

Supreme Court U.S.
FILED

No. 101504 JUN 15 2011

~~OFFICE OF THE CLERK~~

IN THE
Supreme Court of the United States

JAMES W. WHITE,

Petitioner,

v.

HITACHI, LTD., HITACHI GLOBAL STORAGE
TECHNOLOGIES, INC., AND HITACHI GLOBAL STORAGE
TECHNOLOGIES NETHERLANDS, B.V.,

Respondents.

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

PETITION FOR WRIT OF CERTIORARI

MARK S. DAVIES
MICHAEL F. HEAFEEY
JACOB M. HEATH

Counsel of Record

G. HOPKINS GUY, III
ORRICK, HERRINGTON &
SUTCLIFFE LLP
1000 Marsh Road,
Menlo Park, CA 94025
(650) 614-7400

jheath@orrick.com
Counsel for Petitioner

QUESTIONS PRESENTED

Federal patent law has long held that patent licenses are personal property and are presumptively nontransferable without the express consent of the patent owner. *Troy Iron & Nail Factory v. Corning*, 55 U.S. (14 How.) 193 (1852); *Haggood v. Hewitt*, 119 U.S. 226 (1886). The California Supreme Court, however, continues to apply its general policy favoring the free transferability of patent licenses because it is "not persuaded that the United States Supreme Court would, in view of the modern tendency in favor of assignability, adhere today to the rule it laid out in *Haggood v. Hewitt*." *Farmland Irrigation Co., Inc. v. Dopplmaier*, 48 Cal. 2d 208, 222 (Cal. 1957). California courts, therefore, have refused to apply federal law on patent transferability "until [they] hear differently from our state or federal Supreme Courts, or Congress." *Superbrace Inc. v. Tidwell*, 124 Cal. App. 4th 388, 405 (Cal. Ct. App. 2004). The district court here applied *Dopplmaier* to find a patent license freely transferable. The Federal Circuit summarily affirmed. The questions presented are:

- 1) Whether California's policy that patent licenses are freely transferable should apply to patent licenses.
- 2) If so, whether the Federal Circuit erred by effectively creating new federal common law that ignores both the California law exceptions to *Dopplmaier* and the federal presumption against free transferability of a patent license.

RULE 29.6 STATEMENT

Pursuant to this Court's Rule 29.6, undersigned counsel states that Dr. James W. White is a natural person.

TABLE OF CONTENTS

PETITION FOR WRIT OF *CERTIORARI*..... 1

OPINIONS BELOW 1

JURISDICTION..... 2

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED 2

INTRODUCTION..... 4

STATEMENT OF THE CASE 5

 The White-IBM License 5

 IBM Transfers The White-IBM License To Hitachi..... 6

 The District Court's Summary Judgment..... 8

 The Federal Circuit's Summary Affirmance..... 11

REASONS FOR GRANTING THE PETITION 12

 I. REVIEW BY THIS COURT IS NECESSARY TO DETERMINE WHETHER CALIFORNIA'S POLICY THAT CONTRACTS ARE FREELY TRANSFERABLE SHOULD APPLY TO PATENT LICENSES..... 12

 A. California Generally Applies The Presumption That Patent Licenses Are Freely Transferable Absent Express Language To The Contrary 14

TABLE OF CONTENTS
(continued)

B.	Federal Courts Apply The Presumption That Patent Licenses Are Nontransferable Absent An Express Intent To The Contrary	20
C.	Resolution Of Whether Federal Law Or State Law Applies To The Transferability Of Patent License Is Critical	25
D.	Protecting The Fundamental Patent Policy Of Encouraging Invention And Technological Development Justifies The Application Of Federal Patent Law	27
II.	REVIEW BY THE COURT IS NECESSARY TO DETERMINE WHETHER THE FEDERAL CIRCUIT CREATED NEW FEDERAL CONTRACT LAW	30
III.	AT A MINIMUM, THE SUPREME COURT SHOULD GRANT CERTIORARI, VACATE THE FEDERAL CIRCUIT'S SUMMARY AFFIRMANCE, AND REMAND FOR A WRITTEN OPINION	32
IV.	CONCLUSION	39

TABLE OF CONTENTS
(continued)

APPENDIX		
	Judgment of the United States Court of Appeals for the Federal Circuit (December 13, 2010)	1a
	Memorandum and Order of the United States District Court, Eastern District of Tennessee (September 17, 2007)	3a
	Order of the United States Court of Appeals for the Federal Circuit (February 15, 2011)	22a
	Order of the United States Court of Appeals for the Federal Circuit (February 2, 2011)	25a
	Civil Minutes from the United States District Court, Eastern District of Tennessee (June 4, 2009)	28a
	Memorandum and Order of the United State District Court, Eastern District of Tennessee (March 20, 2008)	30a
	Final Judgment from the United States District Court, Eastern District of Tennessee (February 3, 2010)	38a

TABLE OF AUTHORITIES

FEDERAL CASES	Page(s)
<i>Advance Micro Devices, Inc. v. Alera Corp.</i> , 217 F.3d 849, 1999 WL 197174 (Fed. Cir. 1999) (<i>per curiam</i>).....	29
<i>California v. Kriuda</i> , 409 U.S. 33 (1972) (<i>per curiam</i>)	34
<i>Colorado Springs Amusements, Ltd. v. Rizzo</i> , 428 U.S. 913 (1976).....	35
<i>Corebrace LLC v. Start Seismic LLC</i> , 566 F.3d 1069 (Fed. Cir. 2009).....	29
<i>County of Los Angeles v. Kling</i> , 474 U.S. 936 (1985).....	35, 36
<i>Euerex Sys., Inc. v. Cadtrak Corp.</i> , 89 F.3d 673 (9th Cir. 1996).....	passim
<i>General Mills, Inc. v. Kraft Foods Global, Inc.</i> , 487 F.3d 1368 (Fed. Cir. 2007).....	24, 25
<i>Gilson v. Republic of Ireland</i> , 787 F.2d 655 (D.C. Cir. 1986).....	21
<i>Haggood v. Hewitt</i> , 119 U.S. 226 (1886).....	21
<i>In re Roche Molecular Sys., Inc.</i> , 516 F.3d 1003 (Fed. Cir. 2008).....	25

