

No. 14-1089

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MICROSOFT CORPORATION, a Washington corporation,

Plaintiff-Appellee,

v.

MOTOROLA, INC., GENERAL INSTRUMENT CORPORATION,
MOTOROLA MOBILITY LLC,

Defendants-Appellants.

MOTOROLA MOBILITY, INC., GENERAL INSTRUMENT CORPORATION,

Plaintiffs-Appellants,

v.

MICROSOFT CORPORATION, a Washington corporation,

Defendants-Appellees.

Appeal from the United States District Court for the Western District of
Washington in Case No. 2:10-cv-01823-JLR, Judge James L. Robart

**APPELLANTS' OPPOSITION TO MICROSOFT'S MOTION
TO TRANSFER FOR LACK OF JURISDICTION**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	2
A. The District Court’s Consolidation of Motorola’s Patent Infringement Complaint With Microsoft’s Breach of Contract Claim	2
B. Motorola’s Interlocutory Appeal To The Ninth Circuit.....	4
C. Proceedings In The Washington District Court On The Breach Of Contract Claim	5
D. The District Court’s Order Entering Partial Judgment Under Rule 54(b).....	7
ARGUMENT	8
I. JURISDICTION OVER THIS APPEAL PROPERLY LIES IN THIS COURT.....	8
A. This Court Has Jurisdiction Over An Appeal From A Consolidated Case In Which One Complaint Asserts Patent Infringement	8
B. This Court Has Jurisdiction For The Additional Reason That The District Court Permitted Constructive Amendment of Microsoft’s Contract Claim To Incorporate Substantial Issues Of Patent Law.....	13
II. THE NINTH CIRCUIT WOULD NOT HAVE JURISDICTION OVER THIS APPEAL UNDER THE LAW OF THE CASE DOCTRINE	18
CONCLUSION	20

TABLE OF AUTHORITIES

<u>Cases</u>	<u>Page</u>
<i>Atari, Inc. v. JS & A Grp., Inc.</i> , 747 F.2d 1422 (Fed. Cir. 1984)	9, 12
<i>Chamberlain Grp., Inc. v. Skylink Tech., Inc.</i> , 381 F.3d 1178 (Fed. Cir. 2004)	14
<i>Christianson v. Colt Indus. Operating Corp.</i> , 486 U.S. 800 (1988).....	9, 13, 14, 17, 18
<i>CytoLogix Corp. v. Ventana Medical Systems, Inc.</i> , 513 F.3d 271 (1st Cir. 2008).....	11, 12
<i>Eli Lilly & Co. v. Aradigm Corp.</i> , 376 F.3d 1352 (Fed. Cir. 2004)	14
<i>Gunn v. Minton</i> , 133 S. Ct. 1059 (2013).....	13, 17
<i>Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.</i> , 535 U.S. 826 (2002).....	4, 5, 9, 11, 13
<i>In re Innotron Diagnostics</i> , 800 F.2d 1077 (Fed. Cir. 1986)	10
<i>Interpart Corp v. Italia</i> , 777 F.2d 678 (Fed. Cir. 1985)	9, 10, 19
<i>Microsoft Corp. v. Motorola, Inc.</i> , 696 F.3d 872 (9th Cir. 2012)	5, 20
<i>Midwest Indus., Inc. v. Karavan Trailers, Inc.</i> , 175 F.3d 1356 (Fed. Cir. 1999)	10
<i>Nobelpharma AB v. Implant Innovations, Inc.</i> , 141 F.3d 1059 (Fed. Cir. 1998)	9
<i>Parental Guide of Texas, Inc. v. Thomson, Inc.</i> , 446 F.3d 1265 (Fed. Cir. 2006)	17
<i>Portney v. CIBA Vision Corp.</i> , 401 Fed. App'x 526 (Fed. Cir. 2010)	16, 17
<i>Thompson v. Haynes</i> , 305 F.3d 1369 (Fed. Cir. 2002)	12
<i>U.S. Valves, Inc. v. Dray</i> , 212 F.3d 1368 (Fed. Cir. 2000)	16, 17

Statutes and Rules

28 U.S.C. § 1295	11
28 U.S.C. § 1295(a)	8
28 U.S.C. §§ 1331	3
28 U.S.C. § 1338.....	3, 9, 10, 11, 12
35 U.S.C. § 112.....	15
35 U.S.C. § 284.....	15, 17
Leahy-Smith America Invents Act of 2011, Pub. L. No. 112029, 125 Stat. 284 (2011).....	11
Federal Rule of Civil Procedure 54(b).....	7, 20

Appellants Motorola, Inc., Motorola Mobility LLC, and General Instrument Corp. (collectively, “Motorola”) submit this opposition to Appellee Microsoft Corp.’s (“Microsoft”) motion to transfer this appeal to the U.S. Court of Appeals for the Ninth Circuit for lack of jurisdiction. Because this appeal involves a consolidated patent infringement complaint, from which later appeals will indisputably and exclusively go to this Court and, separately, because the district court permitted a constructive amendment of Microsoft’s contract complaint to require adjudication of substantial patent issues, jurisdiction properly lies in this Court.

