

No. 22-\_\_\_\_\_

IN THE

Supreme Court of the United States

AARON G. FILLER, as an individual and on behalf of  
NEUROGRAFIX-SOLE PROPRIETORSHIP,  
NEUROGRAFIX, NEUROGRAPHY INSTITUTE MEDICAL  
ASSOCIATES, INC., & IMAGE-BASED SURGICENTER  
CORPORATION

*Petitioners*

v.

UNITED STATES OF AMERICA

*Respondent*

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

PETITION FOR WRIT OF CERTIORARI

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## **I. QUESTIONS PRESENTED**

For a Patent infringed by the United States, where Patent rights are divided between two related parties – one having the right to sue and the other having the right to exclude – can the Assignment of Claims Act remove the Vth Amendment right to Just Compensation from the party with the right to exclude?

## **Corporate Disclosure Statement**

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

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

Aaron G. Filler as an individual and on behalf of NeuroGrafix Sole Proprietorship; NeuroGrafix; Neurography Institute Medical Associates, Inc.; & Image-Based Surgicenter Corporation

2. The names of the real parties in interest represented by me are the same as the parties on the caption.

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

None.

## **List of All Related Proceedings**

None

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## **V. PETITION FOR WRIT OF CERTIORARI**

Aaron G. Filler as an individual and on behalf of NeuroGrafix Sole Proprietorship; NeuroGrafix, Inc; Neurography Institute Medical Associates, Inc.; & Image-Based Surgicenter Corporation, by and through their counsel Aaron G. Filler, Esq. – a member of the Bar of the United States Supreme Court - respectfully petitions this Court for a Writ of Certiorari to review the judgment of the Court of Appeals for the Federal Circuit.

## **VI. OPINIONS BELOW**

This Petition seeks a Writ of Certiorari for an appeal arising from the Court of Federal Claims 1:19-cv-00173C-RTH wherein judgment in that matter was rendered May 11, 2020. That ruling granted a motion to dismiss for lack of subject matter jurisdiction in a 28 USC §1498(a) action for taking of intellectual property by the United States in relation to US Patent 5,560,360. This finding relied substantially on the effects of application of the Assignment of Claims Act 31 USC §3727.

A Motion for Reconsideration was timely filed June 8, 2020 and this motion was denied in the Court of Federal Claims on November 9, 2020.

A Notice of Appeal in the Court of Appeals for Federal Circuit was timely filed January 15, 2021. After full briefing and Oral Argument before the

Court of Appeals for the Federal Circuit on January 13, 2022, judgment was rendered in that matter, Fed.Cir. 21-1552, on January 21, 2022 affirming under Rule 36. A Petition for Rehearing and for Rehearing en Banc was timely filed March 6, 2022 and that Petition was denied on April 6, 2022. The current Petition for Writ of Certiorari is now timely filed July 5, 2022.

This Court is asked to look to the rulings from the Court of Federal Claims below to exemplify and explain what the Court of Appeals for the Federal Circuit found in its Rule 36 affirmation.

These opinions are attached at Appendix 1-3.

## **VII. JURISDICTION**

The trial court, the Court of Federal Claims, had jurisdiction for a claim arising from an assertion of patent infringement or taking of intellectual property by the United States under 28 USC §1491 and 28 USC §1498(a).

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

## **VII. CONSTITUTIONAL PROVISIONS & U.S. STATUTES INVOLVED**

### **United States Constitution, Amendment V:**

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War

or public danger; nor shall any person be subject for the same offense to be put twice in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; *nor shall private property be taken for public use, without just compensation.*

## **28 USC §1498(a) Patent & Copyright Cases**

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

## **31 U.S.C. §3727 (a, b) – Assignment of Claims**

**(a)** In this section, “assignment” means--

**(1)** a transfer or assignment of any part of a claim against the United States Government or of an interest in the claim;

or

**(2)** the authorization to receive payment for any part of the claim.

**(b)** An assignment may be made only after a claim is allowed, the amount of the claim is decided, and a warrant for payment of the claim has been issued. The assignment shall specify the warrant, must be made freely, and must be attested to by 2 witnesses. The person making the assignment shall acknowledge it before an official who

may acknowledge a deed, and the official shall certify the assignment. The certificate shall state that the official completely explained the assignment when it was acknowledged. An assignment under this subsection is valid for any purpose.

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

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

## VIII. STATEMENT OF THE CASE

Among about 300 reported patent actions against the United States in the Court of Federal Claims in the past 40 years under 28 USC 1498(a), the Assignment of Claims Act, 31 USC §3727 (hereinafter “ACA”), has been asserted by the United States as a defense in 45 of the actions. Of those, 24 instances occurred in the past ten years. Increasingly therefore, the ACA is relied on regularly by the United States to avoid Vth Amendment liability when the United States seizes the intellectual property of an inventor for uncompensated use.

### *1) Failure to Find Standing or Subject Matter Jurisdiction Before the Court of Federal Claims*

In the current matter, the Court of Federal Claims, Hon. Ryan T. Holte, accepted three of the US Government’s assertions which taken together deprived Filler and NeuroGrafix of standing and found absence of subject matter jurisdiction for the court.

#### *a) Finding of No Standing or Subject Matter Jurisdiction for Filler or NeuroGrafix*

The unresolved question is whether the party holding the key property right to exclude during the period of infringement is the holder of the “Claim” in the sense of meeting the subject matter jurisdiction of the Court of Federal Claim, or whether it is the party with the right to sue either during the time of

infringement or at the time of the filing of the lawsuit that has the relevant “Claim.”

Here, NeuroGrafix had the right to exclude the United States during the period of infringement and Filler had the right to file any suit at the time the action was filed in the Court of Federal Claims. However, Hon. Holte finds that subject matter jurisdiction is based on the party with the right to file suit during the period of infringement even if it had no damage because it is had no right to exclude.

As shown by the contemporaneous ruling of Senior U.S. District Court Judge, Hon. Richard Stearns in the District of Massachusetts – Filler with ownership, together with NeuroGrafix had standing to sue (Appx p.144) – at least in US District Court.

b) Finding of No Transfer of the Right To Sue  
Due to Dispute over the Status of the United  
States as a Corporation

Additionally, reviewing a sequence of exclusive licenses, Hon. Holte found that the University of Washington did transfer the right to exclude to the Washington Research Foundation (hereinafter “WRF”) and WRF did exclusively license to NeuroGrafix the right to exclude as to all parties.

However, the US Government convinced Hon. Holte that WRF failed to give NeuroGrafix a right to sue the U.S. Government. This is because the license transferred this right as to third parties and corporations, but the US asserted that the US is not a corporation so that no right to sue the United States

was transferred to NeuroGrafix. This fundamentally misses the clear and unchallenged position of past US Supreme Court Chief Justice John Marshall in *U.S. v. Maurice* 26 F.Cas 1211, 1216 (U.S., 1823)

It is contended that the bond is void, because there is an inability on the part of the United States to make any contract not previously directed by statute. The United States is a government, and, consequently, a body politic and corporate, capable of attaining the objects for which it was created, by the means which are necessary for their attainment. *This great corporation was ordained and established by the American people*, and endowed by them with great powers for important purposes.

It will certainly require no argument to prove that one of the means by which some of these objects are to be accomplished, is contract; the government, therefore, is capable of contracting, and its contracts may be made in the name of the United States

*U.S. v. Maurice* 26 F.Cas 1211, 1216 (US 1823) finding that the United States is able to make contracts in its own name because *it is a corporation*. This is also reflected in 28 USC §3002 (15).

However, Hon. Holte accepted a view opposite to what was found by this Court in the 1823 ruling. This followed a similar ruling by Hon. Edward J.

Daimich, then Chief Judge of the Court of Federal Claims in *NeuroGrafix v. United States* (Appx p.130) with the same finding that the US is not a corporation.

c) Application of the Assignment of Claims Act

Further, Hon. Holte found that when the United States asserted the ACA, it retroactively prevented the assignment of “the claim” from the Washington Research Foundation (WRF) to either NeuroGrafix by license or to Filler by assignment.

However, the WRF unambiguously never had any right to practice the patent or to exclude others from practicing it. NeuroGrafix was given this right by exclusive license in 1998, and maintained the right throughout the subsequent life of the patent.

In order for the Court of Federal Claims to have subject matter jurisdiction, the original holder of the “Claim” must be a party to the suit.

Interpretation and application of the ACA has been viewed as archaic, vague, and unjust because it is unpredictable:

Indeed, the Government concedes that it is all but impossible for *any* assignment to comply with the strictures of the Anti-Assignment Act, because the Treasury no longer uses warrants. Nevertheless, “[i]t is well established ... that the Government can waive coverage of the Anti-Assignment Acts.” *Riviera Fin. of Tex., Inc. v. United States*, 58 Fed.Cl. 528, 530 (Fed.Cl.2003). [...] Thus, in modern



practice, the obsolete language of the Anti-Assignment Act means that the Government has the power to pick and choose which assignments it will accept and which it will not.

*U.S. v. Kim* 806 F.3d 1161, 1169-70 (9th Cir., 2015) – opinion from Hon. N. Randy Smith, senior judge of Court of Appeals for the Ninth Circuit.

As the opinion of Judge Smith points out, litigation of claims potentially subject to 31 USC §3727 is capricious and unpredictable, making it nearly impossible for a citizen inventor to know how to comport his or actions to protect the intellectual property from uncompensated taking by the United States. 28 USC §1498 provides a remedy but 31 USC §3727 makes that remedy illusory in a high percentage of patent cases.

d) Negative Effects of a Policy of Evasion of the United States Duty to Compensate the Owner of Valuable Intellectual Property When Taken

Repeated, routine, uncompensated seizure of intellectual property is *prima facie* harmful to the interests of the United States because it punishes inventors and therefor discourages invention of those technologies that are apparently most useful and valuable for the U.S. Government. At the same time, it discourages investment by the U.S. in technology development since it can freely seize technologies once they prove useful, without taking the risk of investing in an array of potentially useful new technologies at

an early stage – at a moment in time when their future success and value is uncertain. This, however, is now the standard defense policy of the United States Department of Justice in patent cases.

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

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

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

Conceptually – a soldier is awarded a pension, but assigns the pension to a store in order to buy furniture. The Assignment of Claims Act assures that

the U.S. will not recognize such an assignment – the claim to the pension remains with the former soldier.

However, patents are often subject to assignments – inventors at universities for instance are required to assign their inventions. The law governing the relationship between aspects of patent assignments and standing to sue for patent infringement in the U.S. District Courts is complex, but predictable. None of that law applies in Court of Federal Claims and its own litigation history on this issue is erratic and chaotic at best.

The current matter shows the stark inconsistencies between Court of Federal Claims law and US District Court law. Here, for instance the final assignment of the ownership of the patent from the State of Washington to Aaron Filler in 2013 resolved a then pending Motion to Dismiss in the Multi-District Litigation in the District of Massachusetts (Appx p.144) in favor of Filler and NeuroGrafix. As a result, the inventor and patent owner had standing and injury, while the court had subject matter jurisdiction.

The exact same assignment appears to have resulted in no standing and no subject matter jurisdiction in the U.S. Court of Federal Claims as to the same owner and same patent as a result of capricious application of 31 USC §3727 as a defense by the United States.

## *2) The Patent at Issue*

This case arises from US government misappropriation of one of the most dramatic and revolutionary inventions of the late 20<sup>th</sup> century – a technology that saves tens of thousands of lives and which currently is heavily affecting hundreds of personal injury litigations – Diffusion Tensor Imaging – or “DTI” (US Patent 5,560,360 – Image Neurography and Diffusion Anisotropy Imaging – see Appendix 6 – separate Rule 33.2 document).

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

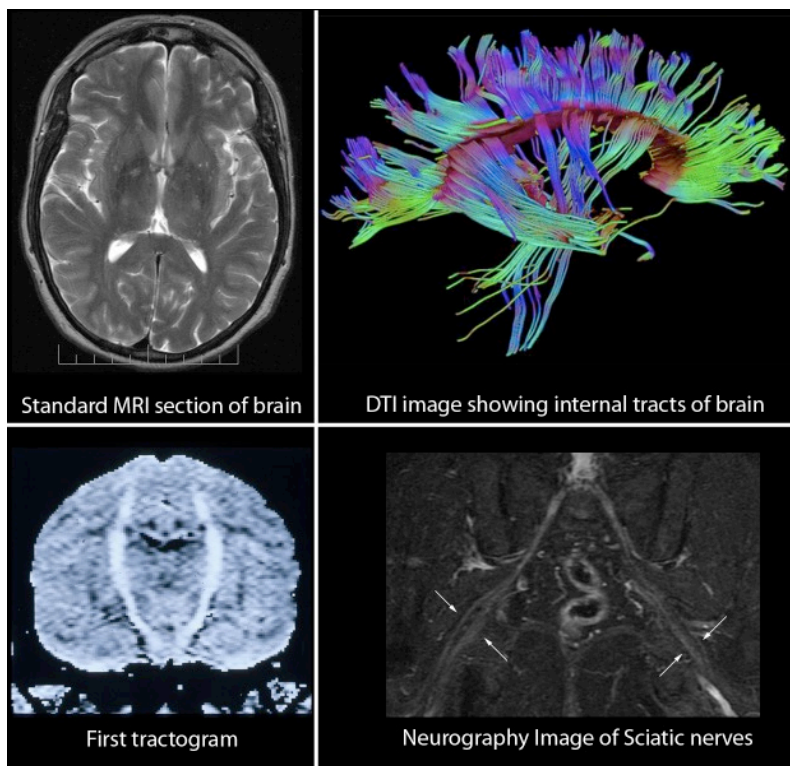


Figure 1 - This image shows generally the status of the technologies - the “first tractogram” is Fig. 17 in US Patent 5,560,360 and is the predecessor of the modern DTI images shown above – this is the subject of Claims 36 to 66 of the ‘360 patent.

DTI allows the physician to see the internal tracts of the brain including effects of concussion which are generally not visible in CT scans or routine MRI scans. DTI scanning has been mandatory for the evaluation of every US soldier, sailor or airman suffering a potential concussion for the past ten years.

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

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

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

I am the original inventor (in the sense of 26 USC §1235 (a) & (b) – e.g. creator of the property from

a time prior to reduction to practice of the invention) and the current owner of the patent. Prior ownership was held by The United Kingdom and The State of Washington. The United States, in 1991, refused to fund the original research so there are no 35 USC §200-212 “Bayh-Dole” march in rights.

The United States – once the value and importance of technology was clear - commenced a massive program for use of the technology, but never obtained a license for its use nor paid any compensation for the taking of the property – thus acting in violation of the United States Constitution Vth Amendment, Just Compensation clause.

#### *c) Successful Litigation of the Patent in US District Court*

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

NeuroGrafix filed US District Court patent infringement litigations against Siemens (CalCD 2010-cv-01990-MRP), GE (CalCD 2:12-cv-04586), the State of California (which waived sovereign immunity to appear in United States District Court)(CalCD 2:11-cv-07591-MRP) and Medtronic (DCol 1:12-cv-02977-WYD). In all of these matters, standing and subject matter jurisdiction were found for NeuroGrafix joined with the Washington Research Foundation (WRF). Under an MDL (1:13-cv-02432-RGS) proceeded in the District of Massachusetts,

Philips (1:12-cv-11-65-RGS), Hitachi (5:15-cv-00026-PAG), Toshiba (1:15-cv-12283-RGS), and Brainlab (ND-IL 1:12-cv-06075-MFK) standing and subject matter jurisdiction was found for NeuroGrafix joined with Aaron Filler as plaintiffs (see Order Denying Motion To Dismiss as to Standing of 3/24/14) Appx p.144.

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

## **IX. REASONS FOR GRANTING THE WRIT**

### *1. Standing: Necessary Parties and Federal Claim Ownership*

#### **i. Absence of a Necessary Party is a Rule 19 Matter Not Warranting Dismissal if the Plaintiff Holds the Right to Exclude**

This case was dismissed on a finding of the absence of an additional necessary party required for standing in a patent dispute. Under *Lone Star Silicon Innovations LLC v. Nanya Technology Corporation*, 925 F.3d 1225, 1229-30 (Fed.Cir., 2019), because NeuroGrafix held exclusionary rights for the Territory of the United States, *it was error to dismiss*, and the court should have instead provided leave to

amend to join the party which the court concluded was necessary (Washington Research Foundation – “WRF”). The absent party was available, prepared a declaration in support of standing for the plaintiffs and was obligated to cooperate by joinder if required, so this Court should reverse and remand for joinder and further proceedings if it finds that the additional party was indeed necessary.

*2. Just as the Possession of an Exclusionary Right Under the ELA Confers Constitutional Standing it Also Confers the Status of “Original Claimant” Under 31 USC §3727*

A party having the right to exclude under an Exclusive License Agreement (“ELA”) should be identified as the party accruing a Federal Claim and so should be considered as the original claimant, having at least an interest in said claim, under 31 USC §3727, the Assignment of Claims Act “ACA.” This status as the original claimant should defeat the application of the ACA to challenge standing or subject matter jurisdiction in the Court of Federal Claims. It is error to find any or all of the accrual of the Claim in a party found to control the right to sue (WRF), but no accrual in the party with the right to exclude (NGFX).

*3. The Assignment of Claims Act Should Not Be Applied Among Closely Related Parties with a Shared Interest in the Litigation*



The Assignment of Claims Act 31 USC §3727 (hereinafter “ACA”) should not be applied against closely related parties with a shared claim under the Vth Amendment Just Compensation Clause accessed through the procedures of the Tucker Act & 28 USC §1498(a), for taking of intellectual property.

*4. Rule 36 Should Not Be Applied to Allow Implied Establishment of Unintended Precedent*

Here the gross error of the Court of Federal Claims is compounded by the failure of the Court of the Appeals for the Federal Circuit to confront the gamesmanship of the United States in its shameful theft of valuable intellectual property to which it has no right. A Writ of Certiorari is sought because of the harmful precedent that this failure establishes and the inappropriateness of a Rule 36 avoidance of comment on this critical precedential issue.

The Federal Claim should rest with the party holding the right to exclude when the right to exclude and the right to sue are separated in a patent license. When separated, mandatory joinder should be applied if the additional party is required to be present as a necessary party, rather than dismissal.

*5. Need for Extension of a Closely Related Parties Doctrine*

The concepts of the “Closely Related Parties Doctrine” – as applied to issues such as transfer of venue, see *In re: Howmedica Osteonics Corp.* 867 F.3d 390, 407 (2<sup>nd</sup> Cir. 2017), *In re: McGraw Hill Global*

*Education Holdings, LLC* 909 F.3d 48, 58-9 (3rd Cir. 2018), in relation to forum selection clauses, see *Magi XXI, Inc. v. Stato Della Citta Del Vaticano aka The Holy See*, 714 F.3d 714,720 (2<sup>nd</sup> Cir. 2013) and *Weatherford International LLC v. Binstock* 452 F.Supp.3d 561, 570-571 (SD-Texas, 2020), in relation to disgorgement of profits *Securities and Exchange Commission v. AbsoluteFuture.com* 393 F.3d 94, 96 (2<sup>nd</sup> Cir. 2004) and in relation to the application of the Younger doctrine as to interference between State and Federal actions *Women's Community Health Center of Beaumont Inc. v. Texas Health Facilities Commission*, 685 F.2d 974, 981 (5<sup>th</sup> Cir., 1982), should be applied to cases involving the ACA. In *Women's Community Health*, the ruling cites: "there plainly may be some circumstances in which legally distinct parties are so closely related that they should be subject to the Younger considerations that govern any of them" *Hicks v. Miranda* 422 US 332, 349-50 (US 1975) (finding sufficient closeness of the interests of employees and their employer). This should also be applied to determining the applicability of the ACA to transfers of certain components of the bundle of patent rights among closely related entities.

*Nota bene* – when WRF did transfer certain patent rights to NGFX, it still retained its claim to a 35% portion of any proceed of the claim. Here – there was no relevant separation of the parties by the assignment because after the transfer, WRF has the same 35% interest in the claim today that it had – all the way back to December 29, 1998.

The non-WRF Plaintiffs – still today have the same 65% interest in the claim that they had all the way back to December 29, 1998. It is impossible to see how there arises some necessity to protect the United States from double attack by these parties since – as to the actual claim for money – their relationship was not changed by any transfer. This 35/65 split exists whether or not WRF joins the action as it is entitled to its share of the claim whether or not it joins the litigation. NGFX is a party to the litigation and its presence should be sufficient as a closely related party as to void any protective application of the ACA.

#### *6. The Two Parties Shared a Divided Claim*

The two parties at issue – NeuroGrafix (hereinafter “NGFX”) and The Washington Research Foundation (hereinafter “WRF”) – had a divided interest in any infringement claim so that if WRF led the litigation, the proceeds were split 65% to WRF and 35% to NGFX. Alternately, if NGFX led the litigation the proceeds were split oppositely 65% to NGFX and 35% to WRF as noted in Section 7.2 or 7.3 of all of the licensing agreements (this section is cited to in the Appellants Opening Brief in this matter at page 32). The continuation of this division of proceeds (35% to WRF) survived the assignments of 2013 (which assigned ownership to NGFX SP – the original licensee of 12/7/1998) as confirmed by an associated covenant. WRF and NeuroGrafix filed a joint affidavit in this case which laid to rest any possible uncertainty about notice or intent or shared interest.

It simply cannot be said – for instance – that the relevant December 29, 1998 agreement resulted in one or the other of these two parties being the sole claimant. In either situation WRF held a right to initiate suit and NGFX held the right to exclude. If either sued – the other party would be necessary (WRF lacking the right to exclude so not suffering an injury, while NGFX is argued to have lacked the right to file suit).

WRF was a founding shareholder of NGFX and at the time of formation Aaron Filler was the 75% shareholder while each of WRF and four others (individuals) had 5% shareholdings. There was never any possibility of double suit because WRF participated in the action as a shareholder when NGFX filed suit against the United States and was a beneficiary of any resulting recovery.

### *7. Closely Related Parties Doctrine*

The “Closely Related Parties Doctrine” as currently applied in other areas of jurisprudence is based on identification of a relationship that includes four types of findings about the relationship of two parties during the period of alleged infringement by the United States, as cited in *Magi* at 720: (1) – interests of the two parties are derivative of and directly related to actions of the offending third party – here the United States; (2) – both parties have rights derivative of the then patent owner, here The State of Washington (University of Washington); (3) - both NGFX and WRF had interests in the intellectual

property which were governed by the same owner – the State of Washington; (4) – the owner The State of Washington is a third party beneficiary of the action against the United States since it is entitled to a portion of the proceeds (through WRF) whether either WRF or NGFX litigates.

Other issues in – for instance – the application of this Doctrine concern notice between the two parties and possession of any separate claim.

## 7. Infringement Actions

7.1 Notice. If, during the term of this Agreement, WRF or Licensee shall suspect that one or more Third Parties are infringing or are threatening to infringe the Patent Rights, that Parry shall immediately provide the other Party all available and useful information concerning the kind and character of the infringement and any other pertinent information.

7.2 Licensees Right to Settle or Sue. [...] If Licensee recovers costs and or damages for past infringement of Patent Rights as a result of a lawsuit or a negotiated settlement, such proceeds shall be used first to pay off Licensee infringement litigation expenses. Surplus recoveries shall be shared such that Licensee receives 65% and WRF 35%.

7.3 WRF's Right to Settle or Sue. [...] If WRF brings an action for infringement, Licensee shall assist WRF and cooperate in such litigation at

WRF 's request and at no cost to Licensee. WRF shall recover its out-of-pocket expenses associated with such litigation or settlement thereof from any monetary recovery. In that case the proceeds of the license or infringement action after recovery of WRF' s costs and fees shall be divided with WRF receiving 65% and Licensee 35%.

License Agreement between WRF and NGFX of 12/29/98.

The two parties WRF and NGFX are inseparable in that both were entitled to an accounting as between them and a distribution of any proceeds of the litigation.

*8. Interests of the United States Protected by Assignment of Claims Act Would Not Be Impaired By Establishing This New Precedent*

The Court of Federal Claims has recently reviewed the interests of the United States to be protected by the Assignment of Claims Act:

As the Supreme Court explained, the “primary purpose” of the Assignment of Claims Act: [W]as undoubtedly to prevent persons of influence from buying up claims against the United States, which might then be improperly urged upon officers of the [g]overnment,’ and ... a second purpose was ‘to prevent possible multiple payment of claims, to make unnecessary the investigation of alleged assignments, and to enable the [g]overnment to

deal only with the original claimant.’ Other courts have found yet another purpose of the statute, namely, to save to the United States ‘defenses which it has to claims by an assignor by way of set-off, counter claim, etc., which might not be applicable to an assignee.’ *United States v. Shannon*, 342 U.S. 288, 291–92, 72 S.Ct. 281, 96 L.Ed. 321 (1952) (footnote omitted) (quoting *United States v. Aetna Surety Co.*, 338 U.S. 366, 373, 70 S.Ct. 207, 94 L.Ed. 171 (1949)).

*3<sup>rd</sup> Eye Surveillance, LLC v. United States*, 133 Fed.Cl. 273, 277 (Fed.Cl. 2017). None of these interests are jeopardized when two closely associated entities in which both hold a designated share in the proceeds (before and after any assignment) exchange certain rights by assignment.

### *9. Importance of This Issue Warrants Grant of This Petition for Writ of Certiorari*

Few actions are more corrosive and harmful to the life, progress, and success of America and its citizens than aggressive uncompensated seizure of intellectual property rights from U.S. citizens by the United States itself. This is because it treats critical innovation as grounds to dispossess, harm and punish inventors. Explicitly barred by the Constitution (Vth Amendment, Just Compensation Clause) – such acts evade justice when the administrative requirements of opposing an uncompensated taking are construed in inconsistent and unpredictable ways so that no

citizen can properly comport his actions to obtain protection from such constitutionally impermissible seizures.

Unlike many other types of government claim, those arising from patent ownership have a very high likelihood of being involved in complex assignment agreements. Indeed, the patent law in the United States differs from patent law in the United Kingdom as to patent ownership when employer/employee and student/university affect inventions. Here, for instance the actual inventors are the original patent owners, but all were required to assign to their respective Universities. In many other cases, an inventor creates a startup business and assigns the patent while retaining some benefits. This differs from the UK law where the assignee may be listed as the inventor. The result is mandatory assignment to entities who may not pursue commercialization, followed by further assignments set against a perplexing and unpredictable conflicting sets of imperatives.

The U.S. here for instance, chose not to apply the ACA in NeuroGrafix I, then changed its position and did apply it in NeuroGrafix II – reversing the requirements that the plaintiffs faced to help assure they were excluded either way. They avoid losing this option to a finding of waiver by the court’s general reluctance to find waiver.

Further, an important result is that the law as to standing and subject matter jurisdiction, is dramatically different between U.S. District Court and the Court of Federal Claims. This is why the full



assignment of the patent to Filler (NGFX-SP) in 2013 resolved and settled years of litigation over ownership in the Motion to Dismiss in U.S. District Court (Appx p.144), while only serving to complicate the dispute in the Court of Federal Claims.

This court should recognize the close relationship between employers, universities, inventor startups and inventors by setting forth a Closely Related Entities Doctrine for the Tucker Act that prevents the United States from first refusing to fund innovation and then seizing the intellectual property without compensation. The current arrangement unnecessarily compromises a critical right of citizens relative to the state that dates back to the Magna Carta and which is enshrined in the United States Constitution's Vth Amendment.

The technology involved has revolutionized neurological medicine, was a transformational technological breakthrough (brain Diffusion Tensor Imaging) and has saved and continues to save tens upon tens of thousands of lives. The U.S. refused to fund the research – on the grounds that it was just technology and not science. Sources in the UK then funded the work. Once successful, the U.S. – without license and despite warnings – commenced expending billions of dollars in the unlicensed use of the technology. Through this incorrect ruling – the U.S. pays nothing for the taking.

*10. The Application of the Assignment of Claims Act is In Disarray and Harms the Interests of the United States by Discouraging Important Innovation*

The application of the Assignment of Claims Act in the intellectual property arena is in disarray and the addition of Rule 36 decision making to this frustrating and complex area of law further aggravates the problem instead of contributing to progress towards much needed clarification.

[I]n modern practice, the obsolete language of the Anti-Assignment Act means that the Government has the power to pick and choose which assignments it will accept and which it will not.

Despite the Anti-Assignment Act's plain language, the Supreme Court has carved out equitable exceptions to its application, noting that the Act “must be interpreted in the light of its purpose to give protection to the Government.... [A]ssignments may be heeded, at all events in equity, if they will not frustrate the ends to which the prohibition was directed.” *Martin v. Nat'l Sur. Co.*, 300 U.S. 588, 596–97, 57 S.Ct. 531, 81 L.Ed. 822 (1937).

*US v. Kim* 806 F.3d 1161, 1169/1170 (9th Cir 2015).