<i>Kewanee Oil Co. v. Bicron Corp.</i> , 416 U.S. 470 (1974).....	27, 28, 29
<i>Northcross v. Bd. of Educ. of Memphis City Schs.</i> , 412 U.S. 427 (1973) (<i>per curiam</i>)	34, 35
<i>Oliver v. Runford Chemical Works</i> , 109 U.S. 75 (1883).....	20, 21
<i>PPG Indus., Inc. v. Guardian Indus. Corp.</i> , 597 F.2d 1090 (6th Cir. 1979) (<i>cert. denied</i> , 444 U.S. 930 (1979))	22, 23
<i>Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.</i> , 284 F.3d 1323 (Fed. Cir. 2002)	21, 24
<i>Rock-Ola Mfg. Corp. v. Filben Mfg. Co.</i> , 168 F.2d 919 (8th Cir.) (<i>cert. dismissed</i> , 335 U.S. 855, 69 S. Ct. 134 93 L. Ed. 403 (1948))	21
<i>Stenograph Corp. v. Fulkerson</i> , 972 F.2d 726 (7th Cir. 1992).....	21
<i>Taylor v. McKeithen</i> , 407 U.S. 191 (1972).....	33, 34
<i>Troy Iron & Nail Factory v. Corning</i> , 55 U.S. (14 How.) 193 (1852).....	12, 20
<i>Unarco Indus., Inc. v. Kelley Co., Inc.</i> 465 F.2d 1303 (7th Cir. 1972).....	22

OTHER CASES

Farmland Irrigation Co., Inc. v. Dopplmaier,
48 Cal. 2d 208 (Cal. 1952) passim

People ex rel. Dept. of Pub Works,
28 Cal. App. 3d 641 (Cal. Ct. App. 1972) 18, 19, 30

Sexton v. Nelson,
228 Cal. App. 2d 248 (Cal. Ct. App. 1964) 17, 18, 29

Superbrace, Inc. v. Tidwell,
124 Cal. App. 4th 388 (Cal. Ct. App. 2004) passim

Trubowitch v. Riverbank Canning Co.,
30 Cal. 2d 335 (Cal. 1947) passim

RULES

Fed. Cir. R. 32.1(e) 11

Fed. Cir. R. 36 2, 11, 32, 36

OTHER AUTHORITIES

8-22 *Chisum on Patents* § 22.03[E][4] (Matthew
Bender & Co., Inc., 2011) 26

3-28 *Milgrim on Licensing* § 28.22 (Matthew
Bender & Co., Inc., 2011) 13, 26

Aaron X. Fellmeth, *Control without Interest:
State Law of Assignment, Federal
Preemption, and the Intellectual Property
License*, 6 Va. J. L. & Tech. 8 (2001) 26

*Carole A. Quinn, Violation of the Erie Doctrine:
Application of a Rule of Federal Common
Law To Issues of Patent License
Transferability*, 32 Creighton L. Rev. 1121
(1999) 26

PETITION FOR WRIT OF CERTIORARI

Dr. James W. White ("Petitioner") respectfully petitions this Court for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The order of the United States Court of Appeals for the Federal Circuit, entered on December 13, 2010, is reported at 404 Fed. Appx. 502, 2010 WL 5141246 (Fed. Cir. Dec. 13, 2010), and reprinted in the Appendix to this Petition ("App.") at 1a. The memorandum and summary judgment order of the United States District Court for the Eastern District of Tennessee, dated September 17, 2007, is reported at 2007 WL 2725888 (E.D. Tenn. Sept. 17, 2007), and reprinted at App. 3a. The Federal Circuit's order denying Petitioner's petition for rehearing and for rehearing *en banc*, entered on February 15, 2011, is reported at 2011 U.S. App. LEXIS 4428 (Fed. Cir. Feb. 15, 2011), and reprinted at App. 22a. The Federal Circuit's order denying Petitioner's motion for a precedential order is reprinted at App. 25a. The district court's civil minutes denying Petitioner's motion for reconsideration, dated June 4, 2009, is reprinted at App. 28a. The district court's memorandum and order denying Petitioner's motion for reconsideration, dated March 20, 2008, is reported at 2008 WL 782565, (E.D. Tenn. Mar. 20, 2008), is reprinted at App. 30a. The district court's final judgment, entered on February 3, 2010, is reprinted at App. 38a.

JURISDICTION

The United States Court of Appeals for the Federal Circuit entered judgment on December 13, 2010, affirming without an opinion the district court's September 17, 2007 summary judgment and the district court's February 3, 2010 final order. App. 1a. The Federal Circuit denied Petitioner's petition for a panel rehearing and for a rehearing *en banc*, and his motion for a precedential opinion on February 15, 2011. App. 22a-27a. The jurisdiction of this Court is therefore based on 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves provisions of Federal Circuit Rules. The pertinent provision for purposes of this petition is Federal Circuit Rule 36:

The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:

(a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;

- (b) the evidence supporting the jury's verdict is sufficient;
- (c) the record supports summary judgment, directed verdict, or judgment on the pleadings;
- (d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or
- (e) a judgment or decision has been entered without an error of law.

INTRODUCTION

This petition stems from International Business Machines Corporation's ("IBM") impermissible transfer of a license to practice Petitioner's U.S. Patent No. 4,870,519, to Respondent Hitachi, Ltd. ("Respondent Hitachi" or "Hitachi"). When granting summary judgment that Hitachi's wholly-owned subsidiaries – Respondent Hitachi Global Storage Technologies, Netherlands, B.V. ("HGST B.V.") and Respondent HGST, Inc. ("HGST, Inc.")¹ – received a valid license to practice Petitioner's 519 Patent, the district court applied California's policy of free transferability of patent licenses articulated in *Farnland Irrigation Co., Inc. v. Dopplmaier*, 48 Cal. 2d 208 (Cal. 1957). *Dopplmaier* and its progeny, however, contradict well-settled federal patent law that patent licenses are presumptively nontransferable.

The Federal Circuit summarily affirmed the district court's application of *Dopplmaier* and California's policy of free transferability of patent licenses *without writing an opinion justifying its decision*. In doing so, it sidestepped California law – namely *Trubowitch v. Riverbank Canning Co.*, 30 Cal. 2d 335 (Cal. 1947) – that requires courts applying California contract law to look past a transfer of rights to determine whether the transfer

¹ Respondent HGST B.V. and Respondent HGST, Inc. are collectively referred to as the "HGST Respondents" throughout this petition. Respondents HGST B.V., HGST, Inc. and Hitachi are collectively referred to as "Respondents" throughout this petition, unless stated otherwise.

adversely affects the parties' rights protected in an anti-transfer provision.

