No. 11-1371

In the Supreme Court of the United States

CALIFORNIA TABLE GRAPE COMMISSION,
Petitioner,

v.

DELANO FARMS COMPANY, ET AL.,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

LAWRENCE M. HADLEY
Counsel of Record
SARAH O. JORGENSEN
MCKOOL SMITH HENNIGAN, P.C.
865 S. Figueroa Street, Suite 2900
Los Angeles, CA 90017
(213) 694-1200
LHadley@mckoolsmithhennigan.com

Counsel for Respondents Delano Farms Company, Four Star Fruit, Inc., and Gerawan Farming, Inc.

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

QUESTION PRESENTED

Whether a non-monetary action for declaratory relief of patent invalidity may proceed against a federal agency under the waiver of sovereign immunity in § 702 of the APA where the agency has acted in its official capacity to license federally-owned patents and collect royalties from a plaintiff, or whether the plaintiff in addition must show some separate "agency action" or "final agency action" as defined elsewhere in the APA?

PARTIES TO THE PROCEEDING

Petitioner the California Table Grape Commission was a defendant in the district court and an appellee in the court of appeals.

The United States, the U.S. Department of Agriculture, and Thomas J. Vilsack, Secretary of Agriculture, were defendants in the district court and appellees in the court of appeals.

Respondents Delano Farms Company, Four Star Fruit, Inc., and Gerawan Farming, Inc., were plaintiffs in the district court and appellants in the court of appeals.

RULE 29.6 DISCLOSURE

Respondents Delano Farms Company, Four Star Fruit, Inc., and Gerawan Farming, Inc. each have no parent company and no publicly held company owns 10% or more of their stock.

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BRIEF FOR THE RESPONDENTS IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-26a) is reported at 655 F.3d 1337. The opinion of the district court dismissing the original complaint in part (Pet. App. 27a-101a) is reported at 623 F. Supp. 2d 1144. The opinions of the district court dismissing the first amended complaint in part (Pet. App. 103a-177a) and the second amended complaint (Pet. App. 179a-241a) are unreported.

JURISDICTION

The court of appeals entered judgment on August 24, 2011. The court of appeals denied Petitioner's request for rehearing and rehearing *en banc* on December 14, 2011. After two extensions of time within which to file, Petitioners filed a petition for certiorari on May 11, 2012. The United States, a co-defendant in this action, opposed the petition for certiorari in August 2012. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATEMENT OF THE CASE

This case involves three patents on table grapevine varieties. The United States Department of Agriculture ("USDA" or "SG") developed the grapevines and obtained patents on all three varieties. Pet. App.

1a-2a. It licensed certain rights in those three patents exclusively to the California Table Grape Commission (the "Commission" or "Petitioner"), a California state commission created to promote California table grapes. *Id.* at 2a. The licenses give the Commission the right to sublicense the patents and collect royalties for the USDA. Under the exclusive licenses, the Commission retains 60 percent of the royalties collected on the sale of patented grapevine plants and passes the remaining 40 percent to the USDA. *Ibid.*

The Commission in turn sublicensed the patents to three nurseries, which are the exclusive distributors of the patented plants. Grape growers who purchase the patented plants must sign a "Domestic Grower License Agreement" ("Agreement") that requires them to pay a royalty and forbids them from reproducing new grapevine materials from the plants. The Commission can monitor and enforce compliance with the license, and may even destroy purchased plants if it believes a grower is violating the agreement. *Ibid.*

Delano Farms Company, Four Star Fruit, Inc., and Gerawan Farming, Inc. (collectively, "Delano") are table grape farmers in the Central Valley of California who all purchased grapevines covered by the patents, signed Agreements, and paid royalties on the grapevine plants. *Ibid.* As such, they are currently bound by the Agreements.

Delano filed suit in 2007 against the Commission and later joined the USDA as a defendant. Delano's suit seeks, in relevant part, a declaratory judgment that the three patents are invalid on the ground that the patented grapevines had been in public use more

than one year prior to the patent applications.[1] Pet. App. 3a; Del. CA Br. at 3, 9; 35 U.S.C. § 102(b). Delano's complaint alleged that, before the late 1990s, the USDA had released new grapevine plant material to farmers at no cost, in part because the table grape farmers (through the Commission) helped support the USDA's research program. Pet. App. 181a; CA App. A-237. In the late 1990s, the Commission convinced the USDA to seek patent protection on new table grape varieties and to exclusively license the patents to the Commission. Pet. App. 181a; CA App. A-237-239. When the Commission selected the three grapevine varieties in question here for patenting, all three varieties had already undergone several growing cycles and the grapevines had been reproduced by a number of central valley farmers independent of testing or grower trials.[2] Pet. App. 3a; CA App. A-238-249.

In a First Amended Complaint, Delano asserted claims against both the Commission and USDA for declaratory judgment of patent invalidity, and a claim against the USDA under the Bayh-Dole Act, which contains requirements for federally owned inventions.

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[1] In *MedImmune,* this Court held that patent licensees need not "break or terminate" license agreements, exposing themselves to infringement suits, before seeking a declaratory judgment that the underlying patents are invalid. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 136-37 (2007).

[2] The parties recently reached a settlement as to one of the three patented varieties at issue (U.S. Patent No. PP15,891 on Sweet Scarlett) under which the USDA will dedicate the '891 Patent to the public pursuant to 35 U.S.C. § 253 and 37 C.F.R. § 1.321, and Plaintiffs will dismiss their claims for invalidity as to that patent and all claims for patent unenforceability.

