will also testify, and
12 Rappaport's expert report states, that the patents met federal law's definition for validity
13 and patentability. Plaintiff intends to use that opinion as evidence that the publication of
14 the patent disclosed, for the first time, Bierman's trade secrets.

15 For his part, Zeidman will opine, and his expert report already opines, that the '713
16 Family of Patents includes and discloses the purported trade secrets. Zeidman also will
17 and has already opined that Acer's ACPI compliant computers use the '713 Family of
18 Patents. Zeidman's opinion is based on his interpretation of the ACPI industry standard
19 and his construction of the '713 Family of Patents.

20 Based on Zeidman's and Rappaport's testimony, Napper will testify that plaintiff is
21 entitled to royalty-based damages for each ACPI-compliant Acer computer. A 1990
22 licensing agreement between plaintiff and defendants informs this calculation.

23 The court finds that the above theory, the only one plaintiff has advanced in its
24 briefing and not disclaimed during the hearing, necessarily raises at least two patent
25 issues.

26 First, plaintiff's argument that the patents use and disclose plaintiff's trade secrets
27 necessarily calls into question the named inventors of the '713 Family of Patents. During
28 the hearing on this motion and throughout the briefing, plaintiff carefully stated that on

1 direct examination plaintiff's counsel will not ask its experts to discuss whether Bierman
2 should have been a named inventor under the federal patent laws. Similarly, plaintiff
3 states that neither it nor Bierman seeks to be named as an inventor of the '713 Family of
4 Patents. Indeed, if plaintiff planned to do either of the above, then there would be no
5 question that the case belonged in federal court.

6 However, plaintiff's attestations alone do not remove the question of inventorship.
7 "Conception is the touchstone of inventorship, the completion of the mental part of the
8 invention." Burroughs Wellcome Co. v. Barr Laboratories, Inc., 40 F.3d 1223, 1227-28
9 (Fed. Cir. 1994). Plaintiff's entire theory is based on the argument that the patented
10 invention contains trade secrets conceived of by Bierman. This necessarily challenges
11 the propriety of the '713 Family of Patents' named inventors, who Acer argues and,
12 apparently showed in its patent application, conceived of the '713 Family of Patents. By
13 the same token, Rappaport's opinion that Bierman created and owns the trade secrets
14 contained in the '713 Family of Patents necessarily reaches the issue of "who invented or
15 discovered the subject matter of the invention." 35 U.S.C. § 100(f) (defining inventor).

16 Further, though a defense is not sufficient to create subject matter jurisdiction, if
17 this case remained in state court, defendants will inevitably argue that under federal law
18 the inventors were correctly named. Plaintiff's carefully crafted declarations reveal that
19 on cross-examination, plaintiff will ask Rappaport to opine on who should have been a
20 named inventor under Title 35. At that point, a fully-fledged inventorship dispute would
21 be before a state court. Defendants' § 256 counterclaim seeking a declaration on
22 inventorship recognizes this reality.

23 Second, Zeidman's analysis raises federal patent law issues. Zeidman's analysis
24 compares the purported trade secret to the '713 Family of Patents. Though plaintiff
25 asserts otherwise, Zeidman's analysis entails construing claims within and the scope of
26 the '713 Family of Patents. See, e.g., Ex. S. The same goes for Zeidman's comparison
27 between the '713 Family of Patents and ACPI. See Ex. 12.

28 On the other hand, the court does not agree that plaintiff's theory necessarily

1 raises issues of validity and patentability. Plaintiff intends to use Rappaport's opinion on
2 the validity of the patents as evidence that the trade secrets were not in the public
3 domain. Neither validity nor patentability is the exclusive method of proving that
4 contention. In fact, even if the patent were invalid or the invention not patentable, plaintiff
5 may still be able to show that the '713 patent application disclosed the trade secrets at
6 issue.

7 Similarly, Napper's damages analysis, despite defendants' characterization of it as
8 "patent-like," does not necessarily raise any patent issue. Plaintiff's theory that it is
9 entitled to unjust enrichment damages based on defendants' disclosure of plaintiff's trade
10 secrets and benefit from that disclosure, does not necessarily raise any patent issues.
11 Plaintiff can attempt to show damages based on defendants' conduct using any theory it
12 wishes. That plaintiff chooses to do so using a royalty theory based on a decades old
13 licensing agreement does not raise a patent issue. See Aronson v. Quick Point Pencil
14 Co., 440 U.S. 257, 262 (1979); Ex. T ¶ 14.