First – the government refuses to fund innovation. When the inventor then succeeds in developing a successful technology that transforms

and advances American life – the government strikes a second time by seizing the technology without compensation where no Bayh-Dole rights have accrued. This is done despite the fact that it is eminently obvious in this situation that respecting the rights of the patent inventor/owner will not frustrate the objectives of the Assignment of Claims Act.

A rule 36 disposal of an appeal is unwarranted where the Court of Federal Claims ruling is clearly erroneous, the ruling conflicts with Court of Appeals for the Federal Circuit and Supreme Court case law.

## **X. CONCLUSION**

For the reasons set forth above, the Supreme Court should grant this Petition for Writ of Certiorari. The Court is asked to 1) override and look through the Rule 36 affirmation to the rulings which are affirmed 2) Find that the “Claim” that provides standing and subject matter jurisdiction in the Court of Federal Claims is the party with the right to exclude and 3) To extend a Closely Related Parties doctrine that prevents unwarranted application of the Assignment of Claims Act against parties with shared interest in a litigation.

DATED this 5<sup>th</sup> day of July, 2022

Respectfully submitted,

/s/ 

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## **XI. APPENDIX**

### *1. Opinions, Orders & Findings Of Fact*

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

### *2. Other Relevant Opinions*

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

### *3. Any Order Upon Rehearing*

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

### *4. The Judgment Sought to Be Reviewed*

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

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

Full text of 28 USC 1498(a)

### *6. Any other essential material*

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

## APPENDIX

### ***Appendix 1 - Opinions, Orders & Findings Of Fact***

a) CFC Motion to Dismiss in *Filler v US*  
In the United States Court of Federal Claims  
No. 19-173 (Filed: 8 May 2020)

Patent Infringement;  
RCFC 12(b)(1); Motion to Dismiss; Subject Matter  
Jurisdiction; Declaratory Judgment.

\*\*\*\*\*

AARON G. FILLER, *et al.*,

*Plaintiffs,*

THE UNITED STATES,

*Defendant.*

\*\*\*\*\*

*Aaron G. Filler*, Tensor Law PC, of Santa Monica,  
CA, for plaintiffs.<sup>1</sup>

*Gary L. Hausken*, Director, Commercial Litigation  
Branch, Civil Division, Department of Justice, with  
whom was *Joseph H. Hunt*, Assistant Attorney  
General, both of Washington, DC, for defendant.

### **OPINION AND ORDER**

**HOLTE, Judge.**

Plaintiffs accuse the government of infringing  
a single United States patent. The government filed a  
motion to dismiss for lack of subject matter

1 Attorney and doctor Aaron G. Filler, while representing  
himself as a named plaintiff, also serves as counsel of record  
for the remaining plaintiffs (all of which are business entities  
associated with Dr. Filler) through his role as an attorney

with Tensor Law P.C. Additionally, Dr. Filler is one of the named inventors on the patent at issue in this case.

jurisdiction under Rule 12(b)(1) of the Rules of the Court of Federal Claims (“RCFC”) on 30 August 2019. After the parties submitted their respective briefs, plaintiffs filed a motion seeking leave to file a sur-reply, further responding to the government. This case was transferred to the undersigned Judge on 16 October 2019. The Court<sup>2</sup> granted plaintiffs’ motion for leave to file a sur-reply and further allowed the government to respond to plaintiffs’ sur-reply. Plaintiffs then filed a motion seeking a declaratory judgment by the Court to find a previously executed patent assignment void *ab initio*. The parties then submitted their respective briefs on this issue. The Court held oral argument 11 February 2020 covering both the government’s motion to dismiss and plaintiffs’ motion for a declaratory judgment. For the following reasons, the Court **GRANTS** the government’s motion to dismiss and **DENIES** plaintiffs’ motion for a declaratory judgment.

2 This Opinion and Order addresses actions taken, and orders issued, by the undersigned Judge in addition to actions and orders by Senior Judge Damich on the Court of Federal Claims (in both the present case prior to transfer and in a previous litigation concerning the same cause of action). Throughout this Opinion and Order, “the Court” refers to actions and orders attributed to the undersigned Judge and “this Court” refers to actions and orders attributed to Judge Damich.

## **I. Factual History**

The Court draws the following facts from various filings related to the pending motions. Unless otherwise noted, such facts are undisputed between the parties.

On 31 January 2019, Dr. Filler, as an individual and on behalf of NeuroGrafix-Sole Proprietorship, filed the present action alleging the government infringes U.S. Patent No. 5,560,360 (the “360 patent”). *See* Compl. at 1. On 6 May 2019, plaintiffs filed a motion for joinder, seeking to join NeuroGrafix, Neurography Institute Medical Associates, Inc. (“NIMA”), and Image-Based Surgicenter Corporation (“IBS”) as additional plaintiffs. *See* Mot. for Joinder of NeuroGrafix, Neurography Institute Medical Associates, and Image-Based Surgicenter Corporation, ECF No. 12 (“Mot. for Joinder”). This Court granted plaintiff’s motion for joinder on 10 June 2019, joining NeuroGrafix, NIMA, and IBS as parties. *See* Order, ECF No. 24. Dr. Aaron G. Filler, NeuroGrafix-Sole Proprietorship, NeuroGrafix, NIMA, and IBS are hereinafter collectively referred to as “plaintiffs.”

### **a. Prior History of the '360 patent**

The '360 patent was filed 8 March 1993, claiming priority to a series of foreign patent applications initially filed in the United Kingdom. *See*



U.S. Pat. No. 5,560,360 to Filler *et al.* at Cover Page. There are four listed inventors on the '360 patent: "Aaron G. Filler;" "Jay S. Tsur[u]da;" "Todd. L. Richards;" and "Franklyn A. Howe." *Id.* The '360 patent "discloses several methods for visualizing nerves and neural tracts that allowed the visualization [of] any such structure in the human body, by MRI scanning, without a contrast agent injection." Compl. ¶ 63. Among the methods disclosed in the '360 patent are two so-called "vector methods:" Diffusion Anisotropy Imaging ("DAI") and Diffusion Tensor Imaging ("DTI"). *Id.* DAI is a "more advanced" model "capable of detecting the true biological situation of multiple directions of neural tracts within a given imaged voxel of the brain." *Id.* ¶ 64. DTI on the other hand "is a simplified model that . . . treats each voxel imaged in the human brain as if there can only be one uniform direction of travel for neural tissue in that voxel and can be performed with as few as six directions of diffusion gradient measurement." *Id.* As compared to the uniform direction of travel in DTI, DAI "can require a much larger number of directions of acquisition (as many as 256 directions or more are sometimes obtained)." *Id.*

Funding for the research resulting in the invention embodied in the '360 patent was at least partially provided by a series of research foundations in the United Kingdom. First Am. Compl. ¶ 16. Inventor Howe assigned his rights to St George's Hospital Medical School ("St. George's"), while the remaining inventors "Filler, Tsuruda [sic] and Richards assigned rights to the University of

Washington.” *Id.* “On March 23, 1994, the University of Washington exclusively licensed substantially all rights that it had in the technology of [the ‘360 patent] to the Washington Research Foundation” (hereafter “the 1994 License”). *Id.* ¶ 17. St. Georges assigned “all rights that it had to the University of Washington” on 31 May 1994, whereupon the University of Washington “exclusively license[d] all such rights to the Washington Research Foundation.” *Id.*

“On December 7, 1998, the Washington Research Foundation exclusively licensed all rights that it had – excepting certain reversion rights – to [NeuroGrafix-Sole Proprietorship]. Subsequently, on December 21, 1998, [NeuroGrafix-Sole Proprietorship] exclusively licensed these rights – excepting certain reversion rights to [Neurografix],” another of the plaintiffs in this case. *Id.* ¶ 18. “On 29 December 1998, the Washington Research Foundation and [NeuroGrafix] executed a confirmatory direct license to [NeuroGrafix] establishing the reversion right to [the Washington Research Foundation]” (“the 1998 License”), which contained an expiration date of 1 October 2012. *Id.*; *see also* Pls.’ Mot. for Leave to File Documents Under Seal at Ex. 6, ECF No. 15 (“Pls.’ Mot. for Leave”). On 14 June 2012, the Washington Research Foundation and NeuroGrafix executed an amendment to the 1998 License in order to “remove [the Washington Research Foundation] as a necessary party to actions where [NeuroGrafix] asserts the Patent Rights against Third Party infringers and related actions.” (“the 2012 Amendment”). Pls.’ Mot. for Leave at Ex. 4, p. 4; *see*

*also* Tr. at 59:18–22, ECF No. 45 (“When we came to filing in the Court of Claims against the United States, [the Washington Research Foundation] said, we want to stop participating in these, how do we – – we revise our agreements, so get rid of our reversionary rights and get out of this so you can proceed without us . . .”).

In November 2013, Dr. Filler attempted to “withdr[aw] his original assignment” to the University of Washington in the hopes of establishing that “NeuroGrafix held exclusionary rights against the United States with no limitations, commencing from October 1, 2012 when all reversionary rights to other entities expired and through the expirations [sic] of the patent on October 1, 2013.” First Am. Compl. ¶¶ 20–21. “In December of 2013, all rights as to all inventors, including a retroactive right to sue and the right to sue governments, were assigned from the State of Washington to the Washington Research Foundation.” *Id.* ¶ 23. The Washington Research Foundation then “assigned all rights to NeuroGrafix.” *Id.* “NeuroGrafix assigned all rights to Aaron G. Filler on December 27, 2013.” *Id.* This series of assignments in December 2013 are hereinafter collectively referred to as “the December 2013 Assignments.”

## **b. Alleged Infringement by the Government**

Plaintiffs allege initial attempts were made to resolve any claims of infringement against the government as early as 2009. *See* Opp’n to Mot. to Dismiss at 22, ECF No. 28 (“Opp’n to MTD”). In April

and October 2009, Dr. Filler sent a series of emails to the then-chief of the Section on Tissue and Biophysics and Biometrics of the National Institute for Health (“NIH”), Dr. Peter J. Bassier, allegedly discussing the government’s infringement of the '360 patent. *Id.* at Ex. U, W. According to plaintiffs, Dr. Bassier was “NIH’s person most knowledgeable in this subject area.” *Id.* at 22. Plaintiffs further contacted Dr. Elizabeth Nabel in December 2009, the then-Director of the National Heart Lung and Blood Institute (“NHLBI”). *Id.* According to plaintiffs, “[t]he notice included a copy of the patent and an explanation that a license was required to avoid patent infringement.” *Id.* These initial attempts to resolve the infringement dispute allegedly provided “notification that a patent with an exclusive license to NeuroGrafix existed which covered work ongoing at the NIH.” *Id.* These alleged initial attempts were unsuccessful.

NeuroGrafix, NIMA, and IBS, three of the plaintiffs in this case, first filed suit in this Court in 2012 alleging infringement of the '360 patent. *See NeuroGrafix v. United States*, 111 Fed. Cl. 501 (2013) (hereafter “*NeuroGrafix I*” or “the *NeuroGrafix I* case”). At the time of *NeuroGrafix I*, NeuroGrafix claimed to be the exclusive licensee of the '360 patent as a result of the 1998 License. *Id.* at 503. “The Government moved this Court to dismiss the complaint for lack of jurisdiction,” asserting “that nothing in the Complaint proved that [the University of Washington]—via [the Washington Research Foundation]—ha[d] transferred sufficient rights in the '360 Patent to the Plaintiffs to establish their

standing to bring suit.” *Id.* Following the conclusion of briefing, this Court “ordered that Plaintiff submit certain additional evidence” regarding the chain of assignment of the '360 patent. *Id.* at 504.

The various assignments and licenses granted NeuroGrafix “the right to bring infringement actions against a ‘Third Party.’” *Id.* at 506. After reviewing the relevant assignments and licensing agreements transferring rights in the '360 patent, this Court found “[t]he parties expressly defined ‘Third Party’ in a manner that does not include the United States, and [NeuroGrafix] received the right only to sue Third Parties. Whatever the extent to which [the Washington Research Foundation] has a right to sue the United States . . . , [the Washington Research Foundation] did not pass that right on to [NeuroGrafix].” *Id.* at 507–08. Accordingly, this Court dismissed the action in *NeuroGrafix I* as the plaintiffs there did “not possess the necessary interests in the '360 patent to have standing to bring suit against the United States for infringement.” *Id.* at 508.

### **c. The Present Action**

Following this Court’s dismissal of *NeuroGrafix I*, Dr. Filler claims to have “withdr[awn] his original assignment, rendering [the] 1993 assignment null and void *ab initio* as of just before its moment of execution.” Compl. ¶ 60. The '360 patent later expired on 1 October 2013. *See* Opp’n to MTD at 17. Plaintiffs then executed the December 2013 Assignments, allegedly perfecting the ownership interests of the various parties. *Id.* The purpose of these assignments

was to “resolve[] the deficiencies as to standing that led this Court to grant a Motion to Dismiss” in *NeuroGrafix I*. Mot. for Joinder at 4.

Plaintiffs here allege patent infringement against the government under 28 U.S.C. § 1498 for the “uncompensated taking of a license as to U.S. Patent No. 5,560,360.” Compl. at 1. Plaintiffs allege Dr. Filler is the assignee of all rights in the '360 patent via the December 2013 Assignments. *Id.* ¶ 60. Although Dr. Filler alleges he “alone has constitutional, and prudential standing” to bring the present action, NeuroGrafix, NIMA, and IBS “continuously held exclusionary rights in the '360 patent from 1998 through the present.” Mot. for Joinder at 4. Their joinder “helps assure that their rights are adequately represented.” *Id.*

According to plaintiffs, the government infringes plaintiffs’ patent “based on the practice of the invention described in and covered by the '360 Patent by the hospitals and medical centers administered by” a number of governmental departments and agencies. Compl. ¶ 2. Among those agencies accused of infringement are: the Army; the Navy; the Air Force; Department of Veterans Affairs; and the Department of Health and Human Services. *Id.* Plaintiffs further allege the government induced infringement of the '360 patent “based on research contracts, grants and scientific projects involving ‘extramural’ or third-party entities or individuals.” *Id.* Among those departments and agencies accused of inducing infringement are: National Science Foundation; Department of Energy; Department of

Defense; Department of Health and Human Services; Department of Homeland Security; National Aeronautics and Space Administration; and the Defense Advanced Research Projects Agency. *Id.* Plaintiffs further allege Brainlab, Inc., Brainlab AG, and Brainlab Medizinische Computersysteme GmbH (collectively, “Brainlab”) induce infringement of the '360 patent “by providing the software and teaching the use of collection of [allegedly infringing methods].” *Id.* ¶¶ 8–9.<sup>3</sup>

## **II. Procedural History**

Plaintiffs filed the present action on 31 January 2019. See Compl. As discussed *supra*, plaintiffs filed a motion for joinder on 6 May 2019, seeking to join three additional parties as plaintiffs. See Mot. for Joinder. This Court granted plaintiffs’ motion on 10 June 2019. See Order, ECF No. 24. This Court ordered plaintiffs to file an amended complaint within 30 days of the issuance of the order granting the motion for joinder. See *id.* On 10 July 2019, plaintiff filed an amended complaint. See First Am. Compl.

<sup>3</sup> The jurisdiction of the Court of Federal Claims “is confined to the rendition of money judgments in suits brought for that relief against the United States, and if the relief sought is against others than the United States the suit as to them must be ignored as beyond the jurisdiction of the court.” *United States v. Sherwood*, 312 U.S. 584, 588 (1941) (citation omitted). To the extent plaintiffs allege any cause of action against private parties in the complaint, such allegations must be dismissed as they are beyond the Court’s jurisdiction.

On 30 August 2019, the government filed a motion to dismiss for lack of subject matter jurisdiction. *See* Mot. of the United States to Dismiss for Lack of Jurisdiction, ECF No. 27 (“MTD”). Plaintiffs responded to the government’s motion to dismiss on 28 September 2019. *See* Opp’n to MTD. On 15 October 2019, the government filed a reply to plaintiffs’ opposition to the motion to dismiss. *See* Reply of the United States to Pls.’ Opp’n to the Mot. to Dismiss for Lack of Jurisdiction, ECF No. 30 (“Reply to Opp’n to MTD”). This case was transferred to the undersigned Judge on 16 October 2019. *See* Order, ECF No. 31.

Shortly thereafter, plaintiffs filed a motion for leave to file a sur-reply, seeking to “briefly address a series of new arguments raised for the first time” in the government’s reply to plaintiffs’ opposition to the motion to dismiss. *See* Pls.’ Mot. for Leave to File Sur-Reply, ECF No. 33 (“Mot. for Leave for Sur-Reply”). Plaintiffs appended the sur-reply (“Sur-Reply”) to the motion seeking leave. *See* Mot. for Leave for Sur-Reply at Ex. 1. The Court granted plaintiffs’ motion for leave to file a sur-reply, further permitting the government to file a response. *See* Order, ECF No. 34. The government responded to plaintiffs’ sur-reply on 3 December 2019. *See* Response of the United States to Pls.’ Sur-Reply to the Mot. to Dismiss for Lack of Jurisdiction, ECF No. 35 (“Resp. to Sur-Reply”).

On 12 December 2019, plaintiffs filed a motion for declaratory judgment asking the Court to find a previous patent assignment void *ab initio*. *See* Mot. for Declaratory J. of Void Ab Initio Status of Patent



Assignment, ECF No. 40 (“Mot. for Decl. J.”).<sup>4</sup> The government filed a response to plaintiffs’ motion for declaratory judgment on 20 December 2019. *See* Opp’n to Filler’s Mot. for Declaratory J. of Void *Ab Initio*, ECF No. 41 (“Opp’n to Mot. for Decl. J.”). On 29 December 2019, plaintiffs filed a reply to the government’s response to plaintiffs’ motion for declaratory judgment. *See* Reply to US Opp’n to Mot. for Declaratory J. of Void *Ab Initio* Status of Patent Assignment, ECF No. 42 (“Reply to Opp’n to Mot. for Decl. J.”). Oral argument on both the government’s motion to dismiss and plaintiffs’ motion for declaratory judgment was held 11 February 2020. *See* Order, ECF No. 43.

### **III. Government’s Motion to Dismiss**

#### **a. Applicable Law**

#### **1. Standard of Review for Motion to Dismiss Pursuant to RCFC 12(b)(1)**

4 Plaintiffs filed its original Motion for Declaratory Judgment of Void *Ab Initio* Status of Patent Assignment, ECF No. 38, on 9 December 2019. Later that same day, plaintiffs filed a first Corrected Motion for Declaratory Judgment of Void *Ab Initio* Status of Patent Assignment, ECF No. 39. Three days later, on 12 December 2019, plaintiffs filed a second Corrected Motion for Declaratory Judgment of Void *Ab Initio* Status of Patent Assignment, ECF No. 40. The government does not raise any objections to plaintiffs’ multiple corrected filings. Accordingly, the Court will treat plaintiffs’ second Corrected Motion for Declaratory Judgment of Void *Ab Initio* Status of Patent Assignment, ECF No. 40, as the controlling document on this motion.

Plaintiffs “bear the burden of establishing the court’s jurisdiction by a preponderance of the evidence.” *Acevedo v. United States*, 824 F.3d 1365, 1368 (Fed. Cir. 2016) (citing *Trusted Integration, Inc. v. United States*, 659 F.3d 1159, 1163 (Fed. Cir. 2011)). “In determining jurisdiction, a court must accept as true all undisputed facts asserted in the plaintiff’s complaint and draw all reasonable inferences in favor of the plaintiff.” *Id.* (quoting *Trusted Integration*, 659 F.3d at 1163) (internal quotation marks omitted). Where a party “denies or controverts the pleader’s allegations of jurisdiction” in a Rule 12(b)(1) motion to dismiss, “the movant is deemed to be challenging the factual basis for the court’s subject matter jurisdiction.” *Cedars-Sinai Medical Center v. Watkins*, 11 F.3d 1573, 1583 (Fed. Cir. 1993). “In such a case, the allegations in the complaint are not controlling, and only uncontroverted factual allegations are accepted as true for purposes of the motion.” *Id.* When presented with a challenge to the Court’s jurisdiction based on such denials or contention of jurisdictional allegations, “the court may consider evidence outside the pleadings to resolve the issue.” *Aerolineas Argentinas v. United States*, 77 F.3d 1564, 1572 (Fed. Cir. 1996).

## **2. Jurisdictional Requirements for Bringing a Claim Pursuant to 28 U.S.C. § 1498**

When the government is accused of patent infringement, the claim is brought before this Court pursuant to the authority of 28 U.S.C. § 1498:

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

As a waiver of the United States' sovereign immunity from suit, § 1498 "must be strictly construed in favor of the United States." *Zoltek Corp. v. United States*, 672 F.3d 1309, 1318 (Fed. Cir. 2012) (citing *Blueport Co. v. United States*, 533 F.3d 1374, 1378 (Fed. Cir. 2008)). "[I]n order to assert standing for patent infringement, the plaintiff must demonstrate that it held enforceable title to the patent at the inception of the lawsuit." *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309 (Fed. Cir. 2003) (emphasis omitted).

Claims of patent infringement may only be asserted during the life of the patent. *See Kearns v. Chrysler Corp.*, 32 F.3d 1541, 1550 (Fed. Cir. 1994) ("Because the rights flowing from a patent exist only for the term of the patent, there can be no infringement once the patent expires."). The statute of limitations for bringing all claims before the United

States Court of Federal Claims is set forth in 28 U.S.C. § 2501: “Every claim of which the United States Court of Federal Claims has jurisdiction shall be barred unless the petition thereon is filed within six years after such claim first accrues.” “With respect to a patent taking, a cause of action arises under 28 U.S.C. § 1498(a) when the ‘accused [instrumentality] is first available for use, and it is when the use occurs that a license is considered to have been taken.” *Unitrac, LLC v. United States*, 113 Fed. Cl. 156, 160–61 (2013), *aff’d* 589 Fed. App’x. 990 (Fed. Cir. 2015) (quoting *Decca Ltd. v. United States*, 544 F.2d 1070, 1082 (Ct. Cl. 1976)). “Alleged ongoing infringement does not extend or restart the limitations period. Rather, once the device is available for use, the license is taken, the patent owner’s cause of action accrues, and the patent owner has six years to bring its case.” *Ross-Hime Designs, Inc. v. United States*, 139 Fed. Cl. 444, 459 (2018) (citing *Starobin v. United States*, 662 F.2d 747, 749 (Ct. Cl. 1981)).

In limited circumstances, the statute of limitations for claims of infringement against the United States government may be tolled where the patentee files an administrative claim:

In the case of claims against the United States government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been

denied shall not be counted as part of the period referred to in the preceding paragraph.

35 U.S.C. § 286.

“The purpose behind the statute is to provide the government time to carefully consider potential claims, and possibly correct its mistakes, before having to proceed with costly litigation.” *Dow Chemical Co. v. United States*, 32 Fed. Cl. 11, 20 (1994), *aff’d in part, rev’d in part on other grounds*, 226 F.3d 1334 (Fed. Cir. 2000). An administrative claim must be “sufficiently detailed to afford the Government a realistic opportunity to consider and settle the claim.” *Leonardo v. United States*, 55 Fed. Cl. 344, 352 (2003) (quoting *Custer v. United States*, 622 F.2d 554, 558 (Ct. Cl. 1980)). Certain government agencies specifically define the requirements of filing an administrative claim regarding patent infringement. *See, e.g.*, 48 C.F.R. Subpart 227.70 (defining the requirements for submitting an administrative claim of patent infringement against the Department of Defense). Where the government agency does not provide such requirements, this Court previously required, at a minimum, “a written claim for compensation [notifying] the correct agency . . . of the underlying facts of a claim pending against the government and stat[ing] a sum certain for the damages.” *Leonardo*, 55 Fed. Cl. at 352–53.

### **3. Collateral Estoppel**

The doctrine of collateral estoppel, otherwise known as issue preclusion, “protects a defendant from the burden of litigating an issue that has been fully

and fairly tried in a prior action and decided against the plaintiff.” *Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1537 (Fed. Cir. 1995) (citing *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971)). Collateral estoppel “applies only when the same issue has been decided in one case and arises in another.” 18 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 4417 (3d ed. 2019). To satisfy the elements of collateral estoppel, a defendant must show: (1) “the issues are identical to those in a prior proceeding;” (2) “the issues were actually litigated;” (3) “the determination of the issues was necessary to the resulting judgment;” and (4) “the party defending against preclusion had a full and fair opportunity to litigate the issues.” *Banner v. United States*, 238 F.3d 1348, 1354 (Fed. Cir. 2001) (citing *Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1365–66 (Fed. Cir. 2000)).<sup>5</sup> “Collateral estoppel requires that a party have had an opportunity to appeal a judgment as a procedural matter.” *Id.* at 1355. Evaluation of these factors includes consideration of “the existence of substantial overlap between evidence and argument, whether the new evidence or argument involves application of the same rules of law, . . . and the closeness of the relationship

5 As the Federal Circuit applies the law of the regional circuit in which the trial court sits for procedural matters such as collateral estoppel, the Court utilizes the factors as applied by the Federal Circuit when deciding a case on appeal from the Court of Federal Claims. *See Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1323 (Fed. Cir. 2003) (applying the law of the regional circuit to “procedural issues not unique to [the Federal Circuit’s] exclusive jurisdiction,” such as application of the doctrine of collateral estoppel).

between the claims involved in the two proceedings.” 18 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 4417 (3d ed. 2019).

#### **4. The Assignment of Claims Act**

Specific to the jurisdiction of this Court, the Assignment of Claims Act governs the “transfer or assignment of any part of a claim against the United States Government or of an interest in the claim.” 31 U.S.C. § 3727(a)(1). “An assignment may be made only after a claim is allowed, the amount of the claim is decided, and a warrant for payment of the claim has been issued.” 31 U.S.C. 3727(b). As this Court previously noted, “[a]ssignments of patent rights are subject to the Assignment of Claims Act, and voluntary assignments of patent claims are ineffective against the government unless they qualify for one of the[] judicially-recognized exceptions or otherwise do not run afoul of the purposes of the Act.” *3rd Eye Surveillance, LLC v. United States*, 133 Fed. Cl. 273, 277 (2017). “Plaintiffs are the original claimants only for infringement claims that arose after the patents [are] assigned to [plaintiffs].” *Id.* at 278.

#### **b. Discussion**

##### **1. Parties Arguments**

The government argues this Court lacks “jurisdiction over the claims alleged in the complaint” for three reasons: (1) the '360 patent expired on 1 October 2013, thus precluding enforcement of any infringement occurring after such date; (2) “the Assignment of Claims Act prohibits recovery on all of

Plaintiff's remaining claims, as every claim accrued prior to Plaintiff's acquisition of rights in the '360 patent" on 27 December 2019; and (3) "all alleged claims arising prior to January 31, 2013, are time barred as they accrued more than six years before the filing of the complaint." MTD at 5. Intertwined with the government's above arguments is application of the doctrine of collateral estoppel to prevent plaintiffs from relitigating this Court's previous decision in *NeuroGrafix I*. See Reply to Opp'n to MTD at 12 ("In any event, the doctrine of collateral estoppel precludes re-litigation of [the *NeuroGrafix I*] holding today.").

Plaintiffs do not dispute the expiration date of the '360 patent. See Opp'n to MTD at 17. Plaintiffs do, however, dispute the application of the six-year statute of limitations. See *id.* According to plaintiffs, the various emails sent in 2009 tolled the applicable statute of limitations because they constituted a written claim with the department or agency possessing authority to settle the claim. *Id.* Lastly, plaintiffs argue this Court's previous decision in *NeuroGrafix I* does not have any *res judicata* effect. *Id.* at 4. As a result, plaintiffs argue the Assignment of Claims Act is inapplicable to the present dispute. *Id.* at 17–18.

## **2. Time Period of Infringement Liability**

The statute of limitations for claims of patent infringement against the government is six years. See 28 U.S.C. § 2501. This six-year period begins accruing when the government uses or manufactures the patented invention, resulting in the government's



effective taking of a license. *See Unitrac*, 113 Fed. Cl. at 161. The six-year period does not “extend or restart” when the government is accused of ongoing infringement. *Ross-Hime Designs*, 139 Fed. Cl. at 458. Plaintiffs filed the complaint in this action on 31 January 2019. *See* Compl. at 1. Therefore, absent any tolling<sup>6</sup> of the six-year statute of limitations, any actionable infringement under 28 U.S.C. § 1498(a) must have first accrued on or after 31 January 2013. Similar to how the applicable statute of limitations establishes an initial date for when plaintiffs may first assert infringement against the government, expiration of the '360 patent establishes an end date after which plaintiffs may no longer assert infringement against the government. Claims of patent infringement may only be asserted during the life of the patent. *See Kearns*, 32 F.3d at 1550. The parties concur the '360 patent expired on 1 October 2013. *See* MTD at 10 (“Plaintiff claims infringement . . . of the '360 patent, which expired on October 1, 2013.”); Opp’n to MTD at 17 (“expiration of the patent on October 1, 2013”). Any claims for infringement of the '360 patent accruing after 1 October 2013 are not actionable, a point acknowledged by plaintiff’s counsel during oral argument:

THE COURT: [D]o you agree, Mr. Filler, October 2013 claims are barred by the expiration of the patent?