35 U.S.C. §§ 200-212. The district court dismissed Delano's Patent Act claims seeking declaratory judgment of patent invalidity. Pet. App. 27a-241a. First, the court concluded that the USDA was a necessary and indispensible party under Federal Rule of Civil Procedure 19 because it owned the patents and retained rights in the patents, including limited control over licensing and enforcement. Pet. App. 4a. Second, the court held that the USDA could not be joined in Delano's claims for declaratory relief of patent invalidity because it had not waived sovereign immunity. *Id.*

Addressing sovereign immunity, the district court agreed that that Section 10 of the Administrative Procedure Act ("APA"), 5 U.S.C. § 702, waived sovereign immunity for certain non-monetary claims: *Id.;* 64a, 129a-158a. *Id*. 129a. Nonetheless, the court recognized that § 701(a)(1) limits the broad § 702 waiver of sovereign immunity when "statutes preclude judicial review…." *Id*. 130a. Applying this exception, the court found that the Patent Act, 35 U.S.C. § 1 *et seq.*, precluded judicial review of claims for declaratory relief of patent invalidity against the United States because courts have interpreted the Patent Act to preclude actions against the United States Patent and Trademark Office ("USPTO") for its examining decision. *Id.* 130a-137a.[3]

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[3] The court also held that the Quiet Title Act ("QTA"), 28 U.S.C. § 2409(a)-2410, impliedly precluded review under the APA "[t]o the extent that Plaintiffs' [sic] challenged the United States' title to the patents…." *Id*. 136a-137a & n. 4. But Delano's claims for declaratory relief of patent invalidity did not challenge ownership or title. To the contrary, a judicial declaration of patent invalidly

The Federal Circuit reversed in relevant part. On appeal, the Commission effectively conceded that Patent Act does not impliedly preclude review of claims for declaratory relief of patent invalidity as to federally-owned patents. Rather, Commission focused its position on an argument that the APA did not waive sovereign immunity for Delano's claims because the APA only provides a right to judicial review for "[a]gency action made reviewable by statute and final agency action for which there is no other adequate remedy in a court." Pet. App. 10a (quoting 5 U.S.C. § 704). But the Federal Circuit rejected this argument, concluding that the waiver of sovereign immunity in § 702 of the APA permitted the USDA to be joined as a defendant with respect to Delano's declaratory judgment claims. Pet. App. 8a-20a.

In addressing the Commission's § 704 argument, the Federal Circuit held that "section 702 of the APA waives sovereign immunity for non-monetary claims against federal agencies," and "is not limited to 'agency action' or 'final agency action' as those terms are defined in the APA." Pet. App. 10a. It explained that nothing in the text of the § 702 waiver provision limits its scope to "agency action" or "final agency action" as defined in § 704. Pet. App. 10a-11a. The court found support for this statutory interpretation in the background of the waiver provision and the accompanying legislative history. Pet. App. 11a-12a.

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as some or all claims neither divests ownership nor title in the patent itself. Additionally, the court eventually dismissed all of Delano's Bayh-Dole Act claims for failure to exhaust administrative remedies. Pet. App. 220a. Delano did not appeal the dismissal of the Bayh-Dole Act claims.

The court similarly rejected the Commission's argument that the placement of the waiver in § 702 of the APA suggests it was meant to be limited to actions arising under the APA itself. The court noted that the legislative history demonstrated the amendment "was meant to be broader than that." Pet. App. 12a-13a. The court also relied on decisions of other courts of appeal that have held that § 702 waives immunity for claims that are not brought pursuant to § 704 of the APA, and that the waiver therefore applies "'regardless of whether the elements of an APA cause of action are satisfied.'" Pet. App. 13a-15a & n.4 (quoting *Trudeau v. Federal Trade Comm'n*, 456 F.3d 178, 187 (D.C. Cir. 2006), and reviewing cases from other circuits).

The Federal Circuit also rejected the Commission's argument that its own prior cases were to the contrary -- notably *Smith v. Secretary of the Army*, 384 F.3d 1288 (Fed. Cir. 2004), and *Christopher Village, L.P. v. United States*, 360 F.3d 1319 (Fed. Cir. 2004). Pet. App. 16a-18a. The court explained that *Smith* and *Christopher Village* did not address the scope of the waiver in a non-APA action, but instead focused on the issue of whether APA actions were barred where the exclusive source of relief was a suit for damages in the Court of Federal Claims. They thus dealt with the distinct issue of concurrent jurisdiction. Pet. App. 17a-20a. The court also noted that *Nebraska Public Power District v. United States*, 590 F.23d 1357 (Fed. Cir. 2010) (en banc), supported its conclusion that § 702 applied to both APA and non-APA claims. Pet. App. 18a. Finding that its prior precedents did not dictate the result in this case, the court held that in a non-APA cause of action, the application of § 702's waiver did not

depend on the "agency action" and "final agency action" requirements of the APA.

The Federal Circuit did acknowledge that § 702's waiver only applies to claims alleging that an agency "acted or failed to act." Pet. App. 22a n.6; *see* SG Opp. at 5 (recognizing this point). Petitioner argued that because the USDA did not collect royalties directly from Delano, the agency had not "acted or failed to act" -- an argument Petitioner has not pursued in its petition. Pet. App. 22a n.6. In rejecting this argument, the court stated that the "USDA's act of obtaining ownership of the patents makes it subject to the declaratory judgment action seeking to invalidate the patents or hold them unenforceable. Such an action arises under the Patent Act . . . and states a claim against the patent owner for relief under the Declaratory Judgment Act." *Id.* (citations omitted).

Finally, the Federal Circuit held that the Quiet Title Act did not impliedly preclude the patent law claims in this suit. That Congress had consented to suit in a related area did not indicate it intended to "carve out" only that narrow exception to immunity. And the legislative history indicated that § 702 meant to expand the waiver of immunity to equitable claims against the federal government generally. Pet. App. 20a-22a.

Petitioner sought rehearing and rehearing *en banc*, which the Federal Circuit denied. Pet. App. 243a-244a.

ARGUMENT

The question at issue is whether a case that otherwise meets the criteria for judicial review may proceed to seek non-monetary relief against the federal government for its official acts under the waiver of sovereign immunity in § 702, or whether the plaintiff in addition must show "agency action" or "final agency action" as defined elsewhere in the APA. On this central point, there is no real or direct split of authority among the circuits. Like the Federal Circuit below, the D.C., Third, Seventh, Eighth, and Ninth Circuits have all expressly held that § 702 waives sovereign immunity for a non-APA cause of action that seeks non-monetary relief from a federal agency, and is not limited by the requirement of "agency action" or "final agency action" in § 704. Petitioner asserts that cases from the Second, Fourth, Fifth, Sixth, and Ninth Circuits conflict with this position. The Ninth Circuit in fact is more closely aligned with the court of appeals below. And the other cases on which Petitioner relies simply do not address this question directly. Although some of these cases contain language suggesting that § 702's waiver is limited by § 704, closer examination shows that they did not directly address or make any holding on the question at issue here. Accordingly, there is no direct split of authority that warrants this Court's review.