15 This, however, does not undercut the fact that Napper's damages analysis
16 necessarily assumes that Bierman is the sole inventor. Ethicon, Inc. v. U.S. Surgical
17 Corp., 135 F.3d 1456, 1466 (Fed. Cir. 1998) (holding that joint inventors each have rights
18 to the entire patent). This underscores that the inventorship issue is not just an alternate
19 theory that plaintiff might use to show liability and damages. Instead, it is plaintiff's only
20 theory of its case.

21 Plaintiff does not convincingly argue otherwise. Though plaintiff implies other
22 theories might be used, plaintiff never comes close to describing a different theory of
23 liability that does not necessarily raise at least the inventorship, infringement, and claim
24 construction issues described above. Plaintiff disavows only that neither plaintiff nor
25 Bierman "seek to be declared as an inventor as that term is defined in Title 35 of the
26 United States Code by any tribunal or by the [United States Patent and Trademark Office]
27 on any patent." Dkt. 21, Spielberger Decl. at ECF pp. 32-33 (emphasis added); Dkt. 28,
28 Bierman Decl. at ECF pp. 27-28. Plaintiff's reply does little better, stating only that on

1 direct examination plaintiff will not ask its experts to opine on who should have been
 2 named as an inventor under federal patent law. See, e.g., Dkt 28 at 3; see also Dkt. 28,
 3 Spielberger Reply Decl. ¶ 4. As discussed above, this is insufficient to side-step the
 4 inventorship issues in this case. During the hearing on this motion, the court provided
 5 plaintiff numerous chances to disavow the federal patent law inventorship dispute.
 6 Plaintiff declined.

7 Further, neither the briefing nor the declarations assert that plaintiff will not rely at
 8 trial on Zeidman’s interpretation of the trade secrets, ACPI, or the ’713 Family of Patents.
 9 And it appears plaintiff’s theory of the case would fall apart were plaintiff to do so.

10 With the above as a backdrop, the court next determines whether it has subject
 11 matter jurisdiction and whether defendants properly removed the case to this court.

12 **1. Removal Was Proper Under Sections 1338(a) and 1441.**

13 Federal courts have original and exclusive jurisdiction in “any civil action arising
 14 under any Act of Congress relating to patents.” 28 U.S.C. § 1338(a). Here, plaintiff
 15 asserts only state law causes of action. Thus, this court has jurisdiction under § 1338
 16 only if defendants establish each of the elements articulated by the Supreme Court in
 17 Gunn. The case must “present[] a patent issue that is ‘(1) necessarily raised, (2) actually
 18 disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting
 19 the federal-state balance approved by Congress.’ ” Jang v. Boston Sci. Corp., 767 F.3d
 20 1334, 1336 (Fed. Cir. 2014) (quoting Gunn).

21 **a. Patent Issues Are Necessarily Raised.**

22 If a claim “can be supported by alternative and independent theories—one of
 23 which is a state law theory and one of which is a federal law theory—federal question
 24 jurisdiction does not attach because federal law is not a necessary element of the
 25 claim.” Rains v. Criterion Sys., Inc., 80 F.3d 339, 346 (9th Cir. 1996). However, “the
 26 court’s job is not to focus on the prima facie elements of the state cause of action.” Baker
 27 v. Tait, No. 3:16-CV-00236, 2017 WL 2192965, at *2 (D. Alaska May 18, 2017); see also
 28 Gunn, 568 U.S. at 259 (noting the prima facie elements of a legal malpractice claim

1 under Texas law, but holding that the plaintiff's particular claim necessarily raised a
2 federal issue because the court would be required to apply federal patent law to the facts
3 of the case). Instead, the court must determine if the claim itself, as brought in each
4 particular case "actually turn[s] on construction of [a] federal law." El Camino Hospital v.
5 Anthem Blue Cross of Cal., No. 5:14-cv-00662, 2014 WL 4072224, at *3 (N.D. Cal. Aug.
6 14, 2014); see also Christianson, 486 U.S. at 810 ("[A] claim supported by alternative
7 theories in the complaint may not form the basis for § 1338(a) jurisdiction unless patent
8 law is essential to each of those theories.").

9 As described above, the only theory plaintiff has advanced necessarily raises at
10 least two federal patent law issues. First, plaintiff's theory requires a showing that
11 Bierman conceived of the ideas in the '713 Family of Patents. This boils down to an
12 inventorship dispute. Second, Zeidman's analysis amounts to testimony about how the
13 claims within the '713 Family of Patents should be construed and whether Acer's use of
14 the ACPI standard necessarily used the '713 Family of Patents. Claim construction is a
15 federal patent issue. See generally Markman v. Westview Instruments, Inc., 517 U.S.
16 370, 372 (explaining that the final interpretation on a patent's scope and meaning is
17 within "the exclusive province of the court[s]"). Moreover, because Zeidman's theory
18 compares the ACPI standard to the '713 patents, rather than the trade secrets
19 themselves, it is only applicable if Bierman should have been named as an inventor or
20 coinventor on the '713 Family of Patents.

