

Case Nos. 2013-1150, -1182

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

Apple Inc.,)
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v.)
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Motorola Mobility, Inc.)
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**APPLE INC.’S OPPOSITION TO MOTOROLA MOBILITY, LLC’S
MOTION TO DISMISS FOR LACK OF JURISDICTION**

Apple Inc. (“Apple”) respectfully opposes Motorola Mobility, LLC’s (“Motorola”) motion to dismiss these appeals for lack of jurisdiction.

This Court has jurisdiction because Apple’s complaint asserts claims “arising under” federal patent law. *See* 28 U.S.C. §§ 1295(a)(1), 1338. Specifically, Apple’s complaint seeks declaratory judgments that (1) Motorola’s offers to license its standard-essential patents have not been fair, reasonable, and non-discriminatory; (2) Motorola is not entitled to injunctive relief with respect to those patents, even if it proves infringement; and (3) Motorola has misused those

patents, rendering them unenforceable. These claims arise under federal patent law, per the well-pleaded complaint rule, because “for declaratory judgment suits, the character of the action is judged based on the declaratory judgment defendant’s hypothetical complaint.” *ABB Inc. v. Cooper Indus., LLC*, 635 F.3d 1345, 1349-50 (Fed. Cir. 2011). Here, Motorola’s hypothetical complaint—indeed, Motorola’s actual complaint, filed before the International Trade Commission—asserts patent infringement. And “an action for patent infringement . . . clearly arises under the patent laws.” *Golan v. Pingel Enter., Inc.*, 310 F.3d 1360, 1367 (Fed. Cir. 2002). *See, e.g., Imation Corp. v. Koninklijke Philips Elecs. N.V.*, 586 F.3d 980, 984 (Fed. Cir. 2009) (“Because [plaintiff]’s declaratory judgment complaint includes claims for noninfringement, invalidity, and unenforceability of the [patents-in-suit] . . . , this court has jurisdiction pursuant to [§ 1295(a)(1)].”).

Motorola does not dispute that reasoning (or even address it, except to assume, *arguendo*, that it is correct). Instead—after spending most of its motion knocking down straw men by explaining why Apple’s antitrust, contract, and tort claims do not arise under federal patent law—Motorola gives a single reason why Apple’s declaratory judgment claims do not support this Court’s jurisdiction: A claim dismissed without prejudice “cannot bear upon any appellate court’s jurisdiction.” Fed. Cir. Dkt. No. 22-1, at 9. That contention lacks merit. It is incompatible with the appealability of dismissals without prejudice and

inconsistent with the fact that both parties here are properly appealing the district court's order of dismissal. Moreover, the district court's dismissal did not leave the parties in the same "legal position" as if Apple's declaratory judgment claims "had never been filed." *Id.* (quoting *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1189-90 (Fed. Cir. 2004)). Apple was not free to refile its claim in the dismissing court on the day after dismissal. However, if this Court determines that it lacks jurisdiction, the proper course is to transfer these appeals to the Seventh Circuit pursuant to 28 U.S.C. § 1631, not to dismiss them outright.

BACKGROUND

On October 14, 2010, Motorola filed a complaint before the International Trade Commission alleging that Apple imported and sold products (including the iPhone and iPad) that infringed several Motorola patents. *See* W.D. Wis. Dkt. No. 7-1 at ¶¶ 2, 15-21, 66-76 (Complaint, *In the Matter of Certain Wireless Communication Devices, Portable Music and Data Processing Devices, Computers and Components Thereof*, Int'l Trade Comm'n Inv. No. 337-TA-745 (Oct. 14, 2010)). Motorola has declared these patents essential to practicing wireless telecommunications standards promulgated by standard-setting organizations ("SSOs") to which Motorola belongs. Owners of such standard-essential patents ("SEPs") may attain disproportionate market power as a result of the inclusion of their patented technologies in industry standards. To combat this

problem, SSOs require their members to disclose patents essential to a proposed standard before the standard is adopted, and to license their SEPs to all comers on fair, reasonable and non-discriminatory (“FRAND”) terms after the standard is adopted. *See* W.D. Wis. Dkt. No. 503, at 1-2. In granting Apple partial summary judgment, the district court found as a matter of law that Motorola is bound by both requirements. W.D. Wis. Dkt. No. 194, at 47-48. The district court also found that Motorola did not disclose applications for patents that it now declares essential to standards promulgated by the European Telecommunications Standards Institute (“ETSI”) until after those standards were adopted. *Id.*, at 48.