Petitioner's suggestion that the Federal Circuit's decision waived sovereign immunity for actions "that do not challenge any act or failure to act" is incorrect. The Federal Circuit acknowledged that the language of § 702 requires that a claim challenge an agency "act or failure to act." Pet. App. 22a & n.6; *see* SG Opp. 5.

Thus, the legal standard for § 702 is not at stake. What Petitioner actually disputes is the Federal Circuit's apparent conclusion that patent ownership can meet the "act or failed to act" language -- an application of the legal standard to the facts of this case. But not only is this issue of limited scope, Petitioner points to no contrary authorities that would warrant review of the issue by this Court.

Nor is there any reason for this Court to review the Federal Circuit's determination that the Quiet Title Act does not impliedly preclude a waiver of sovereign immunity for claims challenging the validity of federally-owned patents. Petitioner points to no authority that would support such an interpretation. To the contrary, the Seventh Circuit's decision in *Michigan v. U.S. Army Corps of Eng'rs*, 667 F.3d 765 (7th Cir. 2011) supports the court of appeal's decision below.

Finally, this case is not appropriate for review. Besides the absence of a clear circuit split, there is no reason to believe that this case is one of "exceptional importance." Petitioner's predicted increase in patent challenges is unsupported by the available evidence -- most notably, the almost complete lack of cases to date, and the ability of the federal government to control the terms of its patent licenses. Further, this case is not a "clean" vehicle for review. Delano's claims for patent invalidity arose upon the USDA's final acts of licensing the patents at issue to Respondents, and the collection of royalties from them. *See MedImmune*, 549 U.S. at 136-37. Indeed, the district court found the USDA's licensing of the patents was "final agency action" under the APA. Pet. App. 151a. Delano's allegations

therefore are sufficient to meet the requirements of § 702, however construed, and this Court's decision will not be dispositive. For these reasons, this Court should deny the petition for certiorari.

I. THERE IS NO CLEAR OR SUBSTANTIAL CIRCUIT SPLIT

A. The Federal Circuit's Holding Is In Accord With Those Circuits That Have Expressly Addressed This Issue

The Federal Circuit's decisions on the scope of § 702's waiver of sovereign immunity are not internally inconsistent. Even if they were, this would not be a reason to grant review. Further, the circuits that have directly addressed this issue are in line with the Federal Circuit's decision here.

1. The Federal Circuit Is Not Internally Split On This Issue; But This Would Not In Any Event Be A Reason To Grant Review.

Petitioner suggests that the Federal Circuit has an internal conflict on the scope of § 702's waiver of sovereign immunity, and that this alone warrants review. Pet. at 17-19. Initially, it is not clear that any internal confusion in the Federal Circuit would warrant a grant of certiorari, especially where, as here, the issue is not one addressed solely or even primarily by the Federal Circuit. Moreover, to the extent there is any internal conflict, it can be addressed in an *en banc* review. That Petitioner sought, and was denied,

en banc review indicates that the Federal Circuit does not view *Delano* as a departure from its own precedent.

In any event, the court of appeals reviewed its own precedent in detail and concluded that none of its prior cases dictated the result in this case. It distinguished its decisions in *Smith* and *Christopher Village* as involving APA causes of action and dealing with the issue of concurrent jurisdiction. Pet. App. 16a-18a. Petitioner admits that *Smith* and *Christopher Village* involved concurrent jurisdiction, but nevertheless contends that they cannot be distinguished because they in fact involved non-APA claims. Pet. at 17-19. Petitioner, however, fails to identify alternative statutes that would have supported the causes of action in those cases. Pet. at 18. The Federal Circuit's reading of its own precedent is reasonable, and need not be reviewed by this Court, particularly when the Federal Circuit, *en banc*, did not consider it worthy of review.

Similarly, Petitioner takes issue with the Federal Circuit's treatment of *Nebraska Public Power*. Pet. at 18-19. The court relied on that case for the proposition that § 702 waives immunity for both APA and non-APA claims -- an issue that Petitioner contested below but now concedes.[4] Pet. at 18. Having reasonably

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[4] As the D.C. Circuit observed in *Trudeau*, Petitioner loses "the linchpin" of its argument for requiring compliance with § 704 once it concedes that § 702 applies both to APA and non-APA claims. *Trudeau*, 456 F.3d at 187. Requiring all claims to meet § 704's requirements -- as Petitioner asserts they must do -- would effectively limit the scope of § 702's waiver to claims either brought or that could have been brought pursuant to § 704. This

concluded that its own precedents did not dictate the answer, the court of appeal relied on the statutory text, legislative history, and decisions from other courts of appeal in reaching its ultimate conclusion that for non-APA claims, § 702's waiver was not limited by the terms of § 704.[5] Pet. App. 8a-22a. Accordingly, there is no internal conflict that would merit this Court's review.

2. The D.C., Third, Seventh, Eighth, And Ninth Circuits Are All In Alignment With The Federal Circuit

All the courts of appeal to have expressly addressed and decided this issue agree with *Delano*. These include the D.C., Third, Seventh, Eighth, and Ninth Circuits.

D.C. Circuit: In *Trudeau v. Federal Trade Comm'n*, 456 F.3d 178 (D.C. Cir. 2006), the plaintiff brought a suit for declaratory and injunctive relief against the Federal Trade Commission ("FTC"). The court rejected the FTC's claim that it had not waived its sovereign immunity under § 702. The FTC argued that "(1) the waiver applies only to actions arising under the APA; and (2) since review under APA § 704 is limited to 'final

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contradicts what Petitioner has conceded: that § 702's waiver is not limited to claims brought pursuant to § 704.