21 Plaintiff's repeated assertion that neither plaintiff nor Bierman "seek to be declared
22 as an inventor as that term is defined in Title 35 of the United States Code", see, e.g.,
23 Dkt. 21, Spielberg Decl. at ECF 32-33, amounts only to a reiteration that the complaint
24 does not assert a federal cause of action. That does not address whether plaintiff's state
25 causes of action raise federal issues—the very point of the Gunn test.

26 Plaintiff also argues that there is no federal issue of inventorship because § 256 is
27 unavailable to plaintiff or Bierman. Plaintiff's first iteration of this argument claims that
28 because the trade secrets were misappropriated by defendants' fraudulent conduct, there

1 is no remedy under § 256. That argument relies on an outdated version of § 256.

2 Section 256 as amended states (with deletions struck and additions underlined):

3 (a) Correction.--Whenever through error a person is named in
4 an issued patent as the inventor, or through error an inventor
5 is not named in an issued patent ~~and such error arose without~~
6 ~~any deceptive intention on his part~~, the Director may, on
7 application of all the parties and assignees, with proof of the
8 facts and such other requirements as may be imposed, issue
9 a certificate correcting such error.

10 (b) Patent Valid if Error Corrected.--The error of omitting
11 inventors or naming persons who are not inventors shall not
12 invalidate the patent in which such error occurred if it can be
13 corrected as provided in this section. The court before which
14 such matter is called in question may order correction of the
15 patent on notice and hearing of all parties concerned and the
16 Director shall issue a certificate accordingly.

17 35 U.S.C. § 256. Thus, § 256 covers corrections regardless of deceptive intent
18 allegations.

19 The other iterations of plaintiff's § 256 argument also fail. Contrary to plaintiff's
20 assertion, "[n]othing in the statute governing a court's power to correct inventorship . . .
21 prevents a court from correcting the inventorship of an unenforceable patent." Frank's
22 Casing Crew & Rental Tools, Inc. v. PMR Techs., Ltd., 292 F.3d 1363, 1377 (Fed. Cir.
23 2002). The same is true for expired patents. See, e.g., Schreiber v. Eli Lilly & Co., No. 5-
24 cv-2616, 2007 U.S. Dist. LEXIS 40884, at *16 (E.D. Penn. Mar. 19, 2007) (discussing
25 § 256 breadth and holding that § 256 permits correction of inventorship of surrendered
26 patents); Magnetar Techs. Corp. v. Six Flags Theme Parks Inc., No. 07-127, 2017 U.S.
27 Dist. LEXIS 121148, at * 9-10 (D. Del. Aug. 2, 2017) ("Section 256 has no limitations
28 period, and courts tend to read the statute broadly, erring on the side of providing relief in
correcting inventorship.").

Lastly, relying on Altavion, Inc. v. Konica-Minolta Sys. Lab., Inc., 2008 WL
2020593, at *6 (N.D. Cal. May 8, 2008), plaintiff argues that though defendants'
fraudulent conduct before the USPTO will be a part of the proceeding, it does not form
plaintiff's exclusive theory and therefore the court does not have jurisdiction. But plaintiff
has not actually articulated an alternate theory that departs from the inventorship dispute

1 described above. Plaintiff cannot sidestep federal jurisdiction based on the mere
2 possibility an alternative theory of liability exists but will not actually be pursued. If that
3 were the case, a plaintiff asserting state law causes of action could always defeat the
4 Gunn test.

5 Altavion does not persuade the court otherwise. Discussing the Supreme Court's
6 decision in Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 811 (1988), the
7 Altavion court found that on the face of the complaint plaintiff asserted two alternative
8 theories to support its claim, one of which involved no patent law issues. Altavion, Inc. v.
9 Konica-Minolta Sys. Lab., Inc., 2008 WL 2020593, at **4-6 (N.D. Cal. May 8, 2008). On
10 those facts, the Altavion court remanded because an alternative theory of liability
11 supported plaintiff's claim. Id.