6 Plaintiffs’ arguments regarding potential tolling of the six-year statute of limitations are addressed in this order *infra* at Section III.b.5.

PLAINTIFFS' COUNSEL: I agree with that, yes. Tr. at 9:14–18, ECF No. 45. Accordingly, plaintiffs cannot recover for claims of patent infringement against the government after 1 October 2013.

As the statute of limitations bars plaintiffs from recovering for infringement prior to 31 January 2013, and the expiration of the '360 patent bars plaintiffs from recovering for infringement after 1 October 2013, the primary period of actionable infringement analyzed is this eight-month period: 31 January 2013 to 1 October 2013. Plaintiffs' arguments regarding tolling of the six-year statute of limitations—for potential government liability before 31 January 2013—is addressed in Section III.b.5 *infra*.

### **3. Application of Collateral Estoppel to the 1994 License, the 1998 License, and the 2012 Amendment**

Evaluating plaintiffs' claims for infringement prior to 1 October 2013 requires establishing the proper party possessing the right to enforce the '360 patent against the government during this period. In *NeuroGrafix I*, this Court construed both the 1994 License and the 1998 License to determine which party possessed the right to enforce the '360 patent against the government at that time. *See NeuroGrafix I*, 111 Fed. Cl. at 506. This Court found the 1998 License did not transfer the right to enforce the '360 patent against the government from the Washington Research Foundation to NeuroGrafix. *See id.* at 508. While this Court recognized NeuroGrafix as the

exclusive licensee of the '360 patent, NeuroGrafix only received the rights to enforce the '360 patent against third parties. Pursuant to this Court's interpretation of the 1994 License and the 1998 License, third parties did not include the government. *Id.* at 507–08. Specifically, this Court found as follows in *NeuroGrafix I*:

In the [1994 License], the Court finds support for the conclusion that [the Washington Research Foundation] retained the right to sue governmental parties. Like the [1998 License], the [1994 License] contains a definition of “Third Party”: “corporate entities or individuals other than [the Washington Research Foundation] or [the University of Washington].” As with the [1998 License], the [1994 License] grants the licensee ([the Washington Research Foundation]) the right to bring suit against such Third Parties. Although the Court makes no decision on this point, the [1994 License] indicates that at least [the Washington Research Foundation] was aware that the United States could qualify as a Third Party: in an Article entitled “Third Party Rights,” two of the three provisions deal with potential rights that the United States government may have in the technology being licensed. The presence of the United States in these “Third Party Rights” provisions in the [1994 License]—and the complete lack of a similar language in the [1998 License]—tells the Court that [the Washington Research Foundation] did not intend to grant [NeuroGrafix] the right to sue the United States. . . . The parties expressly defined

“Third Party” in a manner that does not include the United States, and [NeuroGrafix] received the right only to sue Third Parties. Whatever the extent to which [the Washington Research Foundation] has a right to sue the United States (and the Court makes clear that it makes no finding on that point), [the Washington Research Foundation] did not pass that right on to [NeuroGrafix].

*Id.* (internal citations omitted).

In *NeuroGrafix I*, this Court determined that to whatever extent the Washington Research Foundation has a right to enforce the '360 patent against the government, it “did not pass that right on to [NeuroGrafix]” in the 1998 License. *Id.* at 508. Applying this Court’s interpretation of the 1998 License from *NeuroGrafix I* to the present case, the right to enforce the '360 patent against the government was not transferred from the Washington Research Foundation to the plaintiffs in this case until execution of the December 2013 Assignments. *See id.* at 507 (“The parties expressly defined ‘Third Party’ in a manner that does not include the United States, and [NeuroGrafix] received the right only to sue Third Parties.”). According to plaintiffs, however, the decision in *NeuroGrafix I* was flawed because it overlooked an important provision in the 1998 License.

As clarified by plaintiffs’ counsel during oral argument, plaintiffs’ position is premised on disregarding the decision in *NeuroGrafix I* based on an alleged misinterpretation of the 1998 License. *See, e.g.,* Tr. at 25:5–7, ECF No. 45 (“So our argument is

that this was made by a — it is a gross error, a mistake by Judge Damich . . . .”); *id.* at 26:6–12 (describing this Court’s decision in *NeuroGrafix I* as “completely wrong. In fact, there’s identical language [discussing government rights in the licensed technology]. [The Court] just missed it. . . . [The Court] was struggling with it, I think, and just sua sponte came up with this solution and made this mistake.”). Plaintiffs argue this Court failed to recognize Section 10 of the 1998 License, which is also present in the 2012 Amendment, entitled “Government Rights.” *Id.* at 25:24–27:5; Pls.’ Mot. for Leave at Ex. 4, p. 9. According to plaintiffs, paragraph 10 provides the precise language “deal[ing] with potential rights that the United States government may have in the technology being licensed,” which the *NeuroGrafix I* decision found absent in the 1998 License. *NeuroGrafix I*, 111 Fed. Cl. at 507. When reviewing the 1998 License, this Court observed “the complete lack of a similar language in the [Washington Research Foundation to NeuroGrafix] Agreement.” *Id.* Plaintiffs therefore argue the decision in *NeuroGrafix I* is inapplicable to the present case because the 1998 License was wrongly interpreted; this Court’s decision allegedly turned on whether the 1998 License contained language dealing “with potential rights that the United States government may have in the technology being licensed.” *Id.*; *see also* Tr. at 25:24–27:5, ECF No. 45.

In the present action, the government argues “the doctrine of collateral estoppel precludes re-litigation of [the *NeuroGrafix I*] holding today.” Reply

to Opp'n to MTD at 12. According to the government, plaintiffs effectively ask the Court to disregard the decision in *NeuroGrafix I*, stating: “[*NeuroGrafix I*] was based on the Court’s reading of an intervening license from the Washington Research Foundation to NeuroGrafix. The current case is based on an entirely different set of exclusive licenses in which [*NeuroGrafix-Sole Proprietorship*] was a party and in which the previously adjudicated [2012 Amendment] plays no controlling role.” Opp’n to MTD at 4.

Whether this Court properly interpreted paragraph 10 of the 1998 License is not a matter properly brought before the Court in the present action. If plaintiffs sought to challenge the accuracy of this Court’s interpretation of the 1998 License, there are vehicles in place for taking such actions: plaintiffs could have filed a motion for reconsideration pursuant to RCFC 59 or appealed this Court’s decision pursuant to RCFC 58.1. *See also Ullman v. United States*, 64 Fed. Cl. 557, 571 (2005), *aff’d* 151 Fed. App’x 941 (Fed. Cir. 2005) (citing *MGA, Inc. v. Gen. Motors Corp.*, 827 F.2d 729, 731–32 (Fed. Cir. 1987) (“The proper course for a dissatisfied litigant to redress legal errors is through appeal, not by collateral attack on the judgment in a separate lawsuit.”)). Plaintiffs chose to do neither.

In fact, during oral argument, plaintiffs’ counsel acknowledged dissatisfaction with the result in *NeuroGrafix I* at the time of the opinion and order.

THE COURT: [W]as there a motion for reconsideration filed or an appeal?

PLAINTIFFS' COUNSEL: There wasn't. . . . [Plaintiffs' previous counsel] said, this is such an outrageous ruling, you're going to get your case messed up, we should proceed in District Court. We shouldn't try to appeal it, it will only mess up in District Court to have conflicting decisions like this.

Tr. at 28:15–29:5, ECF No. 45. Plaintiffs, at the time *NeuroGrafix I* was decided, made a business decision not to appeal the *NeuroGrafix I* decision. *Id.*; see also Opp'n to MTD at 15 (“Arguably NeuroGrafix could have repaired the situation and re-filed by joining either [the Washington Research Foundation] and/or [NeuroGrafix-Sole Proprietorship] as Plaintiffs and filing a new case in the Court of Federal Claims in 2013, but it chose to defer on re-filing until the [multi-district litigation] had progressed to completion.”). The present action, more than six years after *NeuroGrafix I*, does not provide plaintiffs with an opportunity to attack the previous judgment of this Court.

The Court must only determine whether the issue resolved in *NeuroGrafix I* is the same issue presented by plaintiffs in the present case such that the doctrine of collateral estoppel bars plaintiffs from relitigating the issue. See *Comair Rotron*, 49 F.3d at 1537 (“The principle of collateral estoppel . . . protects a defendant from the burden of litigating an issue that has been fully and fairly tried in a prior action and decided against the plaintiff.”). Collateral estoppel requires: (1) “the issues are identical to those in a prior proceeding;” (2) “the issues were actually

litigated;” (3) “the determination of the issues was necessary to the resulting judgment;” and (4) “the party defending against preclusion had a full and fair opportunity to litigate the issues.” *Banner*, 238 F.3d at 1354.

### **i. Identical Issues Presented**

First, the issues presented in the present case must be “identical to those in a prior proceeding.” *Id.* Accordingly, the Court must determine whether each of the 1994 License, the 1998 License, and the 2012 Amendment present an identical issue to that presented in *NeuroGrafix I*.<sup>7</sup>

In *NeuroGrafix I*, this Court directly interpreted both the 1994 License and the 1998 License. *See NeuroGrafix I*, 111 Fed. Cl. at 506–08. The interpretation of these licensing agreements was necessary to determine whether the plaintiffs in *NeuroGrafix I* possessed the right to enforce the '360 patent against the government. *Id.* at 507–08. The present action requires the Court to determine whether the plaintiffs in this case possessed the right

<sup>7</sup> The government does not argue for the application of collateral estoppel to extend to the December 2013 Assignments. *See Reply to Opp’n to MTD* at 12–13. The December 2013 Assignments had yet to be executed when this Court rendered its decision in *NeuroGrafix I*. The December 2013 Assignments transferred the right to enforce the '360 patent downstream of the 1994 License, the 1998 License, and the 2012 Amendment. Thus, the December 2013 Assignments effect only the transfer of rights occurring after those already interpreted in *NeuroGrafix I*. To the extent the Court finds the doctrine of collateral estoppel



applicable to this Court's previous interpretation of plaintiffs' various licensing agreements, such a finding cannot extend to the December 2013 Assignments—at the time of the 2013 *NeuroGrafix I* decision, the December 2013 Assignments had yet to be executed and therefore could not have been presented by the plaintiffs in that case.

to enforce the '360 patent for infringement occurring prior to expiration of the '360 patent, or 1 October 2013. As in *NeuroGrafix I*, this analysis similarly requires the Court to determine what rights were granted to the current plaintiffs via both the 1994 License and the 1998 License in order to properly trace the transfer of these rights. Thus, in both *NeuroGrafix I* and the present case, both the 1994 License and the 1998 License must be interpreted for the specific purpose of determining whether the right to enforce the '360 patent against the government was transferred. Interpretation of the same licensing agreements to determine the rights of the same parties presents an identical issue to that presented in *NeuroGrafix I*.

The issue presented by the 2012 Amendment in the present action is whether the licensing agreement transferred the right to enforce the '360 patent against the government from the Washington Research Foundation to plaintiffs. Plaintiffs are correct that the 2012 Amendment was not directly at issue in *NeuroGrafix I*. Opp'n to MTD at 16 ("The [2012 Amendment] That is the Basis of the Current Action Was Not Asserted in [*NeuroGrafix I*]"). The *issue* presented by the 2012 Amendment in the present action, however, is the identical issue

presented by the 1998 License in *NeuroGrafix I*: whether the Washington Research Foundation transferred the right to enforce the '360 patent against the government to plaintiffs. The 2012 Amendment and the 1998 License are virtually identical documents, as the 2012 Amendment was executed as an amendment to the 1998 License. *Compare* Pls.' Mot. for Leave at Ex. 6 (2012 Amendment) *with id.* at Ex. 4 (1998 License). The purpose of the 2012 Amendment was to “remove [the Washington Research Foundation] as a necessary party to actions where

[NeuroGrafix] asserts the Patent Rights against Third Party infringers and related actions.” *Id.* In all other aspects, the 2012 Amendment is identical to the 1998 License. *See* Tr. at 51:5–8 (“[T]hat’s why we did the [2012 Amendment] was so we could sue the Government. So it was clear on both sides that that’s what the amended agreement of June 2012 was supposed to do.”). The 2012 Amendment does not materially alter any of the provisions of the 1998 License interpreted by this Court in *NeuroGrafix I* for determining what rights were transferred to the plaintiffs in the 1998 License. Therefore, the 2012 Amendment presents an identical issue regarding the transfer of ownership of the right to enforce the '360 patent against the government as the 1998 License.

## **ii. Issues Actually Litigated**

Moving to the second collateral estoppel factor, the Court evaluates whether “the issues were actually

litigated.” *Banner*, 238 F.3d at 1354. In *Banner*, the Federal Circuit looked to whether the issue in the previous action “was properly raised by the pleadings, was submitted for determination, and was determined.” *Id.* (citing Restatement (Second) of Judgments § 27). In *NeuroGrafix I*, the government raised the issue of the plaintiffs’ ownership of the right to enforce the '360 patent against the government by challenging the plaintiffs’ standing in a motion to dismiss pursuant to RCFC 12(b)(1). *NeuroGrafix I*, 111 Fed. Cl. at 503. Whether the plaintiffs in *NeuroGrafix I* possessed the right to enforce the '360 patent against the government was subject to extensive briefing by the parties, including this Court’s order regarding submission of supplemental evidence and the parties’ submission of supplemental briefing. *See id.* at 504 (“After reviewing all of the filings, questions remained in the Court’s mind as to whether jurisdiction was appropriate in this case. To this end, the Court ordered that Plaintiff submit certain additional evidence . . . .”). This Court determined the 1994 License and the 1998 License did not transfer the plaintiffs the right to enforce the '360 patent against the government. *Id.* at 508 (“[T]he Court concludes that the Plaintiffs do not possess the necessary interests in the '360 Patent to have standing to bring suit against the United States for infringement.”). The issue of whether plaintiffs received the right to enforce the '360 patent against the government was therefore actually litigated in *NeuroGrafix I*.

### **iii. Necessary Determination to Resulting Judgment**

Regarding the third collateral estoppel factor, this Court now turns to whether “the determination of the issues was necessary to the resulting judgment.” *Banner*, 238 F.3d at 1354. This inquiry often looks at “whether a particular issue was merely incidental to the first judgment.” 18 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 4421 (3d ed. 2019). In *NeuroGrafix I*, the only issue presented in the government’s motion to dismiss was whether the plaintiffs possessed the necessary right to assert infringement of the '360 patent against the government. *NeuroGrafix I*, 111 Fed. Cl. at 503. The resulting judgment of *NeuroGrafix I* dismissed the case for lack of standing. *Id.* at 508. The lack of standing was the direct result of the plaintiffs’ lack of possession of the necessary rights in the '360 patent. The issue of whether the plaintiffs possessed the necessary rights to enforce the '360 patent against the government, as the only issue before this Court, was therefore necessary to the determination of the resulting judgment.

### **iv. Full and Fair Opportunity to Litigate**

Fourth, and finally, the Court must determine whether “the party defending against preclusion had a full and fair opportunity to litigate the issues.” *Banner*, 238 F.3d at 1354. In determining whether a full and fair opportunity to litigate was afforded, the Federal Circuit looks at: (1) “whether there were significant procedural limitations in the prior

proceeding;” (2) “whether the party had an incentive to litigate fully the issue;” and (3) “whether effective litigation was limited by the nature or relationship of the parties.” *Id.* at 1354.

Plaintiffs in the present action do not cite any perceived procedural limitations in *NeuroGrafix I*. In *NeuroGrafix I*, the plaintiffs were NeuroGrafix, NIMA, and IBS. *See NeuroGrafix I*, 111 Fed. Cl. at 503. Each of these three parties are also plaintiffs in the present case, in addition to Dr. Filler and NeuroGrafix-Sole Proprietorship. *See* First Am. Compl. ¶¶ 2–5. All of the parties are business-related to one another and share a common interest in enforcing the '360 patent against would-be infringers. *See* Mot. for Joinder at 16 (“Filler was an inventor, Filler was the CEO of NeuroGrafix[,] . . . Filler was the Medical Director and designated representative of NIMA and Filler was President and CEO of [IBS].”); *see also* First Am. Compl. ¶ 5 (“Plaintiff Aaron G. Filler, MD, PhD, JD, is an individual, also known as NeuroGrafix-Sole Proprietorship.”).

All plaintiffs in the present action therefore had a strong incentive to fully litigate the issue in *NeuroGrafix I*. Plaintiffs stated during oral argument that the decision not to appeal this Court’s decision in *NeuroGrafix I* was a deliberate business decision in favor of the multi-district litigation, as plaintiffs purportedly disagreed with this Court’s decision in *NeuroGrafix I* at the time it was rendered. *See* Tr. at 29:1–5, ECF No. 45. Application of the doctrine of collateral estoppel cannot be avoided as a result of such strategic decisions or disagreements with a legal

ruling. *Banner*, 238 F.3d at 1355 (“The mere disagreement with a legal ruling does not mean that a party has been denied a ‘full and fair’ opportunity to litigate.”). A party need not exercise their right to an appeal; collateral estoppel simply “requires that a party have had an opportunity to appeal a judgment as a procedural matter.” *Id.*

Lastly, plaintiffs provide no evidence of effective litigation being limited by the relationship of the parties. Nothing before the Court suggests a material limitation was placed on the various plaintiffs as a result of their relationship with one another. Plaintiffs do not allege they were deprived a fair opportunity to litigate this issue; rather, plaintiffs focus purely on the introduction of new evidence in the form of additional licensing agreements in an attempt to escape this Court’s previous findings.

Accordingly, plaintiffs were afforded a full and fair opportunity to litigate whether they possessed the right to enforce the '360 patent against the government, based on the 1994 License and the 1998 License (and effectively the 2012 Amendment), in *NeuroGrafix I*.

#### **v. Licensing Agreements Subject to Collateral Estoppel**

To whatever extent the non-party Washington Research Foundation has a right to enforce the '360 patent against the government, this right was retained during the period assessed in *NeuroGrafix I*. *NeuroGrafix I*, 111 Fed. Cl. at 508. Neither the 1994 License, the 1998 License, nor the 2012 Amendment

transferred the right to enforce the '360 patent against the government to any of the plaintiffs in the present case.

#### **4. Application of the Assignment of Claims Act to the December 2013 Assignments**

As plaintiffs are collaterally estopped from relitigating whether the 1994 License, the 1998 License, or the 2012 Amendment transferred the right to enforce the '360 patent against the government, the Court now turns to plaintiffs December 2013 evidence transferring the right to enforce the '360 patent against the government from the Washington Research Foundation to plaintiffs following the decision in *NeuroGrafix I*. The Assignment of Claims Act bars an assignee from recovering for claims of infringement occurring prior to the assignment of ownership of the patent. *See* 31 U.S.C. § 3727. Specific to the jurisdiction of this Court, the Assignment of Claims Act governs the “transfer or assignment of any part of a claim against the United States Government or of an interest in the claim.” *Id.* § 3727(a)(1). “An assignment may be made only after a claim is allowed, the amount of the claim is decided, and a warrant for payment of the claim has been issued.” *Id.* § 3727(b). “[T]he Assignment of Claims Act generally renders ineffective voluntary assignments of unliquidated claims against the government.” *3rd Eye Surveillance*, 133 Fed. Cl. at 277 (citing *United States v. Shannon*, 342 U.S. 288, 291–92 (1952)). As this Court previously noted, “[a]ssignments of patent rights are subject to the Assignments of Claims Act, and voluntary

assignments of patent claims are ineffective against the government unless they qualify for one of the[] judicially-recognized exceptions or otherwise do not run afoul of the purposes of the Act.” *Id.* “Plaintiffs are the original claimants only for infringement claims that arose after the patents [are] assigned to [plaintiffs].” *Id.* at 278. “Plaintiffs cannot bring any claims against the government that arose before [the date of assignment]” because plaintiffs in this case would not be the original claimant for such claims. *Id.*

As discussed *supra*, plaintiffs are collaterally estopped from re-litigating who owned the right to enforce the '360 patent against the government based on any of the 1994 License, the 1998 License, or the 2012 Amendment. The only remaining agreements potentially transferring the right to enforce the '360 patent against the government are the December 2013 Assignments. Therefore, to whatever extent plaintiffs received the right to enforce the '360 patent against the government, plaintiffs did not obtain such rights until execution of the December 2013 Assignments on 27 December 2013. The Assignment of Claims Act therefore bars plaintiffs from asserting the '360 patent against the government prior to this date. *See id.* (finding the plaintiffs may only assert claims of infringement which occurred after the patents were assigned to them). As the '360 patent expired 1 October 2013, prior to execution of the December 2013 Assignments, the December 2013 Assignments did not transfer any actionable right to enforce the '360 patent against the government.

### **i. Alter-ego Exception**



Plaintiffs, however, cite to a 1994 Court of Federal Claims case and attempt to invoke one of the recognized exceptions to the application of the Assignment of Claims Act: the so-called “alter-ego” exception. *See* Opp’n to MTD at 17–18. In *MDS Associates, Ltd. v. United States*, the plaintiff assigned the allegedly infringed patent to “his alter-ego partnership.” 31 Fed. Cl. 389, 394 (1994); *see also* *Ideal Innovations, Inc. v. United States*, 138 Fed. Cl. 244, 251 (2018) (noting the alter-ego exception to the Assignment of Claims Act would apply where the plaintiff was “the inventor and the President and CEO of both [business entities].”). In *MDS Associates*, this Court found the Assignment of Claims Act inapplicable because “the same individual or partners possessed the equitable ownership of the claims for purposes of infringement.” 31 Fed. Cl. at 394. Plaintiffs argue this exception applies to the assignments of ownership in this case, as “the damages were incurred by NeuroGrafix. Only the right to authorize NeuroGrafix to sue for its 2013 damages were transferred.” Opp’n to MTD at 18.

In applying the Assignment of Claims Act to the present case, the inquiry must begin with the transfer of the right to enforce the '360 patent against the government (to the extent any such right even exists). *See* 31 U.S.C. § 3727(a)(1) (“a transfer or assignment of any part of a claim against the United States Government or of an interest in the claim”). At the time of the *NeuroGrafix I* decision, to the extent any party possessed a right to enforce the '360 patent against the government, the Washington Research

Foundation possessed such a right. The purpose of the December 2013 Assignments was to transfer this right from the Washington Research Foundation to plaintiffs, thereby correcting the perceived defects in the chain of ownership recognized by this Court in *NeuroGrafix I*. First Am. Compl. ¶ 23 (“In December of 2013, all rights as to all inventors, including a retroactive right to sue and the right to sue governments, were assigned from the State of Washington to the Washington Research Foundation. The [Washington Research Foundation] assigned all rights to NeuroGrafix . . . [and] NeuroGrafix assigned all rights to [Dr. Filler].”). Unlike *MDS Associates*, where the transfer of ownership effectively remained with the same party when the exclusive licensee of the patent at issue was transferred to “his alter-ego partnership, by virtue of [an] amendment to the agreement,” the December 2013 Assignments transferred the right to enforce the '360 patent between two independent parties with no suggestion of any shared ownership between the parties. *Compare id.* (discussing the transfer of ownership between the Washington Research Foundation and NeuroGrafix, two unrelated parties) *with MDS Associates*, 31 Fed. Cl. at 394 (discussing the transfer of ownership between the exclusive licensee of the patent and his alter-ego partnership).

As the government points out, “[t]here is no question that [the Washington Research Foundation] is not an ‘alter ego’ of NeuroGrafix or vice versa.” Reply to Opp’n to MTD at 12 n. 6. There is nothing to indicate the Washington Research Foundation and

plaintiffs are so interrelated as to warrant application of the so-called “alter-ego” exception to the Assignment of Claims Act. Plaintiffs’ counsel admitted as much during oral argument:

THE COURT: But the alter ego issue is the transfer — is related to the [Washington Research Foundation] transfer to NeuroGrafix, right? . . . [I]t would have to say that [the Washington Research Foundation] and NeuroGrafix are the same.

PLAINTIFFS’ COUNSEL: That’s not the case. [The Washington Research Foundation] is a totally separate entity, yes. That’s no alter ego.

Tr. at 82:9–16, ECF No. 45.

Plaintiffs argument is incorrectly premised on plaintiffs’ possession of the right to enforce the '360 patent against the government as a result of the 1998 License, in direct contravention of *NeuroGrafix I* and the plain language of the Assignment of Claims Act. Before execution of the December 2013 Assignments, any potential damages as a result of the government’s infringement of the '360 patent accrued to the Washington Research Foundation. The December 2013 Assignments did not merely transfer “the right to authorize NeuroGrafix to sue for its 2013 damages.” Opp’n to MTD at 18. Rather, the December 2013 assignments transferred the Washington Research Foundation’s accrued damages to plaintiffs. The right to recover damages accrued to another party are specifically barred by the Assignment of Claims Act. *See* 31 U.S.C. § 3727(b) (“An assignment may be made only after a claim is allowed, the amount of the claim is decided, and a warrant for payment of the

claim has been issued.”). Plaintiffs thus fail to qualify for this exception to the Assignment of Claims Act.

## **ii. Government Waiver**

Plaintiffs further assert the government waived application of the Assignment of Claims Act “by not citing 31 USC §3727 against any then-existing or prior assignments in [*NeuroGrafix I*].” Opp’n to MTD at 19. The government argues waiver is inapplicable because the previous “case was decided on a jurisdictional motion, [and] the Government never had occasion to apply the Act, let alone waive it.” Reply to Opp’n to MTD at 14 n. 9.

The government invokes the Assignment of Claims Act as a result of the December 2013 Assignments. As *NeuroGrafix I* was decided 7 June 2013, prior to execution of the December 2013 Assignments, the Assignment of Claims Act was neither an available, nor an applicable, defense to the government during the *NeuroGrafix I* litigation. Accordingly, plaintiffs’ argument seeking waiver of the application of the Assignment of Claims Act fails. The right to enforce the '360 patent against the government was not transferred to plaintiffs until execution of the December 2013 Assignments on 27 December 2013. Plaintiffs could not raise the Assignment of Claims Act as a defense to an assignment of ownership which had not yet occurred. As other courts have noted, “a party cannot be deemed to have waived objections or defenses which were not known to be available at the time they could first have been made.” *Holzsgager v. Valley Hospital*, 646 F.2d

792, 796 (2d Cir. 1981); *see also Glater v. Eli Lilly & Co.*, 712 F.2d 735, 738 (1st Cir. 1983) (“[Defendant] could not waive a defense involving facts of which it was not, and could not have been expected to have been, aware.”).

The Assignment of Claims Act bars plaintiffs from receiving an enforceable right to recover for infringement accruing to another party prior to this transfer. Plaintiffs cannot satisfy the requirements for any recognized exception to the Assignment of Claims Act. Plaintiffs may not enforce a right to recover for infringement by the government which accrued to another party prior to the December 2013 Assignments. Accordingly, plaintiffs cannot satisfy the requirements necessary for this Court to maintain subject matter jurisdiction over claims for patent infringement of the '360 patent against the government.

## **5. Tolling of the Statute of Limitations Prior to 31 January 2013**

Although the Court finds plaintiffs did not possess the right to enforce the '360 patent against the government prior to the December 2013 Assignments, plaintiffs face an additional jurisdictional hurdle regarding any claims against the government pursuant to § 1498: the statute of limitations for claims of patent infringement against the government is six years. *See* 28 U.S.C. § 2501. This six-year period begins accruing when the government uses or manufactures the patented invention, resulting in the government’s effective taking of a license. *See*

*Unitrac*, 113 Fed. Cl. at 161. The six-year period does not “extend or restart” when the government is accused of ongoing infringement. *Ross-Hime Designs*, 139 Fed. Cl. at 458. As discussed *supra*, plaintiffs filed the complaint in this action on 31 January 2019. *See* Compl. at 1. Thus, unless plaintiffs can establish that the six-year statute of limitations was tolled, any actionable infringement under 28 U.S.C. § 1498(a) must have first accrued on or after 31 January 2013.

Where a party files a written claim with the department or agency possessing authority to settle the claim, the six-year limitations period may be tolled. *See* 35 U.S.C. § 286. To trigger a tolling of the relevant statute of limitations, this Court has previously required: a written claim notifying the correct agency; recitation of the underlying facts of a claim against the government; and a sum certain for damages. *See Leonardo*, 55 Fed. Cl. at 352–53.