Petitioner seeks review by this Court to determine whether California's policy that patent licenses are freely transferable absent an express anti-transfer provision should apply, given 150 years of federal precedent holding that patent licenses are presumptively nontransferable absent an expressed intent to the contrary and given California's own precedent in *Trubowitch*. Petitioner also seeks review to determine whether the Federal Circuit created new federal common law by applying *Dopplmaier's* policy that patent licenses are freely transferable absent an express anti-transfer provision to a patent license with an anti-transfer provision.

STATEMENT OF THE CASE

The White-IBM License

In October 2000, Petitioner granted IBM a license to practice his '519 Patent ("the White-IBM license"). Because of his special relationship with IBM – *i.e.*, his past employment and education – Petitioner gave IBM favorable terms, as expressly stated in the patent license:

Whereas, White, in partial consideration of his former employment at IBM, is willing to provide special terms to IBM, is willing to provide special terms to IBM and agrees to

grant IBM licenses and releases under his patents as set forth herein....

As the parties intended these favorable terms for IBM only, the White-IBM license was "not ... assignable or otherwise transferrable" except to a successor to IBM's HDD² business that was either (a) already licensed under Petitioner's '519 Patent or (b) had no previous business relating to the licensed patent:

All releases and licenses from White to IBM *shall not be assignable or otherwise transferable*, except to a successor of IBM's business to which this Agreement relates, provided such successor is either already licensed under the patents licensed hereunder, or has no previous business relating to the Licensed Patents.

The Petitioner and IBM expressly agreed that California law would govern the interpretation and construction of the White-IBM license.

***IBM Transfers The
White-IBM License To Hitachi***

In April 2002, IBM agreed to transfer its entire HDD business, including the White-IBM license, to Hitachi for \$2.05 billion. Because Hitachi was already in the HDD business, under the White-IBM

² "HDD" means "hard disk drive," the technology to which Petitioner's patent applies.

license, ***IBM could not transfer the license to Hitachi.*** To circumvent the anti-transfer provision, IBM and Hitachi concocted a series of shell transactions with the expressed intent of transferring IBM's HDD business and the White-IBM license to Hitachi.

On April 11, 2002, IBM and Hitachi signed a Memorandum of Understanding ("MOU") that expressed IBM's and Hitachi's intent to transfer IBM's HDD business to Hitachi. Although characterized as a "joint venture," IBM and Hitachi intended Hitachi to have exclusive control over the combined business. In fact, under the MOU, Hitachi would immediately hold at least 99 percent of the voting power of the "joint venture" entity while IBM would abstain from management.

On June 3, 2002, IBM and Hitachi signed a Framework Agreement with the expressed purpose of transferring IBM's HDD business to Hitachi. The Framework Agreement included covenants that required IBM to preserve its HDD assets for Hitachi's benefit and that prevented IBM from taking certain action without Hitachi's prior written consent. The Framework Agreement also required IBM to form a new subsidiary, Mariana HDD B.V., to effect the transfer of IBM's HDD business to Hitachi.

On December 28, 2002, IBM, Hitachi, and Mariana entered into an agreement that assigned the White-IBM license to Mariana to be controlled by Hitachi. Three days later, on December 31, 2002,

IBM sold a 70 percent majority interest in Mariana to Hitachi and retained a 30 percent *nonvoting* interest for itself. After December 31, 2002, IBM had no managerial control in HGST B.V. or HGST, Inc. Hitachi simultaneously contributed its HDD business to HGST B.V., thereby consolidating IBM's and Hitachi's HDD businesses. The end result achieved by these transfers meant that IBM was no longer in the HDD business and that the HGST Respondents now enjoyed the entire benefits of the White-IBM license.

The District Court's Summary Judgment

In 2004, Petitioner sued Respondents for infringing his patent. In November 2005, the HGST Respondents moved for summary judgment claiming that they had received a valid license and sublicense from IBM to practice the patent. The HGST Respondents argued that IBM had validly assigned the White-IBM license to Mariana and that IBM's sale of Mariana's stock to Hitachi did not effect a transfer of the White-IBM license to Hitachi.

Petitioner argued that the IBM-Hitachi transaction in its entirety was an impermissible transfer of the White-IBM license, as IBM and Hitachi had achieved a transfer of IBM's HDD business and the White-IBM license to Hitachi through a complicated series of shell transactions. Petitioner further contended that IBM's sale of Mariana's stock to Hitachi itself was an impermissible transfer of the White-IBM license as it effected a transfer of rights to Hitachi. Petitioner

also filed a cross-motion for summary judgment, arguing that the HGST Respondents were not licensed.

In September 2007, the district granted the HGST Respondents' motion for summary judgment and denied Petitioner's cross-motion for summary judgment, holding that IBM had validly assigned the White-IBM license to its then-successor Mariana and that IBM's sale of stock to Hitachi did not effect a transfer of the license to Hitachi. App. 17a-18a, 20a.

Ignoring the White-IBM license's anti-transfer provision that rendered the it "not ... assignable or otherwise transferrable," the district court concluded that in the absence of a specific provision prohibiting a change of control or transfer by sale of stock, IBM was not precluded from transferring the license to Hitachi through the sale of stock in Mariana. App. 15a-18a.

In so holding, the district court relied on California's policy of free transferability of *all* contracts, including patent licenses, expressed in *Farmland Irrigation Co., Inc. v. Dopplmaier* ("Dopplmaier"), 48 Cal. 2d 208, 223 (Cal. 1957) and *Superbrace, Inc. v. Tidwell*, 124 Cal. App. 4th 388, 405 (Cal. Ct. App. 2004):

Moreover, California law favors the assignability of all contracts, including patent licenses. *Id.* (finding that state law governs the assignability of patent licenses and California law favors the

assignability of all property rights under contracts, including patent licenses)....

App. 17a.

Petitioner asked the district court to reconsider its summary judgment, but the district court refused, finding that there were no undisputed material facts because both parties had moved for summary judgment: "The parties' cross-motions for summary judgment confirm that there are no undisputed material facts." App. 32a.

