

No. 12-1128

IN THE
Supreme Court of the United States

MEDTRONIC, INC.,

Petitioner,

v.

BOSTON SCIENTIFIC CORPORATION,
GUIDANT CORPORATION, AND MIROWSKI FAMILY
VENTURES, LLC,

Respondents.

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

**BRIEF FOR RESPONDENT
MIROWSKI FAMILY VENTURES**

SIDNEY J. SILVER
SILVER, FREEDMAN &
TAFF, LLP
3299 K Street, N.W.
Washington, D.C. 20007
(202) 295-4500

ARTHUR I. NEUSTADT
Counsel of Record
THOMAS J. FISHER
JOHN F. PRESPEL
OBLON, SPIVAK, MCCLELLAND,
MAIER & NEUSTADT, LLP
1940 Duke Street
Alexandria, VA 22314
(703) 413-3000
aneustadt@oblon.com

Counsel for Respondent Mirowski Family Ventures

QUESTION PRESENTED

Mirowski Family Ventures, LLC (“Mirowski” or “MFV”), being dissatisfied with Medtronic’s Question Presented (S. Ct. R. 24.2), submits the following Question Presented.

As to burden of proof, “the normal rule [is to] allocat[e] the burden to the party seeking relief.” *Schaffer v. Weast*, 546 U.S. 49, 55 (2005). Further, “while the normal default rule does not solve all cases, it certainly solves most of them. Decisions that place the *entire* burden of persuasion on the opposing party at the *outset* of a proceeding -- as petitioners urge us to do here -- are extremely rare.” *Id.* at 57, emphasis by Court.

Accordingly, in a declaratory judgment (“DJ”) action by a patent licensee against its licensor, where the licensor cannot counterclaim for infringement (since the licensee is licensed), and the licensor does not seek any relief, *is* the burden of proof on claim coverage governed by the normal default rule (the party seeking relief has the burden) or is this one of the “extremely rare” cases where the party not seeking any relief (the patentee) has the burden.

CORPORATE DISCLOSURE STATEMENT

Mirowski Family Ventures, LLC is a limited liability company, which is not publicly traded. It has no parent corporation and no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

QUESTION PRESENTED i

CORPORATE DISCLOSURE STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES viii

INTRODUCTION 1

STATUTORY PROVISION INVOLVED 3

STATEMENT 3

 A. The ICD and CRT Inventions3

 B. The Term “Infringement”6

 C. The 1991 License7

 D. The 2006 Litigation Tolling
 Agreement9

 E. The District Court Proceedings12

 F. The Federal Circuit Proceedings14

 G. Medtronic’s “*Under Sea*” Argument19

 H. Medtronic’s Abandonment of Its
 Under Sea Argument in Favor of
 Its New *Lear* Argument21

SUMMARY OF ARGUMENT	22
ARGUMENT	25
I. Since Medtronic Is The Only Party Seeking Relief, It Bears The Burden Under The Normal Default Rule.	25
II. This Court Should Not Consider Medtronic’s New <i>Lear</i> Argument That Was Not Included In Its Petition Nor Presented to the Federal Circuit.	28
III. A Licensor Not Seeking Any Relief in a Licensee’s DJ Action Should Not Have to Prove Claim Coverage Because, As Medtronic Asserts, It Has a Patent “Monopoly.”	31
IV. A Licensor Not Seeking Any Relief in a Licensee’s DJ Action Should Not Have to Prove Claim Coverage Because, As Medtronic Asserts, Patentees Asserting Infringement Have to Prove Infringement.	34
V. Medtronic Also Has the Burden on Claim Coverage Since the 1991 License and the 2006 LTA Require Medtronic to Bring the DJ Action (If It Wants Relief From its License).	36

VI.	Cases Involving a DJ Action For Non-Infringement (Not Claim Coverage) Are Inapposite Because a Counterclaim For Infringement Is Compulsory In Such an Action.	37
VII.	If the Licensor Is Required, to Have the Burden, as Medtronic Asserts, It Will Create a Strong Disincentive for a Patentee to Settle An Infringement Dispute with a License.	39
VIII.	Medtronic’s Other Arguments Are Baseless	40
	A. Medtronic’s “ <i>MedImmune</i> ” Argument	40
	B. Medtronic’s “Proving a Negative” Argument	42
	C. Medtronic’s “Hundreds of Claims” Argument	44
	D. Medtronic’s “Under Any Possible Theory” Argument	45
	E. Medtronic’s “Affirmative of the Issue” Argument	46
	F. Medtronic’s “Coercive” Argument	46

G. Medtronic’s “Mirowski Sought Relief” Argument	47
H. Medtronic’s “Mirowski Asserted Infringement” Argument	47
I. Medtronic’s “Mirowski Started the Dispute” Argument	48
J. Medtronic’s “Nominal Plaintiff” Argument	49
K. Medtronic’s “Coerced Royalties” Argument	49
L. Medtronic’s “Insurances Cases” Argument	50
M. Medtronic’s “Finality” Argument	51
IX. Subject Matter Jurisdiction is Present.....	52
A. <i>Gunn v. Minton</i>	52
B. Type-1 and Type-2 Subject Matter Jurisdiction	54
C. Subject Matter Jurisdiction in the Federal Circuit	57

X.	If It Is Determined That Mirowski Has the Burden, a Remand to the Federal Circuit is Necessary So That It Can Consider the District Court's Errors That Were Mooted By Its Burden of Proof Decision.	58
	CONCLUSION	59

TABLE OF AUTHORITIES

Cases

<i>Advanced Transformer Co. v. Levinson</i> , 1986 WL 84365 (N.D. Ill. June 17, 1986)	38
<i>Agawan Co v. Jordan</i> , 74 U.S. (7 Wall.) 583 (1869)	35
<i>American Eagle Ins. Co. v. Thompson</i> , 85 F.3d 327 (8th Cir. 1996)	50
<i>Amstar Corp. v. Envirotech Corp.</i> , 730 F.2d 1476 (Fed. Cir. 1984)	42
<i>Applied Medical Resources Corp. v. Tyco Healthcare Group</i> , No. 2012-1412 (Fed. Cir. August 27, 2013)	44
<i>Arthur v. Unkart</i> , 96 U.S. 118 (1878)	43
<i>Blonder-Tongue Labs, Inc. v. University of Ill. Found.</i> , 402 U.S. 313 (1971)	30, 31
<i>Cammeyer v. Newton</i> , 94 U.S. 225 (1877)	35
<i>Christianson v. Colt Indus. Op. Corp.</i> 486 U.S. 800 (1988)	57

<i>Cole v. Stevenson</i> , 620 F.2d 1055 (4th Cir. 1980)	43
<i>Deere & Co. v. Sperry Rand Corp.</i> , 513 F.2d 1131 (9th Cir. 1975)	37
<i>Deere & Co. v. Sperry Rand Corp.</i> , 322 F.Supp. 397 (E.D. Cal. 1970)	37, 38
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 496 U.S. 661 (1990)	7, 21
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 915 F.2d 670 (Fed. Cir. 1990)	7
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 879 F.2d 849 (Fed. Cir. 1989)	7
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 872 F.2d 402 (Fed. Cir. 1989)	7
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 735 F.Supp. 652 (E.D. Pa. 1990).....	7
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 696 F.Supp. 1033 (E.D. Pa. 1988).....	7
<i>Eli Lilly & Co. v. Medtronic, Inc.</i> , 1988 U.S. Dist. LEXIS 17587 (E.D. Pa. 1988)	7
<i>Elkins v. United States</i> , 364 U.S. 206 (1960)	43

<i>Fireman’s Fund Ins. Co. v. Videfreeze Corp.</i> , 540 F.2d 1171 (3d Cir. 1976).....	50
<i>Gunn v. Minton</i> , 133 S. Ct. 1059 (2013)	passim
<i>In re Katz Interactive Call Processing Patent Litigation</i> , 639 F.3d 1303 (Fed. Cir. 2011)	45
<i>Lear v. Adkins</i> , 395 U.S. 653 (1969)	passim
<i>Maxwell Land-Grant Co. v. Dawson</i> , 151 U.S. 586 (1894)	43
<i>MedImmune, Inc. v. Centocor, Inc.</i> , 271 F. Supp. 2d 762, (D. Md. 2003)	38
<i>MedImmune, Inc. v. Genentech, Inc.</i> , 549 U.S. 118 (2007)	passim
<i>Medtronic Inc., v. Guidant Corp.</i> , 465 F.3d 1360 (Fed. Cir. 2006).	10
<i>Medtronic, Inc. v. Boston Scientific Corp.</i> , 587 F.Supp. 2d 648 (D. Del. 2008).....	12
<i>Medtronic Inc., v. Guidant Corp.</i> , 378 F. Supp. 2d 503 (D. Del. 2005).....	10
<i>Minton v. National Assn. of Securities Dealers, Inc.</i> , 336 F.3d 1373 (Fed. Cir. 2003)	52

<i>Minton v. National Assn. of Securities Dealers, Inc.</i> , 226 F. Supp. 845 (E.D. Tex. 2002)	52
<i>NLRB v. Kentucky River Cmty. Care, Inc.</i> , 532 U.S. 706 (2001)	43
<i>Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.</i> , 575 F.2d 1152 (6th Cir. 1978)	32, 33, 34
<i>Philip A. Hunt Co. v. Mallinckrodt Chem. Works</i> , 72 F. Supp. 865 (E.D.N.Y. 1947).....	38
<i>Piedmont & Arlington Life Ins. Co. v. Ewing</i> , 92 U.S. 377 (1876)	43
<i>Railroad Co. v. Mellon</i> , 104 U.S. 112 (1881)	35
<i>Reliance Life Ins. Co. v. Burgess</i> , 112 F.2d 234 (8th Cir, 1940)	50
<i>Schaffer v. Weast</i> , 546 U.S. 49 (2005)	passim
<i>Taylor v. Commissioner</i> , 70 F.2d 619 (2d Cir. 1934)	43
<i>U.S. v. United Foods, Inc.</i> , 533 U.S. 405 (2001)	29, 30, 51

