

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

EVIDEO OWNERS,)	
MAURO DIDOMENICO)	
DOUGLAS BUERGER)	
CRAIG LINDEN)	
REALVIRT, LLC)	
PAUL BAROUS)	
)	
Plaintiffs,)	No. 15-413
)	
v.)	Judge Lydia Kay Griggsby
)	
THE UNITED STATES,)	
)	
Defendant.)	
_____)	

**DEFENDANT’S RESPONSE TO PLAINTIFFS’ SUPPLEMENTAL BRIEFING IN
OPPOSITION TO DEFENDANT’S MOTION TO DISMISS FOR LACK OF SUBJECT
MATTER JURISDICTION AND FAILURE TO STATE A CLAIM**

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January 11, 2015

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ARGUMENT

I. Despite Three Separate Opportunities, Plaintiffs Have Failed to Meet Their Burden to Establish Jurisdiction

Pending before the Court is defendant's August 14, 2015 motion to dismiss for lack of subject matter jurisdiction and failure to state a claim. On September 14, 2015, plaintiffs filed an opposition to the motion. Defendant filed a reply on September 23, 2015. On November 10, 2015, the Court asked for supplemental briefing to address two questions relating to whether the Court has jurisdiction to hear plaintiffs' claims as illegal exaction claims.¹ On December 14, 2015, the parties submitted supplemental briefing to address the Court's questions. The supplemental briefing was plaintiffs' third opportunity to explain how this Court has jurisdiction over their claims. Plaintiffs failed to set forth a basis for jurisdiction either in their complaint or in their September 14, 2015 opposition to the motion to dismiss. Despite having a third opportunity to explain how this Court has jurisdiction, plaintiffs still have failed to do so.

First, plaintiffs' supplemental brief fails to address the first requirement of *Norman v. United States*—that “[t]o invoke Tucker Act jurisdiction over an illegal exaction claim, a claimant must demonstrate that the statute or provision causing the exaction itself provides, either expressly or by ‘necessary implication,’ that ‘the remedy for its violation entails a return of money unlawfully exacted.’” 429 F.3d 1081, 1095

¹ The first question posed by the Court, which addressed the effect of *Norman v. United States*, 429 F.3d 1081 (Fed. Cir. 2005), and its progeny, on plaintiffs' ability to bring an illegal exaction claim, is addressed below. The second question posed by the Court addressed the effect of remedies available under 35 U.S.C. § 42(d) and 37 C.F.R. § 1.26 on plaintiffs' claims. It is not clear from plaintiffs' supplemental brief whether plaintiffs claim that they paid official fees by “mistake” or in “excess of that required.” To the extent plaintiffs attempt to argue they paid official fees by “mistake” or in “excess of that required,” the Tucker Act is displaced by 35 U.S.C. § 42(d) and 37 CFR § 1.26 for the reasons addressed in defendant's supplemental brief.

(Fed. Cir. 2005) (quoting *Cyprus Amax Coal Co. v. United States*, 205 F.3d 1369, 1373 (Fed. Cir. 2000)) (“*Norman II*”). Second, although plaintiffs note the existence of the second requirement of *Norman II*—that the misapplication must “directly” result in an exaction, *id.* at 1096—plaintiffs fail to explain how the alleged illegal acts “directly” resulted in the exaction.

A. Plaintiffs have failed to demonstrate the first requirement of *Norman II* is met

Plaintiffs allege that they were “required to improperly pay official government fees under one or more of 37 C.F.R. §§ 1.16, 1.17, 1.18, 1.19, 1.20, 1.445, 1.492 or 1.482² as well as attorney fees in the prosecution of their patent applications before the USPTO in order to keep their applications pending”³ (Plaintiffs’ Supplemental Brief, Docket No. 16 at 1 (“Plaintiffs’ Supplemental Brief”)). Plaintiffs have not, however, alleged that the USPTO actually violated one of these various regulations relating to fees. Indeed, plaintiffs appear to admit that the fees were paid in compliance with law. First Amended Complaint, Docket No. 10, ¶ 38 (fees were paid “under 37 C.F.R. § 1.17, according to the USPTO official fee schedule.”) (“Compl.”). Rather, the plaintiffs’ allegations of wrongdoing focus solely on the USPTO’s purported failure to comply with the burden shifting provisions of 35 U.S.C. § 132(a) and 37 C.F.R. §