Following a stay of the case pending reexamination of the '519 patent, Petitioner filed a second motion for reconsideration asking the district court to reconsider its denial of Petitioner's request for interlocutory appeal. Petitioner argued, among other things, that California's policy articulated in *Dopplmaier* and *Superbrace* was inapplicable because the White-IBM license contained anti-transfer provisions, unlike the licenses at issue in *Dopplmaier* and *Superbrace*. Petitioner, instead, urged the district court to apply California Supreme Court's precedent in *Trubowitch v. Riverbank Canning Co.*, 30 Cal. 2d 335 (Cal. 1947) and its progeny. *Trubowitch* holds that a sale of stock can effect a transfer of rights in violation of a contract's anti-transfer provision and, if applied in the present case, rendered Respondents' purported license to Petitioner's '519 Patent impermissible. The district court denied Petitioner's second motion for reconsideration. App. 28a. Following a stipulated

dismissal, the district court entered final on February 3, 2010. App. 35a.

The Federal Circuit's Summary Affirmance

On May 3, 2010, Petitioner appealed the district court's summary judgment to the Federal Circuit, arguing, among other things, that the district court erred by applying *Dopplmaier* and *Superbrace's* policy that patent licenses are freely transferable to the White-IBM license and by failing to apply California Supreme Court precedent in *Trubowitch* and its progeny that holds a sale of stock can effect a transfer of rights in violation of an contract's anti-transfer provision.³

On December 13, 2010, the Federal Circuit summarily affirmed the district court's summary judgment under Federal Circuit Rule 36 – *without writing an opinion*. App. 1a-2a. In January 2011, Petitioner filed a petition for a panel rehearing and a rehearing *en banc*. Petitioner also filed a motion asking the Federal Circuit to issue a written opinion under Federal Circuit Rule 32.1(e). The Federal Circuit denied Petitioner's petition for a rehearing

³ Petitioner also argued on appeal that the district court failed to interpret the entire White-IBM license in violation of California's contract law by ignoring the phrase "or otherwise transferable" in the anti-transfer provision, and that the district court failed to consider all material facts and draw all reasonable inferences in favor of Petitioner that would have given rise to a material question of fact precluding summary judgment.

and his motion for a precedential order. App. 23a, 28a.

REASONS FOR GRANTING THE PETITION

The Court should grant certiorari to determine whether California's policy that patent licenses are presumptively freely transferable should apply to patent licenses given federal patent law holding that patent licenses, are presumptively nontransferable. Secondly, a determination of whether the Federal Circuit created new federal common law contrary to its own precedent and ignoring the California law exceptions in *Trubowitch* also justifies grant of certiorari. At a minimum, the Supreme Court should grant certiorari, vacate the Federal Circuit's summary affirmance, and remand with instructions to issue a written opinion that informs the Court and the parties of the Federal Circuit's reasons for affirming the district court's summary judgment.

I. REVIEW BY THIS COURT IS NECESSARY TO DETERMINE WHETHER CALIFORNIA'S POLICY THAT CONTRACTS ARE FREELY TRANSFERABLE SHOULD APPLY TO PATENT LICENSES

Federal courts have long held that patent licenses bestow personal rights to the licensee and as such, are presumptively nontransferable. *Troy Iron & Nail Factory v. Corning*, 55 U.S. (14 How.) 193 (1852). Federal courts apply this presumption as federal common law, recognizing that the

transferability of patent licenses is intertwined with the fundamental patent policy of encouraging invention and development.

California holds the opposite – generally, holding that as a matter of contract law, patent licenses, like all other contracts, are freely assignable. *Dopplmaier*, 48 Cal. 2d at 216. California courts, moreover, have refused to apply the federal presumption of nontransferability, finding no prevailing federal patent policy is implicated to justify the application of federal common law over state contract law. Where an anti-transfer provision is present, however, California courts are supposed to look past a transfer by operation of law – e.g., a change in the legal form of ownership – and determine whether it adversely affects the rights of the parties' protected by the anti-transfer provision. *Trubowitch*, 30 Cal. 2d at 344-45.

By affirming the district court's application of California's general policy of free transferability without providing a clear explanation, the Federal Circuit now contradicts over 150 years of its own well-settled federal common law and further confuses the issue of whether federal law or California law (and specifically what California law) controls the transferability of patent licenses, all without providing a written opinion justifying its summary affirmance. Intellectual property commentators and practitioners have already begun to look to the district court's opinion and the Federal Circuit's summary affirmance as authority on the transferability of patent licenses. 3-28 *Milgrim on*

Licensing § 28.22 (Matthew Bender & Co., Inc., 2011).

Resolving this conflict is critical, as what law should apply to the transferability of patent licenses is outcome determinative. Review by this Court is, therefore, necessary to determine whether federal patent law or California state law applies. If the Court should determine that state law applies, then the Federal Circuit must be directed to apply *all* relevant state law and not to pick and choose. Review is also needed to determine whether the Federal Circuit created new federal common law by applying California's policy that patent licenses are freely transferable absent an expressed anti-transfer provision to a patent license that contains an anti-transfer provision.

A. California Generally Applies The Presumption That Patent Licenses Are Freely Transferable Absent Express Language To The Contrary

The California Supreme Court held in *Dopplmaier* that state contract law – not federal law – should apply when determining the transferability of patent licenses. 48 Cal. 2d at 216. At issue in *Dopplmaier* was whether a patent license was validly transferred to the purchaser of the licensee-corporation's assets. *Id.* at 214. The patent license at issue lacked an expressed prohibition against assignments or other transfers. *Id.* at 223.

Recognizing California's general policy allowing for the free transferability of *all contracts*, the *Dopplmaier* court held that the patent license was freely assignable absent any provisions to the contrary. *Id.* at 216. The *Dopplmaier* court based this holding on the fact that the plaintiff's case arose out of a contract dispute governed by state law, asserting that not all actions related to patents invoked issues of federal patent policy:

This reasoning fails to distinguish patent rights, whose assignability is admittedly governed by a specific statutory provision ... and rights created by a contract whose subject is exemption from a patent monopoly. It misconceives the policy of the federal patent statute and the relation between federal and state law in the area of patent rights.

Id. at 218. In so holding, the *Dopplmaier* court concluded that the free transferability of patent licenses would not "hamper the patentee's right to profit from his monopoly." *Id.* at 221. As such, it concluded that there was no federal patent policy that would require a uniform rule regarding patent license transferability:

Licenses have no statutory basis, and rights under them arise from contract rather than from the fact that patent rights are involved. *We can find no policy underlying the federal patent*

statutes that requires a uniform federal rule of construction of license contracts to determine their assignability.

Id. at 220 (emphasis added).