12 In Christianson, the Court held that "just because an element that is essential to a
13 particular theory might be governed by federal patent law does not mean that the entire
14 [] claim 'arises under' patent law." Christianson, 486 U.S. at 811. The Court went on to
15 explain that though the defendant pointed to one theory in the complaint that involved a
16 substantial question of patent law, the face of the complaint also contained other theories
17 supporting the antitrust claim that did not depend on resolving patent law issues. Id. at
18 812-13. Consequently, "the appearance on the complaint's face of an alternative, non-
19 patent theory [compelled] the conclusion that the [antitrust] claim [did] not 'arise under'
20 patent law." Id. at 813.

21 Here, on the other hand, after over three years of litigation and on the eve of trial,
22 plaintiff's only theory of liability necessarily involves issues that arise under patent law.
23 Accordingly, the court finds the first Gunn factor satisfied.

24 **b. Patent Issues Are Actually Disputed.**

25 "A federal issue is 'actually disputed' where the parties are in disagreement
26 regarding its potential application or resolution." Desktop Alert, Inc. v. ATHOC, Inc., No.
27 215CV8337, 2016 WL 1477029, at *4 (D.N.J. Feb. 24, 2016) report and recommendation
28 adopted, No. CV158337, 2016 WL 1450551 (D.N.J. Apr. 13, 2016); see, e.g., Gunn, 568

1 U.S. at 259 (where parties disagreed on whether a particular exception to the “on-sale
2 bar” might have operated to save a patent from being declared invalid, the Court found
3 that federal law was “actually disputed”).

4 Here, the parties dispute whether Bierman conceived of the ideas published in the
5 '713 Family of Patents. That is, whether or not plaintiff seeks to alter the named
6 inventors on the '713 Family of Patents, the parties dispute whether those patents
7 correctly fail to name Bierman. This is the central point of dispute in the case.

8 Plaintiff’s argument to the contrary fails. That plaintiff does not seek to have
9 Bierman declared as an inventor as defined under federal law does not show there is no
10 dispute. Put another way, plaintiff will surely contest defendants’ counterclaim for a
11 declaratory judgment stating Bierman should not have been a named inventor on the
12 patents.³ During the hearing on this motion, plaintiff’s counsel confirmed that his client
13 would not stipulate to the same.

14 **c. There Are Substantial Federal Issues.**

15 The Federal Circuit has “held that, for the purposes of section 1338(a) jurisdiction,
16 at least four issues of federal patent law are substantial enough to satisfy the jurisdiction
17 test,” including infringement and inventorship issues under 35 U.S.C. §§ 116, 256.
18 Hunter Douglas, Inc. v. Harmonic Design, Inc., 153 F.3d 1318, 1330 (Fed. Cir. 1998)
19 (collecting cases), overruled on other grounds by Midwest Indus., Inc. v. Karavan
20 Trailers, Inc., 175 F.3d 1356 (Fed. Cir. 1999). Plaintiff cites no case law contradicting this
21 binding authority.

22 **d. “Federal-State Balance” Supports Removal.**

23 The federal courts have a clear interest in regulating inventorship and infringement
24 issues under federal patent law. See Hunter Douglas, 153 F.3d at 1330; Nippon
25 Telephone and Telegraph Corp., 414 F.3d 1358, 1363 (Fed. Cir. 2005); American

26
27 ³ Plaintiff also argues that there is no “operative cross-complaint.” Plaintiff cites no case
28 law supporting the assertion that a “dispute” under Gunn requires an operative cross-
complaint.

1 Cyanamid, 196 F.3d 1366, 1372 (Fed. Cir. 1999). Similarly, Congress' enactment of the
 2 America Invents Act (the "AIA") was "intended to provide federal courts . . . with a broader
 3 range of jurisdiction." Vermont, 803 F.3d at 644. The AIA "expressly removes [patent
 4 law] claims from the ambit of state court jurisdiction." Id.

5 Plaintiff argues that allowing removal to stand would disrupt the federal-state
 6 balance because state courts have jurisdiction over state law claims even when the state
 7 court has to interpret federal law. Here, however, plaintiff's theory does not only require
 8 the state court to interpret federal law but also decide the federal patent issues of
 9 inventorship, claim construction, and infringement as they relate to the '713 Family of
 10 Patents.

11 **e. Conclusion: Sections 1338 & 1441**

12 At the eve of trial, plaintiff has only advanced one theory of liability and that theory
 13 necessarily raises substantial patent law issues that are within the exclusive province of
 14 the federal courts. Under these facts, the court finds that the four Gunn factors have
 15 been met and therefore it has subject matter jurisdiction under § 1441

16 **2. Removal Was Proper Under § 1454.**

17 "A civil action in which any party asserts a claim for relief arising under any Act of
 18 Congress relating to patents . . . may be removed . . ." 28 U.S.C. § 1454. This provision,
 19 added by the AIA in 2011, was "intended to provide federal courts . . . with a broader
 20 range of jurisdiction; that is, with jurisdiction over claims arising under the patent laws
 21 even when asserted in counterclaims, rather than in an original complaint." Vermont, 803
 22 F.3d at 644 (emphasis in original). The AIA "expressly removes such claims from the
 23 ambit of state court jurisdiction." Id. (discussing changes to § 1338).