On March 11, 2011, Apple filed counterclaims for, *inter alia*, declaratory judgments that (1) Motorola’s offers to license its SEPs had not been FRAND; (2) Motorola was not entitled to injunctive relief with respect to its SEPs; and (3) Motorola misused its SEPs, rendering them unenforceable. W.D. Wis. Dkt. No. 1-1, ¶¶ 180-92. Apple removed its counterclaims to the District Court for the Western District of Wisconsin. W.D. Wis. Dkt. No. 1; *see* 19 U.S.C. § 1337(c). On October 6, 2011, Apple filed an amended complaint raising the same claims. W.D. Wis. Dkt. No. 110, ¶¶ 177-89, 197(k)-(m).¹ Specifically, Apple alleged that

¹ Motorola finds it “[t]elling[.]” that Apple’s amended complaint did not base jurisdiction on 28 U.S.C. §1338. Fed. Cir. Dkt. No. 22-1, at 2. To the contrary, it is immaterial. *Cedars-Sinai Med. Ctr. v. Watkins*, 11 F.3d 1573, 1577 (Fed. Cir. 1993) (“In determining whether section 1338(a) is satisfied, the failure of a complaint to reference section 1338 is not dispositive. Rather, ‘the critical inquiry

(1) Motorola “has attempted to extract from Apple grossly disproportionate royalties for the use of the [SEPs] far in excess of what Motorola has offered to others, *id.* ¶ 106; (2) in light of its FRAND commitment, “Motorola’s sole remedy in this case is to seek payment of royalties on [FRAND] terms,” not to pursue injunctive relief, *id.* ¶ 182; and (3) Motorola “deliberately and deceptively failed to disclose certain [intellectual property rights] during the standard-setting process and then disclosed those patents only after the technology Motorola claims is covered by its patents had been incorporated into the relevant standard,” *id.* ¶ 187.

On November 28, 2012, the district court dismissed Apple’s declaratory judgment claims without prejudice. W.D. Wis. Dkt. No. 509, at 6. The court also dismissed the rest of the case. *Id.*; *see also* W.D. Wis. Dkt. No. 503, at 13.

ARGUMENT

THIS COURT HAS EXCLUSIVE JURISDICTION OVER THESE APPEALS

28 U.S.C. § 1295(a)(1) provides that this Court has exclusive jurisdiction over “an appeal from a final decision of a district court of the United States, . . . if the jurisdiction of that court was based, in whole or in part, on [28 U.S.C. § 1338].” Section 1338(a), in turn, provides in relevant part that “[t]he district courts shall have original jurisdiction of any civil action arising under any Act of

is whether in fact the complaint asserted a claim arising under the patent laws.”) (citation omitted) (quoting *Morganroth v. Quigg*, 885 F.2d 843, 846 (Fed. Cir. 1989).

Congress relating to patents.”² The statutory phrase “arising under” invokes the well-pleaded complaint rule. *Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829-30 (2002). “As ‘appropriately adapted to § 1338(a),’ the well-pleaded complaint rule provides that whether a case ‘arises under’ patent law ‘must be determined from what necessarily appears in the plaintiff’s statement of his own claim in the bill or declaration.’ The plaintiff’s well-pleaded complaint must ‘establis[h] either that federal patent law creates the cause of action or that the plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal patent law.’” *Id.* (citation omitted) (quoting *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 809 (1988)).

When the plaintiff’s complaint seeks a declaratory judgment, however, “the court examines the declaratory *defendant’s* hypothetical well-pleaded complaint” to determine whether the case arises under federal patent law. *ABB Inc.*, 635 F.3d at 1349. That is, the court applies “the well-pleaded complaint rule not to the declaratory judgment complaint, but to the action that the declaratory defendant

² The Leahy-Smith America Invents Act amended §§ 1295 and 1338, but those amendments do not apply here because they are effective only for actions commenced on or after September 16, 2011. Leahy-Smith America Invents Act § 19(a), (b), (e), Pub. L. No. 112-29, 125 Stat. 284, 331-33 (2011). Apple counterclaimed and removed on March 11, 2011. *Cf.* Fed. Cir. Dkt. No. 22, at 2 (Motorola motion to dismiss, citing amended provision). The amendments would not affect the analysis here because they do not alter the scope of this Court’s “arising under” jurisdiction. *See Byrne v. Wood, Herron & Evans, LLP*, 676 F.3d 1024, 1029 n.1 (Fed. Cir. 2012) (O’Malley, J., dissenting from denial of rehearing en banc).

would have brought.” *Speedco, Inc. v. Estes*, 853 F.2d 909, 912 (Fed. Cir. 1988).

The rationale for this rule is that a declaratory judgment action, in substance, raises a defense to an anticipated coercive action by the declaratory defendant. In the case of an action seeking a declaration of patent unenforceability, for example, the anticipated coercive action for patent infringement defines the matter in controversy. *See ABB Inc.*, 653 F.3d at 1349-50.