INTRODUCTION

Despite Microsoft’s attempt to frame this dispute as purely contractual, in reality, this case involves significant issues of federal patent law. The district court consolidated Motorola’s patent infringement complaint with Microsoft’s contract complaint, permitted a constructive amendment of Microsoft’s complaint to allow Microsoft to request a license for Motorola’s standard-essential patents, and incorporated various patent rulings into the resolution of the contract claim. The district court treated the patent law questions as necessary to the contract claim, explicitly stating that it had to determine substantive issues of patent law in order to resolve the contract claim. The district court included in the entry of partial final judgment its April 2013 order employing a patent damages methodology to set a royalty rate for the patents at issue—an order that relied upon, *inter alia*, an

infringement and validity analysis. The district court instructed the jury on this royalty rate in the breach of contract claim and indicated the same rate would be used to set damages in the consolidated patent infringement action.

Although the Ninth Circuit heard an expedited interlocutory appeal on the single issue of the district court's grant of an anti-suit injunction, that appeal involved a narrow and tangential matter unrelated to the crux of this dispute. Following the Ninth Circuit appeal and over Motorola's objection, the district court injected substantial questions of patent law into the contract case through a constructive amendment to Microsoft's complaint. At this juncture, any appeal in this case belongs in this Court, and future appeals from the consolidated patent infringement claims indisputably will come to this Court. This Court has jurisdiction over the present appeal and such jurisdiction is necessary to ensure uniformity in federal patent law. Microsoft's motion to transfer should be denied.

BACKGROUND

A. The District Court's Consolidation of Motorola's Patent Infringement Complaint With Microsoft's Breach of Contract Claim

In October 2010, in response to Microsoft's request for Motorola to put its patents on the table, Motorola sent two letters to Microsoft with lists of patents in order to initiate a license negotiation for Motorola's standard-essential patent portfolios. Rather than responding to Motorola's letters, Microsoft filed suit in the Western District of Washington on November 9, 2010, alleging breach of contract,

promissory estoppel, and waiver, and seeking a declaratory judgment that Motorola's opening offer letter had not complied with Motorola's obligation to license on reasonable and non-discriminatory ("RAND") terms. Mot. Exs. A, B. Microsoft's complaint alleged that the federal district court had diversity jurisdiction over its claims. Mot. Ex. B, ¶ 19.

The following day, Motorola filed a patent infringement suit against Microsoft in the Western District of Wisconsin, alleging infringement of certain of its standard-essential U.S. patents. Exs. 1, 2. The Wisconsin district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338. Ex. 2, ¶ 7. In response, Microsoft filed patent infringement counterclaims for its own patents as well as counterclaims that mirrored its claims in the breach-of-contract suit in Washington. Ex. 3. Microsoft admitted the district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338. *Id.* at ¶ 7.

The Wisconsin district court transferred the patent case to Washington at Microsoft's urging, Ex. 4, and the Washington district court consolidated Microsoft's breach-of-contract suit with Motorola's patent infringement complaint, Mot. Ex. E. In its consolidation order, the district court found that "there will be some factual overlap between the two cases" and that "the result of the contract case could limit the damages available to Motorola in the patent infringement case if [the district court] determines that the royalty rate for licensing [Motorola's] patents were too high." *Id.* at 10. Following the consolidation ruling, Motorola filed counterclaims in reply to

Microsoft's patent claim, asserting non-infringement and invalidity of Microsoft's patents. Dkt. 67 at 19-20.¹ Motorola also sought a declaratory judgment that Motorola had not breached any of its RAND obligations, that Microsoft had repudiated and/or rejected the benefits of Motorola's RAND assurances, and that Motorola was entitled to seek an injunction against Microsoft for infringement of the patents in its complaint. *Id.* at 20.

B. Motorola's Interlocutory Appeal To The Ninth Circuit

In July 2011, Motorola filed a lawsuit in Germany against Microsoft alleging infringement of German patents. Ten months later, and just days before the German court was scheduled to rule on Motorola's lawsuit, Microsoft asked the Washington district court to issue an injunction to prevent Motorola from enforcing the German court's expected ruling in Motorola's favor. Dkt. 210. The district court granted Microsoft's request. Dkt. 261; Dkt. 318.

In May 2012, in need of immediate relief from the court's order, Motorola filed a notice of appeal to the Ninth Circuit from the district court's preliminary injunction order, which had enjoined Motorola from enforcing its right to injunctive relief in Germany. Neither Motorola nor Microsoft disputed that jurisdiction over a breach of contract claim would be appropriate in the Ninth Circuit, but neither party addressed the consolidated patent infringement lawsuit. The Ninth Circuit, citing *Holmes*

¹ Reference to "Dkt. ___" refer to the district court docket in this proceeding, Western District of Washington Docket No. 10-cv-1823.