Plaintiffs argue two separate written claims were filed with the relevant agency possessing authority to settle the claim: a series of emails to Dr. Peter Bassler in April 2009 and October 2009; and a December 2009 email to Dr. Elizabeth Nabel. *See* Opp’n to MTD at 22. Each of these emails are authored by Dr. Filler and allegedly sent to the necessary government officials. *See id.* Plaintiffs describe the emails as including “a copy of the patent and an explanation that a license was required to avoid patent infringement. . . . In these documents, officials of NIH received notification that a patent with an exclusive license to NeuroGrafix existed which covered work ongoing at the NIH.” *Id.*

According to plaintiffs, these communications are “applicable to this case so that an effective 10-year statute of limitation has resulted. For these reasons, claims dating back at least to 2009 are actionable in this matter.” *Id.* at 21. The government argues the email communications are insufficient to satisfy the requirements of 28 U.S.C. § 286 to trigger the tolling of the six-year statute of limitations. *See* Reply to Opp’n to MTD at 5–7.

**i. Emails to Dr. Peter Bassar**

**a. April 2009**

In order for this Court to find a previously submitted administrative claim necessary to toll the statute of limitations, plaintiffs must show, at a minimum: a written claim notifying the correct agency; recitation of the underlying facts of a claim against the government; and a sum certain for damages. *See Leonardo*, 55 Fed. Cl. at 352–53. Plaintiffs description of the April 2009 email to Dr. Bassar is misleading. The April 2009 email to Dr. Bassar merely discusses, in general terms, the technology related to the invention disclosed in the '360 patent and an article written by Dr. Filler. *See* Opp’n to MTD, Ex. U (28 April 2009 email from Dr. Filler to Dr. Bassar discussing a scholarly article authored by Dr. Filler). The April 2009 email does not make any reference to the government’s alleged infringement of the '360 patent. *See id.* In fact, the April 2009 email does not make any reference to the '360 patent. As the government states: “[t]he email does not mention infringement, does not seek

compensation and does not identify the '360 patent.” Reply to Opp’n to MTD at 5.

In *Leonardo*, the plaintiff was an artist with an exhibit stored in a governmental facility following display at a government exhibition in 1990. 55 Fed. Cl. at 345–46. In 1996, plaintiff’s artwork was destroyed during renovations to the facility where the artwork was stored. *Id.* at 346. In 1997, “plaintiff filed a tort claim with the U.S. Department of Justice for the damage to her artwork.” *Id.* Following dismissal of plaintiff’s administrative claim in early 2001, plaintiff filed suit in the Court of Federal Claims alleging “breach of contract and copyright infringement.” *Id.* As the statute of limitations for copyright claims under § 1498(b) is three years, the plaintiff sought to toll the applicable statute of limitations by relying on submission of the administrative claim to the Department of Justice. *Id.* at 351.

Similar to the present case, in *Leonardo*, there was no formal regulation defining the submission of an administrative claim. *Leonardo*, 55 Fed. Cl. at 352 (“[T]he Department of Justice has not issued regulations to define the term ‘claim’ or to direct the filing of a claimant’s administrative copyright infringement claim to any specific office.”). This Court therefore reviewed the specifics of the submission to determine whether it was “sufficiently detailed to afford the Government a realistic opportunity to consider and settle the claim.” *Id.* at 352 (quoting *Custer*, 622 F.2d at 558). The plaintiff’s submission qualified as a written administrative claim because it



“notified the correct agency . . . of the underlying facts of a claim pending against the government and stated a sum certain for the damages.” *Id.* at 352–53.

Here, plaintiffs alleged submission of an administrative claim fails to provide “sufficient[] detail to afford the Government a realistic opportunity to consider and settle the claim.” *Id.* at 352. The Court need not determine whether a submission to Dr. Bassler, in his role at NIH, was sufficient to notify the correct agency because the submission itself is facially deficient. There is no recitation of the underlying facts of the claim, no attachment or citation of the patent, and there is no sum certain for damages discussed. Without referencing the '360 patent or discussing infringement in any way, the Government was not afforded any opportunity to consider the claim, let alone explore settlement possibilities. For these reasons, the April 2009 email to Dr. Bassler does not constitute an administrative claim sufficient to toll the statute of limitations under 35 U.S.C. § 286.

#### **b. October 2009**

Next, the Court turns to the October 2009 email to Dr. Bassler. There is no content in the body of the October 2009 email. *See* Opp’n to MTD, Ex. W (6 October 2009 email from Dr. Filler to Dr. Bassler containing a .pdf attachment with no content in the body of the message). The email contains the title, “For your interest,” in addition to an attachment which appears to be an article authored by Dr. Filler.

*See id.* (showing an email attachment entitled “2009\_MRN-DTI\_5000\_Neurosurg.pdf”).

Similar to the April 2009 email, there is no discussion of the underlying facts of the government’s alleged infringement of the '360 patent. In fact, there is no discussion at all: the '360 patent is not attached to the email, nor is it even referenced at all. Additionally, there is no sum certain stated. The October 2009 email did not afford the government any opportunity to consider the claim or explore settlement possibilities. Accordingly, the October 2009 email does not constitute an administrative claim sufficient to toll the statute of limitations under 35 U.S.C. § 286.

#### **ii. December 2009 Email to Dr. Elizabeth Nabel**

The December 2009 email, unlike the April and October 2009 emails, does discuss infringement of the '360 patent. The December 2009 email is titled, “Patent infringement risk to BWH with new IMRIS AMIGO MRI installation - US Patent 5,560,360.” Opp’n to MTD, Ex. V (18 December 2009 email from Dr. Bassar to Dr. Nabel discussing possible infringement of the '360 patent by the Brigham and Women’s Hospital). In the body of the December 2009, Dr. Filler provides a more detailed recitation of the facts regarding infringement. For example, the specific instrument alleged to infringe is identified both by the manufacturer (IMRIS) and the allegedly infringing process (DTI). *See id.* Dr. Filler then references the chain of ownership of the '360 patent,

indicating NeuroGrafix as the exclusive licensee from the University of Washington and further referencing the need for the recipients of the email to take a license. *Id.*

Regardless of the content, the December 2009 email does not adequately notify the relevant government agency. The only tenuous link to the government is the email address used for Dr. Nabel, nabele@nih.gov, which contains a government domain (@nih.gov). *See id.* Despite using an NIH-domain email address, both the subject line and the body of the December 2009 email are addressed to Dr. Elizabeth Nabel in her role as the future president of Brigham and Women's Hospital ("BWH"); not in her capacity at the NIH. *Id.* The other individual to whom the email is addressed, Gary Gottlieb, is also referenced in regard to his position as the then-current president of BWH. *Id.*

There is no mention of the NIH or any other government agency in the December 2009 email. The body of the email does not discuss any facts related to the government's alleged infringement. *Id.* In fact, the body of the email suggests it was not intended for alerting the relevant government agency of any alleged infringement. The allegedly infringing product is said to have been "purchase[d] recently for several million dollars and announced by [BWH]." *Id.* BWH is then discussed in conjunction with Harvard Medical School and Harvard University; nowhere in the email is the government, either generally or with regard to a particular agency, implicated in the infringement discussions.

A plain reading of the December 2009 email does not provide notice to any government agency regarding alleged infringement of the '360 patent. Because the December 2009 email does not notify the correct agency, nor discuss the underlying facts of a claim against the government, it is insufficient to constitute an administrative claim sufficient to toll the statute of limitations under 35 U.S.C. § 286.

Claims for patent infringement against the government have a six-year statute of limitations. Plaintiffs cannot establish submission of an administrative claim sufficient to toll the limitations period under 35 U.S.C. § 286. Infringement claims arising prior to 31 January 2013 are thus barred by the six-year statute of limitations. 35 U.S.C. § 286.<sup>8</sup>

## **6. The Court Lacks Subject Matter Jurisdiction Over Plaintiffs Claims**

Plaintiffs are barred from enforcing claims for patent infringement accruing after 1 October 2013, the expiration date of the '360 patent. *Kearns*, 32 F.3d at 1550 (“Because the rights flowing from a patent exist only for the term of the patent, there can be no infringement once the patent expires.”). In *NeuroGrafix I*, this Court held neither the 1994 License nor the 1998 License transferred the right to enforce the '360 patent against the government to plaintiffs. *NeuroGrafix I*, 111 Fed. Cl. at 507–08 (“Whatever the extent to which [the Washington Research Foundation] has a right to sue the United States . . . [the Washington Research Foundation] did not pass that right on to [NeuroGrafix].”). Plaintiffs in

the present action are collaterally estopped from arguing whether any of the 1994 License, the 1998 License, or the 2012 Amendment transferred the right to enforce the '360 patent against the government. *Banner*, 238 F.3d at 1354 (“The doctrine of collateral estoppel . . . serves to bar the revisiting of issues that have already been litigated by the same parties or their privies based on the same cause of action.”).

The right to enforce the '360 patent against the government was not transferred to plaintiffs until execution of the December 2013 Assignments. First Am. Compl. ¶ 23 (“In December of 2013, all rights as to all inventors, including a retroactive right to sue and the right to sue governments, were assigned from the State of Washington to the Washington Research Foundation. The [Washington Research Foundation] assigned all rights to NeuroGrafix . . . [and] NeuroGrafix assigned all rights to [Dr. Filler].”). The Assignment of Claims Act bars plaintiffs from asserting the '360 patent against the government for claims which accrued to another party. *3rd Eye Surveillance*, 133 Fed. Cl. at 277 (“Assignments of patent rights are subject to the Assignment of Claims Act, and voluntary assignments of patent claims are ineffective against the government unless they qualify for one of the[] judicial-recognized exceptions

8 Should plaintiffs cure the jurisdictional deficiencies discussed *supra*, for example by joining the necessary party who possessed the right to enforce the '360 patent against the government in this action during the life of the patent, any such claims for infringement accruing prior to 31 January 2013 are likely barred by the statute of limitations pursuant to 28 U.S.C. § 2501.

or otherwise do not run afoul of the purposes of the Act.”). Plaintiffs cannot satisfy any of the recognized exceptions to avoid application of the Assignment of Claims Act. The Court therefore lacks subject matter jurisdiction to adjudicate plaintiffs’ claims pursuant to 28 U.S.C. § 1498. The government’s motion to dismiss for lack of subject matter jurisdiction pursuant to RCFC 12(b)(1) is granted.

#### **IV. Plaintiffs’ Motion for Declaratory Judgment to Declare Patent Assignment Void *Ab Initio***

##### **a. Standard of Review for this Court’s Ability to Render a Declaratory Judgment**

The Court of Federal Claims is a court of narrow jurisdiction “limited to money claims against the United States Government.” *United States v. King*, 395 U.S. 1, 2–3 (1969) (discussing the jurisdiction of this Court’s predecessor court, the Court of Claims). This Court’s jurisdiction is defined in the Tucker Act:

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

28 U.S.C. § 1491(a)(1). Interpretation of the Tucker Act “require[s] that a plaintiff seeking to invoke the court’s jurisdiction must present a claim for ‘actual, presently due money damages from the United States.’” *Natl. Air Traffic Controllers Ass’n v. United States*, 160 F.3d 714, 716 (Fed. Cir. 1998) (quoting *King*, 395 U.S. at 3). The Tucker Act does not generally provide plaintiffs with a vehicle for pursuing equitable remedies: “there is no provision giving the Court of Federal Claims Jurisdiction to grant equitable relief when it is unrelated to a claim for monetary relief pending before the court.” *Id.* (citing *King*, 395 U.S. at 4).

## **b. Discussion**

### **1. Parties Arguments**

Plaintiffs in the present case “seek a Declaratory Judgment by this Court to find that the Patent Assignment executed by Plaintiff Aaron G. Filler on June 14, 1993 – which assigned rights in the [’360 patent] - is Void *Ab Initio*.” (“the 1993 Assignment”). Mot. for Decl. J. at 4; *see also* First Am. Compl. ¶ 16. Plaintiffs seek a declaration voiding the 1993 Assignment *ab initio* not to satisfy standing, but rather in an attempt to avoid application of the Assignment of Claims Act. “Should this Court deny this Motion for a Declaratory Judgment of *Void Ab Initio* status for Filler’s 1993 assignment of his right as an inventor in the technology of the [’360 patent] to the University of Washington, then Filler’s standing is little affected at present.” *Id.* at 5. With the 1993 Assignment voided, plaintiffs argue “the reversion

right to [NeuroGrafix-Sole Proprietorship] became the operative reversion right when all conditions of the [Washington Research Foundation] reversion rights were resolved in late 2012.” *Id.* Under this theory, the 2012 reversion rights, rather than the December 2013 Assignments, become the operative documents establishing plaintiffs right to enforce the '360 patent against the government

Plaintiffs offer two theories for why the Court should render the 1993 Assignment void *ab initio*. First, plaintiffs argue the 1993 Assignment is “void as against public policy of the State of Washington under a 1979 statute which was in force at the time of the assignment and is still in force.” *Id.* at 14. Second, plaintiffs argue the 1993 Assignment is void “due to fraud in the factum. . . . The [1993 Assignment] was identified to Filler as mandatory when in fact it was not.” *Id.* at 16.

The government argues “the Court lacks general power to grant such relief.” Opp’n to Mot. for Decl. J. at 3. “[T]he Court of Federal Claims lacks general authority to entertain requests for declaratory judgments.” *Id.* at 6. According to the government, plaintiffs “must first obtain a declaration that the 1993 Assignment was void *ab initio* from a state court.” *Id.* at 7. Lastly, the government notes “any declaration of rights by the Court would require participation of the University of Washington, the counterparty on the assignment. But the Court lacks jurisdiction over such claims and over the University, which has no direct relationship with the government.” *Id.* at 8.<sup>9</sup>



## 2. Analysis

In patent infringement suits, “[f]ederal question jurisdiction must exist at the time the complaint is filed for a federal court to exercise authority over the case.” *Jim Arnold Corp. v. Hydrotech Sys., Inc.*, 109 F.3d 1567, 1577 (Fed. Cir. 1997). Seeking a declaratory judgment action finding a licensing agreement void *ab initio* is equivalent to asking the court to rescind the contract “as if it never existed.” See *Dow Chemical Co. v. United States*, 226 F.3d 1334, 1345 (Fed. Cir. 2000). “It is an equitable doctrine which is grounded on mutual mistake, fraud, or illegality in the formation of a contract. . . . Because rescission is essentially an equitable remedy, it will not ordinarily be invoked where money damages . . . will adequately compensate a party to the contract.” *Id.* When ownership rights of a patent resulting from assignment(s) of ownership are disputed, “unless the assignment may be declared null and void by operation of law—either through a forfeiture provision present in the agreement or under a provision of applicable state law—an assigner suing for infringement must first affirmatively seek equitable relief from a court to rescind or cancel the assignment.” *Jim Arnold Corp.*, 109 F.3d at 1577. As “an action to rescind or cancel an assignment is a

<sup>9</sup> As previously discussed, the Court of Federal Claims lacks jurisdiction over claims seeking relief against parties other than the United States. See *Sherwood*, 312 U.S. at 588. Any attempt by plaintiffs to involve the University of Washington in a contract-related dispute before this Court would result in a dispute purely between private parties. The University

of Washington, as a public institution run by the state of Washington, does not take the University outside the definition of a “private party” as used to establish the jurisdiction of this Court. *See O’Diah v. United States*, 722 Fed. App’x 1001, 1003 (Fed. Cir. 2018) (“To the extent that [the plaintiffs] complaint seeks relief against defendants other than the United States, including state or local entities and private individuals and corporations, the [Court of Federal Claims] correctly dismissed those claims for lack of subject-matter jurisdiction.”); *Lawton v. United States*, 621 Fed. App’x 671, 672 (Fed. Cir. 2015) (mem.) (citing *Sherwood*, 312 U.S. at 588) (“The Court of Federal Claims lacks jurisdiction over states, state officials, and state agencies.”).

state-law based claim, . . . it is to a state court that plaintiffs must look in seeking a forfeiture of the license.” *Id.*

As plaintiff recognizes, “federal jurisdiction in a Declaratory Judgment action arises only when the federal court already has jurisdiction for some other reason.” Mot. for Decl. J. at 6. This result stems from Federal Circuit case law generally holding that “the Declaratory Judgment Act is not an independent basis for subject matter jurisdiction.” *Prasco, LLC v. Medicis Pharma. Corp.*, 537 F.3d 1329, 1335 (Fed. Cir. 2008) (citing *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 671–72 (1950)).

The Court of Federal Claims, however, possesses an even narrower ability to grant equitable relief in the form of a declaratory judgment. The Court of Federal Claims is a court of limited jurisdiction, restricted only to money-mandating claims for relief from the federal government. *See Natl. Air Traffic Controllers Ass’n*, 160 F.3d at 716–17 (quoting *King*,

395 U.S. at 3) (“[The Tucker Act] has been interpreted to require that a plaintiff seeking to invoke the court’s jurisdiction must present a claim for ‘actual, presently due money damages from the United States.’”). The Court need not reach whether it may grant a declaratory judgment award rendering the 1993 Assignment void *ab initio* as an ancillary matter to plaintiffs’ claims for patent infringement. Plaintiffs cannot satisfy the requirements for subject matter jurisdiction of a money-mandating claim as they cannot show they possessed the right to enforce the '360 patent against the government during the enforceable life of the patent.

This Court may not entertain plaintiffs’ claim for a declaratory judgment action absent a corresponding already-valid money mandating claim. An action for declaratory judgment cannot, by itself, maintain jurisdiction in this Court. *See id.* (“The Court of Federal Claims has never been granted general authority to issue declaratory judgments, and to hold that the Court of Federal Claims may issue a declaratory judgment in this case, unrelated to any money claim pending before it, would effectively override Congress’s decision not to make the Declaratory Judgment Act applicable to the Court of Federal Claims.”). “It is not enough that the court’s decision may affect the disposition of a monetary claim pending elsewhere, or that the court’s [declaratory judgement] decision will ultimately enable the plaintiff to receive money from the government.” *Id.* (citing *King*, 395 U.S. at 4). Thus, plaintiffs may not use a declaratory judgment action

as the vehicle by which to satisfy the requirements of subject matter jurisdiction in this Court. Accordingly, plaintiffs' motion for declaratory judgment must be denied.

## **V. Conclusion**

This Court does not have subject matter jurisdiction over plaintiffs' claims for patent infringement of the '360 patent against the government. Accordingly, the Court hereby **GRANTS** the government's motion to dismiss pursuant to RCFC 12(b)(1). As a result, this Court further lacks subject matter jurisdiction to maintain an action for declaratory judgment absent jurisdiction over plaintiffs' money mandating claim for patent infringement from which the declaratory judgment action arises. Plaintiffs' motion for declaratory judgment is **DENIED**. The Clerk is directed to **DISMISS** the case.

IT IS SO ORDERED.

s/ Ryan T. Holte RYAN T. HOLTE

Judge

b) CFC Motion for Reconsideration in *Filler v. US*  
In the United States Court of Federal Claims  
No. 19-173

(Filed: 9 November 2020)

NOT FOR PUBLICATION

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AARON G. FILLER, *et al.*,

*Plaintiffs,*

v.

THE UNITED STATES,

*Defendant.*

\*\*\*\*\*

Patent Infringement; Motion for Reconsideration;  
RCFC 59(a)(1)(A).

*Aaron G. Filler*, Tensor Law PC, of Santa  
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*Gary L. Hausken*, Director, Commercial  
Litigation Branch, Civil Division, Department of  
Justice, with whom was *Joseph H. Hunt*, Assistant  
Attorney General, both of Washington, DC, for  
defendant.

## **OPINION AND ORDER**

**HOLTE, Judge.**

On 8 May 2020, the Court granted the  
government's motion to dismiss plaintiffs' patent

<sup>1</sup> Attorney and doctor Aaron G. Filler, while representing himself as a named plaintiff, also serves as counsel of record for the remaining plaintiffs (all of which are business entities associated with Dr. Filler) through his role as an attorney with Tensor Law P.C. Additionally, Dr. Filler is one of the named inventors on the patent at issue in this case.

infringement claims for lack of jurisdiction. See *Filler v. United States*, 148 Fed. Cl. 123 (2020) (“Filler”). Plaintiffs filed a motion requesting reconsideration of the order to dismiss on 8 June 2020. See Mot. for Recons. of Order Granting Def.’s Mot. to Dismiss and Therethrough Rev’l of J. Under Rule 59(a)(1)(A), ECF No. 48 (“Mot. for Recons.”). For the following reasons, the Court DENIES plaintiffs’ motion for reconsideration.

### **I. Procedural and Factual History<sup>2</sup>**

The Court previously found it lacked subject-matter jurisdiction over plaintiffs’ complaint alleging patent infringement by the government. See generally *Filler*. Therein, the Court made three findings regarding various licensing agreements relevant to plaintiffs’ claims.<sup>3</sup> First, the Court found plaintiffs are collaterally estopped from relitigating interpretation of the 23 March 1994 license from the University of Washington to the Washington Research Foundation (“WRF”) (“the 1994 License”), the 29 December 1998 license from WRF to

<sup>2</sup> For a complete discussion of all relevant facts regarding plaintiff’s claims, see the 8 May 2020 Order dismissing the case. See *Filler v. United States*, 148 Fed.Cl. 123, 128–130 (2020).

<sup>3</sup> The Court also found it lacked subject-matter jurisdiction to consider plaintiffs’ request for a declaratory judgment finding a previously executed patent assignment void *ab initio*. The Court does not address this issue further as plaintiffs do not request reconsideration of this finding. See *Filler* at 145–46; Mot. for Recons.

NeuroGrafix (“the 29 Dec. License”), and the 14 June 2012 amendment to the 29 Dec. License (“the 2012 Amendment”).<sup>4</sup> See *id.* at 137-139. The Court reasoned each of the relevant portions of these agreements were previously interpreted by this Court in *NeuroGrafix v. United States*, 111 Fed Cl. 501 (2013) (“*NeuroGrafix I*”). *Id.* Second, the Court found “the Assignment of Claims Act bars plaintiffs from receiving an enforceable right to recover for infringement accruing to another party prior to” the December 2013 assignments. *Id.* at 142. And third, the Court found Dr. Filler’s emails to Dr. Peter Bassar and Dr. Elizabeth Nagel did not toll the statute of limitations under 28 U.S.C. § 286. See *id.* at 142-144. For these reasons, the Court found the relevant licensing agreements failed to transfer plaintiffs the right to enforce the ‘360 patent against the government. See *id.* at 147.

Plaintiffs filed a motion for reconsideration 8 June 2020. See Mot. for Recons. On 9 June 2020, the Court issued a scheduling order permitting the government to file a response to plaintiffs’ motion for reconsideration. See Order, ECF No. 49. The government filed a response on 24 June 2020. See

<sup>4</sup>In *Filler*, the Court referred to the 29 December 1998 licensing agreement between WRF and NeuroGrafix as “the 1998 License.” As the Court now addresses a series of licensing agreements also executed in 1998, the Court will refer to each of the various 1998 licensing agreements by their date of execution. Unless otherwise indicated, all references to the 29 Dec. License refer to the license as amended (i.e., the 2012 Amendment).

Resp. of the United States to Pls.’ Req. for Recons. of Dismissal for Lack of Jurisdiction, ECF No. 50 (“Resp. to Mot. for Recons.”). Plaintiffs filed a reply on 2 July 2020. See Reply to Def.’s Opposition to Mot. for Recons. of Order Granting the Mot. to Dismiss and Therethrough Rev’l of J. Under Rule 59(a)(1)(A), ECF No. 52 (“Pls.’ Reply”). There is no provision in the Court’s rules permitting plaintiffs to file a reply brief in support of their motion for reconsideration without leave of Court. The government, however, has not sought to strike plaintiffs’ reply since its filing. Accordingly, despite plaintiffs’ failure to seek leave of the Court to file such a reply, the Court treats plaintiffs’ filing as a motion for leave to file a reply brief and accepts plaintiffs’ reply brief as if properly filed.

Plaintiffs raise three issues in their motion for reconsideration: (1) whether the Court determined the standing of the correct party; (2) whether the Court considered the correct licensing agreements; and (3) whether the Court correctly applied the doctrine of collateral estoppel. Mot. for Recons. at 2–3. Each of plaintiffs’ three arguments are premised on a set of intervening licenses transferring rights in the ’360 patent prior to the 29 Dec. License: a 7 December 1998 license from WRF to NeuroGrafix-Sole Proprietorship (“the 7 Dec. License”); and a 21 December 1998 license from NeuroGrafix-Sole Proprietorship to NeuroGrafix (“the 21 Dec. License”).*Id.*

## **II. Standard of Review for Motion for Reconsideration**



The Court may grant a motion for reconsideration pursuant to Rule 59(a)(1) of the Rules of the Court of Federal Claims (“RCFC”): “(A) for any reason for which a new trial has heretofore been granted in an action at law in federal court; [or] (B) for any reason for which a rehearing has heretofore been granted in a suit in equity in federal court.” RCFC 59(a)(1)(A)-(B). “Motions for reconsideration must be supported ‘by a showing of extraordinary circumstances which justify relief.’” *Caldwell v. United States*, 391 F.3d 1226, 1235 (Fed. Cir. 2004) (quoting *Fru-Con Constr. Corp. v. United States*, 44 Fed. Cl. 298, 300 (1999), *aff’d*, 250 F.3d 762 (Fed. Cir. 2000) (per curiam)). “Under [RCFC] 59(a)(1), a court, in its discretion, ‘may grant a motion for reconsideration when there has been an intervening change in the controlling law, newly discovered evidence, or a need to correct clear factual or legal error or prevent manifest injustice.’” *Biery v. United States*, 818 F.3d 704, 711 (Fed. Cir. 2016) (quoting *Young v. United States*, 94 Fed. Cl. 671, 674 (2010)). “It is not sufficient for plaintiffs to reassert the same arguments they made in earlier proceedings, nor can plaintiffs raise new arguments that could have been made earlier.” *Lee v. United States*, 130 Fed. Cl. 243, 252 (2017), *aff’d*, 895 F.3d 1363 (Fed. Cir. 2018) (citing *Freeman v. United States*, No. 01-39L, 2016 WL 943859 (Fed. Cl. Mar. 1, 2016), *aff’d*, 875 F.3d 623 (Fed. Cir. 2017); *Stueve Bros. Farms, LLC v. United States*, 107 Fed. Cl. 469, 475 (2012), *aff’d*, 737 F.3d 750 (Fed. Cir. 2013)); see also *Bluebonnet Sav. Bank*,

*F.S.B. v. United States*, 466 F.3d 1349, 1361 (Fed. Cir. 2006) (“[A]n argument made for the first time in a motion for reconsideration comes too late.”).

Neither plaintiffs nor the government discuss the standard of RCFC 59 in their briefing on reconsideration, nor do they cite any precedent applying the rule. Plaintiffs also do not point to any change in the controlling law or newly discovered evidence. Although plaintiffs do not specifically state under which prong of RCFC 59 they seek reconsideration, the Court interprets plaintiffs’ motion for reconsideration to be alleging a mistake of factual or legal error leading to manifest injustice based on the following statement: “The Court has grievously confused parties and contracts in reaching its [Filler decision]. There are three contracts at issue here only one of which is relevant to this case, but the Court’s ruling reveals that unmistakably—it only considered the two irrelevant contracts and thereby misunderstood the basis of standing and mis-applied collateral estoppel[.]” Mot. for Recons. at 2.

### **III. Standing to Assert the '360 Patent**

#### **a. Parties Arguments**

Plaintiffs argue only the standing of Aaron G. Filler, as an individual (hereafter “Filler” or “Dr. Filler” shall refer to Aaron G. Filler individually), is relevant to the Court’s determination: “Standing should be determined based on the party or parties filing suit on the day the suit was filed. This lawsuit was filed with just one Plaintiff—Aaron G. Filler, an individual.” Mot. for Recons. at 3.5 “The fact that other parties were joined later through a Motion for

Joinder is wholly irrelevant.” Id. Plaintiffs assert Filler executed the 7 Dec. License with WRF on 7 December 1998 which establishes his standing to allege infringement against the government. Id. at 4.

The government notes “[p]laintiffs raise a new issue of standing in the Reconsideration Motion.” Resp. to Mot. for Recons. at 2. The government argues plaintiffs’ allegations that the Court’s 8 May Order addressed the wrong parties “is an incorrect proposition.” Resp. to Mot. for Recons. at 9. The government notes “[t]he Court’s discussion of ‘ownership’ in [the 8 May Order] was in the context of the Court’s jurisdiction under 28 U.S.C. § 1498 (permitting suits only by the owner of a patent), not to standing.” Id. According to the government, “the Court necessarily addressed the claims of all the parties, including those that had been joined, to determine if any of the plaintiffs were an ‘owner.’” Id. The government further notes while it “agrees that the Court must determine Dr. Filler’s standing to bring this suit, and the reason for dismissal will change, the outcome remains the same.” Id. at 2. According to the government, “the ‘360 Patent was assigned to the University of Washington . . . and licensed to [WRF].” Id. at 3. The government, after analyzing a series of previous district court litigations involving the ‘360 patent as well as the various “exclusive” licensing agreements, concludes “Dr. Filler has not, and cannot, establish standing. During the relevant period of January 31 to October 1, 2013, there existed two ‘exclusive license’ and a third

party—WRF—owned the right to sue the United States under both licenses.” See *id.* at 4–9.