Application of these settled principles here establishes the Court’s jurisdiction over these appeals. Motorola’s sole argument to the contrary is self-contradictory.

A. Apple’s Declaratory Judgment Claims Arise Under Federal Patent Law Because Motorola’s Hypothetical Complaint Is For Patent Infringement

Apple’s complaint seeks declarations that Motorola’s offers to license its SEPs were not FRAND; that Motorola was not entitled to seek injunctive relief for any infringement of its SEPs; and that Motorola’s SEPs are unenforceable. The hypothetical Motorola complaint at which Apple’s declaratory judgment claim was directed would assert patent infringement. Indeed, it is not even necessary to hypothesize the claims that Motorola’s complaint would have alleged. Motorola’s actual complaint, filed before the ITC, alleged that Apple imported and sold products that infringed several Motorola patents. *See supra* pp. 2-3.

A claim of patent infringement clearly arises under federal patent law. *Golan*, 310 F.3d at 1367. And it is well-established that an action seeking a declaration of noninfringement, invalidity, or unenforceability arises under federal patent law because the declaratory defendant's hypothetical complaint would assert patent infringement. *See* 8 Chisum on Patents § 21.02[1][d][i] (2012) ("Because a suit by a declaratory plaintiff against a patent owner seeking a declaratory judgment that . . . the [patent's] claims are invalid or unenforceable is essentially one for patent infringement with the parties reversed, the courts, from the beginning, had no difficulty in concluding that the action arises under the patent laws."); *see also Franchise Tax Bd. v. Constr. Laborers Vacation Trust*, 463 U.S. 1, 19 n.19 (1983) ("[F]ederal courts have consistently adjudicated suits by alleged patent infringers to declare a patent invalid, on the theory that an infringement suit by the declaratory judgment defendant would raise a federal question."). For that reason, Motorola's reliance on *Lab. Corp. v. Metabolite Labs., Inc.*, 599 F.3d 1277 (Fed. Cir. 2010), is inapposite. There, the declaratory judgment plaintiff sought a declaration "that it did not breach a *license* agreement," such that the declaratory defendant's "hypothetical claim would have been a *breach of contract* claim." *Id.* at 1279, 1283 (emphases added). That claim arose under state law. *See id.* at 1284

(declaratory defendant’s hypothetical action “would concern only state law contract claims”).³

B. The District Court’s Decision To Dismiss The Patent Claims Without Prejudice Does Not Deprive This Court Of Jurisdiction

Motorola’s only argument against this Court’s jurisdiction is that Apple’s declaratory judgment claims were dismissed without prejudice, and that “[s]uch a claim, once so dismissed, cannot bear upon any appellate court’s jurisdiction so long as ‘[t]he parties were left in the same legal position with respect to all patent claims as if they had never been filed.’” Fed. Cir. Dkt. No. 22-1, at 9 (quoting *Chamberlain Group*, 381 F.3d at 1189-90). That argument lacks merit.

First, it is impossible to square with the appealability of dismissals without prejudice. “A dismissal without prejudice is nonetheless a final, appealable judgment.” *Linear Tech. Corp. v. Impala Linear Corp.*, 379 F.3d 1311, 1318 (Fed. Cir. 2004); *see H.R. Techs., Inc. v. Astechologies, Inc.*, 275 F.3d 1378, 1381-84 (Fed. Cir. 2002) (same, with respect to defendant’s appeal of dismissal without, as opposed to with, prejudice). The rule that an involuntary dismissal without prejudice is appealable “certainly applies to the present circumstances, in which the [court below] dismissed [the appellant’s] entire complaint and re-filing the same complaint with the same causes of action would be wasteful for [the

³ Of course, as long as this Court has jurisdiction over Apple’s declaratory judgment claims, it has jurisdiction over the entire case. *See Apotex, Inc. v. Thompson*, 347 F.3d 1335, 1342 (Fed. Cir. 2003).

appellant] and a drain on judicial resources.” *Cyprus Amax Coal Co. v. United States*, 205 F.3d 1369, 1372 (Fed. Cir. 2000). Here, both Apple and Motorola have appealed from the district court’s dismissal without prejudice of Apple’s declaratory judgment claims. Motorola’s illogical argument is that properly appealable (and actually appealed) claims are irrelevant to appellate jurisdiction.

If the dismissal is appealable and is being appealed by both parties, the dismissed claims must have bearing on an “appellate court’s jurisdiction.” Fed. Cir. Dkt. No. 22-1, at 9. For example, consider a complaint containing only a single claim for a declaratory judgment of patent unenforceability. If that claim is dismissed without prejudice and both parties appeal the dismissal (the plaintiff urging that the claim should not have been dismissed, the defendant arguing that it should have been dismissed with prejudice), it cannot be true, as Motorola contends, that the claim does not support appellate jurisdiction in this Court.