[5] The court relied primarily on the Senate and House Reports, which are generally considered the best evidence of Congressional intent. *See United States v. Goldfine*, 538 F.2d 815, 824 (9th Cir. 1976).

agency action,' the waiver of sovereign immunity is similarly restricted." 456 F.3d at 186. The court noted that it had repeatedly rejected the first argument, and that nothing in § 702's language restricted it to suits under the APA. *Id.* As to the second argument, the court explained that "our holding that the waiver is not limited to APA cases -- and hence that it applies regardless of whether the elements of an APA cause of action are satisfied -- removes the linchpin of the FTC's argument." In other words, if § 702 applies to non-APA claims -- which are otherwise not subject to the terms of the APA -- there is no basis for requiring those claims to show "final agency action" under § 704. Concluding that that the statutory text and legislative history of § 702 also supported this interpretation, the court held that § 702 waived sovereign immunity for all plaintiff's claims, regardless of whether there was "final agency action."

Third Circuit: In *Treasurer of the State of New Jersey, et al. v. United States Dep't. of the Treasury, et al.*, 684 F.3d 382 (3d Cir. 2012), the Third Circuit agreed with the analysis in *Trudeau*. After reviewing other courts of appeal's decisions, its own precedents, and the statute's text and legislative history, the court held that because § 702's waiver of sovereign immunity is not limited to claims made under the APA, § 704 does not limit § 702's scope. *Id.*, at 399. Section 704's limitations on review concern whether a plaintiff has a cause of action under the APA that can survive a Rule 12(b)(6) motion to dismiss, but § 704 "does not provide a basis for dismissal on grounds of sovereign immunity." *Id.*, at 399-400.

Seventh Circuit: Similarly, in *Michigan v. U.S. Army Corps of Eng'rs*, 667 F.3d 765, 774-75 (7th Cir. 2011), the Seventh Circuit held that the § 702 "waiver covers actions that seek specific relief other than money damages" and "is not limited to claims brought pursuant to the review provisions contained in the APA itself." *Id.* The court noted that, "[a]lthough the United States has argued from time to time that the 'final agency action' requirement of § 704 limits the waiver of immunity in § 702, it has not prevailed on that ground." *Id.* at 775. The court went on to explain that "the conditions of § 704 affect the right of action contained in the first sentence of § 702, but they do not limit the waiver of immunity in § 702's second sentence." *Id.* (quoting *Veterans for Common Sense v. Shinseki*, 644 F.3d 845, 866 (9th Cir. 2011), *vacated on other grounds*, 678 F.3d 1013 (9th Cir. 2012)).

Eighth Circuit: In *Red Lake Band of Chippewa Indians v. Barlow*, 846 F.2d 474, 476 (8th Cir. 1988), the Eighth Circuit held that "the waiver of sovereign immunity contained in section 702 is not dependent on application of the procedures and review standards of the APA. It is dependent on the suit against the government being one for non-monetary relief." *See also Raz v. Lee, et al.*, 343 F.3d 936, 938 (8th Cir. 2003) (*per curiam*).

Ninth Circuit: The Ninth Circuit, far from being in conflict with *Delano* as Petitioner alleges, in fact has reached the same conclusion. In *Presbyterian Church (U.S.A.) v. United States*, 870 F.2d 518, 525 (9th Cir. 1989), the Ninth Circuit held that § 702 was an "unqualified waiver of sovereign immunity in actions seeking nonmonetary relief against legal wrongs for

which governmental agencies are accountable." The court rejected the government's "attempt to restrict the waiver of sovereign immunity to actions challenging 'agency action' as technically defined in § 551(13)," finding that this "offends the plain meaning of the amendment." *Id.* *Presbyterian Church's* analysis of § 702 was recently endorsed by the Ninth Circuit panel decision in *Veterans for Common Sense v. Shinseki*, 644 F.3d 845 (9th Cir. 2011). Although that panel decision was subsequently vacated on different grounds, its explanation of Ninth Circuit caselaw remains persuasive. *See Veterans for Common Sense v. Shinseki*, 678 F.3d 1013 (9th Cir. 2012) (*en banc*) (holding that jurisdiction was precluded by the Veterans Judicial Review Act).

Indeed, the *Veterans for Common Sense* panel rejected exactly the argument on which Petitioner relies here: that *Gallo Cattle Co. v. United States Dept. of Agriculture*, 159 F.3d 1194 (9th Cir. 1998), reached a contrary interpretation of § 702 and created an intra-circuit split of authority. Pet. at 14. As the panel explained, *Gallo Cattle* involved a claim brought pursuant to the APA that was subject to § 704's limitations on judicial review. At one point, the court did describe § 704 as a "limitation" on the waiver in § 702. *Gallo Cattle*, 159 F.3d at 1196. But *Gallo Cattle's* based its holding on a different ground: Since the agency's order was not "final agency action," "28 U.S.C. § 1331 and § 704 of the APA could not vest the district court with jurisdiction to review the order." *Gallo Cattle*, 159 F.3d at 1199. In short, the court recognized that it had no authority under the APA to review the claim. Its holding did not address whether a *non-APA* claim seeking sovereign immunity under

§ 702 would also be required to meet the requirements of § 704.

Ironically, Petitioner asserts that the panel decision in *Veterans for Common Sense* "acknowledged the split" in its own precedent. Pet. at 14-15 n.2. To the contrary, the panel carefully explained that there *was no conflict*, and that *Gallo Cattle* and *Presbyterian Church* reflect the different considerations raised by APA and non-APA claims. *Veterans for Common Sense*, 644 F.3d at 866-867.[6] Thus, as *Veterans for Common Sense* recognized, there is no internal conflict and therefore no circuit conflict.

In conclusion, most of these courts of appeal have addressed this issue recently -- *Trudeau*, *Treasurer of the State of New Jersey*, *Michigan*, and *Delano* were all decided since 2006 -- yet none have recognized a circuit split. Rather, they have all examined prior precedent and determined that cases containing apparently conflicting language addressed different issues and did not control the outcome. In accordance with *Delano*, these circuits all recognize that the waiver of sovereign immunity in § 702 applies to both APA and non-APA claims and is not limited to claims meeting the "agency action" or "final agency action" requirements of § 704.