**b. Whether Dr. Filler, as the Original Plaintiff of Record, had Standing to Assert the '360 Patent**

“Standing to sue is a threshold requirement in every federal action.” *Sicom Sys., Ltd. v. Agilent Technologies, Inc.*, 427 F.3d 971, 975 (Fed. Cir. 2005) (internal citation omitted). “Article III standing, like other bases of jurisdiction, must be present at the inception of the lawsuit.” *Media Techs. Licensing, LLC v. Upper Deck Co.*, 334 F.3d 1366, 1370 (Fed. Cir. 2003) (internal citation omitted). “The Court of Federal Claims, though an Article I court, applies the same standing requirements enforced by other federal courts created under Article III.” *Anderson v. United States*, 344 F.3d 1343, 1359 n.1 (Fed. Cir. 2003) (internal citation omitted). “Pursuant to Article III, ‘standing . . . is jurisdictional and not subject to waiver.’” *Media Techs. Licensing*, 334 F.3d at 1370 (quoting *Lewis v. Casey*, 518 U.S. 343, 349 n.1 (1996)). In a patent infringement action, standing is satisfied by “not only the patentee to whom the patent was issued but also the successors in title to the patentee.” *Prima Tek II, L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 1377 (Fed. Cir. 2000) (internal citation omitted). The Federal Circuit thus recognizes “an exclusive, territorial licensee is equivalent to an assignment and

<sup>5</sup> In addition to serving as counsel for each of the plaintiffs named in this action, Filler is further affiliated with each of these parties in a business relationship. Filler either was, or currently is: the CEO of NeuroGrafix; the Medical Director of Neurography Institute Medical Associates (“NIMA”); and the President and CEO of Image-Based Surgicenter Corporation (“IBS”). *Filler* at 139.

may therefore confer standing upon the licensee to sue for patent infringement.” Id.

The Court did not specifically address Dr. Filler’s standing to assert the '360 patent in the 8 May 2020 Order. Rather, given the limited jurisdiction of the Court of Federal Claims and this Court’s previous decision in *NeuroGrafix I*, the Court reviewed the various licensing agreements involving the '360 patent from a jurisdictional perspective to determine whether any of these agreements transferred the right to assert the '360 patent against the government to any of the plaintiffs in this case, thus giving rise to a cause of action pursuant to 28 U.S.C. § 1498. See generally *Filler*. Absent subject matter jurisdiction under § 1498 over any claims in the case, the Court dismissed plaintiffs’ complaint. Id. at 147. Whether plaintiffs satisfied Article III standing is a determination which necessarily follows from an analysis of the same facts and allegations analyzed in the Court’s jurisdictional analysis under § 1498.

Plaintiffs now raise the issue of standing in its motion for reconsideration, arguing the Court’s consideration of this “threshold issue” will somehow supplant the finding of a lack of jurisdiction under § 1498. As standing “must be present at the inception of the lawsuit,” the Court therefore considers the standing of Dr. Filler. *Media Techs. Licensing*, 334 F.3d at 1370. A determination of Dr. Filler’s standing, however, necessarily requires an analysis of the various licensing agreements underlying this case. “The Court may look to both the substance of the rights granted as well as the intention of the parties.”

NeuroGrafix I, 111 Fed. Cl. at 505 (citing *Mentor H/S Inc. v. Medical Device Alliance Inc.*, 240 F.3d 1016, 1017 (Fed. Cir. 2001)). As Dr. Filler’s other grounds for reconsideration similarly require analysis of the various 1998 licensing agreements, the Court engages in the necessary analysis of these agreements first, returning to a determination of Dr. Filler’s standing once the necessary facts are established and analyzed.

#### **IV. Whether the Court’s 8 May 2020 Order Dismissing Plaintiff’s Complaint Addressed the Correct Licensing Agreements**

##### **a. Parties’ Arguments**

According to plaintiffs, the 29 Dec. License which this Court interpreted in NeuroGrafix I, and refused to allow plaintiffs to relitigate in this case, was between WRF and NeuroGrafix, not WRF and Filler. Mot. for Recons. at 3. Plaintiffs characterize the 29 Dec. License as an “encumbrance [that] was imposed to enforce repayments to WRF due to loan notes of hundreds of thousands of dollars of costs which WRF incurred in the filing and prosecution of the patent.” Id. at 4. The 29 Dec. License allegedly expired sometime after the filing of NeuroGrafix I as “the loan notes were paid off and the contract expired through maturation and termination of all duties that might trigger reversion of rights to WRF.” Id. Plaintiffs thus assert the 7 Dec. License became operative again, and “with no assignment necessary, Filler was the sole exclusive licensee and had standing to sue the United States based on the terms

of the contract.” Id. Plaintiffs further argue because Filler was not a party in NeuroGrafix I, “he cannot have had a full and fair opportunity to litigate the issue.” Id. at 5. Similarly, plaintiffs argue Filler therefore has no ability to appeal the decision in NeuroGrafix I. Id. at 6. If the Court finds otherwise, plaintiffs allege the Court would “find an alter ego relationship” and “void[] the application of the Assignment of Claims [sic] Act as to the 2013 transfers.”<sup>6</sup> Id.

Plaintiffs next argue NeuroGrafix I and the present case were based upon two separate exclusive licenses: NeuroGrafix I concerned an exclusive license from WRF to NeuroGrafix, whereas the present case “was based on an entirely different contract between the Washington Research Foundation and Aaron G. Filler, an individual.” Mot. for Recons. at 6. Plaintiffs argue because these agreements were between different parties, collateral estoppel cannot apply. Id. at 6–7. Plaintiffs also contend “[t]he purpose of the 2013 assignments was to resolve problems in United States District Court.” Id. at 7. Plaintiffs agree the 2012 Amendment was to the 29 Dec. License, but

<sup>6</sup> In plaintiffs’ reply, they assert a new argument that Filler had standing because the government had not yet asserted the Assignment of Claims Act, or, in the alternative, “[t]he [Assignment of Claims Act] is irrelevant because, through the December 7, 1998 agreement Filler gained his rights without assignment.” Pls.’ Reply at 13. The Court does not address this argument as it was not raised in plaintiffs’ briefing before dismissal or in their motion for reconsideration. See *Bluebonnet Sav. Bank*, 466 F.3d at 1361 (“[A]n argument made for the first time in a motion for reconsideration comes too late.”).

state this amendment has no effect on the present case because, again, the proper 1998 licensing agreement to be addressed was the 7 Dec. License between WRF and Filler. *Id.* at 7–8.

Regarding plaintiffs’ assertion the Court considered the wrong agreement in the 8 May Order, the government argues “both the December 7, 1998 Agreement and 2012 Restated Agreement were in effect on January 31, 2013. Neither agreement controls over the other.” *Resp. to Mot. for Recons.* at 9–10. The government notes “Plaintiffs argue that the 2012 Restated Agreement expired at an unstated date,” but “nothing in the promissory note nor the license agreement supports Plaintiffs’ theory.” *Id.* at 10. Lastly, the government argues while “Plaintiffs further suggest that somehow the December 7, 1998 Agreement had been in hibernation during the December 29, 1998 Agreement and 2012 Restated Agreement but came back to life with the expiration of those two agreements,” such an argument “finds no support in the documents or the history of the many cases that were brought pursuant to those agreements.” *Id.*

**b. Whether Plaintiffs Properly Alleged Expiration of the 29 Dec. License in the Original Briefing on the Government’s Motion to Dismiss**

In the initial briefing on the government’s motion to dismiss, as well as during oral argument, plaintiffs referenced the alleged expiration of the 29 Dec. License. See *Opp’n to Mot. to Dismiss* at 15, ECF No. 28 (“*Opp’n to MTD*”); *Tr.* at 67:10–16, ECF No. 45. Yet plaintiffs seemingly could not agree on either the



reason for, or the date on which, the 29 Dec. License expired, offering at least three separate accounts of the alleged “expiration:” 15 June 2012; 1 October 2012; and in December of 2012. See Opp’n to MTD at 15 (“[T]he reversionary rights in the original [7 Dec. License] were superseded by the abandonment of any reversionary right owed to WRF upon execution of the Amended WRF to [NeuroGrafix] ELA on June 15, 2012”); First Am. Compl. for 28 USC§1498 Taking at 9, ECF No. 26 (“First Am. Compl.”) (“All of[the promissory notes between the WRF and NeuroGrafix] were subsequently fully paid and all reversionary rights expired on October 1,2012 because all had a 12 month notice period. . . absent the reversionary rights which elapsed by operation of law in December of 2012, [the 29 Dec. License] is superseded by the superior earlier [21 Dec. License.]”); Tr. at 67:10–16 (“But once [the 29 Dec. License] expired, which I pointed out was a year before the end of the patent, the October of 2012, once that expired, . . . at that point, we would revert to the [7 Dec. License]. There’s no longer an intervening WRF license because their reversionary right is expired.”).

<sup>7</sup>In their reply brief, plaintiffs argue, without any citation to authority, the government “asserts that perhaps the contract does not exist,” referring to the 7 Dec. License. Pls.’ Reply at 6. The government explicitly acknowledges the existence of the 7 Dec. License in their response. Resp. to Mot. for Recons. at 5 (“It is undisputed that WRF entered a license agreement with Dr. Filler on December 7,1998.”). Accordingly, the Court does not address plaintiffs’ baseless assertion.

Prior to dismissal, the government did not brief the issue of whether the 29 Dec. License expired before expiration of the '360 patent. See Mot. of the United States to Dismiss for Lack of Jurisdiction, ECF No. 27 (“Gov’t MTD”); Reply of the United States to Pls.’ Opp’n to the Mot. to Dismiss for Lack of Jurisdiction, ECF No. 30 (“Gov’t Reply”). The government did not use the term “expire” in reference to any of the assignments or licensing agreements, but rather only to discuss the expiration of the patent itself. See Gov’t MTD; Gov’t Reply. The government’s motion to dismiss relied on this court’s decision in NeuroGrafix I, which found the 29 Dec. License did not transfer plaintiffs the right to enforce the '360 patent against the government. Gov’t MTD at 9. The government thus argued plaintiffs did not receive the necessary right to enforce the '360 patent against the government until the December 2013 assignments, which was after the '360 patent expired. See Gov’t MTD at 7. When plaintiffs raised a series of disconnected arguments regarding various licensing agreements from 1998 in their response brief in an attempt to show the transfer of the necessary rights prior to expiration of the '360 patent, see Opp’n to Mot. to Dismiss at 3, ECF No. 28, the government first raised the issue of collateral estoppel. Gov’t Reply at 12.

To the extent plaintiffs attempted to argue the relevance of the 7 Dec. License prior to dismissal, the recipient of the “exclusive” 7 Dec. License, NeuroGrafix-Sole Proprietorship, licensed its rights to NeuroGrafix via the 21 Dec. License. The 29 Dec.

License, directly from WRF to NeuroGrafix, appeared to be a confirmatory license supplanting the two previous “exclusive” licenses, pursuant to the express language of the 21 Dec. License: “WRF shall be entitled to supplement and replace this agreement with a confirmatory Agreement with the same terms, directly between WRF and its planned successor, NeuroGrafix.” 7 Dec. License at 4. As plaintiffs did not articulate any consistent set of facts or a plausible explanation for the expiration of the 29 Dec. 1998 License, the Court proceeded according to the last of the three executed “exclusive” licenses: the 29 Dec. License. Although the Court did not make this point “as explicit as plaintiff[s] do[] in [their] motion for reconsideration, no error was made.” Sec. *Point Holdings, Inc. v. United States*, Case No. 11-268, 2020 WL 4197752, at \*5 (Fed. Cl. July 17, 2020) (finding no legal error where plaintiff merely disagreed with the court as to “the legal significance of its agreements” and such disagreement was “not a basis for reconsideration”); see also *Lee*, 130 Fed. Cl. at 252, *aff’d*, 875 F.3d 623 (Fed. Cir. 2017) (“It is not sufficient for plaintiffs to reassert the same arguments they made in earlier proceedings”).

Instead, the Court proceeded according to plaintiffs’ counsel’s characterization of this Court’s alleged error in interpreting the 29 Dec. License in NeuroGrafix I. “So our argument is that this was made by a—it is a gross error, a mistake by Judge Damich, and I’m going to first show you what we say is the mistake and come back and show why when you look at the mistake, collateral estoppel favors us, if

anything.” Tr. at 25:5–10. Because plaintiffs’ inconsistent presentation of facts and argument focused on the Court’s alleged misinterpretation of the 29 Dec. License in NeuroGrafix I, the Court concluded in the 8 May Order plaintiffs were attempting to relitigate whether the 29 Dec. License transferred the necessary rights in the '360 patent.

**c. Whether the 29 December License Expired and the 7 December License Resumed Status as the Operative Agreement**

**i. Expiration of the 29 December License**

Even if plaintiffs did properly raise expiration of the 29 Dec. License in the original briefing on the government’s motion to dismiss, plaintiffs did not provide sufficient evidence for expiration. Plaintiffs repeatedly reference the alleged expiration of the 29. Dec. License and consistently refer to the agreement as an “encumbrance.” See, e.g., Mot. for Recons. at 3 (“The expired irrelevant agreement upon which the Court clearly based its ruling is the [29 Dec. License]”); id. (“[t]hat contract of December 29, 1998 was an encumbrance delivering rights to NeuroGrafix”); id. at 6 (“in a suit filed by NeuroGrafix in 2012, the Court ruled on an encumbering contract between the [WRF] and NeuroGrafix which was dated 12/29/1998”). Yet the plain language of the 29 Dec. License does not support either of these contentions.

In the motion for reconsideration, plaintiffs assert the promissory notes from WRF to NeuroGrafix, the original 29 Dec. License, or both, encumbered the 7 Dec. License. See Mot. for Recons.

at 4 (“It is true that the [7 Dec. License] was encumbered by a separate agreement of December 29, 1998 between the Washington Research Foundation and NeuroGrafix . . . . That encumbrance was imposed to enforce repayments to WRF due to loan notes of hundreds of thousands of dollars of costs which WRF incurred in the filing and prosecution of the patent.”). According to plaintiffs, although “[t]hat encumbering contract was still in force in June of 2012 when [NeuroGrafix I] was filed[,] [i]t was amended by a 2012 update but it still acted to preserve WRF’s financial rights.” *Id.* Sometime after the filing of NeuroGrafix I, however, “the loan notes were paid off and the contract expired through maturation and termination of all duties that might trigger reversion of rights to WRF.” *Id.*

An encumbrance is a “claim or liability that is attached to property or some other right and that may lessen its value, such as a lien or mortgage; any property right that is not an ownership interest. An encumbrance cannot defeat the transfer of possession, but it remains after the property or right is transferred.” Encumbrance, *Black’s Law Dictionary* (11th ed. 2019). Contrary to plaintiffs’ argument, the expiration of an encumbrance does not trigger expiration of the underlying agreement. There is also no language in the original 29 Dec. License, or the accompanying promissory notes, to indicate complete payment of the notes will lead to termination of the 29 Dec. License. See 29 Dec. License. In fact, the 2012 Amendment to the 29 Dec. License states “[NeuroGrafix] has delivered to WRF all payments

specified in a promissory note for \$74,000. In addition, [NeuroGrafix] has delivered to WRF payments covering the balance of patenting expenses incurred before and after the Agreement Date.” 2012 Amendment at 6. If the 29 Dec. License were merely an encumbering right as characterized by plaintiffs, payment of the note itself would have terminated such an encumbering right without need for the 2012 Amendment.

Plaintiffs’ statements and other terms of the various agreements further contradict the argument regarding expiration of the 29 Dec. License. The stated term of the 2012 Amendment is “[f]rom the Amendment Date until the last of the Patent Rights, including all rights to pursue claims against Third Party infringers, expires, unless the Amendment is otherwise terminated by operation of law.” 2012 Amendment at 9. Plaintiffs also state the original 29 Dec. License “was still in force in June of 2012 when the [NeuroGrafix] v US action was filed. It was amended by a 2012 update but it still acted to preserve WRF’s financial rights.” Mot. for Recon. at 4.

Referring to the 2012 Amendment, plaintiffs state the “WRF replaced[the 29 Dec. License] with a non-terminable agreement.” Pls.’ Reply at 9. None of plaintiffs’ other statements made before dismissal regarding reversionary rights in the 29 Dec. License cite any evidence to support plaintiffs’ argument regarding expiration of the 29 Dec. License.<sup>8</sup>

The only direct evidence plaintiffs cite for expiration of the 29 Dec. License is “Clauses§9.3a and

§9.3c” of the 21 Dec. License. Pls.’ Reply at 12. Section 9.3(a) states:

[NeuroGrafix’s] failure to perform in accordance with section 9.1 shall be grounds for [NeuroGrafix-Sole Proprietorship] to terminate this Agreement in whole or, at the election of [NeuroGrafix-Sole Proprietorship], in part as to particular Territories that are not being diligently pursued as required by section 9.1. Upon such termination, all affected rights and interest to the Licensed Technology and the Patent Rights shall revert to [NeuroGrafix-Sole Proprietorship]. If [NeuroGrafix-Sole Proprietorship] elects to terminate this Agreement under the terms of this section, said termination shall be the sole remedy except for the right to recover attorney’s fees, if any, as provided in Section 21.

21 Dec. License at 11. Section 9.3(c) states:

In all cases, [NeuroGrafix] will be given six months from the date of [NeuroGrafix-Sole Proprietorship’s] written notification of non-performance in which to show reasonable progress in any region (one of the 20 most populous metropolitan areas in the US or one of the 5 most populous metropolitan areas in Australia) where [NeuroGrafix-Sole Proprietorship] believes there is inadequate diligence. In no case will [NeuroGrafix-Sole Proprietorship] be entitled to notify [NeuroGrafix] of any failure to perform as to a particular region until two calendar years from the Agreement Date. In addition, there will be no failure to perform in a region if Image

Neurography services covered by the Patent Rights are available within 100 miles of a region. *Id.* Plaintiffs do not point to any language in these sections which would cause the original 29 Dec. License, rather than the 21 Dec. License, to expire. This evidence was available for plaintiffs to cite pre-dismissal and therefore is not appropriately raised for the first time under amotion for reconsideration. *Bluebonnet Sav. Bank*, 466 F.3d at 1361 (“[A]n argument made for the first time in a motion for reconsideration comes too late.”). Assuming plaintiffs cited this evidence prior to dismissal, plaintiffs do not provide written notification of non-performance required under § 9.3(c) to terminate the agreement for inadequate diligence. While the original 29 Dec.

<sup>8</sup>Plaintiffs make several statements about the 29 Dec. License that are unrelated to dismissal: “[WRF] established an intervening direct exclusive license between WRF and NeuroGrafix directly which inserted reversion rights in the patent against any default by [NeuroGrafix] due to failure to adequately commercialize or failure to pay certain notes which WRF issued to recoup its patenting expenses.” *Opp’n to MTD* at 9; “[A]s of December of[sic] 29, of 1998, [NeuroGrafix] held an exclusive license to all Patent Rights, but 1) owed royalties, development performance and loan payments to WRF under a reversionary right of WRF. At the same time [NeuroGrafix] 2) owed royalties to Aaron G. Filler ([NeuroGrafix-Sole Proprietorship]) with a reversionary right to [NeuroGrafix-Sole Proprietorship]. In the event of this reversion occurring, [NeuroGrafix-Sole Proprietorship] would be liable for the performance, royalties and note payments to WRF.” *Id.*; “[B]etween December 29 of 1998 through October 1 of 2012, there was an intervening right of reversion provided to [WRF] in respect of its promissory notes.” *Id.* at 7–8.



License contains similar language, the 2012 Amendment to the 29 Dec. License explicitly states NeuroGrafix acted with due diligence. See 29 Dec. License at 13; 2012 Amendment at 9 (“Licensee, directly or through Strategic Partners, is deemed to have used reasonable efforts to develop, market and sell Licensed Products, subject to prudent business judgment.”).

Plaintiffs failed to present sufficient evidence of the agreement’s expiration, even assuming plaintiffs properly raised the issue of the 29 Dec. License’s expiration in the original briefing on the government’s motion to dismiss. Therefore, the Court finds plaintiffs have not demonstrated manifest injustice under RCFC 59(a)(1)(A) due to clear factual error by the Court regarding the expiration of the 29 Dec. License. See *Biery*, 818 F.3d at 711.

**ii. Plaintiffs Argue the 7 Dec. License Serves as the Operative Agreement**

Plaintiffs argue the 7 Dec. License was the controlling agreement vesting plaintiffs with the right to assert the '360 patent against the government. See Mot. for Recons. at 6. Although plaintiffs state the 7 Dec. License was controlling, they also assert the 21 Dec. License was controlling and assert both licenses together form the basis of the action. See Opp’n to MTD at 16 (The 7 Dec. License “is the [b]asis of the [c]urrent [a]ction”); First Am. Compl. at 9 (the 29 Dec. License “is superseded by the superior earlier [21 Dec. License]”); Opp’n to MTD at 3 (NeuroGrafix’s “primary license was from NeuroGrafix-Sole

Proprietorship”); Id. at 17 (the 21 Dec. License “is now understood to have been the source of controlling ownership as to at least Filler’s rights being exercised by licensee NeuroGrafix between June 15, 2012 and . . . October 1, 2013”); Id. at 4 (“The current case is based on an entirely different set of exclusive licenses in which NeuroGrafix-Sole Proprietorship was a party and in which the previously adjudicated [2012 Amendment] plays no controlling role.”). Additionally, plaintiffs argue NeuroGrafix, rather than Filler, held the right to sue the government during the period of alleged infringement.<sup>9</sup> *See, e.g. id.* at 8 (“[A]t least between October 1 of 2012 and October 1 of 2013, NeuroGrafix held an exclusive right to sue and it held the right to sue governments without joining any other entity.”); First Am. Compl. at 9 (“NeuroGrafix held exclusionary rights against the United States with no limitations, commencing from October 1, 2012 when all reversionary rights to other entities expired and through the expirations of the patent on October 1, 2013.”). None of plaintiffs’ other statements made before dismissal regarding the 7 Dec. License support plaintiffs’ new argument that the 7 Dec. License is the sole controlling license.<sup>10</sup>

<sup>9</sup> Plaintiffs cite language in the licenses contradicting the argument that the 7 Dec. License superseded the 29 Dec. License. For example, the 7 Dec. License states the “WRF shall be entitled to supplement and *replace* this agreement with a confirmatory Agreement with the same terms, directly between WRF and its planned successor, NeuroGrafix.” 7 Dec. License at 4 (emphasis added). The 21 Dec. License states “[w]here any conflicts may arise between rights & obligations owing between [NeuroGrafix] and WRF on the one hand and rights & obligations owing between

The government did not mention the 21 Dec. License in its reply brief in support of the motion to dismiss and limited its response to plaintiffs' argu-

[NeuroGrafix] and [NeuroGrafix-Sole Proprietorship] on the other, WRF shall take precedence over [NeuroGrafix-Sole Proprietorship].” 21 Dec License at 6, *cited in* Opp’n to MTD at 17.

<sup>10</sup> Plaintiffs make several statements about the 7 Dec. License that are unrelated to dismissal. *See, e.g.*, First Am. Compl. at 8 (“On December 7, 1998, the Washington Research Foundation exclusively licensed all rights that it had – excepting certain reversion rights – to [NeuroGrafix-Sole Proprietorship].”); *Id.* at 9 (“The [7 Dec. and 21 Dec. Licenses] explicitly identified the grant of an exclusionary right (from Section 2 of the agreements) against the United States in Section 10 of the agreement, not that the exclusionary right would only be limited if there were grants from the United States for the development of the technology.”); Opp’n to MTD at 7 (“On December 7, 1998, the WRF exclusively licensed the ‘360 patent to Aaron G. Filler personally as NeuroGrafix, Sole Proprietorship.”); *Id.* (“The existence and importance of the ELA between WRF and Aaron G. Filler-AKA NeuroGrafix-SP [ ] is well documented.”). Plaintiffs then summarize the constraints regarding Filler’s employment at UCLA and the corporate structure of the NeuroGrafix entities that compelled them to execute the 7 Dec. License. *See, e.g. id.* at 8 (“[The] right to sue governments was conveyed properly to NeuroGrafix-Sole Proprietorship from [UW].”); *id.* at 14 (noting the rights conveyed by UW to WRF “were all conveyed to Filler in the December 7, 1998 agreement so that as of that time – Filler held not only his own rights in ownership of the ‘360 patent, but also held the ownership rights of Tsuruda, Richards and Howe by exclusive license”).

ments regarding the 7 Dec. License in a footnote:

NeuroGrafix points out that there were actually two December 1998 Agreements, one with [NeuroGrafix-Sole Proprietorship] (i.e., Dr. Filler) on December 7, 1998 and the December 29, 1998 Agreement with [NeuroGrafix]. By NeuroGrafix [sic] account, however, [NeuroGrafix] succeeded to all rights previously held by [NeuroGrafix-Sole Proprietorship] through the [21 Dec. License]. Accordingly, we ignore the earlier assignment and go directly to the December 29, 1998 that was in effect until the 2012 agreement.

Gov't Reply at 13 n.8 (internal citations omitted). Accordingly, the Court did not rule on the issue as it was neither fully briefed nor supported by the factual record. After plaintiffs attempted to take a second bite of the apple on the motion for reconsideration, the government did not find plaintiffs' arguments credible:

Plaintiffs further suggest that somehow the December 7, 1998 Agreement had been in hibernation during the December 29, 1998 Agreement and 2012 Restated Agreement but came back to life with the expiration of those two agreements. This argument, however, finds no support in the documents or the history of the many cases that were brought pursuant to those agreements.

Resp. to Mot. for Recons. at 10. The Court agrees with the government's assessment that plaintiffs' theory regarding the apparent reinstatement of either the 7 Dec. License or the 21 Dec. License following the

alleged expiration of the 29 Dec. License lacks factual support in the record. Therefore, the Court finds plaintiffs have not demonstrated manifest injustice under RCFC 59(a)(1)(A) due to clear factual error by the Court regarding the controlling status of the 7 Dec. License. See *Biery*, 818 F.3d at 711.

**d. Whether the 7 December License Granted Filler the Right to Sue the Government**

**i. This Court's Previous Decision in *NeuroGrafix I* Regarding the 29 December License**

In *NeuroGrafix I*, this Court found the 1994 License and the 29 Dec. License did not transfer to plaintiffs the right to enforce the '360 patent against the government:

In the [1994 License], the Court finds support for the conclusion that [the Washington Research Foundation] retained the right to sue governmental parties. Like the [29 Dec. License], the [1994 License] contains a definition of "Third Party": "corporate entities or individuals other than [the Washington Research Foundation] or [the University of Washington]." As with the [29 Dec. License], the [1994 License] grants the licensee ([the Washington Research Foundation]) the right to bring suit against such Third Parties. Although the Court makes no decision on this point, the [1994 License] indicates that at least [the Washington Research Foundation] was aware that the United States could qualify as a Third

Party: in an Article entitled “Third Party Rights,” two of the three provisions deal with potential rights that the United States government may have in the technology being licensed. The presence of the United States in these “Third Party Rights” provisions in the [1994 License]—and the complete lack of a similar language in the [29 Dec. License]—tells the Court that [the Washington Research Foundation] did not intend to grant [NeuroGrafix] the right to sue the United States. . . . The parties expressly defined “Third Party” in a manner that does not include the United States, and [NeuroGrafix] received the right only to sue Third Parties. Whatever the extent to which [the Washington Research Foundation] has a right to sue the United States (and the Court makes clear that it makes no finding on that point), [the Washington Research Foundation] did not pass that right on to [NeuroGrafix].

*NeuroGrafix I*, 111 Fed. Cl. at 507–08 (internal citations omitted). In *Filler*, the Court extended the decision in *NeuroGrafix I* to the 2012 Amendment of the 29 Dec. License, finding plaintiffs were collaterally estopped from relitigating the issue:

The 2012 Amendment does not materially alter any of the provisions of the 1998 License interpreted by this Court in *NeuroGrafix I* for determining what rights were transferred to the plaintiffs in the [29 Dec. License]. Therefore, the 2012 Amendment presents an identical issue regarding the transfer of ownership of the right to

enforce the '360 patent against the government as the [29 Dec. License].

*Filler* at 138.