For that reason, Motorola’s cases are inapposite. Both *Chamberlain Group* and *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515 (Fed. Cir. 1987), involved appeals of solely non-patent issues following the dismissal without prejudice of all patent claims from the complaints. *Chamberlain Group*, 381 F.3d at 1188 (“all patent issues were dismissed and only non-patent issues are on appeal”); *Gronholz*, 836 F.2d at 516 (“[Plaintiff] does not dispute that he seeks to have us review the judgment in a case now involving only a non-patent law claim.”). In those

circumstances, this Court's reluctance to treat the "transient appearance" of a patent-law issue as controlling was understandable. *Gronholz*, 836 F.2d at 518 (quoting *Schwarzkopf Dev. Corp. v. Ti-Coating, Inc.*, 800 F.2d 240, 245 (Fed. Cir. 1986)). But these appeals have involved patent-law claims from the outset and continue to contain live patent-law claims on appeal.

Second, even if Motorola is correct that a claim dismissed without prejudice should be disregarded for jurisdictional purposes "so long as '[t]he parties were left in the same legal position with respect to all patent claims as if they had never been filed,'" Fed. Cir. Dkt. No. 22-1, at 9, the district court's dismissal here does not satisfy that test. As this Court has noted, the "primary meaning" of dismissal without prejudice is that the plaintiff is not barred "from returning later, to the same court, with the same underlying claim." *Chamberlain Group*, 381 F.3d at 1190 (quoting *Semtek Int'l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 505 (2001)). This "primary meaning relates to the dismissing court itself." *Id.* (quoting *Semtek*, 531 U.S. at 505).

Here, the district court made it crystal clear that Apple could not simply refile its complaint in the dismissing court on the day after dismissal and obtain an adjudication of its declaratory judgment claim. The court stated that in light of another district court's dismissal of Motorola's infringement claim with respect to U.S. Patent No. 6,359,898 ("the '898 patent"), it was exercising its discretion to

decline to adjudicate Apple’s declaratory judgment claim because such a judgment would have “no practical effect.” W.D. Wis. Dkt. No. 509, at 3 (citing *Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901 (N.D. Ill. 2012) (Posner, J.)). And the court further noted that it would decline to issue a declaratory judgment because “the remedy Apple is seeking (an order of unenforceability) is so far out of proportion to any harm that Apple has suffered or is likely to suffer in the future that it is unlikely that any court would impose such an order.” W.D. Wis. Dkt. No. 503, at 11. Consequently, Apple’s “legal position” with respect to its declaratory judgment claim is not the same as if the claim “had never been filed.”

Chamberlain Group, 381 F.3d at 1190 (quoting *Nilssen v. Motorola, Inc.*, 203 F.3d 782, 785 (Fed. Cir. 2000)).

ITOFCA, Inc. v. MegaTrans Logistics, Inc., 235 F.3d 360 (7th Cir. 2000), on which Motorola also relies, is not to the contrary. There, the district court dismissed counterclaims for a technical reason “without prejudice to their refiling in an appropriate amended fashion.” *Id.* at 362. The counterclaimant “could have refiled the claims . . . the day after the order came down, and had those claims back in the federal court system less than twenty-four hours after they had been dismissed.” *Id.* at 364.⁴

⁴ If this Court determines that jurisdiction is lacking, this appeal should be transferred to the Seventh Circuit pursuant to 28 U.S.C. § 1631. The district court found that several key premises of Apple’s claim—for example, that Motorola was

CONCLUSION

For the foregoing reasons, Motorola's motion should be denied.

Dated: Feb. 7, 2013

Respectfully submitted,

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obligated to disclose its SEPs during the standard-setting process, but failed to do so until after the relevant standards were adopted, W.D. Wis. Dkt. No. 194, at 48—are true. Dismissal is inappropriate because Apple's claims "are nonfrivolous and as such should be decided on the merits." *Galloway Farms, Inc. v. United States*, 834 F.2d 998, 1000 (Fed. Cir. 1987).

CERTIFICATE OF INTEREST

Counsel for appellant certify the following:

1. We represent Apple Inc.
2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented: Not Applicable.
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: None. Apple Inc. has no parent corporation. According to Apple's Preliminary Proxy Statement filed with the United States Securities and Exchange Commission in January 2013, there are no beneficial owners that hold more than 10% of Apple's outstanding common stock.
4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented in the trial court or agency or are expected to appear in this court are:

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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of February, 2013, I caused the foregoing Opposition to Motorola Mobility, LLC's Motion to Dismiss for Lack of Jurisdiction to be filed with the court using CM/ECF which will automatically serve counsel who are registered for CM/ECF.

/s/ Mark S. Davies
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