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[6] The panel also noted that a prior Ninth Circuit case, *Gros Ventre Tribe v. United States*, 469 F.3d 801 (9th Cir. 2006), had "observed in passing that it 'saw no way to distinguish'" *Presbyterian Church* and *Gallo Cattle*. The panel soundly rejected this observation, concluding the two cases are "readily distinguishable." *Veterans for Common Sense*, 644 F.3d at 866-867 n.22.

B. The Cases That Petitioner Posits As Creating A Split Of Authority Do Not Expressly Address This Issue

Petitioner cannot point to a single case that directly and clearly held that even when faced with a non-APA cause of action that is otherwise not subject to the requirements of the APA, a waiver of sovereign immunity under § 702 must nevertheless meet the requirements of § 704. The cases on which Petitioner relies as creating a split simply did not directly address this issue.

Second Circuit: Petitioner relies on *SEC v. Credit Bancorp, Ltd.*, 297 F.3d 127, 138 (2d Cir. 2002), in which the bank's Receiver sought a declaration that any future federal tax assessments or liens would be subordinated to the liens of other creditors. The Second Circuit held first that the Declaratory Judgment Act and the Anti-Injunction Act deprived the district court of power to grant relief sought because it related to federal taxes. *Id.*, at 136-39. In one brief paragraph, the court then rejected the claim that § 702 waived immunity. The court stated that § 702 "applies only when there has been an 'agency action' within the meaning of . . . § 551(13)," and found that the plaintiff did not complain of any "action or inaction on the part of any governmental agency." *Id.*, at 141. Petitioner seizes on this statement as a "conflict" with *Delano*.

But the court relied as the sole authority for its statement on *Lujan v. National Wildlife Federation*, 497 U.S. 871, 872, 110 S.Ct. 3177, 111 L. Ed. 2d 695 (1990). *Lujan* involved the ***first sentence*** of § 702 -- *i.e.*, whether there was a "right to judicial review"

under the APA for the plaintiffs' claim -- and did not address sovereign immunity. *Id.* The Second Circuit's reference to "agency action" may therefore best be read not as referring to the waiver provision of § 702, but rather to the first sentence of § 702 in a gate-keeping function. At the very least, given its reliance on *Lujan*, it is unclear whether the court intended to apply the "agency action" requirement from the first sentence of § 702 to the second sentence waiver provision. In any event, the Second Circuit's decision focused on the tax basis of the suit, and its cursory consideration of § 702 cannot be taken as a direct "conflict" with *Delano*.

Fourth Circuit: Petitioner also relies on the Fourth Circuit decision in *Food Town Stores, Inc. v. EEOC*, 708 F.2d 920 (4th Cir. 1983), where the plaintiff was challenging an alleged conflict between a statute and an agency rule, and the agency's refusal to issue a subpoena pursuant to the rule. In addressing the agency's claim of sovereign immunity, the court appears to conflate the terms of § 702 and § 704. Although it first states broadly that § 702 waives sovereign immunity in nonstatutory review cases for non-monetary relief, it then goes on to discuss the waiver in terms of whether there is "final agency action" under §704. *Food Town*, 708 F.2d at 922-23. But the court was faced with an APA cause of action, which admittedly must meet the terms of the APA (as a prerequisite to judicial review, and not as a condition of a waiver of immunity). Its holding does not expressly address whether a non-APA action, not otherwise subject to § 704's requirements, would nevertheless have to show "agency action" or "final agency action." *Cf. Hostetter v. United States*, 739 F.2d 983, 985 (4th Cir. 1984) (relying on *Food Town* as

holding that the waiver applies in "nonstatutory review cases in which non-monetary relief is sought," without making reference to the requirements of § 704).

Fifth Circuit: Petitioner asserts that the Fifth Circuit, in *Taylor-Callahan-Coleman Counties District Adult Probation Dept. v. Dole*, 948 F.2d 953, 956 (5th Cir. 1991), "held that § 704 limits the APA's waiver of sovereign immunity." Pet. at 15. No such language is to be found in the court's opinion. As with other cases, the court's holding is primarily directed toward what actions are "subject to judicial review" under the APA. *Id*. at 956 (citing *Heckler v. Chaney*, 470 U.S. 821, 828 (1985)). Indeed, the Fifth Circuit's reliance on *Heckler v. Chaney* confirms that case addressed the prerequisites to judicial review under the APA, not sovereign immunity. *Id.*, 470 U.S. at 828; s*ee also Sheehan v. Army and Air Force Exchange Service*, 619 F.2d 1132, 1139 (5th Cir. 1980) (stating that § 702 "waives sovereign immunity for actions against federal government agencies, seeking nonmonetary relief, if the agency conduct is otherwise subject to judicial review"), *rev'd on other grounds*, 456 U.S. 728, 733 n.3, 72 L.Ed. 2d 520, 102 S.Ct. 2118 (1982). Thus, the Fifth Circuit's decision cannot reasonably be read as incorporating § 704's limits into § 702's waiver, nor did it expressly address at any point whether such a holding would apply to both APA and non-APA claims.[7]

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[7] To be sure, the appellant Probation Department asserted on appeal that its claim arose under the APA and the Fifth Amendment. *Taylor-Callahan Coleman Counties District Adult Probation Dept.*, 948 F.2d at 956. But the court focused on the APA claim and did not address the Fifth Amendment claim separately, and its opinion therefore cannot reasonably be read as

Sixth Circuit. Petitioner relies first on *Blakely v. United States*, 276 F.3d 853, 870 (6th Cir. 2002), where plaintiffs sought to recoup funds that they had paid to the government as part of a judicial consent judgment. In *Blakely*, the Sixth Circuit held that plaintiffs' "claims for money damages were barred by sovereign immunity" and by the doctrine of claim preclusion. *Id.* at 870. But the court nevertheless considered plaintiffs' claim that the APA waived sovereign immunity for "return of forfeited assets." The court noted that, "[b]y its own terms, § 702 only applies where the party seeks judicial review of agency action." *Id*. Since the forfeiture was achieved by judicial proceedings, there was no "agency action" to review. *Id.* In context, the court's reference to "agency action" -- as opposed to judicial action -- cannot reasonably be read as a holding that the § 702 waiver is limited to the definition of "agency action" in the APA. It is more likely a reference to the "terms" of § 702's waiver provision that require the plaintiff to state a claim against an "agency" -- something that was patently missing in the case.