Group, Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826 (2002), determined that, because Microsoft had brought a complaint for breach of contract over which the district court had diversity jurisdiction, the Ninth Circuit has jurisdiction over the interlocutory appeal. *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 881 (9th Cir. 2012). At no point did the Ninth Circuit assess the implications of the consolidated patent infringement case on its jurisdiction.

C. Proceedings In The Washington District Court On The Breach Of Contract Claim

While the Ninth Circuit appeal was pending, Motorola moved for summary judgment in the district court, seeking a ruling that the court cannot create a license agreement between Motorola and Microsoft *ab initio* and reasoning that the issue of the alleged RAND commitment breach should be determined by a jury before reaching the question of any royalty rate. Dkt. 362. The district court denied Motorola's motion. Dkt. 465; Dkt. 469. In November 2012, the district court held a six-day bench trial (over Motorola's objection) with the explicit purpose of determining the RAND royalty rate for Motorola's H.264 and 802.11 standard-essential patent portfolios. The bench trial resembled a patent damages trial, with the court hearing testimony regarding the validity, infringement, and essentiality of the patents in Motorola's patent portfolio. On February 7, 2013, following a claim construction ruling in this case (Dkt. 258), the district court issued an order

invalidating several of Motorola's means-plus-function claims in three of its patents (Dkt. 652).

On April 19, 2013, the district court issued its 207-page Findings of Fact and Conclusions of Law, conducting a "modified" *Georgia-Pacific* analysis to value Motorola's patents. Ex. 5 (redacted) (hereinafter "RAND Order"). Because Motorola's patent case had been consolidated with the contract case, the district court was able to incorporate into its *Georgia-Pacific* analysis its prior ruling (Dkt. 652) that the means-plus-function claims in Motorola's asserted patents were indefinite and therefore invalid. The district court created a methodology to value patents and determined a RAND rate and range, Ex. 5, ¶ 526, n.23, ruling on whether Microsoft products practice the Motorola's patents (*i.e.*, a determination of infringement) and the scope of the patent claims, *see e.g., id.* at ¶¶ 169, 173, 178, 182, 203, 238, 353.

Following the RAND Order, the district court held a jury trial in August-September 2013 to determine whether Motorola breached its RAND obligation in sending the October 2010 letters to Microsoft or in seeking injunctive relief on its patent infringement claims. The district court instructed the jury as to the court-determined RAND royalty rate and range in the RAND Order, again over Motorola's objection. The jury returned its verdict on September 4, 2013, finding in Microsoft's favor and awarding damages of \$14.5 million. Mot. Ex. D.

D. The District Court's Order Entering Partial Judgment Under Rule 54(b)

Following the September 2013 jury verdict, Microsoft moved for entry of partial judgment under Federal Rule of Civil Procedure 54(b). Dkt. 927. Because of the overlap between the patent and contract claims, Motorola opposed the motion unless the court entered final judgment on “all RAND-related claims and counterclaims” in both actions. Dkt. 929. The district court granted Microsoft’s motion, entering final judgment as to the RAND Order and breach of contract jury verdict, and also granted Motorola’s request to enter judgment on Motorola’s counterclaim that Microsoft repudiated the benefits of Motorola’s RAND commitments. The district court specifically directed entry of final judgment on its RAND Order because “[t]he RAND royalty issue is central to the parties’ dispute, such that resolution of this issue could very well make it unnecessary to address some of the remaining claims,” including the patent claims. Dkt. 931 at 7. Nonetheless, the district court declined to direct entry of judgment on additional claims, despite the fact that “[t]he contract action and the patent action have been consolidated for all purposes.” *Id.* at 9. The district court reasoned that “each claim or counterclaim need only be decided once; after appeal, the mirror image claim or counterclaim can be dismissed as moot or otherwise disposed of.” *Id.*

Motorola filed its notice of appeal to this Court on November 12, 2013.

ARGUMENT

Contrary to Microsoft's arguments, this Court has jurisdiction over Motorola's appeal. The case is a breach of contract action consolidated with a patent infringement complaint, providing appellate jurisdiction to this Court. Not only does jurisdiction over the consolidated case arise in part under federal patent law, but the very issues in this appeal include significant questions of patent law and will have a conclusive effect on parallel matters in the patent portion of this action. The integral nature of these patent rulings to the contract claim became obvious after the interlocutory appeal to the Ninth Circuit, when the district court permitted a constructive amendment of Microsoft's contract complaint by injecting patent issues into the contract proceedings. In the expedited interlocutory appeal, neither party nor the Ninth Circuit considered the consolidation of Motorola's patent infringement action, and thus this Court may reconsider the Ninth Circuit's jurisdictional analysis. For these reasons, Microsoft's motion should be denied.

I. JURISDICTION OVER THIS APPEAL PROPERLY LIES IN THIS COURT

A. This Court Has Jurisdiction Over An Appeal From A Consolidated Case In Which One Complaint Asserts Patent Infringement

Although Microsoft initially brought a breach of contract claim, the district court consolidated Motorola's complaint for patent infringement. As a result, appellate jurisdiction in this Court is proper.