Moreover, the *Dopplmaier* court was well aware of the then-existing federal patent law on the transferability of patent licenses when it adopted California's policy of free transferability. *Id.* at 221. However, *Dopplmaier* dismissed this Court's precedent in *Troy Iron, Oliver*, and *Haggood* as merely "persuasive authority" that it need not follow. *Dopplmaier*, 48 Cal. 2d at 220. The *Dopplmaier* court reasoned further that federal courts applying the Court's precedent did so "without any satisfactory explanation of the reasons underlying it." *Id.* The California Supreme Court remained unconvinced that the Court, if given the opportunity, would apply the same federal law again:

We are not persuaded that the United States Supreme Court would, in view of the modern tendency in favor of assignability, adhere today to the rule it laid out in *Haggood v. Hewitt*.

Id. at 222.

Following *Dopplmaier*, a California appellate court acknowledged this Court's precedent but stated that it was "compelled to follow valid [California] Supreme Court precedent, until we hear differently from our state or federal

Supreme Courts, or Congress." *Superbrace*, 124 Cal. App. 4th at 405 (emphasis added). In sum, California courts expressly acknowledge, but refuse to follow, federal law regarding the transferability of patents until this Court acts.

California law, however is not without exception. *Trubowitch*, 30 Cal. 2d at 344-45. In *Trubowitch*, a unanimous California Supreme Court held that the validity of an assignment of contract rights effected through a change in the legal form of ownership of a corporate entity would depend on whether the "assignment affects the interest of the parties protected by the nonassignability of the contract." *Id.* at 344-45. Pan American Food Corporation ("PAF"), who had contracted with the defendants, dissolved and assigned the contract to its shareholders, the plaintiffs. *Id.* at 337. The plaintiffs sued the defendants for breach of contract. *Id.* The defendants argued that because the plaintiffs were assignees and the contract was not assignable, the plaintiffs could not invoke the contract's arbitration clause. *Id.* at 338.

In considering whether the contract's anti-assignment provision would apply, the California Supreme Court acknowledged that an assignment or transfer of rights does occur through a change in the legal form of ownership and found that the contract rights had been assigned to the plaintiffs. *Id.* at 344. Recognizing that not all transfers by operation of law would violate a contract's anti-assignment provisions, the *Trubowitch* court held that the validity of the assignment would depend on whether

the assignment adversely affected the interests that the parties intended the anti-assignment provision to protect:

[I]f an assignment results merely from a change in the legal form of ownership of a business, its validity depends upon whether it affects the interest of the parties protected by the nonassignability of the contract.

Id. at 344-45. In holding so, *Trubowitch* did not restrict what constitutes "a change in the legal form of ownership of a business."

The California appellate courts in *Sexton v. Nelson*, 228 Cal. App. 2d 248 (Cal. Ct. App. 1964) and *People ex rel. Dept. of Pub. Works*, 28 Cal. App. 3d 641 (Cal. Ct. App. 1972) relied on the *Trubowitch* analysis to determine whether a transfer of rights by operation of law was permissible under the contract. The California Court of Appeals in *Sexton* made clear that it is the substance – not the form – of the transaction that triggers the application of the non-assignability clause in the contract at issue. *Sexton*, 28 Cal. App. 2d at 259. In *Sexton*, the defendant had assigned a lease to a corporation in which he owned all the stock. The court held the assignment permissible on the following grounds:

Under the facts here, any transfer of the lease from the defendant to his corporation was a transfer in form only

and not in substance. The interest of the plaintiff was not affected thereby. Her argument that the change in the legal form of the business entity affected the amount of the net profit obtainable therefrom is not supported by the evidence.

Id. at 259. Similarly, in *Public Works*, where the defendant had assigned a joint-venture agreement to its wholly-owned subsidiary and thus the parent had "complete control over the subsidiary as the means of performing [it's] duty" under the contract, the court refused to hold "as a matter of law that a third party interest was created," that would have resulted in a prohibited assignment as that "would be to exalt form above substance." *Public Works*, 28 Cal. App. 3d at 648-49. Although *Sexton* and *Public Works* decided ultimately to allow the transfer or rights under the circumstances in those cases, they did so only after determining that the transfer or corporate assets *did not adversely* affect the party's rights under the anti-transfer provision.

Thus, notwithstanding the general policy that patent licenses are freely transferable absent an expressed anti-transfer provision, when an anti-transfer provision is present, under *Trubowitch*, a court should determine whether the transfer offends the parties' anti-transfer provision. The district court failed to perform this analysis in the present case and the Federal Circuit summarily affirmed.

B. Federal Courts Apply The Presumption That Patent Licenses Are Nontransferable Absent An Express Intent To The Contrary

Federal law regarding the transferability of patent licenses conflicts with California's general policy allowing the free transferability of patent licenses. It is well-settled under federal law that patent licenses are presumptively nontransferable. This Court in *Troy Iron & Nail Factory v. Corring*, held that a patent license bestows a personal property right and that absent words "showing it was meant to be assignable," it was not transferable:

A mere license to a party, without having 'his assigns' or equivalent words to them, showing that it was meant to be assignable, is only the grant of a personal power to the license, and is not transferable by him to another.

Troy Iron, 55 U.S. at 216. Relying on *Troy Iron*, the Court in *Oliver v. Rumford Chemical Works*, 109 U.S. 75, (1883) held that a patent license conferred a personal property right that would not be transferable absent expressed language in the license showing an intent to extend that right. *Id.* at 82. At issue in *Oliver* was whether a patent license had passed to the widow of the licensee. In holding it did not, the Court concluded:

[T]he instrument of license is not one which will carry the right conferred to any one [sic] but the licensee

personally, unless there are expressed words to show an intent to extend the right to an executor, administrator, or assignee, voluntary or involuntary... In the present case there are no words of assignability in either instrument. The right is granted to Morgan alone....

Id. at 82-83 (emphasis in original).

The Court reiterated this point three years later in *Hapgood v. Hewitt*, 119 U.S. 226 (1886), holding that a patent license did not pass from a dissolved corporation to a new corporation organized under a different state by the same shareholders of the dissolved corporation. *Id.*

Six federal circuits hold that federal patent policy justifies the application of federal law to questions of patent license transferability. *Everex Sys., Inc. v. Cadtrak Corp.*, 89 F.3d 673, 679 (9th Cir. 1996); *Gilson v. Republic of Ireland*, 787 F.2d 655, 658 (D.C. Cir. 1986); *Stenograph Corp. v. Fulkerson*, 972 F.2d 726, 729 n.2 (7th Cir. 1992); *Rock-Ola Mfg. Corp. v. Filben Mfg. Co.*, 168 F.2d 919, 922 (8th Cir.) (cert. dismissed), 335 U.S. 855-6, 69 S. Ct. 134, 93 L. Ed. 403 (1948)); *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, 284 F.3d 1323, 1328 (Fed. Cir. 2002). Indeed, federal courts recognize that the need for a uniform federal patent policy justifies the application of the federal presumption of nontransferability to patent licenses.