24 Defendants filed a cross-complaint on October 30, 2017, naming Bierman and
 25 Intellisoft. That cross-complaint alleges that Intellisoft intends to rely on Bierman's
 26 federal inventorship claim. Ex. 15 ¶¶ 19-20. The cross-complaint further alleges that
 27 there is an actual controversy regarding the inventorship of the '713 Family of Patents
 28 and that, if plaintiff is successful, it is possible the patents might be invalidated under

1 § 256 for defect in inventorship. Id. ¶ 20. Under the Federal Declaratory Judgment Act
 2 and § 256, defendants' cross-complaint seeks a declaratory judgment that Bierman
 3 should not be a named inventor of the '713 Family of Patents. Id. ¶¶ 15-23.

4 The court finds that defendants' cross-complaint satisfies § 1454's requirements.

5 **a. Plaintiff's Cross-Complaint and Counterclaim Arguments Fail.**

6 Plaintiff argues (i) that defendants admit § 1454 requires the assertion be in a
 7 pleading and (ii) that the cross-complaint was never filed.

8 Defendants did not admit that § 1454 requires the asserted claim be in a pleading.
 9 Defendants first correctly pointed out that § 1454's plain language only requires a party to
 10 "assert" a claim for relief relating to patents. Whether or not defendants' cross-complaint
 11 was allowed by the court, there can be little dispute that defendants have asserted a
 12 claim involving patent law.

13 Defendants then, citing Masimo Corp. v. Mindray DS USA, Inc., No. 14-cv-0405,
 14 2015 WL 93759 (D. N.J. Jan 7, 2015), recognized that one court required a pleading to
 15 satisfy § 1454. In Masimo, defendants did not even attempt to file a cross-complaint
 16 before removing and the court held that the notice of removal's "reference to potential
 17 patent law counterclaims" did not provide jurisdiction. Masimo, 2015 WL 93759, at **3-4
 18 (emphasis added). The court also refused to retain jurisdiction based on asserted federal
 19 claims made "several months" after removal. Id. at *4.

20 The fact pattern here is far from similar. Defendants have asserted a claim in a
 21 pleading—the cross-complaint—and, within the 21 day period allowed by Rule 15(a), re-
 22 asserted the same claim in an amended counterclaim.

23 Plaintiff next argues there is no jurisdiction under § 1454 because the cross-
 24 complaint is currently "lodged"⁴ and not operative because the state court had not yet
 25 allowed defendants to file the cross-complaint. California Code of Civil Procedure
 26

27 ⁴ Plaintiff misleadingly asserts that under California Rule of Court 2.550(b) "lodged" is
 28 defined as "a record that is temporarily placed or deposited with the court, but not filed."
 That definition only applies to records sealed or proposed to be sealed by court order.

1 § 428.50 requires a defendant who has filed an Answer to obtain leave of court before
2 filing a cross-complaint. In effect, plaintiff argues that in the situation at bar, removal
3 under § 1454 is only proper if the state court allows defendants' cross-complaint to be
4 filed and become operative.

5 The court has multiple concerns with this argument. As an initial matter, contrary
6 to plaintiff's assertion it appears that the cross-complaint was "filed" pursuant to California
7 law. Tregambo v. Comanche Mill & Mining Co., 57 Cal. 501 (1881) ("A paper in a case is
8 deemed to be filed when it is delivered to the clerk for that purpose, and the clerk's fees
9 paid if demanded.").

10 More importantly, plaintiff's rule would allow state courts to decide whether federal
11 jurisdiction exists and whether a case could be properly removed to federal court.

12 There is no question that the court would have jurisdiction over defendants' § 256
13 declaratory judgment claim if it were filed in federal court as a separate action. Under
14 plaintiff's rule, however, the same federal court would not have jurisdiction over that same
15 § 256 claim filed as a cross-complaint in a state court matter until the state court granted
16 defendants leave to file the cross-complaint.

17 That result is illogical and contrary to decades of precedent and to § 1454.

18 [A]t the outset it is to be noted that decision turns on the
19 meaning of the removal statute and not upon the
20 characterization of the suit or the parties to it by state statutes
21 or decisions. The removal statute which is nationwide in its
22 operation, was intended to be uniform in its application,
23 unaffected by local law definition or characterization of the
24 subject matter to which it is to be applied. Hence the Act of
25 Congress must be construed as setting up its own criteria,
26 irrespective of local law, for determining in what instances
27 suits are to be removed from the state to the federal courts.