Petitioner also relies on *Beamon v. Brown*, 125 F.3d 965, 970 (6th Cir. 1997), which addressed veterans claims relating to decisions on veteran benefits. The veterans asserted claims under the APA and Fifth Amendment. The court held, first, that there was an alternative adequate remedy in the Court of Veterans Appeals ("CVA"), and that plaintiffs' claims "fell within the § 704 exception to the APA's waiver of sovereign

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a holding that a constitutional claim is subject to the requirements of § 704 for purposes of the § 702 waiver.

immunity." *Id.*, at 970. Second, the court held that the Veterans Judicial Review Act vested "exclusive jurisdiction over plaintiffs' claims with the CVA," and therefore precluded judicial review. *Id.* (citing § 701(a)(1)). The court characterized the "alternative adequate remedy" and statutory preclusion provisions as "exceptions" to the waiver of sovereign immunity under § 702. But its second holding -- that judicial review in the district court is precluded by the VJRA -- makes the distinction between APA and non-APA claims irrelevant. As the court specifically noted, the CVA's jurisdiction includes constitutional issues. *Id.* at 971. In this context, the court's focus was on the exclusive jurisdiction issue, not on the question of whether § 702's waiver requires that there be "agency action" -- an issue that it nowhere addressed.

In sum, these relatively few cases that Petitioner claims constitute a split in authority with *Delano* do no such thing. Admittedly, a few of the cases contain language that on its face conflicts with *Delano*. But on close examination, these cases did not directly recognize or decide the issue in question. Most of them can best be read as treating the § 704 (and first sentence of § 702) requirements as prerequisites to judicial review under the APA, rather than as limits on the § 702 waiver. In the few cases where constitutional claims were made along with APA claims, the courts' silence on whether those claims should be treated differently does not constitute an express holding that § 702's waiver is limited by § 704 for non-APA claims. Moreover, the result in all these purportedly conflicting cases would be the same under *Delano*. In contrast, the courts of appeal that have expressly addressed the issue all agree with *Delano*. Thus, there is no

substantial, direct circuit split that warrants this Court's review.

II. THE QUIET TITLE ACT DOES NOT IMPLIEDLY PRECLUDE THIS SUIT

Petitioner argues that the Quiet Title Act impliedly precludes Delano's claim of patent invalidity. Section 2409(a) of the QTA waives the United States' sovereign immunity for suits involving title to real property, and Section 2410 waives sovereign immunity for suits involving liens on real or personal property. Petitioner argues that because the United States specifically declined to waive immunity in suits involving title to personal property, a suit challenging the validity of patents is impliedly precluded. *See* Pet. at 32-33. Petitioner also asserts that the Federal Circuit's holding conflicts with *Block v. North Dakota*, 461 U.S. 273, 286 n.22 (1983). *See* Pet. at 32-33.

Block involved a state's challenge to the title of real property pursuant to the QTA. This Court rejected the state's claim that it was not subject to the QTA's statute of limitations. The Court further explained that the state could not circumvent the QTA's statutory terms by bringing a claim under the APA, because, pursuant to the terms of § 702, the QTA was a statute that grants consent to suit and "expressly 'forbids the relief" sought. *Id.*, at 285-286 & n.22. Importantly, in *Block*, the plaintiff's claim fell squarely within the QTA. Here, unlike in *Block*, Delano's claim does not fall within the terms of the QTA, and could not be brought pursuant to it. *Block* provides no authority for the proposition that a claim that is <u>not</u> within the

terms of the QTA is nevertheless barred from review under § 702(2).

What Petitioner really seeks is an *expansion* of the scope of the QTA to embrace claims clearly outside the statute's scope. But there is no statutory basis nor any legal authority for such an expansion. The fact that Congress created specific statutes for these precisely defined categories shows it did not intend to speak to other categories. The Seventh Circuit soundly rejected a similar argument in *Michigan v. U.S. Army Corps of Eng'rs,* 667 F.3d at 775-76. In *Michigan*, the federal government argued that because the FTCA authorized actions for damages, but said nothing about injunctive relief, it implicitly prohibited injunctive relief in tort suits against the United States, and the plaintiffs therefore could not use §702's waiver of immunity. *Michigan*, 667 F.3d at 775. The court rejected this argument entirely:

> That argument reads too much into Congressional silence. . . . There is nothing in the statute suggesting that Congress meant to forbid all actions that were not expressly authorized. To the contrary, section 702(2) requires evidence, in the form of either express language or fair implication, that Congress meant to forbid the relief that is sought. The Corps's effort to transform silence into implicit prohibition would seriously undermine Congress's effort in the APA to authorize specific relief against the United States.

Id., at 775; s*ee also U.S. Info. Agency v. Krc*, 989 F.2d 1211, 1216 (D.C. Cir. 1993) (FTCA does not implicitly

preclude specific relief in tort cases against the government); *Bowen v. Massachusetts*, 487 U.S. 879, 904 (1988) (holding that an action against the U.S. for specific relief on a contractual obligation to pay was not impliedly precluded by the Tucker Act's provision for money damages).

Similarly, Petitioner here seeks to "transform silence into implicit prohibition." But no evidence suggests that Congress intended to bar claims affecting title to personal property when the statutory language of the QTA addresses only title to real property and liens on real or personal property. *See Michigan*, 667 F.3d at 776 (holding that "if the FTCA could never apply to the type of claim advanced, then there is no reason to think that it implicitly forbids a particular type of relief for a claim outside its scope"); *Black Hills Inst. of Geological Research v. South Dakota Sch. of Mines and Tech., et al.*, 12 F.3d 737, 741 & n.2 (8th Cir. 1993) (noting that the QTA did not expressly or impliedly forbid a suit seeking the return of personal property). Thus, caselaw supports *Delano's* holding that the QTA does not impliedly preclude a claim challenging the validity of a government-owned patent. Petitioner has not identified any conflicting authority, or any other basis that would warrant this Court's review.[8]

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[8] As the district court recognized, the QTA does not "expressly or impliedly" forbid the relief Delano seeks for another reason: Delano's claim for patent invalidity does not challenge the USDA's title to the patented grapevine varieties or assert that title should be awarded to Delano. Pet. App. 136a & n.4.