<i>Under Sea v. Dacor Corp.</i> , 833 F.2d 1551 (Fed. Cir. 1987)	19, 20, 28, 34
<i>Uniroyal, Inc. v. Rudkin-Wiley Corp.</i> , 837 F.2d 1044 (Fed. Cir. 1988)	38
<i>United States v. Dubilier Condenser Corp.</i> 289 U.S. 178 (1933)	33
<i>United States v. Ollie</i> , 442 F.3d 1135 (8th Cir. 2006)	43
<i>United Sweetener USA, Inc. v.</i> <i>Nutrasweet Co.</i> , 760 F. Supp. 400 (D. Del. 1991)	38
<i>Vieth v. Jubelirer</i> , 541 U.S. 267 (2004)	43
<i>Vivid Techs., Inc. v. American Sci. &</i> <i>Eng'g, Inc.</i> , 200 F.3d 795 (Fed. Cir. 1999)	38
 Constitution	
Article 1, Section 8	34
 Statutes	
28 U.S.C. §1332	57
28 U.S.C. §1338(a)	53
28 U.S.C. §1631	24, 57, 59
35 U.S.C. §102	52
35 U.S.C. §271(a)	3, 6

Rules

S. Ct. R. 10(c)	56
S. Ct. R. 24.2	i
Fed. R. Civ. P. 13(a)(1)(A).....	37
Fed. R. Civ. P. 56(a)	43

Treatises

<i>2 J. Strong, McCormick on Evidence</i> § 337, p. 412 (5th ed. 1999).....	16
C. Mueller & L. Kirkpatrick, <i>Evidence</i> § 3.1, p. 104 (3d ed. 2003).....	16

IN THE
Supreme Court of the United States

MEDTRONIC, INC.,

Petitioner,

v.

BOSTON SCIENTIFIC CORPORATION,
GUIDANT CORPORATION, AND MIROWSKI FAMILY
VENTURES, LLC,

Respondents.

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

**BRIEF FOR RESPONDENT
MIROWSKI FAMILY VENTURES**

INTRODUCTION

Medtronic’s brief on the merits, the *amicus* brief for the United States submitted by the Solicitor General and the Patent and Trademark Office (“SG/PTO”) and the *amicus* brief submitted by the “Legal Scholars” all suffer from the same critical defect – each ignores the normal default rule (the party seeking relief bears the burden of proof) and incorrectly assumes that a patentee *always* bears the

burden, even when the patentee is not asserting infringement or seeking any relief.¹

The first step in applying the normal default rule is to ascertain whether one or both parties are seeking relief. If only one party is seeking relief, as in this case, the rule is easy to apply and the party seeking relief (Medtronic) has the burden. If both parties are seeking relief, the rule is not as easy to apply but that is not the case here.

The briefs submitted by Medtronic, the SG/PTO and the Legal Scholars are largely directed to applying the rule where both parties are seeking relief.² However, the case at bar does not involve this issue since Medtronic is the only party seeking relief.

The briefs submitted by Medtronic, the SG/PTO and the Legal Scholars do not argue that this case is one of those “extremely rare” cases where the burden is on the party not seeking any relief. Rather, these briefs largely ignore this normal default rule.³

¹ The term “seeking relief” refers to seeking relief in the DJ action and does not refer to, as Medtronic asserts, that Mirowski will benefit if Medtronic does not win its DJ action.

² For example, such a case could involve an accused infringer filing a non-infringement DJ action and the patentee filing an infringement counterclaim.

³ Medtronic’s brief devotes only one half page (28) to *Schaffer*, summarily dismissing it as not involving a DJ action. Presumably Medtronic is not saving its argument for its reply brief.

STATUTORY PROVISION INVOLVED

35 U.S.C. §271 entitled “Infringement of patent” states

(a) Except as otherwise provided in this title, whoever *without authority* makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

Emphasis added.

STATEMENT

A. The ICD and CRT Inventions

Michel Mirowski, M.D., a practicing cardiologist, is generally regarded as the father of the implantable cardioverter defibrillator (“ICD”). Most people are familiar with the hospital scene where a patient’s heart suddenly stops beating but the patient is saved by an electrical shock administered through paddles after the doctor gives the command to “Clear!”

Some people are unfortunate enough to have their heart stop beating when they are not in the hospital. These people often die within five minutes of “sudden cardiac death” since the brain can no longer survive without the oxygen provided by the beating heart.

The ICD is small enough to be implanted in the chest. It senses when the heart stops beating (fibrillation) and, in response thereto, provides the shock that saves the patient's life by causing the heart to start beating again.

In 2002, Dr. Mirowski was posthumously inducted into the National Inventors Hall of Fame for his ICD invention. The "Invention Impact" from his Hall of Fame profile states:

Facing formidable opposition from the medical community, Mirowski led a team that designed and tested the first ICD, which was also the first alternative to drugs and surgery. The first human implant occurred in 1980. ... The device has saved hundreds of thousands of patients worldwide.

Available at ww.invent.org/hall_of_fame/175.html.
See, also, Mehta, NJ and Khan, IA, "Cardiology's 10 Greatest Discoveries of the 20th Century," *Tex Heart Inst J.* 2002; 29(3): 164–171, available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC124754>

Morton Mower, M.D., also a practicing cardiologist, was a co-inventor with Dr. Mirowski on the invention of the ICD and was also inducted into the National Inventors Hall of Fame. The "Invention Impact" from his Hall of Fame profile states:

Normally, a natural pacemaker within the heart stimulates it to contract,

producing a heartbeat. Ventricular fibrillation occurs when impulses from the heart's ventricles signal the heart to beat abnormally, causing very little blood to be pumped through the heart to the brain and body, which can result in sudden cardiac death. One reason the AICD [automatic ICD] is successful is because it treats ventricular fibrillation within seconds, preventing sudden cardiac death.

Available at www.invent.org/hall_of_fame/176.html

In the 1980s, while still a practicing cardiologist, Dr. Mower recognized that the ICD, despite its overwhelming success in saving lives, did not address the many lives lost each year from congestive heart failure. Dr. Mower also recognized that a patient could be saved by an ICD only to subsequently succumb to more prevalent chronic congestive heart failure. District court decision, Pet. App. 28a.

In response to this need, Dr. Mower invented cardiac resynchronization therapy (“CRT”), which uses a modified implanted pacemaker to continuously coordinate the contractions of the left and right ventricles of the heart, which significantly improves the heart’s pumping ability.⁴

⁴ Mirowski’s Federal Circuit blue brief (“Blue Brief”), filed July 13, 2011, at 6-8, 10-11. The Blue Brief cites to the evidence in the Federal Circuit Joint Appendix (“FCJA”).

Medtronic describes CRT as “a revolutionary new approach to managing heart failure,” “a proven treatment for selected patients with ... ventricular dyssynchrony,” and “designed to reduce symptoms and improve cardiac function.” Mirowski Blue Brief at 8-10.

Dr. Mower's treatment is so effective and beneficial that it has become the standard of care today for the treatment of advanced heart failure. FCJA at 1499, 1525-26.

B. The Term “Infringement”

By definition, a non-breaching patent licensee cannot be an infringer. 35 U.S.C. §271(a) (“[W]hoever *without authority* makes uses, offers to sell, or sells any patented invention ... during the term of the patent therefor, infringes the patent.” Emphasis added. Because Medtronic’s license provided it *with authority*, Mirowski had no basis for counterclaiming that Medtronic was an infringer.⁵

The term “infringement” has another, albeit legally incorrect, meaning. When this term is used in a patent license (as it was in the 1991 license and the 2006 LTA), it means “claim coverage” because the

⁵ The pre-trial order submitted by Medtronic and Mirowski (Joint Appendix (“JA”) at 1 (# 177), which was “so ordered” by the district court (JA12), states – “Since Medtronic is a licensee, it cannot be an infringer.” JA51.

licensee cannot be an infringer.⁶ Medtronic in its brief on the merits, conflates these two meanings, which makes its legal arguments, especially with reference to case law, difficult to understand or analyze.

C. The 1991 License

In 1991, Eli Lilly & Co. (“Lilly”) was Mirowski’s exclusive licensee. In 1983, Lilly’s predecessor in interest brought suit against Medtronic in the Philadelphia federal court (E.D. Pa.) for patent infringement with respect to Medtronic’s sales of its ICD products. The district court, the Federal Circuit, and this Court rendered decisions in this 1983 case. The case was ultimately settled by Lilly and Medtronic with the 1991 license.⁷

Both Lilly and Medtronic were major players in the ICD market. The 1991 license was primarily a “fully paid up” (royalty free) cross-license in which Medtronic and Lilly broadly cross-licensed each other’s patents in the heart stimulator field. JA10-

⁶ The pre-trial order states – “The term ‘infringement’ is used in the LTA [Litigation Tolling Agreement] to indicate claim coverage.” JA51.

⁷ *Eli Lilly & Co. v. Medtronic, Inc.*, 1988 U.S. Dist. LEXIS 17587 (E.D. Pa. 1988); 696 F.Supp. 1033 (E.D. Pa. 1988); 872 F.2d 402 (Fed. Cir. 1989); 879 F.2d 849 (Fed. Cir. 1989); 735 F.Supp. 652 (E.D. Pa. 1990); 496 U.S. 661 (1990); 915 F.2d 670 (Fed. Cir. 1990).

12, 17. The license identifies over 300 Medtronic patents and over 100 Lilly patents.⁸

The cross-license included not only patents owned by Medtronic and Lilly but, also, patents owned by third parties that Medtronic or Lilly had the right to sublicense. JA12-13. If the third party license required a royalty, Medtronic and Lilly agreed that the royalty would be paid by the sublicensee. JA12. Lilly, as Mirowski's exclusive licensee, had a right to sublicense Mirowski's patents. The royalty was 3% for each ICD device which Medtronic agreed to pay. JA53.

The 1991 license specifically provided for the license of Mirowski's patents. JA13. These patents included Mirowski's ICD patents and also the parent ('688) patent for Dr. Mower's CRT invention and any reissue thereof. JA9, 17. The '119 and '897 patents in the case at bar were reissue patents of the parent '688 patent.⁹

The 1991 license specifically provided for any "new Medtronic devices." JA13. If Medtronic was not paying royalties on any new device, and if Lilly or Mirowski believed that this device was covered under the license, Lilly would provide such notice to Medtronic.