**ii. Application of the Principles of this Court's Decision in NeuroGrafix I to the 7 December License**

Even if the Court considers plaintiffs' arguments regarding expiration of the 29 Dec. License and a return to the 7 Dec. License as the operative agreement properly raised, the 7 Dec. License similarly did not grant *Filler* the right to assert the '360 patent against the government. "Contract interpretation begins with the plain language of the agreement." *Gould, Inc. v. United States*, 935 F.2d 1271, 1274 (Fed. Cir. 1991); see also *Gardiner, Kamya & Associates, P.C. v. Jackson*, 467 F.3d 1348, 1353 (Fed. Cir. 2006) ("In construing the contract to determine whether it is ambiguous, we keep in mind [the] well-settled principles of contract interpretation. We begin with the plain language of the contract.") (citing *C. Sanchez & Son, Inc. v. United States*, 6 F.3d 1539, 1543 (Fed. Cir. 1993)) ("A contract is read in accordance with its express terms and the plain meaning thereof."). When "the language is sufficiently clear," the Court's "inquiry ends there." *Textron Defense Sys. v. Widnall*, 143 F.3d 1465, 1469 (Fed. Cir. 1998) (citing *Craft Mach. Works, Inc. v. United States*, 926 F.2d 1110, 1113 (Fed. Cir. 1991) ("In contract interpretation, the plain and unambiguous meaning of a written agreement controls.")).

The 7 Dec. License specifically grants Filler the right to sue a “Third Party” for infringement pursuant to Section 7: Infringement Actions:

If, during the term of this Agreement, WRF or Licensee shall suspect that one or more Third Parties are infringing or are threatening to infringe the Patent Rights, that Party shall immediately provide the other Party all available and useful information concerning the kind and character of the infringement and any other pertinent information. . . . License will have primary responsibility in dealing with any infringing parties. Only so long as Licensee has exclusive rights under this Agreement.<sup>11</sup> Licensee shall have the first right to grant a Sublicense to such Third Party, or to bring, at no expense to WRF, an infringement action against the Third Party and to use WRF’s name in connection therewith as needed.

7 Dec. License at 10. In identical terms to the 29 Dec. License, the 7 Dec. License provides an express definition of “Third Party:” “any individual,

<sup>11</sup> The government alludes to the presence of multiple “exclusive” licenses throughout its response brief. *See, e.g.*, Resp. to Mot. for Recons. at 5 (“Some three weeks later, WRF entered into another ‘exclusive’ license agreement with the NeuroGrafix (corporation).”); *id.* at 6 (“As a result, during the January 31 to October 1, 2013 period, there were two ‘exclusive licensees,’ each holding rights antithetical to the other’s authority.”). Though the Court does not reach this line of argumentation as to the seemingly multiple “exclusive” licenses granted by WRF, the language of Section 7.2 of the 7 Dec. License seems to suggest Filler’s subsequent grant of a license to NeuroGrafix via the 21 Dec. License



voided Filler's ability to enforce the '360 patent against any alleged infringer, whether a third party or government entity.

corporation, partnership or other business entity other than WRF, Licensee, Affiliates and Sublicensees." 7 Dec. License at 5; 29 Dec. License at 5. Noticeably absent from this list is the federal government, or any governmental entity. Consistent with the Supreme Court's interpretation, "[i]n the absence of an express . . . definition, the Court applies a 'longstanding interpretive presumption that 'person' does not include the sovereign.'"<sup>12</sup> *Return Mail, Inc. v. United States Postal Service*, 139 S.Ct. 1853, 1861–62 (2019) (quoting *Vermont Agency of Nat. Res. v. United States ex rel. Stevens*, 529 U.S. 765, 780–81 (2000)).

In the interpretation of a contract, "express terms are given greater weight than course of performance, course of dealing, and usage of trade" and "specific terms and exact terms are given greater weight than general language." Restatement (Second) of Contracts § 203(b–c).

Applying these principals to the 7 Dec. License, the express definition of "Third Party" as provided in the agreement does not include the government. "Third Parties" are expressly defined as individuals or business entities; not government entities. "Contracts are not

<sup>12</sup> While the Supreme Court was reviewing statutory language in *Return Mail*, as opposed to the Court's review here of contractual language, the general principle regarding the exclusion of the sovereign in the absence of its' express inclusion is nonetheless applicable in both contexts. See, e.g., *Stone v. Signode Indus. Grp.*, 943 F.3d 381, 389 (7th Cir. 2019) ("While contract interpretation differs from statutory interpretation in some ways, this principle applies in both: the actions of courts have given the phrase a meaning that

parties knowledgeable in the relevant areas of law are presumed to use.”).

necessarily rendered ambiguous by the mere fact that the parties disagree as to their meaning.” *Southern Const. Co. v. United States*, 176 Ct. Cl. 1339, 1361 (1966). It is not within the province of the Court to expand the scope of a contract beyond the intent of the parties as reflected within the plain meaning of the contractual language itself. See *Molon Motor & Coil Corp. v. Nidec Motor Corp.*, 946 F.3d 1354, 1359 (Fed. Cir. 2020) (“[A] court must initially look to the language of a contract alone, as the language, given its plain and ordinary meaning, is the best indication of the parties’ intent.”). The plain meaning of the language in the 7 Dec. License grants plaintiffs the right to enforce the '360 patent against “Third Parties,” and “Third Parties” as defined in the 7 Dec. License does not include the government.

Plaintiffs further argue the 7 Dec. License grants Filler the right to sue the government because of “a Bayh-Dole exclusion.” Pls.’ Reply at 11. Though plaintiffs do not cite to any particular section of the license, the Court understands plaintiffs to refer to Section 10: Government Rights:

The Parties acknowledge that if the Technology was funded by grants from the U.S. Government, the Patent Rights will be subject to the rights and limitations of United States Code, Title 35, Chapter 18, and implementing regulations thereof, and that the grant under Section 2.1 of this Agreement will be subject to such rights and

limitations. In particular, in that event, Licensed Products sold in the United States must be manufactured substantially in the United States so long as this license remains exclusive.

7 Dec. License at 12. While Section 10 of the 7 Dec. License references the United States, there is nothing in this section to suggest a transfer of the right to enforce the '360 patent against the government. Rather, this section only addresses possible involvement of the United States in the funding of the technology, as well as a limitation on the location of manufacture. While Title 35, Chapter 18 of the United States Code is referenced in Section 10, this chapter, as indicated by its title, relates to "Patent Rights in Inventions Made with Federal Assistance." Whether or not the federal government was involved in the funding of the technology of the '360 patent and thus reserved any "march-in" or other similar rights is not the issue before the Court, and the Court makes no ruling on such a matter. Here, plaintiffs assert a cause of action under 28 U.S.C. § 1498 alleging the government infringes the '360 patent. A reference to Chapter 18 of Title 35 of the United States Code is insufficient to grant such enforcement rights to the licensee, particularly in view of the agreement's express definition of "Third Party" which excludes the government. The Court does not agree with plaintiffs that this section grants Filler the right to enforce the '360 patent against the government. Nothing in this section indicates the government is included in the definition of "Third Party," and Filler was only

granted the right to enforce the '360 patent against “Third Parties.”

Lastly, plaintiffs refer back to this court’s decision in *NeuroGrafix I*. Plaintiffs characterize this earlier decision as holding “language citing to the Federal rights attaching to inventions where the Federal Government funded the invention conducted a right to sue,” and “in the absence of such language no right to sue the US Government would arise.” Mot. for Recons. at 10 (emphasis omitted). Plaintiffs thus conclude in *NeuroGrafix I*, this court “explicitly found the absence of those terms in the [Dec. 29 License] and therefore found no standing.” *Id.* (emphasis omitted). According to plaintiffs, in the present case, they “showed the presence of the required terms in the [7 Dec. License],” but “[t]he Court has now reversed itself and found there is no standing when the language is present, when previously it found that there is no standing when the language is absent.” *Id.* (emphasis omitted).

Plaintiffs’ argument is premised first on a fundamental misunderstanding of the *NeuroGrafix I* decision, followed by a fundamental misunderstanding of *Filler*. In *NeuroGrafix I*, this court looked to the 1994 License for a comparison of similar language regarding “the right to sue governmental parties.” *NeuroGrafix I*, 111 Fed. Cl. at 507. While this court made clear it was “mak[ing] no decision on this point,” it found the 1994 License contained two provisions discussing “Third Party Rights” which “deal[t] with potential rights that the United States government may have in the

technology being licensed.” *Id.* This court thus concluded, “[t]he presence of the United States in these “Third Party Rights” provisions in the [1994 License]—and the complete lack of a similar language in the [29 Dec. License]—tells the Court that WRF did not intend to grant [NeuroGrafix] the right to sue the United States.” *Id.* It is true Article 3 of the 1994 License discusses similar provisions to that of Section 10 of the Dec. 7 License. Plaintiffs, however, completely read out a critical portion of this court’s analysis: “[t]he presence of the United States in these ‘Third Party Rights’ provisions.” *Id.* While the 1994 License contains a similar provision explicitly defining “Third Parties” without including the government, the 1994 License then goes on to discuss the government under a section specifically labeled “Third Party Rights.” *Id.* The 1994 License thus contains at least conflicting authority as to whether the government was intended to be included under the express definition of a “Third Party.”

This is in stark contrast to the 7 Dec. License. Far from plaintiffs’ characterization of “show[ing] the presence of the required terms in the [7 Dec. License],” plaintiffs instead highlight the significant differences between these agreements. The 7 Dec. License makes no conflicting reference to the government being expressly defined or referred to as a “Third Party” anywhere in the agreement. Section 10 of the 7 Dec. License is specifically labeled “Government Rights,” as opposed to the “Third Party Rights” section of the 1994 License. Plaintiffs’ argument that they somehow now show the presence

of this language is further contradicted by the fact that the 29 Dec. License, analyzed by this court in *NeuroGrafix I*, includes an identical Section 10: Government Rights as the 7 Dec. License. *Compare* 7 Dec. License at 13 *with* 29 Dec. License at 14. Just as Judge Damich found in *NeuroGrafix I*, Section 10 of the 29 Dec. License did not contain language labeling the government a “third party,” the Court here finds the 7 Dec. License similarly failed to include such language. Plaintiffs contention that they “showed the presence of the required terms in the [7 Dec. License]” is wrong. Mot. for Recons. at 10. All plaintiffs have done is present the same arguments and the same language regarding the definition of “Third Party,” albeit language contained in a “different” agreement.

The Court thus finds the 7 Dec. License did not transfer from WRF to Filler the right to enforce the '360 patent against the government. Though not binding on the Court’s determination, this interpretation of the 7 Dec. License is consistent with this court’s previous interpretation of similar language contained in the 29 Dec. License in *NeuroGrafix I*. In *NeuroGrafix I*, this court found the definition of “Third Party” to be “quite clear: ‘Third Party’ is limited to a set of entities.” *NeuroGrafix I*, 111 Fed. Cl. at 506. This court did not find the government to be part of any category within the set of parties expressly provided in the licensing agreement. *Id.* Accordingly, this court was “not persuaded by [plaintiffs’] attempts to expand the scope of the contract beyond the plain meaning of its language.” *Id.* Turning next to external evidence, this

court further drew “some degree of intent from the fact that the parties defined ‘Third Party’ more narrowly than the ordinary meaning would allow.” *Id.* at 507. “Thus, the ordinary meaning of the term ‘third party,’” as between WRF and Filler, “would encompass *anybody else*.” *Id.* “The fact that the parties built their definition of ‘Third Party’ from the ground up, rather than from the broadest ordinary meaning, implies that the parties intended to place some limit on the term.” *Id.* (footnote omitted). “Because nothing solidly evidences any intent either way, the Court [was] left to return to the plain language of the definition adopted by the parties.” *Id.* (citing Restatement (Second) of Contracts § 201(1) (“Where the parties have attached the same meaning to a promise or agreement or a term thereof, it is interpreted in accordance with that meaning.”))).

Even assuming plaintiffs were able to allege sufficient facts to support expiration of the 29 Dec. License and a return to operation under the 7 Dec. License, the Court finds the 7 Dec. License similarly failed to grant Filler the necessary rights to assert infringement against the government. Accordingly, plaintiffs’ motion for reconsideration as to the second argument— whether the Court properly considered the correct licensing agreements—is denied. *Biery*, 818 F.3d at 711 (quoting *Young*, 94 Fed. Cl. at 674) (“Under [RCFC] 59(a)(1), a court, in its discretion, ‘may grant a motion for reconsideration when there has been an intervening change in the controlling law, newly discovered evidence, or a need to correct clear factual or legal error or prevent manifest injustice.’”).

### **iii. Dr. Filler's Standing to Assert the '360 Patent Against the Government**

A review of the necessary licensing agreements underlying plaintiffs' cause of action allows the Court to now return to Dr. Filler's standing to bring suit. Neither the 7 Dec. License nor the 29 Dec. License, under any of the theories presented by plaintiffs, transferred Dr. Filler the right to assert the '360 patent against the government. Plaintiffs' lone theory of establishing standing requires the Court to recognize one of the December 1998 licenses as an exclusive license sufficient to confer standing on plaintiff to assert the '360 patent. *Prima Tek II*, 222 F.3d at 1377 ("an exclusive, territorial licensee is equivalent to an assignment and may therefore confer standing upon the licensee to sue for patent infringement"). "[T]o assert standing for patent infringement, the plaintiff must demonstrate that it held enforceable title at the inception of the lawsuit." *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309 (Fed. Cir. 2003) (internal citation omitted).

As this Court noted in *NeuroGrafix I*:

The Federal Circuit has explained that there are three categories of standing for a potential plaintiff in patent cases: (1) those that hold all substantial rights in the patent; (2) those that hold exclusionary rights granted by the patent, but not all substantial rights in the patent; and (3) those that do not even hold exclusionary rights under the patent.



*NeuroGrafix I*, 111 Fed. Cl. at 504 (citing *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1339–40 (Fed. Cir. 2007)). “In order to transfer all substantial rights, an agreement must ‘convey[] *in full* the right to exclude others from making, using and selling the patented invention in the exclusive territory.’” *Id.* at 505 (quoting *Prima Tek II*, 222 F.3d at 1377). Thus, where a party falls under this second category as a holder of exclusionary rights, but not all substantial rights in the patent, the right “must be enforced through or in the name of the owner of the patent.” *Morrow*, 499 F.3d at 1340.

Dr. Filler did not receive “all substantial rights in the patent” under either the 7 Dec. License or the 29 Dec. License. Neither the 7 Dec. License nor the 29 Dec. conferred to Dr. Filler the right to assert the '360 patent against the government. Accordingly, any action asserting the '360 patent under § 1498 based on a transfer of rights pursuant to the December 1998 licensing agreements for the time period discussed herein “must be enforced through or in the name of the owner of the patent.” *Morrow*, 499 F.3d at 1340. Dr. Filler, as the sole plaintiff of this action at the inception of the lawsuit, lacked standing to assert the '360 patent for a cause of action under 28 U.S.C. § 1498.

## **V. Application of the Doctrine of Collateral Estoppel in the Court’s 8 May 2020 Order**

### **a. Parties Arguments**

Plaintiffs further argue “the Court has used the term ‘Collateral Estoppel’ but in fact it has performed a cross party ‘Collateral Reversal.’” Mot. for Recons. at 10. Plaintiffs view the Court’s 8 May 2020 order as finding “there is no standing when the language [in the license regarding government rights] is PRESENT, when previously it found that there is no standing when the language is ABSENT.” *Id.* Plaintiffs’ position is best characterized as follows:

[The Court] is asserting that if it made a mistake that was not challenged, this mistake can then be applied to entirely different parties in entirely different contracts who not only could not litigate or appeal but who had no basis to expect an obvious error in a litigation to be forced into other business.

*Id.* Plaintiffs further argue “[b]ecause Filler was not a party to [*NeuroGrafix I*] he cannot have had a full and fair opportunity to litigate the issue.” Mot. for Recons. at 5. The Court addressed this issue in the *Filler*:

All plaintiffs in the present action therefore had a strong incentive to fully litigate the issue in *NeuroGrafix I*. Plaintiffs stated during oral argument that the decision not to appeal this Court’s decision in *NeuroGrafix I* was a deliberate business decision in favor of the multi-district litigation, as plaintiffs purportedly disagreed with this Court’s decision in *NeuroGrafix I* at the time it was rendered. *See* Tr. at 29:1–5, ECF No. 45. Application of the doctrine of collateral estoppel cannot be avoided as a result of such strategic decisions or disagreements with a legal ruling.

*Banner*, 238 F.3d at 1355 (“The mere disagreement with a legal ruling does not mean that a party has been denied a ‘full and fair’ opportunity to litigate.”). A party need not exercise their right to an appeal; collateral estoppel simply “requires that a party have had an opportunity to appeal a judgment as a procedural matter.” *Id.*

Lastly, plaintiffs provide no evidence of effective litigation being limited by the relationship of the parties. Nothing before the Court suggests a material limitation was placed on the various plaintiffs as a result of their relationship with one another. Plaintiffs do not allege they were deprived a fair opportunity to litigate this issue; rather, plaintiffs focus purely on the introduction of new evidence in the form of additional licensing agreements in an attempt to escape this Court’s previous findings.

*Filler* at 139.

The government argues “it is now beyond cavil that ‘a non-party may be bound by a judgment if one of the parties to the earlier suit is so closely aligned with the non-party’s interests as to be its virtual representative.’” Resp. to Mot. for Recons. at 11 (quoting *Mother’s Rest, Inc. v. Mama’s Pizza, Inc.*, 723 F.2d 1566, 1572 (Fed. Cir. 1983)). Noting Dr. Filler himself was not a party to *NeuroGrafix I*, “Dr. Filler certainly participated in control of the previous litigation. Notably, all of the juristic entities who participated in either case were organized and/or controlled by Dr. Filler.” *Id.* The government thus concludes “although Dr. Filler and NeuroGrafix SP

were not named parties, each was in privity with all plaintiff parties in the 2012 litigation.” *Id.* at 12.

**b. Whether the Court’s 8 May 2020 Order Correctly Applied the Doctrine of Collateral Estoppel**

Plaintiffs fundamentally misunderstand the Court’s decision in the *Filler*. The Court did not hold “there is no standing when the language [in the license regarding government rights] is [present].” Mot. for Recons. at 10. Rather, the Court refused to allow plaintiffs to relitigate “[t]he issue of whether plaintiffs received the right to enforce the ‘360 patent against the government” in the 29 Dec. License. *Filler* at 138. The Court also did not apply collateral estoppel to an “entirely different contract[],” presumably the 7 Dec. License, or to “entirely different parties.” Mot. for Recons. at 10. The Court found “[n]either the 1994 License, the [29 Dec.] License, nor the 2012 Amendment transferred the right to enforce the ‘360 patent against the government to any of the plaintiffs in the present case” based on *NeuroGrafix I. Filler* at 139.

To the extent plaintiffs attempt to dispute the Court’s finding on this point in the motion for reconsideration, plaintiffs had every opportunity to raise such arguments when briefing the motion to dismiss but chose not to do so. While the Court sees no error in its previous analysis on this point, the following discussion is provided to clarify plaintiffs’ misunderstanding of the law.

The Court recognizes the “general rule against nonparty preclusion, subject to certain exceptions.” *WesternGeco LLC v. ION Geophysical Corp.*, 889 F.3d 1308, 1319 (Fed. Cir. 2018), *cert. denied*, 139 S. Ct. 1216 (2019) (citing *Taylor v. Sturgell*, 553 U.S. 880, 892–93 (2008)). Among those factors in a non-exhaustive list to be considered in finding whether a non-party to the previous litigation was in privity with those plaintiffs are: “pre-existing substantive legal relationships between the person to be bound and a party to the judgment;” “adequate representation by someone with the same interests who was a party;” “assumption of control over the litigation in which judgment was rendered;” and “where the nonparty to an earlier litigation acts as a proxy for the named party to relitigate the same issues.” *Id.* at 1319 (Fed. Cir. 2018) (internal citations omitted), (citing *Taylor*, 553 U.S. at 894–95; *see also Mother’s Rest.*, 723 F.2d at 1572 (citing Restatement (Second) of Judgments § 39 (1980) and *Montana v. United States*, 440 U.S. 147, 154 (1979)).

As the government points out, “Dr. Filler planned and organized each of the juristic entities [from *NeuroGrafix I*].” Gov’t Resp. at 12 (citing Opp’n to MTD at 6–7). As the Court noted in *Filler*, Filler played a significant role in the business dealings of each of the named plaintiffs: he was either the individual himself (Filler); a sole proprietorship (Neurografix-Sole Proprietorship); or the President, CEO, or Medical Director of the business entity (NeuroGrafix, NIMA, and IBS). *Filler* at 139. As Filler indicated during oral argument on the motion to

dismiss, the decision not to appeal this Court's decision in *NeuroGrafix I* was strictly a business decision. *Id.* at 137 (citing Tr. at 28:15–29:5). Filler, as one of the inventors of the patent, the alleged exclusive licensee in his own personal capacity and through his sole proprietorship, the individual with the authority to render business decisions over the various business entities involved in *NeuroGrafix I*, and the attorney now handling the present litigation, has always been the party with control over litigating infringement of the '360 patent.

Application of the doctrine of collateral estoppel “preclude[s] parties from contesting matters that they have had a full and fair opportunity to litigate,” thus “protect[ing] their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Montana v. United States*, 440 U.S. at 153–54. “These interests are similarly implicated when nonparties assume control over litigation in which they have a direct financial or proprietary interest and then seek to redetermine issues previously resolved.” *Id.* at 154. The Supreme Court has thus observed the application of the doctrine of collateral estoppel applies to “the persons for whose benefit and at whose direction a cause of action is litigated.” *Id.* Thus, one “who assists in the prosecution or defense of an action in aid of some interest of his own . . . is as much bound . . . as he would be if he had been a party to the record.” *Id.* (quoting *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 262 n.4 (1961)).

The Federal Circuit has similarly affirmed a district court's application of collateral estoppel where an individual plaintiff assumed control of the litigation under similar circumstances as those presented in this case:

[The plaintiff] actively participated in the [prior] litigation as the principal agent of her company, and [the plaintiff's] interest in those actions was identical to those of her company. The district court held that [the plaintiff] is bound by the prior judicial determinations against [the plaintiff's company], and that [the plaintiff] is estopped from relitigating those claims against [the defendant]. No error has been shown in this ruling, and in the dismissal on this ground.

*Yip v. Hugs to Go LLC*, 377 Fed. App'x 973, 976–77 (Fed. Cir. 2010). Accordingly, Filler's privity with the various NeuroGrafix entities gave him a full and fair opportunity to litigate the issue of the rights assigned in the 29 Dec. License in *NeuroGrafix I*. The doctrine of collateral estoppel was thus appropriately applied to each of the plaintiffs in this case.<sup>13</sup>

<sup>13</sup> Plaintiffs attempt to argue, if the Court finds the various plaintiffs in privity with one another, such a finding would bar application of the Assignment of Claims Act to the various licensing agreements. Mot. for Recons. at 6 ("The Fact of the matter is that if the Court meant to find an alter ego relationship through its ruling, then it has voided the application of the Assignment of Claims Act as to the 2013 transfer, and it has rendered Filler as in full possession of all rights held by NeuroGrafix."). As none of the licensing agreements transferred the right to assert the '360 patent against the government to any of the plaintiffs in this action,

the right to enforce the '360 patent against the government accordingly accrued to WRF until the final round of assignments in December 2013, which was after the '360 patent expired. Plaintiffs therefore must show they were in privity with WRF in order to avoid application of the Assignment of Claims Act, a point which plaintiffs readily conceded they could not do at oral argument on the motion to dismiss:

THE COURT: But the alter ego issue is the transfer—is related to the WRF transfer to NeuroGrafix, right?

DR. FILLER: Well, the alter ego issue would . . .

THE COURT: I mean, it would have to say that WRF and NeuroGrafix are the same.

DR. FILLER: That's not the case. WRF is a totally separate entity, yes. That's not alter ego.

Tr at 82:9-16.

## **VI. Conclusion**

The Court **ACCEPTS** plaintiffs' reply brief as if it was properly filed with a motion for leave to file a reply brief. The Court has considered all of plaintiffs' arguments. To the extent not discussed specifically herein, plaintiffs' other claims are unpersuasive, meritless, or unnecessary for resolving the issues currently before the Court. Accordingly, the Court hereby **DENIES** the plaintiffs' motion for reconsideration pursuant to RCFC 59(a)(1)(A).

**IT IS SO ORDERED.**

s/ Ryan T. Holte RYAN T. HOLTE  
Judge



## **Appendix 2 – Other Relevant Opinions**

- a) CFC Ruling on Motion to Dismiss in *NeuroGrafix v U.S*

## ***Appendix 2 – Other Relevant Opinions***

a) CFC Ruling on Motion to Dismiss in  
*NeuroGrafix v. U.S (2013)*  
In the United States Court of Federal Claims  
No. 12-385C  
(Filed: June 7, 2013)<sup>1</sup>

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**NEUROGRAFIX, et al.**

*Plaintiffs,*

v.

**THE UNITED STATES,**

*Defendant.*

\*\*\*\*\*

### **OPINION AND ORDER OF DISMISSAL**

NeuroGrafix (“NG”), Neurography Institute Medical Associates, Inc. (“NIMA”), and Image-Based Surgicenter Corp. (“IBS”) (collectively, “Plaintiffs”) brought this suit alleging that the Defendant (“United States” or “Government”) has made unauthorized use of U.S. Patent No. 5,560,360 (the “360 Patent”). The ‘360 Patent relates to the field of magnetic resonance imaging (“MRI”).<sup>2</sup> The United States has moved to dismiss the Complaint for lack of jurisdiction on the ground that the Plaintiffs lack standing. For the reasons that follow, the motion is GRANTED.

<sup>1</sup> This Opinion and Order was issued under seal on May 24, 2013. The parties were given an opportunity to review the Opinion in order to propose redaction of any competition-sensitive, proprietary, confidential, or otherwise protected information. The parties have informed the Court that no such redactions are necessary.

<sup>2</sup> The specifics of the Patent are irrelevant to the instant Opinion, so the Court will not address them herein.

## **I. Background**

### **a. Allegations in the Complaint**

The '360 Patent was issued on October 1, 1999. The University of Washington ("UW"), a public institution of higher education, is the owner by assignment of the '360 Patent. According to the Complaint, the Washington Research Foundation ("WRF") holds substantially all rights in the '360 Patent via exclusive license from UW. In turn, WRF allegedly licensed substantially all rights in the Patent to NG in December of 1998.

The Complaint alleges that the rights in the '360 Patent have been divided into three fields of medicine via sublicenses from NG to NIMA and NIMA to IBS. NG is currently the exclusive licensee of the Patent in the field of non-human, non-surgical medicine. NIMA is the exclusive licensee in the field of human, non-surgical medicine. Finally, IBS is the exclusive licensee in the field of human, surgical medicine. Plaintiffs allege that they "have a legal right to enforce their rights under the patent, sue for infringement, and seek all available relief and damages."

The Plaintiffs claim that the Government, through the Department of Defense, the Department of Veterans Affairs, and possibly through a number of other departments and agencies, has infringed the '360 Patent. Specifically, the Plaintiffs claim that the Government has infringed the '360 Patent through "the performance of and provision of equipment and

methods for peripheral nerve MR Neurography, diffusion anisotropy based tractography and DTI.” Compl. at 4.

## **b. The Motion and Procedural Posture**

The Government moved this Court to dismiss the complaint for lack of jurisdiction. Generally put, the Government asserted that nothing in the Complaint proved that UW—via WRF—has transferred sufficient rights in the ‘360 Patent to the Plaintiffs to establish their standing to bring suit. The motion was initially filed in November of 2012.

Plaintiffs filed a response to the motion on December 17, 2012. Along with the response, Plaintiffs filed three sealed documents: a license between WRF and NG (the “WRF-NG Agreement”); a license between NG and NIMA; and a license between NIMA and IBS. In its reply, the Government observed that the ‘360 Patent is not mentioned anywhere in the WRF-NG Agreement.<sup>3</sup> It also observed that the WRF-NG Agreement was silent on the transfer to NG of the right to sue the Government. Plaintiffs then filed for leave to submit a sur-reply in response to new arguments raised by the Government. Leave was granted and the sur-reply was filed on January 17, 2013. Because it was the Government’s motion, the Court decided that fairness required it be allowed the last word. Thus, on January 24, 2013, the

<sup>3</sup> Notably, both of the sublicenses indicate in their headers that the license was for “Patent: US 5,560,360 and related patent family.”

Government filed a supplemental brief in response to the sur-reply.