This Court has “exclusive jurisdiction” over any “appeal from a final decision of a district court of the United States . . . in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents” 28 U.S.C. § 1295(a); *see also* 28 U.S.C. § 1338 (using similar language in giving exclusive original jurisdiction over patent claims to federal district courts). The determination of appellate jurisdiction depends upon the basis for jurisdiction in the district court, which turns on whether the action arises under federal patent law. *Holmes Grp., Inc.*, 535 U.S. at 829. When the well-pleaded complaint establishes a cause of action under federal patent law, this Court has appellate jurisdiction. *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09 (1988). This Court must take jurisdiction of all issues when the case includes any issue exclusively assigned to this Court on appeal. *See Atari, Inc. v. JS & A Grp., Inc.*, 747 F.2d 1422, 1431 (Fed. Cir. 1984) (en banc) (holding this Court must exercise jurisdiction although only copyright issue was appealed), *overruled on other grounds by Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059 (Fed. Cir. 1998).

In this instance, it is undisputed that the patent infringement claims that Motorola originally filed in Wisconsin, subsequently consolidated into this single action on appeal, arise under federal patent law. Such a basis for jurisdiction is clear from the face of complaint—Motorola’s patent infringement complaint. Under this Court’s precedent, the analysis of the well-pleaded complaint requires analysis of both

complaints in a consolidated action. For instance, and of particular relevance here, in *Interpart Corp v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), a district court consolidated an unfair competition declaratory judgment action with a patent infringement action that had been transferred to the California district court from an Illinois district court. *Id.* at 680, *overruled on other grounds by Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir. 1999). After judgment was entered, the defendant in the unfair competition claim filed two separate appeals—one to this Court on the patent claim and one to the Ninth Circuit on the unfair competition claim. *Id.* The Ninth Circuit transferred the unfair competition appeal to this Court, reasoning that this Court would have jurisdiction over any appeals emanating from the consolidated case. *Id.* at 681. This Court agreed. *Id.*

The *Interpart* case, along with cases employing this same analysis, dictate the result here. Because Motorola's appeal is from a consolidated case in which the district court's jurisdiction was based, in part, on Section 1338, this Court has jurisdiction over the appeal. *See id.*; *see also In re Innotron Diagnostics*, 800 F.2d 1077, 1079-80 (Fed. Cir. 1986) (finding this Court had jurisdiction over consolidated anti-trust and patent infringement actions even when the claims were tried separately). As in these cases, here “the district court’s jurisdiction is based ‘in part’ on § 1338(a) and [the Federal Circuit] must exercise its exclusive appellate jurisdiction over the entire case.” *In re Innotron Diagnostics*, 800 F.2d at 1080.

Microsoft argues (at 17-18) that the Supreme Court's holding in *Holmes Group* undermines this Court's precedent examining appellate jurisdiction in consolidated cases. *Holmes Group*, however, did not address consolidated cases, but only addressed compulsory counterclaims.² See *Holmes Grp., Inc.*, 535 U.S. at 830-31. Thus, the law in this Court on appellate jurisdiction in consolidated cases remains good law and cannot be overruled absent *en banc* or Supreme Court review. Applying this Court's well-established precedent, this Court has appellate jurisdiction.

Indeed, *Microsoft's* argument is undermined by case law that post-dates the Supreme Court's decision in *Holmes*. In 2008, for example, the First Circuit addressed a question regarding jurisdiction over an appeal in a consolidated case involving a patent infringement claim and an antitrust/misappropriation claim. *CytoLogix Corp. v. Ventana Medical Sys., Inc.*, 513 F.3d 271 (1st Cir. 2008). Notwithstanding the Supreme Court's 2002 decision in *Holmes Group*, the First Circuit had no trouble determining that, although the antitrust complaint did not arise under federal patent law, "once the [two cases] were consolidated, jurisdiction of the entire case was necessarily based 'in part' on section 1338." 513 F.3d at 272

² Following the *Holmes Group* decision, Congress extended this Court's exclusive jurisdiction through enactment of the Leahy-Smith America Invents Act, amending 28 U.S.C. § 1295 to cover compulsory counterclaims arising under federal patent law. See Leahy-Smith America Invents Act of 2011, Pub. L. No. 112029, 125 Stat. 284, § 19 (2011). Congress' action in extending jurisdiction in this manner evinces Congressional intent to bestow exclusive jurisdiction on this Court for substantive patent matters to ensure uniformity in federal patent law.

(quotation omitted). The First Circuit found that this Court had exclusive jurisdiction over the appeal. *Id.*; *see also id.* at 272 n.2 (noting that “the Federal Circuit indicated that its jurisdiction over an appeal from final judgment in the non-patent case would depend on whether the two cases were consolidated”). Microsoft is seeking to extend *Holmes Group* in a manner not addressed by the Supreme Court in contradiction to precedent both before and after that decision and in contravention of Congress’ intent that this Court have exclusive jurisdiction in such cases.³ *See Atari, Inc.*, 747 F.2d at 1429 (explaining that this Court’s jurisdiction “over appeals from decisions in cases in which the district court’s jurisdiction was based, in whole or in part, on Section 1338 . . . is mandated by the plain language of the statute, the best indication of the scope of a court’s jurisdiction”) (quotations omitted).