⁸ FCJA at 8014-8025, 8029-8032.

⁹ The '688, '119 and '897 abbreviations refer to the last three numbers of each patent. The full numbers are 4,928,688, RE38,119 and RE39,897.

If Medtronic paid the royalty, the license provided that it had the right to challenge claim coverage, validity, and enforceability through a DJ action that it would bring. In this DJ action, Lilly/Mirowski could not seek an injunction, damages, or willful infringement. If Medtronic won its DJ action, the royalties paid by Medtronic from the date suit was filed would be refunded. If Medtronic lost, it could not recover these royalties. JA13.

D. The 2006 Litigation Tolling Agreement

In 2003, the PTO issued the '119 CRT patent. In 2004, Guidant/Mirowski brought suit against St. Jude Medical, Inc. ("St. Jude") in the Delaware federal court (D. Del.) for infringement of this patent. JA20.

Medtronic, Guidant (a spun-off Lilly subsidiary that became Mirowski's exclusive licensee) and Mirowski all recognized that the decision in the Delaware case against St. Jude could impact any subsequent DJ action by Medtronic for its new CRT products. Because Medtronic routinely introduced new CRT products, this could involve a number of DJ actions.

Medtronic did not want the expense of bringing a DJ action for each new CRT product. Similarly, Guidant did not want the expense of defending so many actions. Accordingly, in 2006, they (and Mirowski) agreed to toll the need for Medtronic to file any DJ action until after a final decision in the St. Jude case, or October 1, 2007, whichever came later. JA20-21. This agreement referred to a "Final DJ

Action” in lieu of an action each time Medtronic introduced a new CRT product. JA21. This case is this Final DJ Action.

Medtronic had already filed one such DJ action. In 2003, Medtronic filed a DJ action in Delaware (D. Del.) for its first generation CRT products. By agreement, this suit was limited to the “recapture” and “reissue oath” validity issues. A bench trial was held in 2004, the district court ruled for Guidant/Mirowski in 2005 and the Federal Circuit affirmed in 2006.¹⁰

This 2003 DJ action decided the issue for the 3% royalties for Medtronic’s first generation CRT products. The LTA covered the second and subsequent generations of Medtronic CRT products. JA21-22 (“Second Products” and “Subsequent Products”).

The 2006 LTA does not differ in any significant respect from the 1991 license as to Medtronic’s right to file a DJ action to challenge its obligation to pay royalties. JA23-24. The LTA did, however, permit Medtronic to deposit the withheld royalties in a separate account under its control, with these royalties to be distributed in accordance with the decision in the final DJ action. If Medtronic wins, it can keep the royalties. If it loses, the royalties are to be paid to Mirowski (with interest). JA27-28.

¹⁰ *Medtronic Inc., v. Guidant Corp.*, 378 F. Supp. 2d 503 (D. Del. 2005), *aff’d*, 465 F.3d 1360 (Fed. Cir. 2006).

Medtronic in its brief states (at 13, n.6) that the withheld royalties (with interest) to date are \$120M. Without the interest, this would indicate that Medtronic had \$4B in sales of its CRT products. With the interest, the \$120M would indicate sales in excess of \$3B. Either way, it was a highly successful business for Medtronic. This suit is Medtronic's attempt to avoid paying the 3% royalty on its greater than \$3B in sales of its second and subsequent CRT products.

To date, by agreement, Medtronic has not paid any royalty to Mirowski for these sales. This was similar to Medtronic's first generation CRT products (noted above) where, also by agreement, Mirowski obtained no royalty until after the Delaware district court ruled in its favor and the Federal Circuit ruled against Medtronic in its appeal.

Medtronic's license as applied to its CRT products provided it with many benefits. It did not have to pay royalties when it sold its CRT products. It merely had to withhold them and file a DJ action. If it won, it paid nothing. If it lost, it only had to pay the 3% royalty (with interest). Further, the license provided freedom to use Dr. Mower's CRT invention, which shielded Medtronic from an injunction, damages, and willful infringement.

Medtronic, in this action, seeks an even better deal.

E. The District Court Proceedings

Medtronic filed the final DJ action against Mirowski in 2007. Medtronic asserted non-infringement (claim coverage), invalidity, and unenforceability. Mirowski filed no counterclaim.¹¹

After a five-day trial and post-trial briefing, the district court held against Medtronic on validity and enforceability, but against Mirowski on infringement (claim coverage), holding that Mirowski had the burden on this issue and had not sustained it.

As to infringement (claim coverage), Medtronic asserted that Mirowski's expert Dr. Berger had not covered in his expert report each of the elements of the patent claims at issue. However, Medtronic declined to identify even one element that Dr. Berger had supposedly not covered in his report.

After post-trial briefing, and presumably reluctant to rule against Mirowski on this issue without identifying at least one element that had not been covered in Dr. Berger's report, the district court *sua sponte* undertook its own review, and (erroneously) concluded that Dr. Berger's report did not cover the "sense amplifier" (which was recited in a few of the claims at issue but was not included in most of them). On this basis, the district court then held that Mirowski had not sustained its supposed burden as to

¹¹ Medtronic demanded a jury trial. Mirowski moved to quash since Medtronic only requested equitable relief (a declaration). The district court granted the motion. *Medtronic, Inc. v. Boston Scientific Corp.*, 587 F.Supp. 2d 648, 656-57 (D. Del. 2008).

all claims at issue, whether or not they recited a sense amplifier.

The district court erred for a number of reasons. First, Dr. Berger's report did include the sense amplifier.¹² Second, most of the claims at issue in both the '119 and '897 patents did not recite a sense amplifier and, therefore, did not require its presence.¹³ Third, Medtronic's engineer Ms. Kleckner, who had helped design Medtronic's CRT products, testified at trial that these products did include the sense amplifier.¹⁴

Fourth, Medtronic had limited the infringement issues through discovery so as not to include the sense amplifier.¹⁵ Fifth, since Mirowski did not (and could not) counterclaim for infringement, Medtronic was the only party requesting any relief and, therefore, had the burden.

¹² Mirowski Blue Brief at 39-41. Mirowski yellow brief ("Yellow Brief") before the Federal Circuit, filed November 18, 2011, at 21-23. The Yellow Brief, like the Blue Brief, cites to the evidence in the FCJA. The sense amplifier is discussed in detail at pages 43-44 of Dr. Berger's report. FCJA at 2243-44.

¹³ Mirowski Blue Brief at 6, 41-42, Mirowski Yellow Brief at 24. A specific identification of the claims at issue of the '119 and '897 patents that do not recite a sense amplifier is in the Mirowski Blue Brief at 6, n.5.

¹⁴ Mirowski Blue Brief at 49-53, Mirowski Yellow Brief at 27-29.

¹⁵ Mirowski Blue Brief at 49-53, Mirowski Yellow Brief at 27-29.

Sixth, wearing belt and suspenders, Mirowski proved claim coverage at trial despite the fact that it had no burden to do so. Dr. Berger’s testimony at trial (and his expert report) applied each element of each claim at issue, including the sense amplifier, to each Medtronic CRT device.¹⁶

The district court also erred by not recognizing that the “insubstantial differences” test was a recognized test for proof of doctrine of equivalents infringement (claim coverage).¹⁷

F. The Federal Circuit Proceedings

The Federal Circuit addressed only the claim coverage burden and held that Medtronic, not Mirowski, had this burden because Medtronic was the only party seeking relief.

Medtronic is unquestionably the party now requesting relief from the court: it already has a license; *it cannot be sued for infringement; it is paying money into escrow; and it wants to stop*. In contrast, regarding the patents at issue here, *MFV seeks nothing more than to be discharged from the suit* and be permitted to continue the quiet enjoyment of its contract. [footnote omitted].

¹⁶ Mirowski Blue Brief at 16-27.

¹⁷ Mirowski Blue Brief at 55-60, Mirowski Yellow Brief at 33-36.

Pet. App. 12a (emphasis added).

The Federal Circuit further held that it was Medtronic, not Mirowski, that sought to disturb the status quo.

In other words, it is Medtronic and not MFV that is asking the court to disturb the status quo ante and to relieve it from a royalty obligation it believes it does not bear. Consistent with the above, for the court to disturb the status quo ante, Medtronic must present evidence showing that it is entitled to such relief. If neither party introduced any evidence regarding infringement or noninfringement there is no principled reason why Medtronic should receive the declaration of noninfringement it seeks.

Pet. App. 12a-13a (emphasis added).¹⁸

The Federal Circuit relied upon *Schaffer* in holding that the party seeking relief (Medtronic), bears the burden of proving the allegations in its DJ complaint.

Generally, the party seeking relief bears the burden of proving the allegations in his complaint. See Schaffer ex rel.

¹⁸ The Federal Circuit could have referred to “claim coverage” rather than “infringement” since Medtronic as a non-breaching licensee could not infringe.

Schaffer v. Weast, 546 U.S. 49, 56-57 (2005). “Perhaps the broadest and most accepted idea is that the person who seeks court action should justify the request” *Schaffer*, 546 U.S. at 56 (quoting C. Mueller & L. Kirkpatrick, *Evidence* § 3.1, p. 104 (3d ed. 2003)). “*The burdens of pleading and proof with regard to most facts have been and should be assigned to the plaintiff who generally seeks to change the present state of affairs and who therefore naturally should be expected to bear the risk of failure of proof or persuasion.*” *Id.* (quoting 2 J. Strong, *McCormick on Evidence* § 337, p. 412 (5th ed. 1999)).

Pet. App. 9a-10a (emphasis added).

The Federal Circuit further held that Mirowski did not have the burden because it did not (and could not) counterclaim for infringement.

And in the customary declaratory judgment case, ... the declaratory judgment defendant must assert a counterclaim for infringement to avoid risking the loss of that claim forever. *See id.* *But this is not such a case. In this case, ... the continued existence of the license precludes the very infringement counterclaim that normally would impose the burden of proving infringement on the patentee.*

Here, Medtronic is shielded from any liability for infringement by its license. And MFV has not asserted a claim of infringement, nor could it because of the license.