² Plaintiffs have not identified specifically the statutes and regulations under which fees were actually paid, nor have they otherwise explained the relevance of these fee provisions, especially those related to “PATENT POST ALLOWANCE (INCLUDING ISSUE) FEES” (37 C.F.R. § 1.18), “DOCUMENT SUPPLY FEES” (37 C.F.R. § 1.19) and “POST ISSUANCE FEES” (37 C.F.R. § 1.20). Regardless, as noted herein, plaintiffs have not actually alleged that the United States Patent and Trademark Office (“USPTO”) violated any of these provisions.

³ Although plaintiffs continue to seek a refund of official fees and attorneys’ fees, for the reasons explained in the motion to dismiss and supplemental briefing in support of the motion to dismiss, plaintiffs cannot seek to recover the attorneys’ fees under an illegal exaction theory.

1.104(a)(2). For the reasons explained in defendant’s December 14, 2015 supplemental brief, neither 35 U.S.C. § 132(a), nor 37 C.F.R. § 1.104(a)(2), lead to the inescapable or “ineluctable conclusion that the clause provides a cause of action with a monetary remedy,” as required to establish jurisdiction. *Norman II*, 429 F.3d at 1096 (quoting in parenthetical *Cyprus Amax. Coal Co.*, 205 F.3d at 1373). Rather, failure to comply with these burden-shifting provisions merely means the burden of production is not properly shifted to the patent applicant during patent prosecution.⁴ Because plaintiffs have failed to demonstrate their claims meet the first requirement of *Norman II*, plaintiffs’ claims should be dismissed.

B. Plaintiffs have failed to demonstrate the second requirement of *Norman II* is met

Second, plaintiffs have failed to show that the USPTO’s purported failure to comply with 35 U.S.C. § 132(a) and 37 C.F.R. § 1.104(a)(2) “directly” resulted in an exaction. *See Norman II*, 429 F.3d 1096 (“misapplication of Public Law No. 02-104 did not directly result in an exaction . . . so as to satisfy the jurisdictional prerequisite for maintaining an illegal exaction claim’ under the Tucker Act.”) (alteration in original) (quoting 56 Fed. Cl. 255, 266 (2003) (“*Norman I*”). Plaintiffs allege that they were “*required* to improperly pay official government fees under one or more of 37 C.F.R. §§

⁴ To the extent plaintiffs contend that certain rejections or objections the USPTO raised during prosecution were not adequately supported and did not comply with 35 U.S.C. § 132(a) (*see, e.g.*, Plaintiffs’ Supplemental Brief at 3 (referring to “false and erroneous rejections” and “fundamental errors in the unsupportable and false objections and rejections”)), plaintiffs’ remedy was to challenge those rejections or objections on the merits. *See, e.g., In re Nygard*, 52 CCPA 1032, 1039 (CCPA 1965) (“These, however, are new arguments never used in making the rejection and if they are to be relied on we think they should be made in the Patent Office where appellant has the opportunity to answer them as contemplated by the statute, 35 USC § 132, and the rules, Rule 104(b), and not presented to him for the first time in this court. This court is a court of review and reasons for rejection not made in the Patent Office are not properly before us.”).

1.16, 1.17, 1.18, 1.19, 1.20, 1.445, 1.492 or 1.482 as well as attorney fees in the prosecution of their patent applications before the USPTO in order to keep their applications pending” (Plaintiffs’ Supplemental Brief at 2-3 (emphasis added)). Plaintiffs were not *required* to do anything—plaintiffs voluntarily paid official government fees related to their patent applications, which the plaintiffs appear to concede were properly calculated. Compl. ¶ 38 (fees were paid “under 37 C.F.R. § 1.17, according to the USPTO official fee schedule.”).