In this case, it is clear not only that the patent case has been consolidated with the contract case, but also that the cases are consolidated, as the district court stated, “for all purposes.” Dkt. 931 at 9. Moreover, as the district court indicated when ordering entry of partial final judgment, the issues before this Court on appeal will determine issues in the patent cases. *Id.* Thus, for instance, if the appellate court approves of the district court’s modified patent damages analysis used to set the royalty rate for Motorola’s standard-essential patent, this calculation will be used to

³ Because of this exclusive grant of jurisdiction, the cases Microsoft cites (at 17) do not offer support for its arguments here. Further, this Court will apply regional circuit law to non-patent issues. *Thompson v. Haynes*, 305 F.3d 1369, 1374 (Fed. Cir. 2002).

determine patent damages in the infringement action. This overlap between the two complaints provides further support for this Court's jurisdiction over the appeal from the consolidated case. Accordingly, this Court has jurisdiction over this appeal and over future appeals in the consolidated case going forward.

B. This Court Has Jurisdiction For The Additional Reason That The District Court Permitted Constructive Amendment of Microsoft's Contract Claim To Incorporate Substantial Issues Of Patent Law

This Court has jurisdiction over this appeal for the additional and independent reason that Microsoft's contract claim required resolution of substantial patent issues. Although Microsoft argues (at 9-15) that such issues are not evident from the face of the complaint, even if correct, this argument ignores the fact that the district court permitted a constructive amendment to Microsoft's complaint. This constructive amendment had the effect of converting the contract claim into a patent damages question, thus meeting the requirement for appellate jurisdiction in this Court.

This Court has jurisdiction over an appeal when the "right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." *Christianson*, 486 U.S. at 809; *see also Gunn v. Minton*, 133 S. Ct. 1059, 1064-65 (2013); *Holmes Grp., Inc.*, 535 U.S. at 830-31. The Supreme Court has not decided whether the jurisdictional inquiry may reference a constructive amendment to a complaint. *See Holmes Grp., Inc.*, 535 U.S. at 829 n.1 ("[T]his case does not call upon us to decide whether the

Federal Circuit’s jurisdiction is fixed with reference to the complaint as initially filed or whether an actual or constructive amendment to the complaint raising a patent-law claim can provide the foundation for the Federal Circuit’s jurisdiction.”); *Christianson*, 486 U.S. at 814-15 (similar). This Court, however, has found that both an actual and constructive amendment of a complaint, including amendment through the pre-trial order, can alter the jurisdictional analysis. *Chamberlain Grp., Inc. v. Skylink Tech., Inc.*, 381 F.3d 1178, 1189 (Fed. Cir. 2004) (“For the purposes of determining Federal Circuit jurisdiction, we do not differentiate between actual and constructive amendments [to the complaint].”); *Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1357 n.1 (Fed. Cir. 2004) (finding constructive amendment when neither party objected to the district court adjudicating a joint inventorship claim not effectively pleaded in the complaint).

The district court granted a constructive amendment of Microsoft’s complaint to permit Microsoft to seek a license on RAND terms—and a determination of the RAND royalty rate—firmly establishing jurisdiction in this Court. In this instance, the district court made evident its grant of a constructive amendment in its order denying Motorola’s motion for summary judgment on Microsoft’s request for the court to determine a license *ab initio*. See Dkt. 465 at 10 (explaining that “a trial on Microsoft’s breach of contract claim would include adjudication of a RAND royalty rate for Motorola’s standard-essential patents so that a finder of fact could consider

this adjudicated rate in deciding whether Motorola's offers breached its duty to offer in good faith"); *see also id.* at 18 (“[T]he court disagrees with Motorola’s assertion that it cannot create (or enforce the creation of) a RAND license agreement because Microsoft did not explicitly request such relief in its pleadings. . . . Motorola is correct that Microsoft does not explicitly seek a RAND licensing agreement in its prior complaints.”); Dkt. 469 at 3 (declining to dismiss Microsoft’s right to a court-created license); Dkt. 318 at 17 (noting that “in the event Microsoft is entitled to such a license, [the court will determine] what the RAND terms are for such a license”). Indeed, Microsoft itself conceded that it would be “fair” to characterize its request that the Court dictate the terms of a new licensing contract between Motorola and Microsoft as an “evolving litigation position.” Ex. 6 at 70:4-9.