Pet. App. 12a (emphasis added).

The Federal Circuit also held that “the one claim for relief sought in this case” was by Medtronic and it, not Mirowski, should bear the burden on this claim.

As noted, neither party here seeks money damages or an injunction based on patent infringement, which are the sorts of relief generally sought when a party seeks relief for patent infringement. Instead, the one claim for relief sought in this case is the claim Medtronic asserts to be relieved from liability under the license by having a court declare the products in question to be noninfringing. Medtronic is the party seeking this relief and Medtronic must bear the burden of proving it is entitled to such relief.

Pet. App. 14a (emphasis added).¹⁹

¹⁹ The Federal Circuit could have used the language “not covered by the claims” rather than “noninfringing” since Medtronic, as a non-breaching licensee, could not infringe.

To hold otherwise would allow licensees “to use *MedImmune’s* shield as a sword.”

A contrary result would allow licensees to use MedImmune’s shield as a sword -- haling licensors into court and forcing them to assert and prove what had already been resolved by license. Because the declaratory judgment plaintiff is the only party seeking the aid of the court in the circumstances presented here, that party must bear the burden of persuasion.

Pet. App. 14a (emphasis added).²⁰

The Federal Circuit pointed out that the result in this case was highly dependent upon “the limited circumstance” of an infringement counterclaim being foreclosed by the continued existence of a license.

Therefore, this court holds that in the limited circumstance when an infringement counterclaim by a patentee is foreclosed by the continued existence of a license, a licensee seeking

²⁰ Contrary to Medtronic’s assertion (at 40-43), the Federal Circuit was not saying that coverage with respect to the “new” product could not be challenged, but that Medtronic wanted and obtained a license for the new product and, after doing so, should not be able to bring suit against Mirowski and say that it has no responsibility to prove non-claim coverage as asserted in its complaint.

a declaratory judgment of noninfringement and of no consequent liability under the license bears the burden of persuasion.

Pet. App. 14a (emphasis added).²¹

G. Medtronic's "*Under Sea*" Argument

Medtronic's primary argument before the district court, the Federal Circuit and this Court (in its petition for certiorari) was that Mirowski was trying to shift the burden. A "shift" presupposes an earlier position and a subsequent "shifted to" position. Medtronic's "earlier position" was the Federal Circuit's "always" statement in *Under Sea v. Dacor Corp.*, 833 F.2d 1551, 1557 (Fed. Cir. 1987) that "[t]he burden *always* is on the patentee to prove infringement." Emphasis added.

Because Medtronic's asserted "earlier position" is baseless, there has been no "shift" in the burden. In fact, it is Medtronic, and not Mirowski, that is trying to shift the burden contrary to the normal default rule that the party seeking relief should bear the burden.

Not surprisingly, the Federal Circuit did not agree that Medtronic's quoted "always" sentence from *Under Sea* meant that the patentee always has the burden. This was because *Under Sea* was only a

²¹ The Federal Circuit could have stated "a declaratory judgment of no claim coverage" rather than "a declaratory judgment of noninfringement."

traditional (non DJ) infringement action in which the patentee asserted infringement. The *Under Sea* district court erroneously placed the burden of proving non-infringement on the accused infringer and the Federal Circuit simply held that this was error.

The district court erred to the extent it apparently placed the burden on Dacor [accused infringer] of showing noninfringement. The burden always is on the patentee to show infringement.

833 F.2d at 1557.²²

Contrary to Medtronic's assertion, *Under Sea* only holds that a patentee who asserts infringement has the burden which is entirely consistent with the normal default rule.

The applicable law as to who has the burden is not *Under Sea* but *Schaffer* which holds "that the burden lies, as it typically does, on the party seeking relief," "the normal rule [is to] allocat[e] the burden to the party seeking relief," "the ordinary default rule [is] that plaintiffs bear the risk of failing to prove their claims," the burden "should be assigned to the plaintiff who generally seeks to change the present state of affairs," "the broadest and most accepted idea is that the person who seeks court action should justify the request," "we have usually assumed

²² The Federal Circuit in this statement used the term "infringement" in its legally correct sense. *Under Sea* involved infringement and not claim coverage.

without comment that the plaintiffs bear the burden of persuasion regarding ... their claims” and “the burden of persuasion lies where it usually falls, upon the party seeking relief.” 546 U.S. at 57-59

**H. Medtronic’s Abandonment of Its
Under Sea Argument in Favor
of Its New *Lear* Argument**

Medtronic’s *Under Sea* “always” argument was successful before the district court which held that “[t]he burden is always on the patentee to show infringement.’ *Under Sea Indus., Inc. v. Dacor Corp.*, 833 F.2d 1551, 1557 (Fed. Cir. 1987)” Pet. App. 40a. Medtronic repeated this argument to the Federal Circuit, but without success. Medtronic then made this same argument to this Court in its petition for certiorari (at 7-8).

Surprisingly, after winning before the district court with its *Under Sea* argument, and having its petition for certiorari granted by this Court, Medtronic abandoned this argument in its brief on the merits. In its stead, Medtronic presents a new argument based upon *Lear v. Adkins*, 395 U.S. 653 (1969). This argument was not previously presented or considered.²³

In *Lear*, this Court overruled the doctrine of licensee estoppel. This doctrine held that a licensee

²³ Medtronic, in its briefing before the Federal Circuit and in its petition for certiorari before this Court, cites to *Under Sea*, but not to *Lear*, and, in its recently filed brief on the merits, cites to *Lear*, but not to *Under Sea*.

could not challenge invalidity because the licensee would not have agreed to the license had he not thought that the licensed patent was valid. If the licensee did not pay royalties, the licensor could bring suit for enforcement of the license or for patent infringement, at its option. This Court stated that it was necessary to “unmuzzle” the licensee so that it could assert invalidity as a defense to any suit by the licensor. 395 U.S. at 673.

Medtronic’s *Lear* argument appears to be that this Court should now “unmuzzle” the licensee (Medtronic) as to claim coverage by holding that the patentee (Mirowski), although not seeking any relief in the licensee’s DJ action, should have the burden to disprove the licensee’s claim that its products are not covered by the license.

This argument makes no sense whatsoever. In *Lear*, this Court left untouched who had the burden as to invalidity (the licensee). Since the 1991 license and the 2006 LTA both gave Medtronic the right to challenge claim coverage with a DJ action, Medtronic has always been “unmuzzled.”

Since Medtronic’s *Lear* argument was not presented to or considered by the Federal Circuit (or in Medtronic’s petition for certiorari), this Court should refuse to consider it.

SUMMARY OF ARGUMENT

Medtronic is the only party seeking relief, Mirowski could not counterclaim since Medtronic was

licensed to practice Dr. Mower's CRT invention. Thus, under the normal default rule, Medtronic bears the burden of proving entitlement to the relief that it seeks.

Medtronic's new *Lear* argument should not be considered since it was not presented to or considered by the Federal Circuit. Nor was it included in Medtronic's petition for certiorari. Further, this argument is baseless. *Lear* is not a burden of proof case. Also, Medtronic has always been "unmuzzled."

Mirowski as the party not seeking any relief should not have the burden to prove claim coverage simply because patentees asserting infringement in traditional infringement actions must prove infringement. Patentees asserting infringement have to prove infringement, not because they are patentees, but because they are asserting infringement (and seeking relief based on this infringement).

Medtronic also has the burden on claim coverage since the 1991 license and the 2006 LTA required Medtronic to bring the DJ action if it wanted relief from its license. The license and the LTA could have specified that Mirowski had to bring the DJ action, but they did not. Rather, they specified that Medtronic would bring this action.

If the licensor bears the burden on claim coverage, it will create a strong disincentive for a patentee to settle an infringement dispute with a license. Why license the patent to settle an infringement dispute

when the next day the licensee can file a *MedImmune*-type DJ action and insist that the patentee prove claim coverage (as it would have to do in an infringement action) when the patentee by licensing the patent (the day before) lost the right to seek an injunction, damages and willful infringement?

Medtronic's arguments "proving a negative," "hundreds of claims" and "under any possible theory," which were not presented to or considered by the Federal Circuit, are baseless. As to "proving a negative," under the all elements or all limitations rule, it is easier, not harder, to prove non-infringement (than to prove infringement). As to "hundreds of claims," it does not matter how many claims are in a patent, it is only the claims in dispute, and these claims have to be limited in order to make the case manageable. As to "under any possible theory," patent litigants need not anticipate each other's arguments. Only after an argument is made is a response necessary.

Subject matter jurisdiction is present. If not, this case should be remanded to the Federal Circuit with instructions to transfer this appeal to the Third Circuit (the district court was in Delaware) pursuant to 28 U.S.C. §1631 to decide the appeal after determining the presence of diversity jurisdiction. There was diversity jurisdiction before the district court, which would have made an appeal to the Third Circuit appropriate if it is determined that the Federal Circuit did not have subject matter jurisdiction.

If it is determined that Mirowski has the burden, this case should be remanded to the Federal Circuit to consider the district court's errors that were mooted by the Federal Circuit's burden of proof decision. These errors were a primary focus of Mirowski's appeal to the Federal Circuit. It would be a denial of Mirowski's right to appeal an adverse judgment if these errors were unmooted by a decision by this Court and then not considered by the Federal Circuit after this Court's decision.

ARGUMENT

I. Since Medtronic Is The Only Party Seeking Relief, It Bears The Burden Under The Normal Default Rule.

As previously noted, the normal default rule is easy to apply in this case since only one party (Medtronic) is seeking relief. Further, Medtronic does not argue that this is one of those "extremely rare" cases in which the party not seeking any relief bears the burden. Rather, Medtronic, for some reason, directs its arguments to those situations (not present in the case at bar) where both parties are seeking relief.

For example, Medtronic argues (at 18-23) that "the nominal reversal of traditional party status in a declaratory judgment action does not alter the substantive law's allocation of the burden of proof." However, this issue concerns cases in which both parties (such as the accused infringer and the

counterclaiming patentee) are seeking relief. The case at bar is not such a case.

Medtronic also argues (at 23-28) that “the allocation of the burden of proof is a rule of substantive law that is not altered by the Declaratory Judgment Act.” However, this issue likewise concerns cases in which both parties are seeking relief and the case at bar is not such a case.