28 Shamrock Oil & Gas Corp., 313 U.S. at 104 (internal citations omitted).

Plaintiff's rule would run directly contrary to Shamrock. By conditioning removal
on both a state court's rules of civil procedure and a state court's decision to allow the
filing of a cross-complaint, the rule would allow local law to define the scope and
applicability of a federal removal statute. Section 1454 allows removal whenever "any

1 party asserts a claim for relief arising under any act of Congress relating to patents.” 28
2 U.S.C. § 1454. Nothing in that statute imbues the state court with the power to determine
3 whether a case may be removed. See also Vermont, 803 F.3d at 644 (interpreting
4 § 1454 to allow removal of claims “arising under the patent laws even when asserted in
5 counterclaims”).

6 In addition, though many state courts have a similar rule to California Code of Civil
7 Procedure § 428.50, not all states require leave of court to file a counterclaim. See, e.g.,
8 Illinois Code of Civil Procedure, 735 ILCS 5/2-609. Under plaintiff’s proposed rule, the
9 very same cross-complaint might create federal jurisdiction in one state without any
10 action by the state court while at the same time having no effect on federal jurisdiction in
11 another state. Thus, the proposed rule would not only grant the states the power to
12 determine if and when federal jurisdiction attaches under § 1454, but also imbue only
13 some state courts with that power. Such a rule hardly promotes the uniform application
14 of § 1454.

15 The cases plaintiff cites do not persuade the court otherwise. McDonough v. UGL
16 UNICCO, 766 F. Supp. 2d 544 (E.D. Pa. 2011) (finding that plaintiff’s proposed amended
17 complaint was not removable until plaintiff’s motion to amend was granted and the
18 amended complaint became effective); Peaches & Cream LLC v. Robert W. Baird & Co.
19 Inc., No. 14-CV-6633 JG, 2015 WL 1508746 (E.D.N.Y. Mar. 31, 2015) (holding that
20 defenses that involve federal issues do not create jurisdiction and not actually addressing
21 § 1454); Sullivan v. Conway, 157 F.3d 1092, 1094–95 (7th Cir. 1998) (addressing the
22 issue of whether the 30 day deadline for removal begins when plaintiff’s motion to amend
23 the complaint is filed); Jackson v. Bluecross & Blueshield of Georgia, Inc., No. 4:08-CV-
24 49 (CDL), 2008 WL 4862686, at *2 (M.D. Ga. Nov. 10, 2008) (same).

25 This court’s decision, however, does conflict with Rutgers, The State Univ. v.
26 BioArray Sols., Ltd., No. CV 16-4183, 2017 WL 1395486, at *6 (D.N.J. Apr. 18, 2017),
27 which illustrates exactly the situation this court refuses to create. In that case, though
28 plaintiff’s complaint asserted only fraud and contract claims, during a deposition plaintiff’s

1 counsel stated that plaintiff intended to show that the inventor of one patent should have
 2 been a named inventor of a disputed patent. Rutgers, The State Univ. v. BioArray Sols.,
 3 Ltd., No. CV 16-4183, 2017 WL 1395486, at *2 (D.N.J. Apr. 18, 2017). In response to
 4 this revelation, defendant requested the state court to grant defendant leave to file a
 5 counter claim. Id. at *3. Before the state court issued an order on that request and
 6 before § 1446's 30 day deadline expired, defendant removed the case based on § 1454
 7 and § 1338. Id. With respect to defendant's § 1454 argument, the BioArray court
 8 refused to consider the state court counterclaim because the state court had not yet
 9 granted leave for it to be filed. Id. at *7. Thus, the Bioarray court allowed the state court
 10 to decide whether the case could be removed to federal court.

11 Lastly, though the court finds it unnecessary to do so in light of the court's
 12 jurisdiction based on the cross-complaint, the court also finds that the weight of authority
 13 supports defendants' argument that the First Amended Counterclaim, filed in this court,
 14 independently establishes jurisdiction under § 1454. See, e.g., Sleppin v.
 15 Thinkscan.com, LLC, 55 F. Supp. 3d 366, 378 (E.D.N.Y. 2014) (holding that federal
 16 copyright claims asserted for the first time in a counterclaim could, although did not in
 17 that case, constitute a basis to deny remand); Acorne Productions, LLC v. Tjeknavorian,
 18 33 F. Supp. 3d 175, 182 (E.D.N.Y. 2014) ("If defendants' counterclaims, which were
 19 asserted after removal, arise under the Copyright Act, this court would have jurisdiction
 20 over the counterclaims, and could exercise supplemental jurisdiction over plaintiffs'
 21 claims."); Concordia Partners, LLC v. Pick, Case No. 14-cv-09, 2014 WL 4060253, at*4
 22 (D. Maine Aug. 14, 2014) (rejecting argument that the court could not consider the
 23 defendant's Copyright Act counterclaim because it was filed after removal reasoning that
 24 such a result would be contrary to the plain language of 28 U.S.C. § 1454 and would
 25 "unduly tend to exalt form over substance").⁵