III. THIS CASE IS NOT APPROPRIATE FOR REVIEW

A. This Case Does Not Raise Questions Of "Exceptional Importance"

As discussed above, there is no clear or substantial circuit split on the question of whether in a non-APA cause of action, the waiver of sovereign immunity in § 702 is nevertheless contingent on a showing of "agency action" or "final agency action" as those terms are defined in § 704. Despite some conflicting language in a few cases, the "conflicting" cases put forth by Petitioner did not expressly address this issue. Nor does the Third Circuit's recent decision to follow *Delano* mean that this case has broad significance, as Petitioner suggests. Reply at 9. Instead, it confirms that the cases on which Petitioner relies did not squarely address the issue as part of the holding in those decisions. Moreover, as the SG notes, in the vast majority of cases the scope of the § 702 waiver is irrelevant. It is only in the few cases involving non-APA claims where the agency conduct in question satisfies the "act or failed to act" language in § 702, but does not meet the APA's definition of "agency action," that this issue will matter. Thus, this issue does not present such a "fundamental question of administrative law" that this Court need resolve it. Pet. at 28.

Aside from the "agency action and "final agency action" issue under § 704, Petitioner asserts that the Federal Circuit ignored the "acted or failed to act" language in § 702, or at least misapplied the language in finding it satisfied by patent ownership. Petitioner

further asserts that these issues have national importance based on an expected rise in challenges to government owned patents. But Petitioner arguments conflict with the record, and neither assertion support review by this Court.

1. The Federal Circuit's Suggestion That Patent Ownership Satisfies The "Acted Or Failed To Act" Language In Section 702's Waiver Provision Does Not Merit Review.

Petitioner argues that "at a minimum," § 702's waiver requires a claim that an agency "acted or failed to act," and insists that the Federal Circuit ignored this language. Pet. at 26-28. But, as the SG agrees, the Federal Circuit acknowledged and applied this language. Pet. App. 22a n.6; SG Opp. 5. Because all parties and the court below agree on this point suggests certiorari is not warranted. The only dispute regarding the "acted or failed to act" language in § 702 is the court's application of this language to the facts of this case.

What Petitioner really disputes is whether patent "ownership" can satisfy the "acted or failed to act" language, as the Federal Circuit suggested. Pet. App. 22a n.6.[9] As an initial matter, all Petitioner's

[9] Whether the court intended its footnote as a considered holding on what constitutes agency conduct sufficient to meet the "act or failed to act" language is unclear. The court's statement was made in the context of responding to a specific argument: Petitioner claimed that "because the USDA does not collect royalties directly

arguments about whether "ownership" alone is a sufficient "act" under § 702 are hypothetical. The patents in this case were licensed to Delano and royalties were collected from Delano. Even the district court found these acts to constitute "final agency action." Pet. App.151a. That the patents here were licensed makes the question of whether "ownership" alone is sufficient to meet § 702's terms a hypothetical issue that this Court should not address. Moreover, on this point, Petitioner has offered no authority that conflicts with the Federal Circuit's decision -- or even sheds any light on what may properly qualify under the "acted or failed to act" language. *Cf. Presbyterian Church*, 870 F.2d at 525 (noting that the waiver was "clearly intended to cover the full spectrum of agency conduct").

Petitioner also claims that the court improperly "severed the link" between the "act" supporting waiver (ownership) and the legal wrong alleged (invalidity of patents) when it found that patent "ownership" is an "act" sufficient to waive sovereign immunity. This argument confuses the "act" or legal wrong with the remedy Delano seeks. The acts or legal wrong giving rise to Delano's action is the USDA's licensing of patents it owns and collection of royalties on those patents from Delano. The legal wrong is *not* patent

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from plaintiffs, the agency has not 'acted or failed to act.'" Pet. App. 22a n.6. In response, the court pointed out that Delano stated a claim under the Patent Act and the Declaratory Judgment Act against the patent owner for relief -- exactly the type of claim allowed under *MedImmune* -- and that § 702 waived immunity for such actions seeking "non-monetary relief based on the agency's official acts." Pet. App. 22 n.6.

invalidity; rather, a declaration of patent invalidity is the *remedy* that Delano seeks to redress the wrongful act as authorized in *MedImmune*. 549 U.S. at 131-137. Nothing in the language of § 702 requires a "link" between the act of a federal agency for which the statute waives sovereign immunity and the remedy recognized under the law to redress that act, so long as the remedy does not seek money damages.

No matter how described, this claim does not merit this Court's review. It is not "a question of recurring importance." Pet. at 28-29, 30-31. Indeed, Petitioner cites no split in authority or any case in which the issue has arisen previously. The SG agrees that this issue will not arise frequently in the patent context. Thus, even if the Federal Circuit held that federal patent ownership alone meets the "acted or failed to act" language of § 702's waiver, there is no reason for this Court to review that application of the undisputed law to the facts of this case.

2. There Is No Evidence Supporting Petitioner's Prediction That There Will Be A Significant Increase In Challenges To Federally-Owned Patents.

Petitioner's suggestion that this case has national importance because there will now be a significant increase in declaratory judgment actions challenging government-owned patents is unfounded. Petitioner relies on the number of federally-owned patents, Pet. at 29-30, and on the purported effect of this Court's decision in *MedImmune*, which Petitioner claims

"removed an independent impediment to licensee suits like this one," Pet. Reply at 10. But the SG was able to identify only one patent suit in the past 30 years. SG Opp. at 9. And Petitioner has identified only one district court case in the five years since *MedImmune*. *MedImmune* itself acknowledged that the rule it endorsed was not new, but was one of long-standing application in the lower courts. *Id.*, 549 U.S. at 130-32. *MedImmune* therefore does not make it any more likely that the number of patent suits against the government will increase. Further, as the SG points out, this will not be a frequent issue because the government can, and often does, license all its rights in its patents -- making the government's participation in any challenge unnecessary. SG Opp. at 10. In sum, this case has little practical importance and is unlikely to recur.