Medtronic further argues (at 34-38) that “substantive patent law assigns the burden of proving infringement to the patentee, and that burden does not shift when a patent licensee seeks a declaratory judgment of non-infringement,” “federal patent law places the burden of proving infringement on the patent holder” and “a suit seeking a declaration of noninfringement is simply an inverted infringement action and does not shift the burden to the accused infringer.”

Although Medtronic’s argument is debatable if it is referring to infringement, not claim coverage, it is claim coverage and not infringement that is at issue here. Where the issue is claim coverage between a non-breaching licensee and its licensor as is the case here, Medtronic’s argument fails completely and Medtronic has cited no case whatsoever from this Court or any other appellate court with such a holding.

Medtronic also argues (at 38-39) that “the presence or absence of an infringement counterclaim is immaterial.” Medtronic’s argument is baseless. If

there is an infringement counterclaim (both parties are seeking relief), it is an inverted infringement suit and the patentee has the burden. However, if a counterclaim is precluded (by a license), the normal default rule applies and the party seeking relief (the licensee) bears the burden.

Medtronic also argues (at 39) that a licensor can “bring a claim or counterclaim for a *declaratory judgment* of infringement or claim coverage, even where no actual infringement has yet occurred.” Emphasis by Medtronic. However, the quoted language from the case that Medtronic cites in support of this proposition refers only to “infringement” and, therefore, is not applicable to a licensor-licensee situation. Further, there would be no “controversy” in the licensor-licensee situation where the licensee is paying the royalties. If not, the licensee would be subject to a suit for infringement. Also, Mirowski filed no such counterclaim in the case at bar.

Medtronic further argues (at 39-43) that “the Federal Circuit’s concerns about *MedImmune*-type litigation do not justify its deviation from the standard allocation of the burden of proof.” However, there was no “deviation.” The standard allocation of the burden of proof is the normal default rule and it was followed in this case. Medtronic simply ignores this all important rule as supposedly not applying to DJ actions.

Nor was the Federal Circuit “concerned” about *MedImmune* type cases. Rather, the Federal Circuit

only held that in these cases where the licensee files a DJ action for non-claim coverage and the patentee cannot counterclaim for infringement, the normal default rule is applicable and the licensee has the burden on claim coverage.

Medtronic asserts (at 41) that Mirowski “needs a judicial determination of infringement in order to have a right to a payment of such royalties.” Medtronic then cites to the phrase in the LTA concerning Medtronic products that “were held to infringe.” However, this refers to those Medtronic products in a split decision as to which Medtronic did not prevail in its DJ action. If Medtronic is now asserting a different meaning, it is an entirely new argument that was not presented to the Federal Circuit (or to this Court in Medtronic’s petition for certiorari) and, therefore, should be excluded.

**II. This Court Should Not Consider
Medtronic’s New *Lear* Argument That
Was Not Included In Its Petition Nor
Presented to the Federal Circuit.**

As discussed *supra*, Medtronic in its brief on the merits has abandoned its *Under Sea* “always” argument which was the basis for its win before the district court and, in its stead, has asserted its new *Lear* argument (at 45-47). Medtronic unsuccessfully asserted its *Under Sea* “always” argument and did not present its *Lear* argument before the Federal Circuit. Thus, the Federal Circuit did not consider this argument.

Medtronic also did not present its new *Lear* argument in its petition for certiorari. Rather, this argument was not made until Medtronic's brief on the merits.²⁴

Medtronic's new *Lear* argument attacks, rather than defends, the Federal Circuit's judgment. This Court has held that declining to consider such a new argument is "the better course."

We need not address the question, however. Although in some instances we have allowed a respondent to defend a judgment on grounds other than those pressed or passed upon below, ... it is quite a different matter to allow a petitioner to assert new substantive arguments attacking, rather than defending, the judgment when those arguments were not pressed in the court whose opinion we are reviewing, or at least passed upon by it. Just this Term we declined an invitation by an amicus to entertain new arguments to overturn a judgment, ... and we consider it the better course to decline a party's suggestion for doing so in this case.

U.S. v. United Foods, Inc., 533 U.S. 405, 417 (2001) (emphasis added).

²⁴ Medtronic's petition for certiorari lists four counsel for Medtronic. Medtronic's brief on the merits lists these four counsel and five new counsel.

The test is not whether Medtronic's new *Lear* argument is within its Question Presented. Rather, the test is whether the Federal Circuit considered this argument, which it did not.

The Government argues the advertising here is government speech, and so immune from the scrutiny we would otherwise apply. *As the Government admits in a forthright manner, however, this argument was "not raised or addressed" in the Court of Appeals. ...* The Government ... suggests that the question is embraced within the question set forth in the petition for certiorari. In *Lebron*, the theory presented by the petitioner in the brief on the merits was addressed by the court whose judgment was being reviewed. ... *Here, by contrast, it is undisputed that the Court of Appeals did not mention the government speech theory now put forward for our consideration.*

Id. at 416 (emphasis added).

Likewise, this Court should not consider the almost identical argument in the SG/PTO brief filed one week after Medtronic's brief on the merits. *Cf.* Medtronic's brief on the merits (at 45) with the SG/PTO brief (at 31), each citing *Lear* ("full and free competition in the use of ideas") followed by a citation to *Blonder-Tongue Labs, Inc. v. University of Ill.*

Found., 402 U.S. 313, 349-50 (1971) (“exact royalties for the use of an idea”).²⁵

III. A Licensor Not Seeking Any Relief in a Licensee’s DJ Action Should Not Have to Prove Claim Coverage Because, As Medtronic Asserts, It Has a Patent “Monopoly.”

Medtronic’s new *Lear* argument is that a defendant (patentee) not seeking any relief in a licensee’s DJ action should have to prove claim coverage because it has a patent “monopoly.”

This argument makes little sense. Although *Lear* “unmuzzled” the licensee to permit it to challenge validity, Medtronic has always been “unmuzzled” as to claim coverage by the 1991 license even prior to this Court’s 2007 *MedImmune* decision.

At its core, Medtronic’s argument is that a patentee should always have the burden, even if it is only a defendant not seeking any relief, since it has a “monopoly.” The first Chief Judge of the Federal Circuit, Judge Howard T. Markey, explained this argument and its baselessness when he was sitting by designation in the Court of Appeals for the Sixth Circuit.

²⁵ *Blonder-Tongue* was a collateral estoppel case, holding that a patentee was collaterally estopped from suing a second defendant in a second action after entry of a final judgment of invalidity in a first action (against a first defendant), where the patentee in the first action had a full and fair opportunity to defend against the charge of invalidity. The case at bar has no such collateral estoppel issue.

Stahlin says its election to make and sell its “Tear Drop” duct after the initial injunction was to insure that Panduit “was not going to have a monopoly.” It is not uncommon for an infringer-contemnor to wrap itself in the mantle of public defender against “monopoly,” in reliance on an unthinking *monopolophobia* it mistakenly hopes to find in the courts.

The loose application of the pejorative term “monopoly,” to the property right of exclusion represented by a patent, can be misleading. Unchecked it can also destroy the constitutional and statutory scheme reflected in the patent system.

Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1160 n.8 (6th Cir. 1978) (emphasis added).²⁶

As further held in *Panduit*, since a valid patent takes nothing from the public, it is not the same as a “monopoly” against which the anti-trust laws are directed.

²⁶ Prior to the formation of the Federal Circuit in 1982, Judge Markey was Chief Judge of the Court of Customs and Patent Appeals (“CCPA”), a predecessor to the Federal Circuit. Judge Markey’s decision in *Panduit* was while he was Chief Judge of the CCPA.

If the patent be valid, it takes nothing from the public, as does the “monopoly” against which our anti-trust laws are directed. *On the contrary, it gives to the public, by definition, that which the public never before had.* That a patent, like stocks, bonds and other property, may be misused in a plan violative of an anti-trust law does not render the property right in the patent a monopoly in the anti-social, anti-competitive sense, any more than it does the property right in stocks and bonds.

Id., (emphasis added).

Panduit also quotes this Court’s decision in *United States v. Dubilier Condenser Corp.* 289 U.S. 178, 186 (1933).

Though often so characterized, a patent is not, accurately speaking, a monopoly, for it is not created by the executive authority at the expense and to the prejudice of all the community except the grantee of the patent.

* * *

The term “monopoly” connotes the giving of an exclusive privilege for buying, selling, working or using a thing which the public freely enjoyed prior to the grant. Thus a monopoly takes something from the people. *An inventor deprives the public of nothing which it*

enjoyed before his discovery, but gives something of value to the community by adding to the sum of human knowledge.

Panduit, 575 F.2d at 1160 (emphasis added).

Further, the patent laws have a Constitutional basis. Article 1, Section 8 specifically provides that Congress has the power “to promote the science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

Thus, a defendant (patentee) not seeking any relief in a licensee’s DJ action should not have to prove claim coverage merely because it supposedly has a “monopoly.”

IV. A Licensor Not Seeking Any Relief in a Licensee’s DJ Action Should Not Have to Prove Claim Coverage Because, As Medtronic Asserts, Patentees Asserting Infringement Have to Prove Infringement.

Medtronic prevailed before the district court on its *Under Sea* “always” argument. Mirowski’s response has always been that *Under Sea* was a traditional infringement action where the patentee asserted infringement, the *Under Sea* district court erroneously saddled the accused infringer with proving non-infringement, and the Federal Circuit reversed (because a patentee asserting infringement has the burden to prove it).

Medtronic has never directly responded to this argument and its brief on the merits cites many other cases, including cases from this Court, involving similar traditional patent infringement actions where the patentee asserted infringement.²⁷ Thus, it appears to be Medtronic's position that Mirowski has the burden on claim coverage because patentees in traditional infringement actions, where they assert infringement, have the burden to prove it.

This argument makes no sense whatsoever. Patentees have the burden of proof on infringement in traditional infringement actions, not because they are patentees, but because they are asserting infringement and seeking relief (injunction, damages, and willful infringement) for such infringement.