The Seventh Circuit in *Unarco Indus., Inc. v. Kelley Co., Inc.* 465 F.2d 1303 (7th Cir. 1972), for example, held that because the question of patent assignability involves a specific policy of patent law, district courts must apply federal law when determining the transferability of patent licenses. *Id.* at 1306. The Seventh Circuit reasoned that the act of patent licensing was a use of the monopoly authorized by the Constitution, enacted by Congress, and conferred by federal statute:

This monopoly conferred by federal statute as well as the policy perpetuating this monopoly, so affects the licensing of patents and the policy behind such licensing is so intertwined with the sweep of federal statutes, that *any* question with respect thereto must be governed by federal law.

Id. (emphasis in original). The Sixth Circuit in *PPG Indus., Inc. v. Guardian Indus. Corp.*, 597 F.2d 1090 (6th Cir. 1979) (*cert. denied*, 444 U.S. 930 (1979)) similarly held that federal law should apply when determining the transferability of patent licenses:

Questions with respect to the assignability of a patent licenses are controlled by federal law. It has long been held by federal courts that agreements granting patent licenses are personal and not assignable unless expressly made so.

Id. at 1093 (emphasis added).

The Ninth Circuit provided an in-depth analysis of conflicting federal and state law in *Everex Sys. Inc. v. Cadtrak Corp. (In re CLFC Inc.)*, 89 F.3d 673 (9th Cir. 1996) and addressed whether federal patent law or California state law should control the transferability of patent license. At issue in *Everex* was a patent license to CLFC, Inc. to practice Cadtrak's patent. *Id.* at 675-76. In bankruptcy, CLFC sold nearly all of its assets, including the patent license from Cadtrak. *Id.* at 676. As part of that sale, CLFC wanted to assign the patent license to Everex, but Cadtrak objected. *Id.* The bankruptcy judge denied the motion to permit CLFC to assign the patent license to Everex and the Northern District of California affirmed. *Id.*

On appeal, Everex argued that California state law, specifically, *Dopplmaier*, should apply when determining whether the patent license was transferable. *Id.* at 677. In affirming the bankruptcy and district courts' application of federal patent law, the Ninth Circuit concluded that the transferability of a patent license was so intertwined with the patent system's fundamental policy of "encourag[ing] the creation and disclosure of new, useful, and non-obvious advances in technology and design" as to justify the application of federal patent law. *Id.* at 679. In so holding, the Ninth Circuit concluded that California's policy of free transferability of patent licenses would eviscerate the right to exclude inherent to a patent and with it

the very purpose of that right, *i.e.*, to encourage invention;

And while the patent holder could presumably control the absolute *number* of licenses in existence under a free-assignability regime, it would lose the very important ability to control the *identity* of its licensees.... As a practical matter, free assignability of patent licenses might spell the end to paid-up licenses such as the one involved in this case.

Id. (emphasis in original).

Before the instant case, the Federal Circuit itself appeared to agree with its sister circuits, applying federal law to the transferability of patent licenses. For example, in 2002, the Federal Circuit recognized in *Rhone-Poulenc Agro, S.A. v. DeKalb Genetics Corp.*, that:

[C]ourts generally have acknowledged the need for a uniform national rule that patent licenses are personal and non-transferable in the absence of an agreement authorizing assignment, contrary to state common law rule that contractual rights are assignable unless forbidden by an agreement.

Rhone-Poulenc, 284 F.3d at 1328. In *General Mills, Inc. v. Kraft Foods Global, Inc.*, 487 F.3d 1368 (Fed. Cir. 2007), the Federal Circuit reiterated that

federal patent law should apply in an absence of an agreement authorizing assignment. *General Mills*, 487 F.3d at 1373. In *In re Roche Molecular Sys., Inc.*, 516 F.3d 1003 (Fed. Cir. 2008), the Federal Circuit recognized California's free transferability policy as articulated in *Dopplmaier* as contradicting federal patent law. *Id.* at 1008.

The Federal Circuit's *per curiam* decision here upsets the unanimity among the federal circuits. By applying California's policy of free transferability, the Federal Circuit has created confusion as to whether federal law or state law should apply to the transferability of patent licenses.

C. Resolution Of Whether Federal Law Or State Law Applies To The Transferability Of Patent License Is Critical

The implications of California's policy that patent licenses are freely transferable extend beyond the instant petition. California courts have made clear that they will continue to follow *Dopplmaier* until this Court or Congress compels otherwise. *Superbrace*, 124 Cal. App. 4th at 405.

Intellectual property commentators and practitioners, moreover, continue to question how to proceed practically under a dual regime – one of federal patent law and one dictated by California contract law. Notably, Donald S. Chisum, author of *Chisum on Patents*, characterizes *Dopplmaier* as “the leading court decision recognizing the autonomy

of state courts on ownership and transfer questions....” 8-22 *Chisum on Patents* § 22.03[g][4], “State and Federal Law” (Matthew Bender & Co., Inc., 2011). Other commentators recognize the need for clarity as to the application of federal or state law on the transferability of patent licenses. See e.g., Aaron X. Fellmeth, *Control without Interest: State Law of Assignment, Federal Preemption, and the Intellectual Property License*, 6 Va. J. L. & Tech. 8, ¶ 53 (2001); Carole A. Quinn & R. Scott Weide, *Violation of the Erie Doctrine: Application of a Rule of Federal Common Law To Issues of Patent License Transferability*, 32 Creighton L. Rev. 1121, 1132 (1999).

The district court’s decision in this case, seemingly endorsed by the Federal Circuit’s summary affirmance, is already having a wide-ranging ripple effect. Licensing commentators and practitioners have begun looking to the district court’s embrace of *Dopplmaier* and California’s policy of free transferability of patent license as “illustrative” of how to avoid anti-transfer provisions in patent licenses:

Actually, in many instances it is not difficult to structure a transaction to avoid limitations contained in an assignment clause. *White v. Hitachi Ltd.* is illustrative.