Through its constructive amendment of the complaint, the district court determined it had to establish the royalty rate for Motorola’s patents as part of Microsoft’s contract claim, introducing the need for a patent damages analysis. Ex. 5, ¶ 94 (citing 35 U.S.C. § 284); *see also* Ex. 7 at 3:14-16 (“Since I don’t know what the RAND terms are yet, it seems to me I can’t deal with breach of contract until RAND is determined.”). As in any patent damages analysis, the district court could not value Motorola’s patents without examining their scope. The district court’s means-plus-function ruling (Dkt. 652), interpreting 35 U.S.C. § 112, necessarily informed the calculations in the RAND Order. *See, e.g.*, Ex. 8 at 2:18-3:4 (statement of the court

that it needed to rule on Microsoft's motion for summary judgment on invalidity to complete drafting of the RAND Order and explaining that "the court expressed some skepticism in regards to the inclusiveness of the language in the patent [a]nd it seems to us that it makes a difference in awarding royalties if we knew what was in and what was not"). Not only did the court apply a modified *Georgia-Pacific* analysis, but it also instructed the jury on its findings and permitted experts to testify to its conclusions. Such analysis was not conducted "only by analogy," as Microsoft urges (at 13-14), but this valuation was a key component of Microsoft's newly requested relief and its allegation that Motorola's opening licensing offer was too high. As result, Microsoft's state-law contract claim implicated substantial questions of patent law.

This Court has found it has jurisdiction over cases involving far more tangential patent issues. In *U.S. Valves, Inc. v. Dray*, 212 F.3d 1368, 1372 (Fed. Cir. 2000), for example, the this Court examined a license agreement and found that the contract claim necessarily required a court to "interpret the patents and then determine whether the [licensor's product] infringes these patents," meaning that "patent law is a necessary element of [the licensee's] breach of contract action." *Id.* In a similar vein, in *Portney v. CIBA Vision Corp.*, 401 Fed. App'x 526 (Fed. Cir. 2010) (unpublished), this Court determined it had jurisdiction over an appeal in a breach of contract claim. *Id.* at 529. The complaint did not assert any patent infringement claims, but the

district court held a claim construction hearing to determine the boundaries of the patents in suit because the plaintiff's complaint sought damages that would be calculated based on whether the devices practiced the patents. *Id.* at 528. The plaintiff filed an interlocutory appeal on the claim construction order in the Ninth Circuit, which transferred the appeal to this Court. *Id.* Because "at least one claim for relief necessarily turns on a substantial question of patent law," this Court had jurisdiction over the appeal. *Id.* at 529 (citing *Christianson*, 486 U.S. at 809); *see also Parental Guide of Tex., Inc. v. Thomson, Inc.*, 446 F.3d 1265 (Fed. Cir. 2006) (finding jurisdiction over a declaratory judgment action that required determination of a settlement agreement's definition of "Litigation Royalty," which expressly referenced § 284 of the Patent Act).

The RAND Order (Ex. 5) and incorporated means-plus-function ruling (Dkt. 652) all require determinations under federal patent law. Even if not evident from the face of Microsoft's contract complaint, the district court's constructive amendment of Microsoft's complaint to include this plainly patent-law issue further supports jurisdiction in this Court. *See, e.g., Parental Guide of Tex., Inc.*, 446 F.3d at 1268.

Finally, these matters are of substantial importance. *See Gunn*, 133 S.Ct. at 1066 ("The substantiality inquiry . . . looks instead to the importance of the issue to the federal system as a whole."). The district court's application of Section 284 to standard-essential patents in this case presents an extremely significant question that

will have far-reaching implications in every district court nationwide. The Washington district court's modified *Georgia-Pacific* analysis purported to change the application of the well-established *Georgia-Pacific* analysis applied by district courts across the nation. Uniformity among courts in different circuits as to how to calculate the royalty rate for standard-essential patents—indeed, how to analyze the RAND commitment itself—will be required. Thus, separate and apart from the consolidation of the contract and infringement claims, this Court has jurisdiction over this appeal.

II. THE NINTH CIRCUIT WOULD NOT HAVE JURISDICTION OVER THIS APPEAL UNDER THE LAW OF THE CASE DOCTRINE

The law of the case doctrine does not require this Court to transfer this appeal to the Ninth Circuit. In the earlier interlocutory appeal, the Ninth Circuit considered only a discrete issue now resolved, and no party disputed jurisdiction. Because additional facts show that the Ninth Circuit's jurisdictional analysis was contrary to Ninth Circuit precedent, an exception to the law of the case doctrine applies here.

Under *Christianson*, “the law-of-the-case doctrine merely expresses the practice of courts generally to refuse to reopen what has been decided,” and a court may revisit its own decision or reconsider the decision of a coordinate court. 486 U.S. at 817 (quotation omitted). The need to revisit a prior ruling may exist in “extraordinary circumstances such as where the initial decision was clearly erroneous and would work a manifest injustice.” *Id.* (quotation omitted).