Whether the patentee is seeking relief for infringement is critical. If it is seeking relief, it should have the burden of proving such infringement. If it is not seeking relief, there is no reason to saddle it with proving infringement. This is what the Federal Circuit held in this case and this is what this Court held in *Schaffer*.

It makes no sense at all to say, as Medtronic appears to be saying, that a defendant patentee (not seeking any relief) must prove claim coverage in its licensee's DJ action (even though it cannot assert infringement), simply because, in more common

²⁷ For example, this Court's decisions in the 1800s in *Railroad Co. v. Mellon*, 104 U.S. 112, 119 (1881), *Cammeyer v. Newton*, 94 U.S. 225, 231 (1877) and *Agawan Co v. Jordan*, 74 U.S. (7 Wall.) 583, 609 (1869).

traditional infringement actions, the patentee has the burden of proving infringement.

**V. Medtronic Also Has the Burden
On Claim Coverage Since the 1991
License and the 2006 LTA Require
Medtronic to Bring the DJ Action
(If It Wants Relief From Its License).**

The 1991 license provided that Medtronic could file a DJ action *if* it wanted to seek relief from its license. The parties to this license were Lilly and Medtronic. It was an arm's length transaction. Lilly and Medtronic could have agreed that any dispute between them would be resolved by having Lilly file a DJ action. However, Lilly and Medtronic decided otherwise.

Rather, Lilly and Medtronic agreed that Medtronic would bring the DJ action if it wanted relief from its license. Thus, since the normal default rule is that the plaintiff bears the burden, Lilly and Medtronic agreed that Medtronic would bear the burden on claim coverage (if it wanted relief from its license).

There is no reason why Lilly and Medtronic could not make such an agreement, nor is there any reason why this agreement should not be enforced. Medtronic has never taken the position that the parties were not free to decide who would have the burden on claim coverage.

Medtronic's only response is that the agreement does not specify in *haec verba* who has the burden. However, the agreement effectively provides who has the burden by specifying that the DJ action is to be brought by Medtronic (if it wants relief from its license).

**VI. Cases Involving a DJ Action For
Non-Infringement (Not Claim Coverage)
Are Inapposite Because a Counterclaim
For Infringement Is Compulsory
In Such an Action.**

There is a significant difference between a DJ action for non-infringement and a DJ action for non-claim coverage. In the former, the patentee must counterclaim for infringement since it arises from the same "transaction or occurrence" as the DJ claim. Fed. R. Civ. P. 13(a)(1)(A). In contrast, in the latter, the patentee cannot counterclaim for infringement since the plaintiff/licensee is not an infringer (because of its license).

Medtronic (at 36) cites the statement in *Deere & Co. v. Sperry Rand Corp.*, 322 F.Supp. 397, 398 (E.D. Cal. 1970), *aff'd*, 513 F.2d 1131 (9th Cir. 1975) that "[t]he burden of proof in a declaratory judgment action involving patent infringement is on the defendant owner of the patents at issue ... just as if he were the plaintiff suing for infringement of those patents." However, *Deere* was a DJ action for non-infringement (not non-claim coverage) where the patentee counterclaimed for an injunction against infringement. *Id.* at 398.

Medtronic's citation to *Deere* includes footnote 15 which cites a number of similar cases.²⁸ However, each of these cases has the same critical defect as *Deere* – each case involves infringement (not claim coverage).

Immediately following Medtronic's citation to *Deere* is its assertion (at 36) that “[d]istrict courts have reached the same conclusion even where the declaratory judgment defendant did not counterclaim for infringement.” Medtronic's footnote 16 cites a number of cases to presumably support this assertion. However, all of the cases in this footnote (with the exception of one) involve a DJ action for non-infringement where the patentee must assert infringement because it is compulsory.

The one exception noted above is *MedImmune, Inc. v. Centocor, Inc.*, 271 F. Supp. 2d 762, (D. Md. 2003). *Centocor* was a DJ action by a licensee for non-claim coverage where the district court made the same mistake made by the district court in the case at bar, *i.e.*, considering the “always” statement from *Under Sea* to mean that the patentee always has the burden, even if it cannot assert infringement. Accordingly, *Centocor* provides no support for Medtronic's assertion.

²⁸ These cases are *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044 (Fed. Cir. 1988); *United Sweetener USA, Inc. v. Nutrasweet Co.*, 760 F. Supp. 400 (D. Del. 1991); *Advanced Transformer Co. v. Levinson*, 1986 WL 84365 (N.D. Ill. June 17, 1986); *Philip A. Hunt Co. v. Mallinckrodt Chem. Works*, 72 F. Supp. 865 (E.D.N.Y. 1947); *Vivid Techs., Inc. v. American Sci. & Eng'g, Inc.*, 200 F.3d 795 (Fed. Cir. 1999).

The *Centocor* district court also stated that it might decide the burden issue otherwise if presented with evidence of the “contractual intentions of the parties (*id.* at 770 n.11), a fact present in the case at bar since the parties agreed that Medtronic would file the DJ action (if it wanted relief from its license).

VII. If the Licensor Is Required to Have the Burden, as Medtronic Asserts, It Will Create a Strong Disincentive for a Patentee to Settle An Infringement Dispute with a License.

In *MedImmune*, the licensee filed a DJ action with respect to its new product. If *MedImmune* is not restricted to a new product, and if the patentee is assigned the burden on claim coverage, even though the patentee does not seek any relief, the following situation would likely act as a strong disincentive for a patentee to settle an infringement dispute with a license.

The patentee asserts infringement. The accused infringer wants to settle with a license. The patentee and the accused infringer agree upon a typical license. In this typical license, the patentee agrees not to sue the infringer for an injunction, damages, and willful infringement as long as the licensee pays the royalty.

The day after the license is signed, the licensee brings a *MedImmune* type action and tells the patentee that he (the licensee) does not have to prove non-claim coverage as asserted in his complaint but, rather, the patentee has to prove claim coverage as

he would have to do in a traditional patent infringement action.

The patentee now realizes he has been severely disadvantaged. Proving claim coverage is what the patentee would have had to do in an infringement action. However, in an infringement action, the patentee could also seek an injunction, damages, and willful infringement. The patentee had the ability to do so before granting a license the day before. Now, he cannot do so. Thus, any patentee will now likely be quite reluctant to settle on such a basis since the patentee gives up a lot and receives very little.

The situation is not that different even if *MedImmune* is restricted to a new product. There may be a short time between the signing of the license and the introduction of the new product. Alternatively, even if the time is longer, the patentee will still suffer the loss of being able to seek an injunction, damages and willful infringement.

In such a situation, as stated by the Federal Circuit the licensee would be using “*MedImmune’s* shield as a sword.” Pet. App. 14a.

VIII. Medtronic’s Other Arguments Are Baseless

A. Medtronic’s “*MedImmune*” Argument

In *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007), MedImmune (licensee) did not want to give up the protection of its license. If it did, its

licensor (Genentech) could bring suit against it for an injunction, damages, and willful infringement. Accordingly, MedImmune continued to pay royalties.

MedImmune brought a DJ action. Genentech moved to dismiss the action because there was no “controversy” since MedImmune continued to pay its royalties. The Federal Circuit agreed, but this Court disagreed, holding that MedImmune did not have to “bet the farm” (breach its license) in order to challenge liability under the license.

This Court in *MedImmune* did not hold that Genentech would have the burden on claim coverage in MedImmune’s DJ action. Genentech could not counterclaim for infringement because MedImmune was a licensee and not an infringer.

Medtronic’s argument (at 45-47) appears to be that this Court would not have ruled for MedImmune on the “controversy” issue had it not wanted Genentech to have the burden on claim coverage. This makes no sense whatsoever. This Court ruled on the issue of “controversy” and did not consider, much less decide, the burden on claim coverage.

Medtronic’s further argument that a *MedImmune* type licensee would not file a DJ action if it had the burden on claim coverage is both unsupported and, indeed, undermined by the *MedImmune* decision itself. *MedImmune* was worried about having to “bet the farm,” not whether it might have the burden on claim coverage.

The Federal Circuit did not consider Medtronic's argument. Neither Medtronic nor Mirowski argued this Court's *MedImmune* decision before the Federal Circuit. Rather, both Medtronic and Mirowski agreed that Medtronic had a right to bring a DJ action pursuant to the 1991 license and the 2006 LTA. Neither party relied upon *MedImmune* for this right.

B. Medtronic's "Proving a Negative" Argument

Medtronic's "proving a negative" argument (at 43-45) was not presented to or considered by the Federal Circuit. If it had been presented, it would have been rejected as having nothing to do with proving non-infringement in a patent case. Medtronic cites no authority (other than non-patent cases) for its argument.

To prove infringement of a patent claim, it is necessary to show that the accused device has each element recited in the claim, either literally or by equivalents. This rule is known as the "all elements" or "all limitations" rule. To prove non-infringement, however, it is only necessary to show the absence of any one element. *Amstar Corp. v. Envirotech Corp.*, 730 F.2d 1476, 1484 (Fed. Cir. 1984) ("non-infringement is shown when an element or step in the claims is missing from the accused product or process").

By way of example, a claim element may be "a nail" which connects together two other claim elements. The accused infringer might defend on the basis that the accused device uses a screw rather

than a nail. If the accused infringer were successful with this defense, it would have, contrary to Medtronic's assertion, proved a negative without much difficulty. Thus, proving non-infringement is easier, not more difficult, than proving infringement.²⁹

An accused infringer moving for summary judgment of non-infringement will have the burden to show "that there is no genuine issue as to any material fact and the [accused infringer] is entitled to judgment as a matter of law." Fed. R. Civ. P 56(a). Thus, if Medtronic were correct that non-infringement is unusually difficult to prove, there would be few, if any, motions for summary judgment of non-infringement, which the above example as well as common knowledge shows not to be true.