3-28 *Milgrim on Licensing* § 28.22 (Matthew Bender & Co., Inc., 2011).

Dopplmaier and California’s policy of free transferability are not merely specters of a fifty-year old opinion from Judge Traynor. As evidence by the district court’s summary judgment and Federal Circuit’s summary affirmance here, they remain active authority that will continue to contradict federal patent law on the transferability of patent licenses. Lower courts and practitioners will continue to look to *Dopplmaier*, its progeny, and California’s policy of free transferability for guidance. Review by this Court is, therefore, necessary to resolve the conflict between California’s policy of the free transferability of patent licenses and federal patent law holding that patent licenses are presumptively nontransferable.

D. Protecting The Fundamental Patent Policy Of Encouraging Invention And Technological Development Justifies The Application Of Federal Patent Law

California’s general policy of free transferability of patent licenses must yield to federal patent law, as California’s policy stands as an obstacle to accomplishing and executing the full purpose and objectives of Congress. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). “[I]f the scheme of protection developed ... ‘clashes with the objectives of federal patent laws’ ..., then state law must fall.” *Id.* at 480.

This Court’s decision in *Kewanee* is controlling. The *Kewanee* Court recognized that the primary

purpose of patent law is to reward and encourage invention. *Id.* The Court further acknowledged that patent law achieves this goal by granting a limited right of exclusion as an incentive to inventors to undertake the risks of invention:

The patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development. The productive effort thereby fostered will have a positive effect on society through the induction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.

Id.

California's policy of free transferability of patent licenses eviscerates the fundamental patent policy of encouraging the creation and disclosure of new advances in technology and cannot be allowed to stand. The Ninth Circuit recognized in *Everex* that allowing California's free transferability of patent licenses would effectively transfer a patent owner's right to control his or her monopoly to the licensee by allowing the licensee to determine who should have a right to practice the invention. *Everex*, 89 F.3d at 679. Under a free transferability regime, the result is exactly what happened in this case – a licensee is permitted to transfer a license containing

special terms intended for it alone to an undeserving third party.

Worse yet, under a free transferability regime, a licensee could transfer the license to a patent owner's competitor. In both situations, California's policy of free transferability undermines the patent owner's ability to control the number of licenses, the identity of the licensees, and ultimately the value of the invention, and as such, diminishes the patent owner's right to exclude others. Diminishing the right to exclude eliminates the incentive identified by Congress and the Court as necessary to foster invention. *Kewanee*, 416 U.S. at 480; *Everex*, 89 F.3d at 679. Simply put, adopting California's free transferability regime would gut the fundamental policy of the patent system – *i.e.*, to “encourage the creation and disclosure of new, useful, and non-obvious advances in technology and designing by safeguarding the patent owners’ monopoly to practice the invention.” *Everex*, 89 F.3d at 679.

To be clear, Petitioner does not contend that all California contract law should be disregarded. In fact, it is well-settled that federal courts must apply state contract law when interpreting a patent license. *Corebrace LLC v. Start Seismic LLC*, 566 F.3d 1069, 1072 (Fed. Cir. 2009); *Advance Micro Devices, Inc. v. Altera Corp.*, 217 F.3d 849, 1999 WL 197174 at * 1 (Fed. Cir. 1999) (*per curiam*). Moreover, not all of California contract law is inconsistent with federal patent policy. Indeed, the district court and Federal Circuit had the opportunity to consider and apply Supreme Court

decision, *Trubowitch*, when determining whether IBM impermissibly transferred the White-IBM license to Hitachi. Unlike *Dopplmaier*, the contract at issue in *Trubowitch* included an anti-transfer provision. *Id.* at 344. *Trubowitch* and its progeny, unlike *Dopplmaier*, do not, presume free transferability but instead require an additional step of determining whether the parties intended to prohibit such a transfer by their anti-transfer provision. *Id.* at 344-45; *Sexton*, 228 Cal. App. 2d at 259; *Public Works*, 28 Cal. App. 3d at 648-49.

Because the Federal Circuit's summary affirmation adopting *Dopplmaier* and with it California's general free transferability policy undermines the purpose of the patent system, this Court should grant certiorari, vacate the Federal Circuit's *per curiam* affirmation, and remand with instructions to apply federal patent law principles and California law consistent with them when determining the transferability of patent licenses.

II. REVIEW BY THE COURT IS NECESSARY TO DETERMINE WHETHER THE FEDERAL CIRCUIT CREATED NEW FEDERAL CONTRACT LAW

By its summary affirmation, the Federal Circuit has also created new federal common law that ignores the California exception to *Dopplmaier* and the Court's own precedent against the free transferability of a patent license.

Dopplmaier and its progeny hold that patent licenses are freely assignable **absent an expressed anti-transfer provision**. *Dopplmaier*, 48 Cal. 2d at 223. By adopting the district court's application of *Dopplmaier* and *Superbrace* to find a permissible transfer of the White-IBM license from IBM to Hitachi when the White-IBM license contained an anti-transfer provision expands California's presumption of free transferability to a new category of patent licenses, specifically patent licenses and contracts that **do contain an expressed anti-transfer provision**.

By applying *Dopplmaier*'s holding, moreover, to patent licenses that contain expressed anti-transfer provisions, the Federal Circuit has rendered impotent California's precedent of *Trubowitch* by applying the presumption to all contracts — irrespective of the existence of an anti-transfer provision. The Federal Circuit's expansion of *Dopplmaier* contradicts *Trubowitch* and its progeny's holding that recognize that an anti-transfer provision may render a transfer of rights to a contract invalid and explicitly require such an analysis when a transfer by operation of law occurs. *Trubowitch*, 30 Cal. 2d at 345.

Further, as already established, the Federal Circuit's adoption of *Dopplmaier*'s presumption of free transferability of patent licenses contradicts well-settled federal patent law that patent licenses are presumptively nontransferable. Thus, the net effect of the Federal Circuit's holding is to create new federal common law that expands *Dopplmaier*'s

presumption so that it applies to patent licenses with or without anti-transfer provisions, ignoring both California law exceptions to *Dopplmaier* and federal patent law on the transferability of patent licenses. The Court should therefore grant certiorari, vacate, and remand that the Federal Circuit apply California law consistently.