The exception to the law of the case doctrine applies here. Under the Ninth Circuit’s own precedent and practice, an appeal in a consolidated case, *see Interpart Corp v. Italia*, 777 F.2d at 680, or in a case involving the determination of substantial issues of patent law, *see Portney*, 401 Fed. App’x at 528, would have been transferred to this Court. As explained *supra*, this case involves both a consolidated patent infringement action and substantial issues of patent law that the district court, through its constructive amendment of the complaint, deemed necessary to the resolution of the contract claim. Although neither party nor the Ninth Circuit realized the implications of the consolidation of Motorola’s patent infringement claim with Microsoft’s contract claim at an earlier point, the effect of consolidation became apparent after the appeal, as the district court relied upon substantial patent questions in the resolution of the contract claims. The district court’s approach to the November 2012 bench trial—held after the Ninth Circuit appeal—made the royalty rate “central to the parties’ dispute.” Dkt. 931 at 7. And in the April 2013 RAND Order, which was issued nearly a year after the interlocutory appeal, the district court made hundreds of pages of findings under *Georgia-Pacific* similar to the findings a court would make if it were determining damages for patent infringement. Under these circumstances, Ninth Circuit’s jurisdictional analysis is implausible.⁴

⁴ This Court should not find persuasive Microsoft’s argument that, with regard to “close questions,” the Court should “adher[e] strictly to principles of the law of the case.” Mot. at 8. Jurisdiction addresses the power of a court to hear a case and, if this

Because this case is on appeal pursuant to an entry of partial judgment under Rule 54(b), this very same case is likely to be before this Court on any appeal of later rulings in this case. In any appeal of a final judgment on the patent claims, this Court is likely to encounter the same district court orders incorporated into the RAND Order. By contrast, the interlocutory appeal to the Ninth Circuit concerned only a matter of regional circuit law involving the right to an anti-suit injunction. As a result, the Ninth Circuit addressed the narrow issue of whether the district court abused its discretion in issuing the anti-suit injunction, expressly reserving any determination on the merits. *Microsoft Corp.*, 696 F.3d at 884 (conducting only “a ballpark, tentative assessment of the merits” to inform its analysis of the preliminary injunction). The need for the orderly and efficient adjudication of this dispute thus requires this Court to reconsider the Ninth Circuit’s ruling, rather than allowing two tracks of appeals to proceed as the district court decides the remaining issues before it in both the consolidated contract and patent actions. Accordingly, this Court should hold that the law of the case does not require that the Ninth Circuit to hear this appeal.

CONCLUSION

Because this Court has jurisdiction over this appeal, Microsoft’s motion to transfer should be denied.

question is close, then the policy requiring uniform federal law for patent issues should trump.

DATED: New York, New York
December 5, 2013

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

By: /s Kathleen M. Sullivan
Kathleen M. Sullivan

Kathleen M. Sullivan
51 Madison Avenue, 22nd Floor,
New York, New York 10010
(212) 849-7000 (phone)
(212) 849-7100 (fax)

Brian C. Cannon
555 Twin Dolphin Drive, 5th Floor
Redwood Shores, California 94065
(650) 801-5000 (phone)
(650)801-5100 (fax)

Attorneys for Appellants

CERTIFICATE OF SERVICE

I, Kathleen M. Sullivan, hereby certify that on December 5, 2013, the foregoing Appellants' Opposition To Microsoft's Motion To Transfer For Lack Of Jurisdiction was filed electronically through the Court's CM/ECF filing system, which will send notification to all registered users.

By: s/ Kathleen M. Sullivan
Kathleen M. Sullivan

Form 9

FORM 9. Certificate of Interest

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Microsoft Corporation v. Motorola, Inc.

No. 14-1089

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party) appellants certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is: Motorola Mobility, LLC (f/k/a Motorola Mobility, Inc.) Motorola Solutions, Inc. (f/k/a Motorola, Inc.) General Instrument Corporation

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None

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:

Google Inc.

4. [X] The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

See Exhibit A

December 5, 2013 Date

/s/ Kathleen M. Sullivan Signature of counsel

Kathleen M. Sullivan Printed name of counsel

Please Note: All questions must be answered cc: _____

EXHIBIT A

Andrea Pallios Roberts

QUINN EMANUEL URQUHART & SULLIVAN, LLP
555 TWIN DOLPHIN DRIVE
5TH FLOOR
REDWOOD SHORES, CA 94065
415-875-6600
Email: andreaproberts@quinnemanuel.com

Brian C. Cannon

QUINN EMANUEL URQUHART & SULLIVAN, LLP
555 TWIN DOLPHIN DR
5TH FLOOR
REDWOOD SHORES, CA 94065
650-801-5000
Email: briancannon@quinnemanuel.com

Cheryl Ann Galvin

QUINN EMANUEL URQUHART & SULLIVAN, LLP
555 TWIN DOLPHIN DR
5TH FLOOR
REDWOOD SHORES, CA 94065
650-801-5000
Email: cherylgalvin@quinnemanuel.com

David Elihu

QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 MADISON AVE
22ND FLOOR
NEW YORK, NY 10010
212-849-7000
Email: davideliu@quinnemanuel.com