Less than three weeks ago, the Federal Circuit affirmed a summary judgment of non-infringement. *Applied Medical Resources Corp. v. Tyco Healthcare*

²⁹ None of the cases cited by Medtronic have anything to do with the supposed difficulty of proving non-claim coverage (in comparison to proving claim coverage). *Vieth v. Jubelirer*, 541 U.S. 267, 311 (2004)(congressional redistricting); *NLRB v. Kentucky River Cmty. Care, Inc.*, 532 U.S. 706, 711 (2001)(unfair labor practice); *Elkins v. United States*, 364 U.S. 206, 218 (1960)(obscenity); *Piedmont & Arlington Life Ins. Co. v. Ewing*, 92 U.S. 377, 378-79 (1876)(insurance); *Arthur v. Unkart*, 96 U.S. 118, 122 (1878)(excessive duty); *Maxwell Land-Grant Co. v. Dawson*, 151 U.S. 586, 604 (1894)(ejectment to recover land); *Taylor v. Commissioner*, 70 F.2d 619, 621 (2d Cir. 1934)(tax deficiency); *United States v. Ollie*, 442 F.3d 1135, 1143 (8th Cir. 2006)(criminal case); *Cole v. Stevenson*, 620 F.2d 1055, 1065 (4th Cir. 1980)(murder case).

Group, No. 2012-1412 (Fed. Cir. August 27, 2013). The decision was Per Curiam and the disposition was “nonprecedential.” Thus, “proving a negative” in this case was, contrary to Medtronic’s assertion, not difficult or even remarkable.

C. Medtronic’s “Hundreds of Claims” Argument

Medtronic’s “hundreds of claims” argument (at 44-45) was not presented to or considered by the Federal Circuit. Had it been presented, it would have been rejected since it is the claims at issue, not the number of claims in a patent, that is determinative and patentees cannot put “hundreds of claims” at issue. District courts will not permit it because it would make a case unmanageable.

In this case, the LTA restricts the claims at issue (for all patents) to 30 claims. JA23, 26-27. Further, although Medtronic asserts that Mirowski during the case switched some claims, the LTA provided specific leave for Mirowski to do so as long as no more than 30 claims were asserted at any one time. JA26.³⁰

If Medtronic’s “hundreds of claims” argument is meant to refer to cases in the future and not to this case, there would also be no difficulty. Courts

³⁰ The November 20, 2007 letter to Medtronic from Mirowski’s counsel identifying the claims at issue identified only four claims from the ‘119 patent and 25 claims from the ‘897 patent. JA32. Further, Medtronic had only to prove non-claim coverage of the independent claims since a dependent claim cannot be infringed if its parent claim is not infringed. This left only three claims from the ‘119 patent and 20 claims from the ‘897 patent.

routinely restrict patentees to the number of claims they can put at issue. *In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303, 1309 (Fed. Cir. 2011) (“Katz [patentee] did not question the need to limit the number of claims in order to make the case manageable.”)

D. Medtronic’s “Under Any Possible Theory” Argument

Medtronic’s unsupported “under any possible theory” argument (at 44-45) was not presented to or considered by the Federal Circuit. Had it been presented it would have been rejected as baseless and, even, frivolous. An accused infringer filing a DJ action for non-infringement is not required to anticipate every argument that a patentee might make with respect to a counterclaim for infringement. Medtronic cites no case to support such a baseless proposition.

For example, if the claim recites a nail, and the accused device has a screw rather than a nail, the accused infringer might defend on the basis that one claim element (the nail) is missing. If the patentee responds that this screw is really a nail, the accused infringer can respond after considering the basis for the patentee’s “really a nail” argument. There is no requirement that the accused infringer have a crystal ball to anticipate the patentee’s “really a nail” argument.

E. Medtronic’s “Affirmative Of the Issue” Argument

Medtronic’s “affirmative of the issue” argument (at 43-44) is that, where one party asserts the affirmative of an issue and the opposing party asserts the negative, the party asserting the affirmative should have the burden. For example, if the accused infringer in a DJ action asserts non-infringement and the patentee responds with a counterclaim for infringement, then the patentee should bear the burden because it is asserting the affirmative of the issue. There is no dispute that the patentee would have the burden in this instance (even though the accused infringer filed a DJ action asserting non-infringement).

A different result obtains, however, where the patentee cannot counterclaim for infringement such as in the case at bar. In such a situation, the normal default rule is applicable and the party having the burden is the party seeking relief. Because the only party seeking relief in this case was Medtronic, it had the burden to prove its entitlement to the relief that it sought.

F. Medtronic’s “Coercive” Argument

Medtronic’s “coercive” argument throughout its brief appears to be that the party that has the burden is not the party who filed the DJ action but the party who asserted a “coercive” counterclaim in response thereto. This argument was not presented to or considered by the Federal Circuit. If it had been

presented, it would have been rejected as not having any application to this case because Mirowski could not file a “coercive” infringement counterclaim since Medtronic was not an infringer.

G. Medtronic’s “Mirowski Sought Relief” Argument

Medtronic implies throughout its brief that Mirowski was seeking monetary relief in Medtronic’s DJ action because, if Medtronic lost, Mirowski would be entitled to the royalties that Medtronic had withheld. This argument is baseless.

Schaffer holds that the party seeking relief has the burden to show its entitlement to such relief. The seeking of relief is restricted to the seeking of relief *in the suit*. That Mirowski might benefit from Medtronic not prevailing in its DJ action does not mean that Mirowski was seeking relief *in the suit*. To seek relief in a suit means to file a claim or counterclaim. Mirowski did neither.

H. Medtronic’s “Mirowski Asserted Infringement” Argument

The 2006 LTA provides that for any new Medtronic CRT product, Medtronic has to notify Guidant and Mirowski of this product and provide a manual therefor, Guidant or Mirowski then has to advise Medtronic as to any patent claims that cover this product and Medtronic can then either pay the royalty on this product or it can file a DJ action (if it wants to seek relief from its license). JA23-24.

In advising Medtronic as to claim coverage, Mirowski's counsel used the term "infringement" because both the 1991 license and the 2006 LTA required notice of "infringement," even though this is legally incorrect because Medtronic was licensed. JA13, 23-24. Thus, Medtronic's assertion (at 42-43) that Mirowski accused it of infringement (not claim coverage) is baseless.³¹

I. Medtronic's "Mirowski Started the Dispute" Argument

Medtronic appears to argue (at 47) that, if Mirowski had not given notice of "infringement" (claim coverage), there never would have been a suit and therefore, Mirowski should be considered as having filed the suit (even though Medtronic filed the suit and was the only party who sought relief).

Medtronic's argument is baseless. Medtronic filed the suit. It sought relief. It was not required to file any suit. It could have paid the royalties. Alternatively, it could have chosen not to pay the royalties (although it would have subjected itself to a suit for infringement). Mirowski did not dictate this situation. Rather, it was agreed to by Medtronic and it has no one to blame but itself if it no longer finds this situation to be to its liking.

³¹ The pretrial order specifies that "[t]he term infringement is used in the LTA to indicate claim coverage. Since Medtronic is a licensee, it cannot be an infringer." JA50-51, *See*, also JA1-2 (# 177).

J. Medtronic’s “Nominal Plaintiff” Argument

Medtronic asserts (at 47) that it should not have the burden because it is only a “nominal” plaintiff. This argument is baseless. The normal default rule is that the party seeking relief bears the burden. There is no “nominal” plaintiff exception to this rule. A plaintiff cannot disassociate itself from its burden to prove its entitlement to the relief that it seeks by asserting that it is only a “nominal” plaintiff.

Pertinent in this regard is this Court’s holding in *Schaffer* that, where both parties *could* seek relief, the burden is on the party that does seek relief. 546 U.S. at 62 (“the rule applies with equal effect ...”).

K. Medtronic’s “Coerced Royalties” Argument

Medtronic implies (at 40) that its royalty payments (the withheld royalties) were “coerced by threatened enforcement action.” However, Medtronic wanted a license to shield itself from an injunction, damages, and willful infringement. Further, Medtronic wanted the license to extend to new products. Otherwise, the new products could be subjected to an injunction, damages, and willful infringement.

After obtaining this license and its important benefits, Medtronic seemingly now complains that its withheld royalty payments were “coerced.” The term “coerced” usually implies wrongful coercion. There was no such wrongful act in the case at bar.

L. Medtronic's "Insurances Cases" Argument

Medtronic asserts (at 26-27) that the three insurance cases cited by the Federal Circuit do not support the Federal Circuit's decision. Medtronic is wrong.

As previously noted, in reviewing the burden issue, the first thing to do is to determine if only one party is seeking relief. If so, that party will have the burden.

In *Reliance Life Ins. Co. v. Burgess*, 112 F.2d 234 (8th Cir, 1940), only the insurance company (the plaintiff) sought relief. As noted by the Federal Circuit, the *Reliance* decision (*id.* at 237) stated that the insured "asked no affirmative relief [and] prayed only to be discharged with their costs." Pet. App. 13a. Accordingly, the plaintiff had the burden.

In both *American Eagle Ins. Co. v. Thompson*, 85 F.3d 327, 331 (8th Cir. 1996) and *Fireman's Fund Ins. Co. v. Videfreeze Corp.*, 540 F.2d 1171, 1175 (3d Cir. 1976), both the insurance company and the insured were seeking relief. Accordingly, the insured bore the burden in each instance since, as stated by the Federal Circuit, "[i]n insurance cases, courts generally place the burden on the party seeking recovery under a policy." Pet. App. 13a.

The case at bar is like *Reliance* because only one party (Medtronic) is seeking relief. The case at bar is not like *American Eagle* or *Fireman's* because, in

each of those cases, both parties (the insurance company and the insured) were seeking relief.

M. Medtronic’s “Finality” Argument

Medtronic’s “finality” argument (at 31-34) was not presented to or considered by the Federal Circuit. Nor was it included in Medtronic’s petition for certiorari. Accordingly, it should not be considered by this Court. *United Foods, supra*, 533 U.S. at 417.

Medtronic’s “finality” argument is also baseless. There is no “finality” exception to the normal default rule. The rule is applicable even if there were some unusual situation where there might not be total finality.

Further, there is no difficulty with finality in the case at bar. Medtronic’s argument appears to be that, if Mirowski does not have the burden, there will be no finality to the judgment. However, the 1991 license and the 2006 LTA provide that Mirowski is entitled to the withheld royalties (with interest) if Medtronic fails to prevail in its DJ action. Medtronic has not disputed this point.

There would also be finality in a *MedImmune*-type situation. If the licensee is unable to prove that its product is not covered, the licensee will either have to continue to pay the royalties or, if it does not, it can be sued for infringement.