After reviewing all of the filings, questions remained in the Court's mind as to whether jurisdiction was appropriate in this case. To this end, the Court ordered that Plaintiff submit certain additional evidence, which is described in further detail in the Court's February 5, 2013 Order. The documents submitted in response to that order include, *inter alia*: a Technology Administration Agreement between St. George's Hospital Medical School,<sup>4</sup> UW and WRF; an agreement between UW and WRF (the "UW-WRF Agreement"); and the original 1998 agreement between WRF and NG.<sup>5</sup> Once again, the Government moved for leave to file a brief addressing Plaintiffs' new submissions, and the Court obliged. The Government's second supplemental brief was submitted on February 22, 2013.

## **II. Legal Standard**

### **a. Rule 12(b)(1) Motions**

A motion brought under Rules of the Court of Federal Claims ("RCFC") Rule 12(b)(1) challenges the Court's subject matter jurisdiction. *See* RCFC 12(b)(1). Standing is jurisdictional. *See Hoopa Valley Tribe v. United States*, 597 F.3d 1278, 1283 (Fed. Cir. 2010); *see also Myers Investigative and Security*

<sup>4</sup> St. George's was an original assignee of the '360 Patent. It has assigned its rights in the '360 Patent to UW.

<sup>5</sup> The WRF-NG Agreement, dated 2012, replaced this 1998 agreement.

*Services, Inc. v. United States*, 275 F.3d 1366, 1369 (Fed. Cir. 2002) (“[S]tanding is a threshold jurisdictional issue.”). “The party invoking federal jurisdiction bears the burden of establishing [the] elements [of standing.]” *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992).

**b. 28 U.S.C. § 1498(a)**

The Court of Federal Claims’ jurisdiction over claims of governmental patent infringement is established by 28 U.S.C. § 1498(a). Pursuant to § 1498(a), the “owner” of a patent may bring suit against the Government to recover the owner’s “reasonable and entire” compensation for the Government’s use of the owner’s invention. 28 U.S.C. § 1498(a). In order to qualify as an “owner,” a plaintiff proceeding under § 1498(a) must have an interest equal to that which would support a lawsuit against a private defendant. *See E.W. Bliss Co. v. United States*, 253 U.S. 187, 191-92 (1920). This means that case law on the standing of a “patentee” to sue under 35 U.S.C. § 281 is instructive for purposes of determining whether a plaintiff in this Court is an “owner” for the purposes of § 1498(a).

The Federal Circuit has explained that there are three categories of standing for a potential plaintiff in patent cases: (1) those that hold all substantial rights in the patent; (2) those that hold exclusionary rights granted by the patent, but not all substantial rights in the patent; and (3) those that do not even hold exclusionary rights under the patent. *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1339-40

(Fed. Cir. 2007). Only those entities which fall under the first category may sue without joining any other entities. *Id.* A party may be such a plaintiff even if title in the patent is not formally transferred: a conveyance of all substantial rights in the patent may allow a transferee to bring suit in its own name. *See Propat Int'l. Corp. v. RPost, Inc.*, 473 F.3d 1187, 1189 (Fed. Cir. 2007). In order to transfer all substantial rights, an agreement must “convey[] *in full* the right to exclude others from making, using and selling the patented invention in the exclusive territory.” *Prima Tek II, LLC v. A-Roo Company*, 222 F.3d 1372, 1377 (Fed. Cir. 2000) (emphasis in original). Usually, “the nature and scope of the exclusive licensee’s purported right to bring suit, together with the nature and scope of any right to sue purportedly retained by the licensor, is the most important consideration.” *Alfred E. Mann Foundation for Scientific Research v. Cochlear Corp.*, 604 F.3d 1354, 1360-61 (Fed. Cir. 2010). The Court may look to both the substance of the rights granted as well as the intention of the parties. *Mentor H/S Inc. v. Medical Device Alliance Inc.*, 240 F.3d 1016, 1017 (Fed. Cir. 2001).

Entities that fall under the second category may hold exclusionary or other rights in the patent, but not all substantial rights to the patent. In such cases, where the plaintiff may be the exclusive licensee of the patent, the plaintiff is injured when any other party makes, uses, sells, offers to sell, or imports the patented invention. *Morrow*, 499 F.3d at 1340. However, the exclusionary right “must be

enforced through or in the name of the owner of the patent.” *Id.*

Finally, the third category comprises those that own less than all substantial rights and lack even the right to exclude. Such entities are not injured by another party’s making, using, or selling of the invention. *Id.* at 1341. In such cases, the standing deficiency cannot be cured, even by adding the patent owner to the suit. *Id.*

### **III. Discussion**

#### **a. The Court May Go Beyond the Scope of the Complaint**

As an initial matter, the Plaintiffs argue that, because the Complaint alleges facts sufficient to confer standing, nothing more is required from them. Pltfs. Resp. at 5. Plaintiffs summarize their Complaint, pointing out that they have alleged: that WRF holds all substantial rights in the ‘360 Patent; that NG, NIMA and IBS are the exclusive licensees in various fields of use; and that they (the Plaintiffs) have a legal right to enforce their rights under the license. *Id.* The Plaintiffs portray the Government’s motion as a “facial challenge” to jurisdiction, such that the Court must “accept[] as true all of the non-movant’s factual allegations and draw[] all reasonable inferences in a light most favorable to that party.” *Id.*

The Government correctly argues that the Plaintiffs miss the mark. The Government’s challenge is a *factual* one—not a facial one. The distinction is important. A facial challenge to jurisdiction is one in which the Court accepts as true the allegations of a



complaint, and considers its power to entertain suit in light of those allegations. See *Cedars-Sinai Med. Ctr. V. Watkins*, 11 F.3d 1573, 1583 (Fed. Cir. 1993). The Government's example of a facial challenge is instructive: this Court may accept as true all of the allegations of a tort claim, but it still lacks jurisdiction to hear the case.

Alternatively, a factual challenge to jurisdiction is one in which the Court need not accept as true the facts alleged by a plaintiff in support of jurisdiction. First, the party challenging jurisdiction need only challenge the allegations; it need not present evidence controverting the jurisdictional allegations. *Id.* at 1584. Then, because the party seeking to invoke the Court's jurisdiction bears the burden of establishing that jurisdiction, *KVOS, Inc. v. Associated Press*, 299 U.S. 269, 278 (1936), the non-movant must come forward with evidence in support of jurisdiction; allegations alone are insufficient at this stage. *Cedars-Sinai*, 11 F.3d at 1584; see also *Lujan*, 504 U.S. at 561 ("The party invoking federal jurisdiction bears the burden of establishing [standing.]").

Here, the Government challenges the Plaintiffs' allegations which might otherwise support standing. It does not accept the Plaintiffs' allegations as true. As such, it is plain that the challenge here is factual, rather than facial, and the Plaintiffs must provide evidence which supports this Court's jurisdiction. The point is moot, however, because the Plaintiffs have submitted evidence which they believe supports their claim of standing.

## **b. Ownership and Licensing of the ‘360 Patent**

The ‘360 Patent has been subject to a number of assignments and licenses. Initially, it appears that the four inventors split their interests between St. George’s and UW. That these two schools had received substantially all rights in the patents appears uncontroverted.

After the initial assignment by the inventors, the chain of title becomes murky. Among the documents Plaintiff submitted in response to the Court’s order is a “Technology Administration Agreement,” (“TAA”) (Docket No. 34-5), which was executed in May of 1994.<sup>6</sup> Article 2.1 of the TAA provides that “St. George’s agrees to assign to UW all right, title and interest” to the ‘360 Patent and related technology. Meanwhile, the Government has submitted PTO records that indicate that St. George’s assigned its rights to UW on February 6, 2008. Whatever the actual date of the assignment from St. George’s to UW, there is no dispute that UW owned all patent rights and could transfer the same.

The government disputes the allegation in the Complaint that WRF holds substantially all the rights in the ‘360 patent via exclusive license from UW. The Court, however, need not resolve this dispute, because, even if WRF holds substantially all the rights, the Court finds that the WRF-NG Agreement did not grant NG the right to sue the United States.

<sup>6</sup> The three signatures on the document are from representatives of WRF, UW and St. George’s, and are dated May 23, 25 and 31, 1994, respectively.

Specifically, in its first brief after Plaintiffs filed the WRF-NG Agreement, the Government asserted that the WRF-NG Agreement only granted NG the right to bring infringement actions against a “Third Party.” WRF-NG Agreement at 9. The Agreement expressly provided a definition of “Third Party”: “any individual, corporation, partnership or other business entity other than WRF, Licensee, Affiliates and Sublicensees.” WRF-NG Agreement at 5. The Government argued that the United States doesn’t fall within the contract’s definition of Third Party, and as such, the WRF-NG Agreement did not confer upon NG the right to sue the United States for infringement.

The Plaintiffs contend in response that the Court should look to the intent of the parties, and “it is clear that WRF and NeuroGrafix’s mutual intent at the time of contracting was to remove WRF as a necessary party to *any* litigation in which NeuroGrafix asserts the ‘360 patent against an alleged infringer, including governmental entities.” Pltf. Sur-Reply at 1. The Plaintiffs also point to the course of performance between WRF and NG as evidence that the intent was to allow NG to sue the United States.

The Court is not persuaded by the Plaintiffs’ attempts to expand the scope of the contract beyond the plain meaning of its language. “The fundamental principle in contract construction is to interpret the contract to carry out the intent of the parties, as that intent is *evidenced by the contractual language.*” RESTATEMENT (SECOND) OF CONTRACTS § 8:12

(1981) (emphasis added) (hereinafter, RESTATEMENT). The contractual language is quite clear: “Third Party” is limited to a set of entities, and plainly the Government does not fall within any of the classes of entity defined in the contract.

The Plaintiffs assert that the Recitals portion of the WRF-NG Agreement shows the parties’ intent to allow NG to sue the Government. The provision cited states that “[t]he objective of this Amendment is to remove WRF as a necessary party to actions where Licensee asserts the Patent Rights against *Third Party* infringers and *related actions*.” WRF-NG Agreement at 4 (emphasis added). Arguably, the “related actions” language could reasonably encompass litigation against non-Third Parties; just as reasonably, though, it could encompass only claims ancillary to the assertion of the patent rights against Third Parties. This does not clarify whether the intention was for WRF to transfer to NG the right to sue the United States.

Looking at other evidence, the Court can draw some degree of intent from the fact that the parties defined “Third Party” more narrowly than the ordinary meaning would allow. According the Merriam-Webster, a “third party” is “a person other than the principals.” MERRIAM-WEBSTER DICTIONARY, *available at* <http://www.merriam-webster.com/dictionary/third%20party> (last visited May 9, 2013). An example in the dictionary is “insurance against injury to third parties.” *Id.* Thus, the ordinary meaning of the term “third party,” as between WRF and NG, would encompass *anybody*

*else*. The fact that the parties built their definition of “Third Party” from the ground up, rather than from the broadest ordinary meaning,<sup>7</sup> implies that the parties intended to place some limit on the term.

The Plaintiffs also point to the course of performance with WRF. “Where an agreement involves repeated occasions for performance by either party with knowledge of the nature of the performance and opportunity for objection to it by the other, any course of performance accepted or acquiesced in without objection is given great weight in the interpretation of the agreement.” RESTATEMENT at § 202(4). Plaintiffs claim that, because WRF has not objected to the present lawsuit, it must have intended to grant NG the right to sue the United States. That may be so, but one lawsuit—this one—hardly constitutes “repeated occasions.”

The Plaintiffs also note that this is not the first instance in which NG has asserted the ‘360 Patent against a governmental entity. They point the Court to *NeuroGrafix v. The Regents of the University of California*, Case No. 11-CV-07591-MRP (C.D. Cal.). While the Plaintiffs are certainly involved in a case against a governmental defendant, WRF was joined as a plaintiff in the complaint in that case. Thus, the *Regents* case tells us nothing about WRF’s intent to allow NG to sue governmental entities on its own.<sup>8</sup>

In the UW-WRF Agreement, the Court finds support for the conclusion that WRF retained the

<sup>7</sup> For example, the definition could have been “any entity other than WRF, Licensee, Affiliates and Sublicensees.” This surely would have included the United States.

right to sue governmental parties. Like the WRF-NG Agreement, the UW-WRF Agreement contains a definition of “Third Party”: “corporate entities or individuals other than WRF or UW.” UW-WRF Agreement at 2. As with the WRF-NG Agreement, the UW-WRF

Agreement grants the licensee (WRF) the right to bring suit against such Third Parties. *Id.* at 7. Although the Court makes no decision on this point, the UW-WRF Agreement indicates that at least WRF was aware that the United States could qualify as a Third Party: in an Article entitled “Third Party Rights,” two of the three provisions deal with potential rights that the United States government may have in the technology being licensed. *See* UW-WRF Agreement at 4. The presence of the United States in these “Third Party Rights” provisions in the UW-WRF Agreement—and the complete lack of a similar language in the WRF-NG Agreement—tells the Court that WRF did not intend to grant NG the right to sue the United States.

All told, the only pieces of evidence that even arguably support an intention of the parties to transfer to NG the right to sue the United States are the ambiguous Recital provision and this lawsuit—neither of which constitute clear evidence of intent. Nothing else indicates any intent to transfer the rights.

<sup>8</sup> The Court will not speculate on WRF’s motives, but there is at least a reasonable basis for taking WRF’s participation in the *Regents* case and its failure to appear here as an indication that WRF did not intend to allow NG to sue the United States.

Because nothing solidly evidences any intent either way, the Court is left to return to the plain language of the definition adopted by the parties. *See* Restatement at § 201(1) (“Where the parties have attached the same meaning to a promise or agreement or a term thereof, it is interpreted in accordance with that meaning.”). The parties expressly defined “Third Party” in a manner that does not include the United States, and NG received the right only to sue Third Parties. Whatever the extent to which WRF has a right to sue the United States (and the Court makes clear that it makes no finding on that point), WRF did not pass that right on to NG.

This leaves the Plaintiffs in the unfortunate position of lacking standing in this Court since the United States is a necessary party here. The Court will not speculate as to whether the Plaintiffs may recover via suit in some other forum, but their lack of standing necessitates dismissal of the pending action.

#### **IV. Conclusion**

For the foregoing reasons, the Court concludes that the Plaintiffs do not possess the necessary interests in the ‘360 Patent to have standing to bring suit against the United States for infringement. Thus, the United States’ motion to dismiss is GRANTED. The case is dismissed, and the Clerk shall mark the case accordingly.

s/ Edward J. Damich  
EDWARD J. DAMICH  
Judge

b) Order Denying Motion to Dismiss in MDL  
*In Re: Neurografix ('360) Patent Litigation*  
(2014)

US District Court District Of Massachusetts

MDL NO. 13-2432-RGS

In re: NEUROGRAFIX ('360) PATENT LITIGATION

MEMORANDUM AND ORDER ON PLAINTIFFS'  
MOTION TO SUPPLEMENT THE COMPLAINTS  
AND CONSOLIDATED DEFENDANTS' RENEWED  
MOTION TO DISMISS

March 24, 2014

STEARNS, D.J.

In the summer of 2012, plaintiffs NeuroGrafix, Neurography Institute Medical Associates, Inc. (NIMA), and Image-Based Surgicenter Corporation (IBSC), launched a fusillade of lawsuits against MRI equipment manufacturers and university and hospital end-users, accusing them of infringing U.S. Patent No. 5,560,360, "Image Neurography and Diffusion Anisotropy Imaging" ('360 patent). Nine pending cases were consolidated by the Multidistrict Litigation Panel (MDL) in this court for pretrial proceedings. Plaintiffs now move to supplement the original complaints, while defendants by way of a cross-motion seek a dismissal of the complaints for want of standing.<sup>1</sup>

<sup>1</sup> This Renewed Motion to Dismiss is brought by defendants in four of the consolidated cases: *NeuroGrafix v. BrainLab, Inc., et al.*, C.A. No. 12-6075 (N.D. Ill.); *NeuroGrafix v. Philips Electronics North America Corp., et al.*, C.A. No. 12-



## BACKGROUND

The inventors<sup>2</sup> of the '360 patent assigned their rights in the invention to The University of Washington (UW) at Seattle and St. George's Hospital Medical School (St. George's) of London in 1993.<sup>3</sup> In order to exploit the neurography technology covered by the patent, UW sought to license the assigned rights to the Washington Research Foundation (WRF), a non-profit vehicle through which UW commercializes intellectual property. To this end, UW, WRF, and St. George's negotiated a Technology Administration Agreement (TAA) under which WRF was to acquire an exclusive license to the technology from UW. The TAA provided that "St. George's agrees to assign to UW all right, title, and interest" that it holds in the '360 patent. TAA § 2.1. UW, in turn, "agree[d] to exclusively license to [WRF] all right, title and interest UW has or may later acquire or become entitled to, including St. George's rights assigned [pursuant to the TAA]." Id. § 2.2.4

11065 (D. Mass.); *NeuroGrafix v. The University of Chicago Medical Center, et al.*, C.A. No. 13-10759 (N.D. Ill.); *NeuroGrafix v. The Johns Hopkins University, et al.*, C.A. No. 12-02181 (D. Md.). The remaining five cases are stayed pending disposition of the motion.

<sup>2</sup> Drs. Aaron G. Filler, Jay S. Tsuruda, Todd L. Richards, and Franklyn A. Howe are the listed co-inventors of the patent.

<sup>3</sup> The '360 patent teaches a technology for enhancing neural magnetic resonance imaging. The technical details of the patent have no bearing on this motion.

On March 9, 1994, WRF mailed St. George's a draft of the TAA that included as an exhibit a preliminary form license between UW and WRF. One week later, representatives of WRF met with representatives from St. George's in England and agreed in principle to the terms of the TAA. WRF then requested an exclusive license from UW "to proceed proactively with [the neurography] patenting and licensing activities " UW and WRF executed the license on March 23, 1994 (UW-WRF license). St. George's signed the TAA two months later on May 31, 1994. Some fourteen years later, in 2008, St. George's got around to assigning its rights in the '360 patent to UW "in compliance with the Technology Administration Agreement," retroactive to May 31, 1994.

In December of 1998, WRF executed an "Exclusive License Agreement" with NeuroGrafix, granting NeuroGrafix the "exclusive rights to make, use, and sell Licensed Products" that "rely[] fully or in part on [the '360] Patent Rights for their development, manufacture, or use." 1998 WRF-NG license § 2; § 1.7, App. A. In September of 2011, plaintiffs in this action divvied up the '360 patent rights among themselves. NeuroGrafix first entered into an

<sup>4</sup> Section 2.2 of the TAA states that the UW-WRF license "shall be in substantially the form attached hereto as Exhibit A." The Agreement, however, does not have an attachment explicitly labeled Exhibit A. Plaintiffs contend that the draft agreement attached to WRF's March 9, 1994 letter to St. George's was the intended Exhibit A.

agreement with NIMA purporting to grant NIMA an exclusive license to the '360 patent. NIMA, in turn, granted back to NeuroGrafix an exclusive license in the patent limited to the field of non-human medicine. NIMA then granted IBSC an exclusive license to the patent limited to the field of surgical medicine. Finally, in June of 2012, WRF and NeuroGrafix executed an "Amended and Restated Non-Terminable Exclusive License Agreement," (WRF-NG license) the purpose of which was to "remove WRF as a necessary party to actions where [NeuroGrafix] asserts the Patent Rights against Third Party infringers and related actions." WRF-NG license, Recital F.

After the complaints were consolidated by the MDL Panel, the non- stayed defendants moved to dismiss, alleging various defects in the chain of title that, if substantiated, would presumably strip plaintiffs of the constitutional and prudential standing necessary to maintain suit for infringement of the '360 patent. A hearing on defendants' motion was held on November 1, 2013. Before argument on the merits of the motion began, plaintiffs informed the court that they would agree to dismiss the complaints without prejudice in order to amend a provision in the WRF-NG license authorizing lawsuits against "third parties," a provision which the Court of Federal Claims had held in a separate case did not include the right to sue the United States. See *NeuroGrafix v. United States*, 111 Fed. Cl. 501, 506-508 (Ct. Fed. Cl. 2013). The court gave plaintiffs the option of amending the existing complaints or dismissing them without prejudice.

In December of 2013, plaintiffs executed six new assignments and licenses. UW assigned its rights to the '360 patent to WRF, which in turn assigned its rights in the patent to NeuroGrafix, which then passed them on to the next-in-line, Dr. Aaron Filler, one of the named inventors of the '360 patent and the principal of NeuroGrafix, NIMA, and IBSC. Dr. Filler next granted an exclusive license to the '360 patent back to NeuroGrafix, which passed it down the chain to NIMA and, finally, to IBSC. Plaintiffs then moved to file a supplemental complaint under Fed. R. Civ. P. 15(d) incorporating the new agreements.<sup>5</sup> Defendants responded by renewing their motion to dismiss the original complaints and with an opposition to plaintiffs' motion to supplement the pleadings.

## STANDARD OF REVIEW

Plaintiffs bear the burden of establishing standing to prosecute patent infringement claims. See *Whitmore v. Arkansas*, 495 U.S. 149, 154 (1990).

The question of standing to sue under the Patent Act is a jurisdictional one. *Rite-Hite Corp. v.*

<sup>5</sup> “On motion and reasonable notice, the court may, on just terms, permit a party to serve a supplemental pleading setting out any transaction, occurrence, or event that happened after the date of the pleading to be supplemented.” Fed. R. Civ. P. 15(d). A motion to supplement a pleading is scrutinized under the same standard as applicable to a motion to amend. *Mueller Co. v. U.S. Pipe & Foundry Co.*, 351 F. Supp. 2d 1, 2 (D.N.H. 2005).

*Kelley Co., Inc.*, 56 F.3d 1538, 1551 (Fed. Cir. 1995). “Under Fed. R. Civ. P. 12(b)(1), a party may contest the court’s subject matter jurisdiction by challenging the allegations in the complaint as insufficient on their face or by questioning the accuracy of those allegations.” *Hernandez- Santiago v. Ecolab, Inc.*, 397 F.3d 30, 33 (1st Cir. 2005). “Where a party challenges the accuracy of the pleaded jurisdictional facts, the court may conduct a broad inquiry, taking evidence and making findings of fact.” *Id.* In reviewing a factual challenge to jurisdiction, “the plaintiff’s jurisdictional averments are entitled to no presumptive weight; the court must address the merits of the jurisdictional claim by resolving the factual disputes between the parties.” *Valentin v. Hosp. Bella Vista*, 254 F.3d 358, 363 (1st Cir. 2001).

## DISCUSSION

### Standing Under the Patent Act

The Patent Act limits standing to bring an infringement suit to “a patentee.” 35 U.S.C. § 281. A “patentee” includes “the party to whom the patent was issued,” as well as “successors in title to the patentee.” 35 U.S.C. § 100(d). An exclusive licensee is deemed a successor in title if the patent owner transfers “all substantial rights” in the patent to the licensee. *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 874 (Fed. Cir. 1991) (licensing of all substantial rights in a patent amounts to an assignment and the licensee is therefore a patentee). An exclusive licensee has constitutional standing to sue for infringement in its own name.

*Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340 (Fed. Cir. 2007). A licensee that holds exclusionary rights to a patent, but not all substantial rights, must join the patentee who transferred the exclusionary rights to satisfy prudential standing concerns. *Id.* (“[T]he patentee is joined for the purpose of avoiding the potential for multiple litigations and multiple liabilities and recoveries against the same alleged infringer.”). Finally, a non-exclusive licensee lacks constitutional standing even if the patentee is joined in the action because the licensee does not meet the injury-in-fact requirement of constitutional standing. *Id.* at 1340-1341.

To maintain a suit for patent infringement, a plaintiff must have constitutional standing to sue on the date the lawsuit is filed. *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010). If the plaintiff “lacked Article III initial standing, the suit must be dismissed, and the jurisdictional defect cannot be cured after the inception of the lawsuit.” *Id.* (internal quotations and citation omitted). It follows that the critical date for determining whether a plaintiff holds “enforceable title” to the patent-in-suit is the date the original complaint was filed, and not the date the complaint was amended or supplemented. There is a pertinent exception: a licensee that holds only exclusionary rights to a patent may satisfy prudential standing requirements *after* a complaint is filed because it “had a cognizable injury at the inception of suit for the purpose of Article III standing, based on its exclusive license to the patent.” *Paradise Creations, Inc. v. UV Sales, Inc.*, 315

F.3d 1304, 1310 (Fed. Cir. 2003). Moreover, a plaintiff with standing to sue may assign its rights to the patent-in-suit during the litigation, thereby conferring its right to maintain the action on the assignee. See *Heinz Kettler GMBH & Co. v. Razor USA, LLC*, 750 F. Supp. 2d 660, 662, 666 (E.D. Va. 2010), citing *Mas-Hamilton Grp. v. LaGard Inc.*, 156 F.3d 1206, 1210-1211 (Fed. Cir. 1998).

### **UW-WRF License**

Defendants allege that whatever the import of the flurry of back-and-forth assignments and licenses in December of 2013, the present plaintiffs do not have standing to pursue infringement claims because NeuroGrafix lacked constitutional standing when the original complaints were filed. The argument has several layers. In the first instance, defendants maintain that the TAA extinguished UW's license to WRF leaving it with no rights to transfer to NeuroGrafix. The TAA, which was executed two months after the UW-WRF license, includes an integration clause stating that the TAA "completely supersedes all previous understandings and obligations between the parties pertaining to the St. George's Technology and the UW Technology." TAA § 10.1. Because the UW-WRF license predated the TAA and no license was executed after it was signed, the integration clause, as defendants read it, effectively terminated WRF's license from UW, leaving UW with all of the substantial rights to the '360 patent. Plaintiffs respond that the common-sense purpose of the TAA was to effectuate the granting of the license

by UW to WRF, and that despite their sequential execution, the documents were intended by the parties to be read together.

To resolve the dispute over the TAA's effect, the court must first decide which body of State law governs the interpretation of the contract.<sup>6</sup> Because this case arises under the U.S. Patent Act, federal conflict of law principles apply. See *Bhd. of Locomotive Eng'rs v. Springfield Terminal Ry. Co.*, 210 F.3d 18, 25-26 (1st Cir. 2000), citing *Texas Indus., Inc. v. Radcliff Materials, Inc.*, 451 U.S. 630, 642 (1981). These principles are derived from the Restatement (Second) of Conflict of Laws, "which provides that the laws of the jurisdiction with the most significant relationship to the contract should govern its interpretation." *Great Clips, Inc. v. Hair Cuttery of Greater Boston, L.L.C.*, 2009 WL 458554, at \*3 n.5 (D. Mass. Feb. 18, 2009), citing Restatement (Second) § 188(1); *Edelmann v. Chase Manhattan Bank, N.A.*, 861 F.2d 1291, 1295 (1st Cir. 1988).

Two of the three parties to the TAA – UW and WRF – are citizens of and based in the State of Washington. The third party – St. George's – is based in London, England. The TAA, however, provides for the assignment of St. George's rights in the '360 patent to UW for the explicit purpose of enabling UW to enter into an agreement with WRF to manage the exploitation of the '360 patent in the State of Washington. Because the State of Washington clearly has the most significant relationship to the TAA, its

<sup>6</sup> The TAA does not include a choice-of-law provision.



law governs.<sup>7</sup>

Under Washington law, “[t]he cardinal rule with which all interpretation begins is that its purpose is to ascertain the intention of the parties.” *Berg v. Hudesman*, 115 Wash.2d 657, 663 (1990) (en banc). Washington courts interpret contracts applying the “context rule,” which permits a court to look to extrinsic evidence to determine the intended meaning of a contract, even where its language is clear and unambiguous. *Id.* (adopting Restatement (Second) of Contracts §§ 212, 214(c)).

The Court may consider (1) the subject matter and objective of the contract, (2) the circumstances surrounding the making of the contract, (3) the subsequent conduct of the parties to the contract, (4) the reasonableness of the parties’ respective interpretations, (5) statements made by the parties in preliminary negotiations, (6) usages of trade, and (7) the course of dealing between the parties.

*Microsoft Corp. v. Motorola, Inc.*, 864 F. Supp. 2d 1023, 1033 (W.D. Wash. 2012), quoting *Spectrum Glass Co. v. Pub. Util. Dist. No. 1*, 129 Wash. App. 303 (Wash. Ct. App. 2005).

Here, there can be no doubt that the intent and purpose of all three parties to the TAA was to grant WRF an exclusive license to the neurography technology comprising the ’360 patent. Article 2 of the TAA calls for St. George’s to assign its rights to the technology to UW and for UW to exclusively license

<sup>7</sup> Defendants do not disagree.

its rights, “including St. George’s rights,” to WRF. The remainder of the TAA sets out WRF’s obligations under the license and the rights of UW and St. George’s to benefit from any proceeds realized by WRF’s commercialization of the patent. To read the TAA to accomplish the exact opposite of this purpose would defy not only logic, but also the “well-established rule that, where one construction would make a contract unreasonable or such as prudent men would not ordinarily enter into, while another, equally consistent with the language, would make it reasonable, fair, and just, the interpretation which makes it a rational and probable agreement must be adopted.” *Dickson v. Hausman*, 68 Wash. 2d 368, 371 (Wash. 1966).