III. AT A MINIMUM, THE SUPREME COURT SHOULD GRANT CERTIORARI, VACATE THE FEDERAL CIRCUIT'S SUMMARY AFFIRMANCE, AND REMAND FOR A WRITTEN OPINION

The Federal Circuit's summary affirmance of the district court's summary judgment without a written opinion was improper. Under Federal Circuit Rule 36, the Federal Circuit may affirm a judgment without a written opinion if it determines that the judgment would have no precedential value and any one of the following criteria exists:

- (a) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
- (b) the evidence supporting the jury's verdict is sufficient;
- (c) the record supports summary judgment, directed verdict, or judgment on the pleadings;

(d) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review; or

(e) a judgment or decision has been entered without an error of law.

The Federal Circuit's authority to issue a judgment without a written opinion, however, is not absolute. This Court may vacate decisions and remand for a written opinion where an appellate court's affirmance obscures the standard applied or its reasoning for its decision. The Court in *Taylor v. McKeithen*, 407 U.S. 191 (1972), held that a written opinion would be necessary where an appellate court's judgment does not fully inform the Court of the reasoning or rationale applied below. *Id.* at 194. In that case, the Court vacated and remanded a Fifth Circuit decision because the court had failed to explain underlying the reasons for its summary reversal of the district court:

Because this record does not fully inform us of the precise nature of the litigation and because we have not had the benefit of the insight of the Court of Appeals, we grant the petition for writ of certiorari, vacate the judgment below, and remand the case to the Court of Appeals for proceedings in conformity with this opinion.

Id. at 194. Although this Court recognized that courts of appeals should have "wide latitude" to decide whether and how to write opinions, it refused under certain circumstances to impute reasoning to an appellate court that might give rise to a substantial federal question. *Id.* at 194 n.4. Similarly, in *California v. Krivda* ("Krivda"), 409 U.S. 33 (1972) (*per curiam*), this Court vacated a California Supreme Court decision so that court could make clear whether it had affirmed the lower court's order suppressing evidence under the Fourth or Fourteenth Amendment of the U.S. Constitution or under an equivalent provision of the California Constitution. *Id.* at 35.

Following *Taylor* and *Krivda*, this Court in *Norcross v. Bd. of Educ. of Memphis City Schs.*, 412 U.S. 427 (1973) (*per curiam*) reversed a Sixth Circuit's denial of attorneys' fees to the plaintiffs in a school desegregation under Section 718 of the 1964 Civil Rights Act because it was impossible for the Court to determine whether the Sixth Circuit applied the proper standard and whether it did so correctly:

Since it is impossible for us to determine whether the Court of Appeals applied this standard and, if so, whether it did so correctly, we grant the petition for certiorari, vacate the judgment below insofar as it relates to the denial of attorneys' fees, and remand to the Court of Appeals for

further proceedings consistent with this opinion.

Id. at 428-29.

Vacating summary affirmances that fail to inform the Court of a court of appeals' rational is also necessary to avoid the ever-growing "body of secret law" that results when a court issues a decision without explaining its rationale. Justice Brennan explained in his dissenting opinion in *Colorado Springs Amusements, Ltd. v. Rizzo*, 428 U.S. 913 (1976), that summary affirmances by appellate courts necessarily leave the Court speculating as to whether the court of appeal would have reached a similar conclusion if it had been forced to substantiate its reasoning in a written opinion:

It may be that the Court of appeals would have reached the same results in a full and reasoned opinion addressed to the merits of the several constitutional contentions. But we do not know, because the Court of Appeals carefully concealed its views on the premise that *Hicks* precluded such expression in holding that the state and lower federal courts are conclusively bound by summary dispositions.

Id. at 3230. Justice Brennan reiterated his concerns about summary affirmances in *County of Los Angeles v. Kling*, 474 U.S. 936 (1985), explaining that summary affirmances — even when issued by this Court — lack the "forward-looking function" of

providing guidance as to how courts should decide similar cases in the future:

In my judgment, this Court does not use its scarce resources wisely when it undertakes to engage in the de novo review of facture records in relatively routine litigation... When such review is necessary to a disposition, however, and the Court fails to provide it, the problems of this Court's review are still more troubling. For, *like a court of appeals that issues an opinion that may not be printed or cited, this Court then engages in decision-making without the discipline and accountability that the preparation of opinions require.*

Id. at 940 (Brennan, J. dissenting) (emphasis added).

The district court held that the transferability of patent licenses was a matter of state law, that under California law, patent licenses are freely transferable, and as such the absence of a specific provision in the White-IBM license prohibiting a transfer by sale or stock or a prohibiting a transfer upon a change in control would not preclude a IBM's transfer of the license to Hitachi. App. 17a-20a.

The Federal Circuit affirmed that decision under Rule 36 as "without an error of law" and without explaining why California's policy of free transferability of patent licenses should apply rather

than well-settled federal patent law regarding the transferability of patents. Absent any explanation for this departure from federal patent law, the Federal Circuit's summary affirmance adds to the ever-growing "body of secret law" that Justice Brennan warned against.

If the Federal Circuit intends to affirm a district court decision that contradicts 150 years of federal patent law, to hold that contrary state law governs the transferability of patents licenses, and that patent licenses are presumptively transferable, it must issue a written explanation of its decision if only to apprise the parties and future litigants of the nature of their rights and obligations under the new federal patent licensing regime.

Furthermore, that the Federal Circuit summarily affirmed a decision applying *Dopplmaier* – a case that is factually distinguishable for want of an anti-transfer provision – further highlights the need for a written explanation. The license at issue in *Dopplmaier* lacked an anti-transfer provision rendering it inapposite to the White-IBM license, which, as in *Trubowitch*, expressly provides against assignments and transfers except in a very limited circumstance. The affirmance of *Dopplmaier* and rejection of *Trubowitch*, therefore, leaves unanswered the critical question as to what state law applies when construing licenses that do in fact contain anti-transfer provisions.

The Federal Circuit's failure to issue a written opinion here requires that the Court grant certiorari,

vacate the Federal Circuit's summary affirmance below, and remand with instructions to issue a written opinion. Without further guidance from the court, patentees are left guessing as to how to construe a license agreement that can still protect their patent rights in spite of evasive maneuvers and other collusive shenanigans that have been approved by the district court's decision and sanctioned by the Federal Circuit's summary affirmance.

IV. CONCLUSION

For these reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

MARK S. DAVIES

MICHAEL F. HEAFY

JACOB M. HEATH

Counsel of Record

G. HOPKINS GUY, III

ORRICK, HERRINGTON

& SUTCLIFFE LLP

1000 Marsh Road

Menlo Park, CA 94025

(650) 614-7400

Counsel for Petitioner