The voluntary nature of patent application fees was acknowledged by this Court in *Clark v. United States*, where the plaintiff sought, *inter alia*, the return of fees related to a patent application and a copyright registration. 2014 WL 3728172, at *5 (Fed. Cl. 2014) (unpublished), *aff’d*, 2015 WL 7567508 (Fed. Cir. 2015). The Court found that “plaintiff’s claim still must be dismissed because the alleged ‘exaction’ by the USPTO is based upon plaintiff’s *voluntary payment of processing fees* for his patent application—a far cry from ‘monies that the government has required to be paid contrary to law.’” *Id.* (quoting *Aerolineas Argentinas v. United States*, 77 F.3d 1564, 1572-73 (Fed. Cir. 1996)) (emphasis added). The Court continued, explaining that, like here, “[b]ecause the government is permitted to collect fees from those seeking to have their patent applications processed, and there has been no allegation that the government exceeded its authority in collecting plaintiff’s fee, this is not an illegal exaction.” *Id.*

Plaintiffs allege in their supplemental brief that “[p]laintiffs cannot establish the causation in this case prior to discovery” (Plaintiffs’ Supplemental Brief at 2). Plaintiffs’ alleged need for discovery is a red herring. Even if plaintiffs’ allegations “upon information and belief” are taken as true, the alleged statutory violations did not

“directly” cause an exaction. Plaintiffs contend that:

had plaintiffs been informed of the S.A.W.S. designations, as mandated by 35 U.S.C. § 132(a), plaintiffs *could* have responded in one or more of several different ways depending on the individual circumstances associated with a specific patent application that had been designated into the S.A.W.S. program.

(Plaintiffs’ Supplemental Brief at 3 (emphasis added)). Thus, plaintiffs’ chain of allegedly “direct” causation appears to be as follows:

- (1) 35 U.S.C. § 132(a) required plaintiffs be informed of the SAWS designation,⁵
- (2) plaintiffs’ applications were subject to SAWS review,
- (3) plaintiffs “could” have taken a different prosecution strategy if they had been aware of a SAWS designation, and
- (4) one of the chosen prosecution strategies that they “could” have taken might have reduced the fees paid.

This multi-step chain of alleged causation is the same kind of attenuated causal chain that was rejected in *Norman I* and *Norman II*. In *Norman I* and *II*, the Court of Federal Claims and the Federal Circuit rejected the plaintiff’s alleged causal link as too attenuated to create jurisdiction. *Norman II*, 429 F.3d at 1096.⁶ In *Norman I* and *II*, like here, the allegedly violated statute “was not the instrument through which plaintiffs’

⁵ Plaintiffs allege that “because plaintiffs were not informed in a timely manner of the S.A.W.S. designations, they continued to prosecute their applications in reliance upon 35 U.S.C. §132(a), under the false understanding that they had been fully informed of all outstanding rejections or objections regarding their patent applications.” (Plaintiffs’ Supplemental Brief at 4). As explained in the motion to dismiss, however, the SAWS program had no impact on the USPTO’s compliance with 35 U.S.C. § 132(a) because patent applications subject to SAWS review were subject to the same patentability standards as any other applications and the same notice requirements. There was no special information relating to SAWS that would be relevant to the reason for rejecting a claim or to the propriety of continuing the prosecution.

⁶ The specific facts at issue in *Norman I* and *Norman II* are discussed at length in defendant’s supplemental brief, and for efficiency will not be repeated.

property was exacted”; rather, “it was merely an appropriations act, and, as such, plaintiffs cannot maintain an illegal exaction claim based exclusively on the violation of this act.” *Norman I*, 56 Fed. Cl. at 266. Thus, even if plaintiffs’ allegations are taken as true, the allegations fail to demonstrate a direct causal link between the alleged statutory violation by the USPTO and the exaction itself. Despite plaintiffs’ arguments to the contrary, discovery is not needed to conclude that plaintiffs’ claims do not, and cannot, satisfy the second requirement of *Norman II*. For this additional reason, plaintiffs have failed to meet their burden on jurisdiction and defendant’s motion should be granted.

CONCLUSION

In light of the foregoing, and for the additional reasons raised in defendant’s motion to dismiss, defendant respectfully requests that the Court dismiss the plaintiffs’ First Amended Complaint under RCFC 12(b)(1) and/or RCFC 12(b)(6).

Respectfully submitted,

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January 11, 2015

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