Moreover, the conduct of the parties before and after the execution of the TAA supports plaintiffs’ proffered construction. After St. George’s received the draft of the TAA (which included a draft of the UW-WRF license), UW and WRF executed their license with the stated purpose of “proceed[ing] proactively” with the commercialization of the neurography technology. Although the TAA was not signed for another two months, all three parties performed in conformity with the transfer of rights contemplated by the TAA and the UW-WRF license. Consistent with its obligations under the license, WRF prosecuted patent applications on the neurography technology and provided periodic reports on its efforts to UW. Neither UW nor St. George’s objected to WRF’s management of the technology nor took any action inconsistent with WRF’s exclusive license. As the

final icing on the cake, in 2008, St. George's memorialized the assignment of its rights to UW, retroactive to the date of the TAA. In other words, the conduct of the parties over a nearly thirty-year span bespeaks of the TAA's ratification, not termination, of the UW-WRF license.

At the next level, defendants argue that even if the UW-WRF license survived the TAA, UW could not have granted WRF the rights it received from St. George's because St. George's assignment was retroactive only to the date of the execution of the TAA. This argument, which deserves high marks for ingenuity, fails for the reasons the termination argument comes up short. The TAA expressly states that UW will license to WRF all rights that it "has or may later acquire or become entitled to, *including St. George's rights...*, in and to the St. George's Technology and the UW Technology..." TAA § 2.2 (emphasis added). Reading the relevant documents as a contextual whole, it is apparent that the parties intended for all rights in the technology later acquired by UW to vest *sine die* in WRF through the UW-WRF license.<sup>8</sup>

<sup>8</sup> On the other hand, the court does not agree with plaintiffs' argument that St. George's assignment of rights to UW retroactive to the date of the TAA automatically vested those rights in WRF through the provision in the UW- WRF License granting to WRF "all rights now or hereafter owned by UW, by assignment from the Inventor(s) " UW-WRF license § 1.02. Because that pass-through clause is restricted to assignments from "inventors" and St. George's is not defined as an "inventor" under the license, *id.* § 1.01, it does not independently bring St. George's assignment within the ambit of WRF's license.

Escalating to yet another level, defendants assert that because the exclusive license granted by UW to WRF did not expressly restrict UW's right to sue for infringement, WRF did not receive all substantial rights in the '360 patent and UW must therefore be joined as a party in this action. The argument, however, is not supported by the language of the licensing agreement itself, which specifically provides that "[i]n the event that WRF becomes aware of actual infringement of Patent Rights by a Third Party, *the WRF shall, at its discretion*, use diligence to cease infringement." UW-WRF license § 10.01 (emphasis added). The agreement thus expressly grants WRF the right to enforce the '360 patent without UW's consent, as well as the right to refuse to bring an infringement suit even if UW so requests.

It is true, as defendants point out, that nothing in the license explicitly prohibits UW from bringing an infringement suit.<sup>9</sup> Here again, context matters. There is no evidence that UW has ever attempted to prosecute a claim of infringement of the '360 patent. Rather, UW has conducted itself in conformity with an understanding that WRF is the exclusive '360 patent licensee.

<sup>9</sup> Defendants cite language in § 10.01 of the UW-WRF license that permits WRF to identify UW as the owner of the patent if necessary for the prosecution of an infringement claim. This provision does not support defendants' contention that UW retained an implicit unrestricted right to sue. It rather grants an additional right to WRF in aid of its mission as the guardian of the '360 patent.

Finally, defendants argue in their reply brief and in the renewed motion to dismiss that the UW-WRF license is directed to a separate patent – No. 5,706,813, “Focal Neurographic Magnetic Resonance Imaging System” (’813 patent) – and not the (albeit related) ’360 patent. This out-of-the-box contention finds its source in two shards of arcana. First, defendants identify an inconsistency in the description of the licensed technology: the draft license agreement WRF sent to St. George’s on March 9, 1994, refers to the subject matter of the technology as “Image Neurography and Diffusion Anisotropy Imaging,” while the UW-WRF license executed on March 23, 1994, refers to it as “Technique and Apparatus for Image Neurography.” Second, a March 22, 1994 cover letter from WRF to UW attaching the final draft of the UW-WRF license references a “New Invention Disclosure.” Defendants contend that the referenced new invention is the subject matter of the ’813 patent and therefore the subject of the UW-WRF license.<sup>10</sup>

To buttress this theory of patent confusion, defendants repaired to the Washington Public Records Act in November of 2013, demanding a copy of the “New Invention Disclosure” referenced in the

<sup>10</sup> The ’813 patent had its genesis in an application filed on June 6, 1994 (and eventually issued by the PTO on March 18, 1997). The ’360 patent application was filed on March 8, 1993, and claimed priority from United Kingdom applications filed beginning on March 9, 1992. How WRF in its March 23, 1994 letter was able to anticipate an event that did not occur until some two and one-half months later is not fully explained.

March 22, 1994 WRF letter. UW responded with a three-page document titled “Preliminary Patent Disclosure” dated April 3, 1994.<sup>11</sup> The subject matter line of the preliminary disclosure document is “Neurographic Image Plane Optimization” and the document is singly authored by Dr. Filler. By contrast, the subject matter of the UW-WRF license is described as a “Technique and Apparatus for Image Neurography” (more or less echoing the title of the ’360 patent) and the described technology is claimed by four inventors (not just one). Even more telling is the fact that the April 3, 1994 “Preliminary Patent Disclosure” post-dates WRF’s March 22, 1994 letter.<sup>12</sup>

<sup>11</sup> Plaintiffs’ motion to strike the “New Invention Disclosure” exhibit is DENIED. The document should have been produced by plaintiffs without the need to resort to a public records request. Further, plaintiffs were permitted to file a sur-reply to respond to defendants’ new argument and did so (introducing their own documents).

<sup>12</sup> Undaunted, defendants argue that the “orthogonal image planes” referred to in the “disclosure” letter is the subject matter of the ’813 patent and that therefore the UW-WRF license draft attached to the letter has nothing to do with the ’360 patent. This assertion appears to be based on a word count: defendants have determined that the term “orthogonal image planes” appears forty-nine times in the ’813 patent compared to four times in the ’360 patent, ergo the “new disclosure” must be the subject matter of the ’813 patent. But this argument misses the point. Even if the disclosure relates to the ’813 patent, it is implausible that the UW-WRF license concerned a preliminary disclosure made after the execution of the license agreement. The cover letter itself references the meeting between WRF and St. George’s, which, as explained above, undisputably concerned

Defendants' theory, in short, gains little or no traction from the "New Invention Disclosure" document. It is beyond cavil that the TAA is addressed to the '360 patent. The Agreement defines the subject technology as "inventions, processes, formulae and the like concerning Image Neurography and Diffusion Anisotropy Imaging" – the precise title of the '360 patent – "described in PCT Application Serial No. PCT/US93/02036" – the international analog of the '360 patent application. See TAA §§ 1.1, 1.2. WRF provided St. George's with a draft of the TAA on March 9, 1994, together with a draft of the UW-WRF license titled "Image Neurography and Diffusion Anisotropy Imaging" with an assigned "Tech ID" number of 12-92-132. On March 17, 1994, WRF and St. George's met to review the draft TAA and the proposed license. St. George's voiced no objection to its terms. One week later, on March 22, 1994, WRF sent UW the UW-WRF license titled "Technique and Apparatus for Image Neurography," assigned the identical "Tech ID" number of 12-92-132, and listing as the inventors the same four individuals listed on the '360 patent. Although as defendants point out, the final version of the title, both reference the same "TechID" numbers, the licenses makes a minor tweak in the wording of

the '360 patent. Although UW's provision of the three-page document a full twenty years after the event does sow some confusion, it is simply implausible that the license concerns a patent ultimately issued in 1997, instead of the '360 patent, the subject of negotiations between the parties at the time.

list the same inventors, and are otherwise identical.<sup>13</sup>

Further complicating defendants' argument is the dearth of evidence that any of the parties ever evinced an interest in acquiring the rights to the '813 patent. A principal witness to the negotiations between WRF and St. George's

– John Reagh, the managing director of WRF (who also sent St. George's the draft TAA and UW-WRF license) – offers uncontradicted testimony that the discussions concerned the technology comprising the '360 patent. Moreover, Dr. Filler, a named

<sup>13</sup> Plaintiffs also submit two documents created around the time the '360 patent was filed that link its title, "Technique & Apparatus for Image Neurography," with the TechID number 12-92-132. The first is a letter dated February 16, 1993, from UW's Director of Technology to the Washington Attorney General's Office requesting that attorney Bruce O'Connor be appointed Special Assistant Attorney General to "assist [UW] in preparing and prosecuting patent applications covering an invention entitled 'Technique & Apparatus for Image Neurography,'" carrying the "identifying number" 12-92- 132. See Pls.' Ex. I. The second document is a letter from O'Connor to UW's Office of Technology Transfer approximately one month later on March 12, 1993, referencing the same identification number and stating that the '360 patent application titled "Image Neurography and Diffusion Anisotropy Imaging" had been filed on March 8, 1993. See Pls.' Ex. J. Thus, the most likely explanation for the discrepancy is that "Technique & Apparatus for Image Neurography" described the underlying invention (from which multiple patents issued) and, at the time, was used interchangeably with the description "Image Neurography and Diffusion Anisotropy Imaging," the title of the one patent application that had then been filed.



inventor on both patents, and the founder and principal of NeuroGrafix, NIMA, and IBSC, evinced his understanding that the UW-WRF license is directed to the '360 patent as early as 1998, when WRF licensed to NeuroGrafix the rights to the '360 patent running from the UW-WRF license. In sum, there is no dispute-worthy evidence to support defendants' argument that the infant patents were mistakenly switched at birth.

### **WRF-NG License**

Defendants next contend that NeuroGrafix did not have constitutional standing at the time it filed this lawsuit because the WRF-NG license defines "patent rights" as "WRF's rights to granted and pending claims for those patents listed in Appendix A," but no appendix is actually attached to the document. It is clear, however, that the license covers the '360 patent. The operative license for standing purposes is the 2012 agreement that was in place at the time of filing. The original 1998 licensing agreement between WRF and NeuroGrafix was amended in 2012 after Judge Pfaelzer found in a related case that, under the 1998 agreement, WRF retained "the right to control the vast majority of patent infringement cases" and as a result NeuroGrafix had not been granted all substantial rights to the '360 patent. See *NeuroGrafix v. Siemens Med. Solutions USA, Inc., et al.*, No. SA CV 10-1990 MRP, at 10 (C.D. Cal. June 30, 2010). The 2012

agreement states that “[t]he objective of this Amendment is to remove WRF as a necessary party to actions where Licensee asserts the Patent Rights against Third Party infringers and related actions.” WRF-NG license, Recital F. The 2012 agreement also adopted the definition of “patent rights” verbatim from the 1998 agreement, including its Appendix A listing the ’360 patent. See also WRF-NG license, Recitals A-F (“WRF is the exclusive licensee of the [UW] of certain technology regarding Image NeuroGraphy with named inventors Aaron Filler, Franklyn Howe, Todd Richards and Jay Tsuruda WRF and [NeuroGrafix] desire that the aforesaid technology be developed and utilized to the fullest extent so that benefits can be enjoyed by the general public. [NeuroGrafix] and WRF are authorized to enter into this Amendment.”).

As a fallback, defendants argue that even if the WRF-NG license covers the ’360 patent, NeuroGrafix – and thus the other plaintiffs – do not have constitutional standing to sue for allegedly infringing importations or offers to sell because the license only explicitly grants NeuroGrafix the rights to “make, use, and sell Licensed Products.” WRF-NG license § 2.1.<sup>14</sup> As an initial matter, defendants cite no case for the proposition that a plaintiff who possesses constitutional standing at the inception of an infringement action cannot later acquire and enforce additional exclusionary rights. Rather, defendants

<sup>14</sup>The Patent Act provides a patentee with “the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States” 35 U.S.C. § 154(a)(1).

seem to be recasting the argument that plaintiffs lack prudential standing, which is not required at the date of filing. See *Paradise Creations*, 315 F.3d at 1310. Even if defendants' view of the law were correct, plaintiffs would still not be limited in their claims because the clear intent of the 2012 amended agreement was to grant NeuroGrafix all legal rights to the '360 patent, including the rights to import and offer for sale.<sup>15</sup>

The Federal Circuit has stated that where a licensee receives

(1) the exclusive right to make, use, and sell products covered by the patent; (2) the right to sue for infringement of the patent; and (3) a virtually unrestricted authority to sublicense its rights under the agreement [,] [t]hose provisions themselves strongly favor a finding of an assignment, not a license.

*Aspex Eyewear, Inc. v. Miracle Optics, Inc.*, 434 F.3d 1336, 1342 (Fed. Cir. 2006); see also *Dexas Int'l, Ltd. v. Tung Yung Int'l (USA)*, 2009 WL 909570, at \*8 (E.D. Tex. Feb. 25, 2009) ("The Federal Circuit has

<sup>15</sup> Licensing agreements are construed according to state law. *Preston v. Marathon Oil Co.*, 684 F.3d 1276, 1285 (Fed. Cir. 2012). Under the terms of the agreement, the WRF-NG license is governed by the laws of the State of Washington. See § 21. Thus, the license is interpreted in accordance with the context rule laid out earlier in this opinion. (The December 2013 license replaces Washington State with California).

explicitly noted that the transfer of an exclusive right to make, use, and sell, coupled with the right to sue and sublicense, strongly favor a finding of an assignment, even when the licensing agreement fails to transfer the right to import or offer for sale.”). *Cf. Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.*, 604 F.3d 1354, 1359 (Fed. Cir. 2010) (“[T]ransfer of the exclusive right to make, use, and sell products or services under the patent is vitally important to an assignment.”). Here, the amended agreement grants NeuroGrafix the right to make, use, and sell products covered by the ’360 patent. It also provides that NeuroGrafix will have the “sole responsibility” to sue and control infringement litigation, and the “sole right” to grant sublicenses of the patent. WRF-NG license §§ 7.2- 7.3. *See Aspex Eyewear* 434 F.3d at 1342 (right to sue for infringement is a “key factor” in determining whether a grant of rights amounts to an assignment). As the Federal Circuit has stated, these specific provisions “strongly favor” a finding that a party received a valid and complete assignment of patent rights from the patent holder notwithstanding the omission of an explicit conveyance of the rights to import or offer for sale.<sup>16</sup> *See Morrow*, 499 F.3d at 1339-1340 (patentees and their assignees “hold all legal rights to the patent”).

<sup>16</sup> Defendants’ further jabs at the license ignore the obvious intent of the parties. First, the direction to NeuroGrafix to use “reasonable efforts to develop, market and sell Licensed Products, subject to prudent business judgment” does not signify

## NeuroGrafix-NIMA-IBSC Licenses

Defendants' penultimate standing challenge asserts that the licensing agreements between NeuroGrafix, NIMA, and IBSC purporting to divide NeuroGrafix's exclusive rights in the '360 patent into separate fields of use deprive all plaintiffs of constitutional standing. Under this theory, because each plaintiff "has the right to sell a device capable of being used in any of the fields of use," the "purported exclusivity [is rendered] illusory because none of the three plaintiffs can effectively exclude others from its respective field of use." Def.'s Br. at 25.

The exclusionary rights necessary to constitutional standing may be granted in limited fields of use. *See Int'l Gamco, Inc. v. Multimedia Games, Inc.*, 504 F.3d 1273, 1278-1279 (Fed. Cir. 2007). An exclusive field of use licensee, however, must join the patentee to comport with prudential

a retention of control by WRF, nor is there any mechanism for contractual enforcement by WRF should "reasonable efforts" not be made. Second, while the distribution of the proceeds of an infringement action and the retention of royalties are relevant factors in determining whether a license transfers all substantial rights to the licensee, they are not dispositive, and entitled to less weight than those previously discussed. *See Vaupel*, 944 F.2d at 875 (licensee received all substantial rights to patent despite owner's right to receive infringement damages). Finally, NeuroGrafix's inability to sue WRF, its own sublicensees, or the federal government (amended in the superseding December 2013 license) restricts infringement actions against only a small portion of potential infringers (none of whom are defendants in this lawsuit).

standing requirements. *Id.* at 1278. As discussed earlier, prior to the December 2013 licenses, NeuroGrafix received all substantial rights to the patent and became “the owner of the patent for standing purposes.” *Alfred E. Mann Found.*, 604 F.3d at 1359-1360. The 2013 amended licensing agreement also provided NeuroGrafix with an exclusive license, this time from Dr. Filler. In each case, NeuroGrafix transferred its exclusive rights, except for the right to sue and control litigation, to NIMA, which then licensed its rights to IBSC.

The relevant question for purposes of standing is whether the fields of use carved out for each plaintiff are actually exclusive, or merely illusory. *See Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, 402 F.3d 1198, 1202-1203 (“It is well-settled that non-exclusive licensees do not have constitutional standing to sue.”). This issue is a reprise of the motion to dismiss in *NeuroGrafix v. Regents of the Univ. of California*, 11-cv-07591 (C.D. Cal. Jan. 4, 2012). In that case, Judge Pfaelzer rejected the argument that NeuroGrafix’s retention of sublicensing rights left NIMA with a non-exclusive license to the ’360 patent, as well as the contention that NeuroGrafix and IBSC held overlapping and therefore non-exclusionary rights to the patent. *Id.* at 2. Judge Pfaelzer found that

[t]he circumstances reveal that the three parties, utilizing the same representative, signed the two agreements on the same day for what appears to be the purpose of litigation. In order to achieve their goals in this litigation, the parties desired to divide the field of use rights to the ’360 patent and

create exclusive licenses. Those parties are now before this Court all arguing for the same interpretation of the agreements – that NeuroGrafix has an exclusive license in the field of non-human, non-surgical medicine, IBSC has an exclusive license in the field of human, surgical medicine, and NIMA has an exclusive license in the field of use of human, non-surgical medicine. Nothing on the face of the documents indicate that the Regents’ interpretation is correct or the Regents’ interpretation should override the contracting parties’ agreed interpretation. Instead, the manifestations indicate that the parties intended to divide the field of use rights such that each party had an exclusive license.

Id.

The court agrees with Judge Pfaelzer. The speculation that a customer might purchase an MRI machine from one plaintiff and use it in a manner that infringes another plaintiff’s field of use cannot overcome the clear intention of the parties to explicitly demarcate the rights to use the ’360 patent. Nor have defendants identified a single instance of such “competition.”<sup>17</sup>

Defendants also argue that NIMA and IBSC are barred from pursuing an infringement action by the license term granting NeuroGrafix “the exclusive

<sup>17</sup> Plaintiffs represent that NIMA does not make or sell any devices, but rather uses the invention of the ’360 patent to conduct MRI scans.

right to sue for any infringement by Third Parties.”<sup>18</sup> This provision, however, does not restrict NIMA or IBSC from participating in litigation instituted by or with NeuroGrafix; it simply forbids them from initiating patent litigation on their own (as they have refrained from doing here).

### **Bayh-Dole Act**

Finally, defendants claim that because the National Institutes of Health (NIH) and GE Medical Systems funded the research that ultimately led to the '360 patent, they may be co-owners necessary for standing, although

defendants offer no evidence that either GE or the U.S. government has asserted an ownership interest in the '360 patent. Rather, defendants rely on a journal article published by co-inventor Dr. Filler expressing appreciation to NIH for funding research that led to the '360 patent, as well as a provision in the TAA and UW-WRF license that states that the patent rights are subject to the Bayh-Dole Act.<sup>19</sup>

The Bayh-Dole Act was passed “to promote the utilization of inventions arising from federally supported research” and to “ensure that the Government obtains sufficient rights in federally

<sup>18</sup> Section 6.2 of the December 2013 agreements was altered from the previous version to provide that NeuroGrafix “has the exclusive right to initiate suit for any infringement” and that NIMA and IBSC have “the right to join in any such action”



supported inventions.” 35 U.S.C. § 200. A recipient of federal funds (a “contractor”) may “elect to retain title to any subject invention,” *id.* § 202(a), by complying with the Act’s directives. See *id.*

§§ 202(c)(1)-(3). If a contractor fails to comply with these obligations, “the Federal Government may receive title” to the subject inventions. *Id.* § 202(c)(3).<sup>20</sup>

A contractor’s failure to comply with the Act, however, grants the government only the “discretionary authority to take title.” *Central Admixture Pharmacy Servs., Inc. v. Advanced Cardiac Solutions, P.C.*, 482 F.3d 1347, 1352-1353 (Fed. Cir. 2007) (emphasis in original).

When a violation occurs, the government can choose to take action; thus, title to the patent may be voidable. However, it is not void: title remains with the named inventors or their assignees. Nothing in the statute, regulations or our caselaw indicates that title is automatically forfeited. The government must take an affirmative action to establish its title and invoke forfeiture.

*Id.* (emphasis added); see also *Bd. of Trs. of Leland*

<sup>19</sup> Dr. Filler by way of an affidavit avers that during the time the ’360 patent was conceived and reduced to practice, he was not supported by a grant from NIH.

<sup>20</sup> If a contractor elects to retain title, the agency that granted the federal funds has the right to receive “a nonexclusive, non-transferrable, irrevocable, paid-up license to practice [the] subject invention,” *id.* § 202(c)(4), as well as “march-in rights, which permit the agency to grant a license to a responsible third party under certain circumstances, such as

*Stanford Jr. Univ. v. Roche Molecular Sys. Inc.*, 583 F.3d 832, 844 (Fed. Cir. 2009), *aff'd* 131 S.Ct. 2188 (2011) (“Thus, the [Bayh-Dole] Act did not automatically void Holodiny’s assignment to Cetus, and provided the Government with, at most, a discretionary option to his rights.”). Here, the government has not claimed ownership of the ’360 patent, nor any other rights related to it. Defendants thus have no recourse under the Bayh-Dole Act. *Central Admixture*, 482 F.3d at 1353. (“[D]efendants have no basis to challenge the government’s discretion in not invoking forfeiture.”).

#### ORDER

For the foregoing reasons, the consolidated defendants’ renewed motion to dismiss plaintiffs’ complaints is DENIED. Plaintiffs’ motion to supplement their complaints against the non-stayed defendants is ALLOWED.<sup>21</sup>

SO ORDERED.

/s/ Richard G. Stearns

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UNITED STATES DISTRICT JUDGE

when the contractor fails to take ‘effective steps to achieve practical application’ of the invention. § 203.” *Bd. of Trs. of Leland Stanford Jr. Univ. v. Roche Molecular Sys., Inc.*, 131 S. Ct. 2188, 2193 (2011).

<sup>21</sup> Although plaintiffs name all MDL defendants in their supplemental complaint, the court’s ruling extends only to the

non-stayed defendants. Moreover, as the MDL consolidates defendants for pretrial proceedings only, the supplemental complaint cannot impose jurisdiction or venue where none existed previously, nor can it be used to re-allege claims against defendants dismissed prior to the initiation of the MDL proceedings.

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

United States Court of Appeals for the  
Federal Circuit

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

*Plaintiffs-Appellants*

v.

**BRAINLAB, INC., BRAINLAB AG, BRAINLAB  
MEDIZINISCHE COMPUTERSYSTEME GMBH,**

*Defendants-Appellees*

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2018-2363

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

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Decided: October 7, 2019

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

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

TARANTO, *Circuit Judge.*

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

I

A

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

surrounding gray matter is relatively isotropic: substances diffuse at similar rates in all directions. *Id.*, col. 5, lines 11–12.

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

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

relative anisotropy. *Id.*, col. 6, lines 46–55; *see also id.*, col. 15, lines 52–57 (“[W]ith gradients approximately perpendicular and parallel to the axis of the peripheral nerve at the particular point being imaged, the parallel gradient image can be subtracted from the perpendicular gradient image to produce the desired ‘nerve only’ image.”).

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

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

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

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

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

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

with respect to the orientation of said selected structure; and

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

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

## B

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## II

### A

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

*Litig.*, 536 F.3d 1343, 1352 (Fed. Cir. 2008) (following law of MDL court’s regional circuit in deciding issues involving summary-judgment procedures). We agree with NeuroGrafix and accordingly reverse the grant of summary judgment.

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

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



advance of imaging” in cranial DTI. J.A. 7921. Dr. Andrew Tsung stated that “I do not select certain white matter structures for imaging by the MRI,” as “[t]he location of white matter tracts are not identifiable prior to im-aging.” J.A. 7912. And Dr. Michael Moseley asserted that “a ‘selected’ structure is one where the axis of the structure, such as a nerve, . . . would be known in advance of the imaging,” J.A. 7946, and using that understanding, he added that “there is no ‘selected structure’ when DTI imaging is performed” using Brainlab’s FiberTracking software because “the axes of the white matter fiber tracts are not known in advance,” J.A. 7947. Neither Brainlab nor its experts argued in the alternative that, even if “selected structure” did not include a requirement of knowing the position, orientation, location, or axes of a structure in advance, the record was devoid of evidence that Brainlab’s customers used the FiberTracking software to image particular chosen structures.

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

pyramidal tract.”); J.A. 8014–15 (“With tractography and DTI, it is possible to select this structure of the brain . . . and then to provide this selected structure as an ROI for the FiberTracking software.”). And NeuroGrafix pointed to Brainlab’s advertisements as evidence that such a use was possible and even encouraged by Brainlab. *See* J.A. 8015 (showing Brainlab advertisement that says: “It is possible to delineate major white matter tracts, such as the pyramidal tract, by applying fiber track-ing algorithms.”); *see also* J.A. 8013 (showing Brainlab advertisement that says: “Waves of DTI data on exotic eloquent white matter specimens, like pyramidal tracts, now flow easily to your BrainLAB IGS.”). In other words, NeuroGrafix argued, and the MDL court eventually agreed, that the FiberTracking software is capable of in-fringing uses as well as non-infringing uses.

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

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

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

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

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

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

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

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

B

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

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

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

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

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

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

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

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

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

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

### III

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

Each party shall bear its own costs.

**REVERSED AND REMANDED**



***Appendix 3 – Order on Rehearing***

NOTE: This order is nonprecedential.  
United States Court of Appeals for the Federal  
Circuit

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

*Plaintiffs-Appellants*

v.

UNITED STATES,

*Defendant-Appellee*

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2021-1552

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Appeal from the United States Court of Federal  
Claims in No. 1:19-cv-00173-RTH, Judge Ryan T.  
Holte.

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

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Before MOORE, *Chief Judge*, NEWMAN, LOURIE,  
DYK, PROST, REYNA, WALLACH<sup>1</sup>, TARANTO,  
CHEN, HUGHES, STOLL, CUNNINGHAM, and  
STARK, *Circuit Judges*.\*

1 Circuit Judge Wallach participated only in the decision on the petition for panel rehearing.

\* Circuit Judge O'Malley retired on March 11, 2022.

PER CURIAM.

## O R D E R

Aaron G. Filler 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 April 13, 2022.

April 6, 2022

Date

FOR THE COURT

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

## ***Appendix 4 – Judgment Sought to Be Reviewed***

*NOTE: This disposition is nonprecedential.*

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

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

*Plaintiffs-Appellants*

v.

UNITED STATES,

*Defendant-Appellee*

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2021-1552

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Appeal from the United States Court of Federal Claims  
in No. 1:19-cv-00173-RTH, Judge Ryan T. Holte.

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### **JUDGMENT**

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AARON GERSHON FILLER, Tensor Law, PC, Santa  
Monica,  
CA, argued for plaintiffs-appellants.

GARY LEE HAUSKEN, Commercial Litigation Branch,  
Civil Division, United States Department of Justice,  
Washington, DC, argued for defendant-appellee.

Also

represented by BRIAN M. BOYNTON, JENNA ELIZABETH  
MUNNELLY.

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THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (NEWMAN, REYNA, and WALLACH, Circuit Judges).

**AFFIRMED. See Fed. Cir. R. 36.**

ENTERED BY ORDER OF THE COURT

January 21, 2022

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

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

28 U.S.C. §1498(a)

§ 1498. Patent and copyright cases

Effective: October 28, 1998

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. Reasonable and entire compensation shall include the owner's reasonable costs, including reasonable fees for expert witnesses and attorneys, in pursuing the action if the owner is an independent inventor, a nonprofit organization, or an entity that had no more than 500 employees at any time during the 5-year period preceding the use or manufacture of the patented invention by or for the United States. Notwithstanding <sup>1</sup> the preceding sentences, unless the action has been pending for more than 10 years from the time of filing to the time that the owner applies for such costs and fees, reasonable and entire compensation shall not include such costs and fees if the court finds that the position of the United States was substantially justified or that special circumstances make an award unjust.

For the purposes of this section, the use or manufacture of an invention described in and covered

by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

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

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

***Appendix 6 - Any other essential material***

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

(See separate Rule 33-2 document)