Petitioner also relies on Eleventh Amendment cases to suggest that the Federal Circuit's decision works a significant change in the law. Pet. at 29. Eleventh Amendment jurisprudence is not analogous, however, precisely because there is no state waiver of immunity similar to the waiver in the APA. Moreover, this argument assumes what Petitioner is trying to prove: it assumes that previously patent claims could not be brought under the waiver in § 702, but whether § 702 allows such claims is of course the question at issue. The Federal Circuit's decision did not depart from any prior precedent on this issue, and therefore cannot be said to work a change in the law.

Petitioner further suggests that this Court must resolve this issue because patent decisions are limited to the Federal Circuit. Reply at 10. The only patent-

specific question is whether patent ownership meets the "act or failed to act" language in § 702, but this issue is not, as explained above, appropriate for review. And while patent claims are decided by the Federal Circuit, the scope of § 702's waiver is not so limited. It is the latter issue alone for which Petitioner alleges a circuit split. In that regard, however, the SG asserts that the scope of the § 702 waiver is simply irrelevant in most cases against federal agencies. SG Opp. 8. Thus, Petitioner cannot support its assertion that this case will have a dramatic impact and lead to a large number of patent claims against the federal government.

B. This Case Is Not A "Clean Vehicle" Since The USDA's Licensing Of The Patents Is "Agency Action" And "Final Agency Action"

Even if this Court were to conclude that § 702's waiver of sovereign immunity is available only where there is "agency action" as defined by the APA, that standard has been met in this case. Just as Delano alleged that the USDA "acted" as used in § 702 by in licensing and collecting royalties on the patented grapevines, these same acts constitute "agency action" and "final agency action" as used in § 704. Pet. App. 119a. Under *MedImmune*, the licenses to Delano and collection of royalties give Delano standing to challenge validity. These same "acts" not only bring Delano's claims within the sovereign immunity waiver language in § 702, but would also satisfy the "agency action" and "final agency action" language in § 704 (assuming this Court found § 704 applicable to Delano's claims). Indeed, even the district court found the USDA's

licensing sufficient to meet the "final agency action" requirement of § 704. *See* Pet. App. 151a.[10]

The Federal Circuit did not address whether the licenses to Delano and collection of royalties satisfy the "agency action" and "final agency action" language in § 704. Instead, the Federal Circuit found § 704 inapplicable to Delano's claims arising under the Patent and Declaratory Judgment Acts. Accordingly, if this Court were to grant certiorari and find § 704 applicable to Delano's claims, it would not resolve this case. Instead, Delano's claims would require reconsideration by the Federal Circuit as to whether the acts of licensing and collecting royalties amount to "agency action" and "final agency action." The answer is self-evident: Such acts plainly fall within plain meaning and statutory definition of those terms. *See* 5 U.S.C. § 551(13). Thus, it would serve no purpose to address Petitioner's issue when, even if this Court found error in the Federal Circuit's decision, a waiver of sovereign immunity for Delano's claims would still result.

Finally, Petitioner insists that Delano's claims are based on the actions "of private growers" rather than on the actions of the USDA. *See* Pet. at 26. First, the

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[10] Contrary to Petitioner's assertion, Delano does not challenge the USDA's "property rights." Pet. at 26-27. Delano never asserts that the USDA does not own the patents at issue. Rather, Delano asserts that the patents are invalid because the alleged inventions were in the public domain more than one year before the USDA sought patent protection. While a finding of patent invalidity will affect the value of the USDA's property rights, it will not affect the rights to the property itself.

SG admits that Delano is claiming invalidity "because a *USDA employee* displayed and distributed the grapevines more than one year before the patent applications were filed." SG Opp. 2 (emphasis added). Second, the reason for the patents' invalidity is simply irrelevant. It has no bearing on whether the *act of licensing* was done by a private or government party. Delano is not seeking relief from any injury from the acts of private growers; only from the wrongful licensing and collecting of royalties by the USDA on an invalid patent.

C. This Court Should Not Grant Review In A Case In Which The Federal Government Does Not Seek Review Of Its Own Sovereign Immunity Determination

The federal government is not seeking review in this case. It has explained that it does not consider the case of great practical importance, nor does the case have national significance either for patent law or for the scope of the waiver in § 702. SG Opp. 8-10. The federal government presumably has the best grasp of the implications, scope, and significance of this decision for its own sovereign immunity. This SG's position is particularly relevant here because the federal government is not only interested from a legal standpoint, but its own patents are at issue.

The SG also argues that Petitioner is not an appropriate party to seek certiorari, in part because Petitioner is trying to invoke the federal government's immunity in order to avoid a suit in which Petitioner itself is not immune. *Id.*, at 7-8. If the USDA is willing

to defend the validity of the patents on the merits, this Court should not grant certiorari to determine whether a private entity will be able to assert sovereign immunity on the USDA's behalf so it can avoid the validity challenge altogether. In fact, if Petitioner succeeds, this would create exactly the situation that *MedImmune* sought to avoid: requiring private parties to violate their license agreements, risking potentially serious consequences, to trigger an infringement action by the patent owner so that validity can be contested. *MedImmune*, 549 U.S. at 129-30 (party should not have to risk serious consequences to obtain clarification of patent validity).

Petitioner makes much of the fact that the federal government remains silent on whether the circuits are split. Reply at 2-4. The SG's silence on certain issues cannot be taken as agreement with the Petition that the government is opposing. The SG may have chosen not to take a position for various reasons, while nevertheless concluding the case is not appropriate for review by this Court. In sum, this Court would be better served by reviewing the "agency action" issue in a case in which the federal government seeks to assert its own immunity before this Court.

IV. CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

Lawrence M. Hadley
Counsel of Record
Sarah O. Jorgensen
McKool Smith Hennigan, P.C.
865 S. Figueroa Street, Suite 2900
Los Angeles, CA 90017
(213) 694-1200
LHadley@mckoolsmithhennigan.com

Counsel for Respondents
Delano Farms Company,
Four Star Fruit, Inc., and
Gerawan Farming, Inc.