IX. Subject Matter Jurisdiction is Present

A. *Gunn v. Minton*

Tessera's *amicus* brief is based upon this Court's decision earlier this year (February 20) in *Gunn v. Minton*, 133 S. Ct. 1059 (2013).

Gunn was a malpractice action against an attorney (Jerry Gunn) by his client (Vernon Minton) who asserted that Gunn's error in an infringement action, in which Gunn represented Minton, resulted in Minton having his patent held invalid.

Minton sued the accused infringers in a Texas federal court. The district court held the patent invalid under the on-sale bar of 35 U.S.C. §102 and the Federal Circuit affirmed. *Minton v. National Assn. of Securities Dealers, Inc.*, 226 F. Supp. 845, 873, 883-884 (E.D. Tex. 2002), *aff'd*, 336 F.3d 1373, 1379-80 (Fed. Cir. 2003).

Minton then filed his malpractice action against Gunn in a Texas state court, asserting that Gunn should have countered the on-sale bar with the experimental use exception to the on-sale bar. Gunn defended on the basis that Minton's supposed experimental use exception had no factual basis and, therefore, it was not malpractice not to have asserted it. The Texas trial court granted summary judgment to Gunn. *Gunn*, 133 S. Ct. at 1063.

On appeal to the Texas Court of Appeals, Minton raised a new argument, *i.e.*, since his action "was

based on an alleged error in a patent case, it ‘aris[es] under’ federal patent law for purposes of 28 U.S.C. §1338(a).” Since §1338(a) provides exclusive federal jurisdiction, Minton argued that he had brought his case in a court that did not have subject matter jurisdiction and, therefore, his malpractice case had to be retried in federal court. *Id.*

The Texas Court of Appeals rejected this argument, holding that “the federal interests implicated by Minton’s state law claim were not sufficiently substantial to trigger §1338(a) ‘arising under’ jurisdiction” and “finding exclusive federal jurisdiction over state malpractice actions would ... disturb the balance of federal and state judicial responsibilities.” *Id.*

Minton appealed to the Supreme Court of Texas who agreed with Minton’s lack of subject matter jurisdiction argument and, accordingly, reversed. *Id.*

Gunn appealed to this Court who reversed, holding that there was no federal jurisdiction even though Minton’s malpractice claim depended upon a patent law question, *i.e.*, whether there was a factual basis for the experimental use exception to counter the on-sale bar used to invalidate Minton’s patent. *Id.* at 1068-69.

This Court held that it is not sufficient for federal jurisdiction that Minton’s malpractice claim depended upon the answer to a patent law question. Something more was needed, *i.e.*, even though the patent law question was “vitally important to the particular

parties in [the] case,” the answer to the question had to be “significant to the federal system as a whole.” *Id.* at 1068.

Further, permitting federal jurisdiction for Minton’s malpractice claim would disturb “the appropriate ‘balance of federal and state judicial responsibilities,’” especially since “[t]he [s]tates ... have ‘a special responsibility for maintaining standards among members of the licensed professions’” and “[t]heir ‘interest ... in regulating lawyers is especially great since lawyers are essential to the primary governmental functions of administering justice, and have historically been officers of the courts.’” *Id.*

In addition, Minton’s malpractice claim was “backward-looking” and “merely hypothetical” – “*If* Minton’s lawyers had raised a timely experimental-use argument would the result in the patent infringement proceeding have been different?” *Id.* at 1066-67, emphasis by Court.

Thus, there is only federal subject matter jurisdiction if the patent law question (1) is part of a claim for patent infringement or (2) has significant “importance ... to the federal system as a whole.”

B. Type-1 and Type-2 Subject Matter Jurisdiction

Tessera agrees that *Gunn* holds, as stated above, that there is only federal subject matter jurisdiction if the patent law question (1) is part of a claim for

patent infringement or (2) has significant “importance ... to the federal system as a whole.” Tessera characterizes (1) and (2) above as “Type-1” and “Type-2” jurisdiction respectively.

Most of Tessera’s brief (1-27) asserts that the license dispute between Medtronic and Mirowski does not suffice for Type-1 jurisdiction. Mirowski, however, does not assert Type-1 jurisdiction, but does submit that type-2 jurisdiction is appropriate here.

Type-2 jurisdiction is directed to the patent law question having sufficient importance to the federal system as a whole. That the burden of proof issue in the case at bar has such sufficient importance to the federal system as a whole is apparent from the fact that this Court granted Medtronic’s petition for certiorari. Also attesting to this importance, the Solicitor General filed an *amicus* brief and moved to participate in oral argument.

Further, the burden of proof issue in the case at bar (apart from the fact that the license and the LTA specify that Medtronic is to bring the DJ action if it wants relief from its license) is not restricted to the parties in this case but should, as Medtronic asserted in its petition, arise in almost every *MedImmune* type case in which the licensee seeks relief from its license.

Also, this burden of proof question in the case at bar is not a “backward-looking” or “hypothetical question” as was the case in *Gunn*. *Id.* The decision in this case will likely control the burden of proof on

claim coverage in almost all future *MedImmune* type DJ actions.

In addition, the patent law issue in the case at bar does not involve important state issues such as “maintaining standards among members of the licensed professions” and “regulating lawyers ... since [they] are essential to the primary governmental function of administering justice” as was the case in *Gunn*. *Id.* at 1068. Thus, a decision that Type-2 jurisdiction is present in the case at bar will not disturb “the appropriate ‘balance of federal and state judicial responsibilities.’” *Id.*

Tessera in its brief does not give appropriate weight to the above reasons for the presence of Type-2 Jurisdiction in the case at bar. The portion of Tessera’s brief that concerns Type-2 jurisdiction is only four pages (27-31). In contrast, the portion directed to Type-1 jurisdiction is 27 pages (1-27). Most significantly, Tessera in its brief does not recognize that the standard for Type-2 jurisdiction mirrors the standard used by this Court in deciding whether to grant certiorari in a patent case.³²

³² Supreme Court Rule 10 provides – “A petition for a writ of certiorari will be granted only for compelling reasons. The following ... indicate the character of the reasons the Court considers: ... (c) ... a United States court of appeals has decided an important question of federal law that has not been, but should be, settled by this Court”

C. Subject Matter Jurisdiction in the Federal Circuit

Since Tessera asserts that there is no Type-1 or Type-2 jurisdiction, it asserts that the Federal Circuit did not have subject matter jurisdiction. Tessera asserts (at 31) that

Consequently, the Federal Circuit's judgment should be vacated, and the case remanded with instructions to transfer the appeal to the Third Circuit pursuant to 28 U.S.C. §1631 to determine whether another jurisdictional basis in the district court, such as diversity, existed, and to decide the appeal on the merits if it did. *See Christianson*, 486 U.S. at 819.

Mirowski disagrees since Type-2 jurisdiction is present in the case at bar for the reasons noted above. However, if this Court disagrees, Mirowski agrees with Tessera that the case should be remanded to the Third Circuit under §1631 since there was 28 U.S.C. §1332 diversity of jurisdiction in the district court.

Tessera also asserts (at 32) that “vacatur and remand are appropriate because the burden of persuasion in this case may be governed by state, not federal, law.” Mirowski disagrees. The LTA provides that it “shall be interpreted and construed, and the legal relations created herein shall be determined, in accordance with the laws of the State of Minnesota and the United States.” Thus, the laws of the United

States should control. Further, it is not believed that the laws of Minnesota differ from the laws of the United States as to the burden of proof being allocated to the party seeking relief.

10. If It Is Determined That Mirowski Has the Burden, a Remand to the Federal Circuit is Necessary So That It Can Consider the District Court's Errors That Were Mooted By Its Burden of Proof Decision.

As noted *supra* in “The District Court Proceedings,” the district court erroneously excluded Mirowski’s claim coverage evidence on the basis that Mirowski’s expert, Dr. Berger, supposedly did not include in his expert report an explanation of the presence of a “sense amplifier” in Medtronic’s CRT products. In doing so, the district court erred for a number of reasons.

First, Dr. Berger’s report did include the presence of the sense amplifier in Medtronic’s CRT products. Second, most of the claims at issue in both the ‘119 and ‘897 patents did not recite a sense amplifier and, therefore, did not require its presence. Third, Medtronic’s engineer Ms. Kleckner, who had helped to design its CRT products, testified at trial that Medtronic’s devices did include the sense amplifier.

Fourth, Medtronic had limited the infringement issues through discovery so as not to include the presence of a sense amplifier. Fifth, wearing belt and suspenders, Mirowski proved claim coverage at trial despite the fact that it had no burden to do so. Dr.

Berger's testimony at trial (and his expert report) applied each element of each claim at issue including the sense amplifier to each Medtronic CRT product.

After the Federal Circuit determined that Medtronic, not Mirowski, had the burden on claim coverage, the above errors by the district court became moot and the Federal Circuit did not consider or even mention them.

Accordingly, if this Court were to determine that Mirowski had the burden on claim coverage, this case should be remanded to the Federal Circuit so that it can consider the district court's errors noted above that it did not consider in its decision.

CONCLUSION

For the foregoing reasons, the judgment of the Federal Circuit should be affirmed. If not, this action should be remanded to the Federal Circuit so that it can consider the district court's errors that were mooted by the Federal Circuit's decision that Medtronic had the burden on claim coverage.

This Court has subject matter jurisdiction. If not, this case should be remanded to the Federal Circuit with instructions to transfer the appeal to the Third Circuit pursuant to 28 U.S.C. §1631 to decide the appeal after determining the presence of diversity jurisdiction.

Respectfully submitted,

ARTHUR I. NEUSTADT

Counsel of Record

THOMAS J. FISHER

JOHN F. PRESPEL

OBLON, SPIVAK, MCCLELLAND,

MAIER & NEUSTADT, LLP

1940 Duke Street

Alexandria, VA 22314

(703) 413-3000

SIDNEY J. SILVER

SILVER, FREEDMAN &

TAFF, LLP

3299 K Street, N.W.

Washington, D.C. 20007

(202) 295-4500

September 16, 2013

Counsel for Respondent

Mirowski Family Ventures, LLC