26 **b. There Is A Justiciable Basis for Declaratory Relief**

27
 28 ⁵ Section 1454 also covers copyright claims.

1 Plaintiff next argues that there is no federal jurisdiction under the Declaratory
2 Judgment Act because the true character of defendants' action is to determine who
3 created the trade secret technology at issue.

4 "The Declaratory Judgment Act provides that, '[i]n a case of actual controversy
5 within its jurisdiction . . . any court of the United States, upon the filing of an appropriate
6 pleading, may declare the rights and other legal relations of any interested party seeking
7 such declaration, whether or not further relief is or could be sought.'" Danisco U.S. Inc.
8 v. Novozymes A/S, 744 F.3d 1325, 1329 (Fed.Cir.2014) (quoting 28 U.S.C. § 2201(a)).
9 "[T]o demonstrate a sufficient controversy for a declaratory judgment claim that satisfies
10 the requirements of Article III, 'the facts alleged, under all the circumstances, [must] show
11 that there is a substantial controversy, between parties having adverse legal interests, of
12 sufficient immediacy and reality to warrant the issuance of a declaratory judgment.'" Id.
13 (quoting MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 127 (2007)).

14 The court finds the present controversy meets that standard. Plaintiff's state court
15 cause of action is premised on a showing that the '713 Family of Patents contain ideas
16 that were not conceived of by the named inventors of those patents. Plaintiff does not
17 dispute that Bierman's purported conception of the technology is central to plaintiff's
18 misappropriation theory. Further, if plaintiff succeeds in showing Bierman conceived of
19 the ideas, any or all of the '713 Family of Patents might be invalidated for defect in
20 inventorship under 35 U.S.C. § 256. The court also finds the dispute sufficiently
21 "immediate" and "real" because if remanded to state court it will likely be litigated within
22 weeks. Plaintiff's refusal to stipulate that the '713 Family of Patents correctly lists the
23 named inventors, confirms this holding.

24 Plaintiff's citation to Sleppin v. Thinkscan.com, LLC, 55 F.Supp.3d 366 (E.D. N.Y.
25 2014), does not persuade the court otherwise. There, defendants' counterclaim sought a
26 declaratory judgment as to copyright ownership and infringement. Sleppin, 55 F.Supp.3d
27 at 370. Regarding the ownership issue, the court found that the "key dispute" between
28 the parties was whether the parties' business venture was organized as an

1 unincorporated partnership or a limited liability company. Id. at 380. With regards to the
 2 alleged infringement issue, the court determined that it actually turned on what fiduciary
 3 duties, if any, defendants owed the venture. Id. Thus, the court determined that it did not
 4 have jurisdiction under § 1454 because the declaratory judgment counterclaim did not
 5 “arise under” the Copyright Act. Id. The opposite is true here.

6 Plaintiff’s citation to Preston v. Nagel, 857 F.3d 1382 (Fed. Cir. 2017), also misses
 7 the mark. There, contrary to plaintiff’s description, the court did not “appl[y] 28 U.S.C. §
 8 1454 and remand[] the action back to state court because there was no sufficient
 9 immediacy and reality to warrant the issuance of a declaratory judgment.” Dkt. 28 at
 10 15:1-5. Instead, the court held that it did not have jurisdiction to review the district court’s
 11 remand. See generally Preston v. Nagel, 857 F.3d 1382 (Fed. Cir. 2017).

12 **c. Conclusion: Section 1454**

13 In accordance with the above, the court holds that is has jurisdiction under § 1454
 14 based on defendants’ state court cross-complaint and, in the alternative, defendants’ First
 15 Amended Counterclaim.

16 **3. Removal Was Timely Under § 1446(b)(1).**

17 Section 1446(b)(1) permits defendants to remove state-court actions to federal
 18 court within thirty days of receiving an initial pleading or other document that reveals a
 19 basis for removal. Jordan, 781 F.3d at 1179. “Section 1446(b) is triggered upon the
 20 receipt by the defendants of a paper in the action from which removability may be
 21 ascertained.” Chan, 844 F.3d at 1142 (internal citations and quotation marks omitted).