Douglas H. Hallward-Driemeier

ROPES & GRAY

700 12TH ST NW

STE 900

WASHINGTON, DC 20005

202-508-4776

Email: Douglas.Hallward-Driemeier@ropesgray.com

Elanor Mangin

QUINN EMANUEL URQUHART & SULLIVAN, LLP

555 TWIN DOLPHIN DR

5TH FLOOR

REDWOOD SHORES, CA 94065

650-801-5000

Email: elanormangin@quinnemanuel.com

Ellyde Roko Thompson

QUINN EMANUEL URQUHART & SULLIVAN, LLP

51 MADISON AVENUE

22ND FLOOR

NEW YORK, NY 10010

212-849-7000

Email: ellydethompson@quinnemanuel.com

James R. Batchelder

ROPES & GRAY LLP

1900 UNIVERSITY AVENUE

6TH FLOOR

EAST PALO ALTO, CA 94393-2284

650-617-4018

Email: james.batchelder@ropesgray.com

Josef B. Schenker

ROPES & GRAY LLP

1211 AVENUE OF THE AMERICAS

35TH FLOOR

NEW YORK, NY 10036

212-596-9637

Email: Josef.schenker@ropesgray.com

Kathleen M. Sullivan

QUINN EMANUEL URQUHART & SULLIVAN, LLP
51 MADISON AVE
22ND FLOOR
NEW YORK, NY 10017
212-849-7000
Email: kathleensullivan@quinnemanuel.com

Khue V. Hoang

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
38TH FLOOR
NEW YORK, NY 10036
212-596-9468
Email: Khue.Hoang@ropesgray.com

Laurence S. Rogers

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
38TH FLOOR
NEW YORK, NY 10036
212-596-9033
Email: laurence.rogers@ropesgray.com

William C. Price

QUINN EMANUEL URQUHART & SULLIVAN, LLP
865 S FIGUEROA ST
10TH FL
LOS ANGELES, CA 90017
213-443-3000
Email: williamprice@quinnemanuel.com

Amanda Wieker

ROPES & GRAY
700 12TH ST NW
STE 900
WASHINGTON, DC 20005
202-508-4600
Email: Amanda.Wieker@ropesgray.com

Conor Brew McDonough

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
35TH FLOOR
NEW YORK, NY 10036
212-596-9160
Email: conor.mcdonough@ropesgray.com

Jesse J. Jenner

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
35TH FLOOR
NEW YORK, NY 10036
212-596-9046
Email: jesse.jenner@ropesgray.com

Lynn M. Engel

SUMMIT LAW GROUP
315 FIFTH AVE SOUTH
STE 1000
SEATTLE, WA 98104-2682
206-676-7000
Fax: 206-676-7001
Email: lynne@summitlaw.com

Matthew R. Clements

ROPES & GRAY LLP
1900 UNIVERSITY AVENUE
6TH FLOOR
EAST PALO ALTO, CA 94393-2284
650-617-4733
Email: matthew.clements@ropesgray.com

Norman H. Beamer

ROPES & GRAY LLP
1900 UNIVERSITY AVENUE
6TH FLOOR
EAST PALO ALTO, CA 94393-2284
650-617-4030
Email: norman.beamer@ropesgray.com

Paul M. Schoenhard

ROPES & GRAY
700 12TH ST NW
STE 900
WASHINGTON, DC 20005
202-508-4693
Email: paul.schoenhard@ropesgray.com

Philip S. McCune

SUMMIT LAW GROUP
315 5TH AVE SOUTH
STE 1000
SEATTLE, WA 98104
206-676-7000
Fax: FAX 676-7001
Email: philm@summitlaw.com

Ralph H. Palumbo

SUMMIT LAW GROUP
315 FIFTH AVE SOUTH
STE 1000
SEATTLE, WA 98104-2682
206-676-7000
Fax: FAX 206-676-7001
Email: ralphp@summitlaw.com

Samuel Lawrence Brenner

ROPES & GRAY
PRUDENTIAL TOWER
800 BOYLSTON TOWER
BOSTON, MA 02199-3600
617-951-7120
Email: samuel.brenner@ropesgray.com

Steven Pepe

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
35TH FLOOR
NEW YORK, NY 10036
212-596-9046
Email: steven.pepe@ropesgray.com

Stuart W. Yothers

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
35TH FLOOR
NEW YORK, NY 10036
212-596-9000
Email: Stuart.Yothers@ropesgray.com

Anthony Pastor

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
35TH FLOOR
NEW YORK, NY 10036
212-596-9264
Email: anthony.pastor@ropesgray.com

Gabrielle Elizabeth Higgins

ROPES & GRAY LLP
1900 UNIVERSITY AVENUE
6TH FLOOR
EAST PALO ALTO, CA 94393-2284
650-617-4015
Fax: 650-617-4090
Email: gabrielle.higgins@ropesgray.com

Mark D. Rowland

ROPES & GRAY LLP
1900 UNIVERSITY AVENUE
6TH FLOOR
EAST PALO ALTO, CA 94393-2284
650-617-4016
Fax: 650-617-4090
Email: mark.rowland@ropesgray.com

Kevin J. Post

ROPES & GRAY LLP
1211 AVENUE OF THE AMERICAS
38TH FLOOR
NEW YORK, NY 10036
212-596-9000
Email: Kevin.Post@ropesgray.com

Michael D. Laufert

ROPES & GRAY
700 12TH ST NW
STE 900
WASHINGTON, DC 20005
202-626-3916
Email: michael.laufert@ropesgray.com