22 Defendants argue that their receipt of the expert reports on September 28 and 29,
 23 2017, was the first time removability of the case had been ascertained. Defendants also
 24 argue that expert reports constitute “other paper” under § 1446. The court agrees.

25 **a. Other Paper**

26 “The type of document that constitutes an ‘other paper’ for the purposes of the
 27 statute is broad, reflecting courts’ ‘embrasive construction’ of the term.” Rynearson v.
 28 Motricity, Inc., 626 F. Supp. 2d 1093, 1097 (W.D. Wash. 2009) (quoting 14C Charles

1 Alan Wright & Arthur Miller, Federal Practice & Procedure § 3732 n. 26 (collecting
2 cases)). While the Ninth Circuit has not conclusively ruled on whether expert reports or
3 expert testimony constitute “other papers,” courts and treatises have often interpreted
4 “other papers” to include discovery related material. See 32A Am. Jur. 2d Federal Courts
5 § 1451 (discovery documents, briefing, and deposition testimony all qualify as “other
6 paper”); DeJohn v. AT & T Corp., No. CV 10–07107, 2011 WL 9105, at *2 (C.D.Cal. Jan.
7 3, 2011) (“[A]ll ‘formal discovery,’ including a ‘deposition, interrogatory, or request for
8 admission’ meets the definition of ‘other paper . . .’”). Plaintiff’s expert reports fall
9 squarely into that category. See also Gibson v. Clean Harbors Env’tl. Servs., Inc., 840
10 F.3d 515, 522 (8th Cir. 2016) (holding an expert report constituted “other paper”).

11 **b. Within 30 Days**

12 The notice of removal was filed within 30 days of receiving an initial pleading or
13 other document that reveals a basis for removal. Defendants received Rappaport’s
14 expert report on September 28, 2017. October 30, 2017 is the first non-weekend day
15 after the 30-day deadline.

16 Plaintiff does not disagree. Plaintiff, however, argues that removal was untimely
17 because in a April 28, 2017 motion in limine, defendants argued that plaintiff’s damages
18 claim should be treated as a patent claim. Plaintiff argues that defendants’ window to
19 remove the case, therefore, expired 30 days after the motion in limine filing. This
20 argument fails.

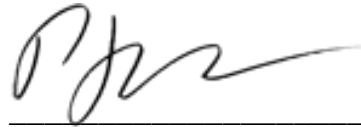
21 The Ninth Circuit does not “charge defendants with notice of removability until
22 they’ve received a paper that gives them enough information to remove. Because the
23 focus remains on whether the case ‘is or has become removable,’ counsel’s clairvoyant
24 sense of what actions [or arguments] a plaintiff might take plays no role in the analysis.”
25 Chan, 844 F.3d at 1142 (internal citations and quotation marks omitted). That is, though
26 defendants may have had theories or arguments that plaintiff’s claim raised federal
27 issues, those do not create a removable case. Instead, plaintiff’s affirmative
28 representations—here, plaintiff’s expert discovery—trigger § 1446’s 30 day deadline.

CONCLUSION

For all the foregoing reasons, defendants have sufficiently demonstrated removability under §§ 1338 & 1441 and separately under § 1454. Therefore, the court DENIES plaintiff's motion to remand.⁶

IT IS SO ORDERED.

Dated: January 22, 2018



PHYLLIS J. HAMILTON
United States District Judge

United States District Court
Northern District of California

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⁶ Though neither party raised the issue, the court also has supplemental jurisdiction over the plaintiff's other causes of action because they all form part of the same case or controversy under Article III of the United States Constitution. 28 U.S.C. § 1367(a).

APPENDIX E

NOTE: This order is nonprecedential.

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

**INTELLISOFT, LTD., A DELAWARE
CORPORATION,**
Plaintiff/Counterclaim Defendant-Appellant

BRUCE BIERMAN, AN INDIVIDUAL,
Counterclaim Defendant-Appellant

v.

**ACER AMERICA CORPORATION, A CALIFORNIA
CORPORATION, ACER INCORPORATED, A
TAIWAN CORPORATION,**
Defendants/Counterclaimants-Appellees

2019-1522

Appeal from the United States District Court for the
Northern District of California in No. 4:17-cv-06272-PJH,
Judge Phyllis J. Hamilton.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN,
HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

O R D E R

Appellees Acer America Corporation and Acer Incorporated filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on June 12, 2020.

FOR THE COURT

June 5, 2020
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court