

No. _____

**In The
Supreme Court of the United States**

◆

SOUTHERN ELECTRONICS SUPPLY, INC., et al.,

Petitioners,

v.

CAMSOFT DATA SYSTEMS, INC.,

Respondent.

◆

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Fifth Circuit**

◆

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

In cases removed to federal court, *Caterpillar, Inc. v. Lewis* generally provides a plaintiff the appellate right to challenge the denial of a motion to remand, but qualifies that right if “considerations of finality, efficiency, and economy become overwhelming.” 519 U.S. 61, 75 (1996). The Circuit Courts of Appeals are divided on the proper application of *Caterpillar* to the following two questions:

1. Whether a plaintiff waives its right to appeal under *Caterpillar* by amending its complaint, after denial of a motion to remand, to add new and distinct federal claims – thereby independently creating undisputed federal-question jurisdiction.
2. Whether a federal court’s adjudication of the majority of a plaintiff’s claims on summary judgment and dismissals with prejudice creates sufficient considerations of “finality, efficiency, and economy” to foreclose appellate review of the denial of the motion to remand.

The Circuit Courts of Appeals are also divided on the underlying question of removal jurisdiction in this case:

3. Whether federal courts have subject matter jurisdiction over claims of inventorship involving a pending patent application, as the Federal Circuit has held, or only over claims of inventorship involving an issued patent, as the Fifth Circuit held here.

PARTIES TO THE PROCEEDING

The following **Petitioners** were Defendants in the district court (and some were also third-party plaintiffs or third-party defendants): Dell Inc.; Dell Marketing L.P.; Southern Electronics Supply, Inc.; Active Solutions, L.L.C.; Ciber, Inc.; Brian Fitzpatrick; Henry J. Burkhardt; Ignace Perrin; Steve Reneker; Billy Ridge; Heather Smith; Mark Kurt; MMR Constructors, Inc. d/b/a MMR Communications; Zurich American Insurance Company; American Zurich Insurance Company; Bill Tolpegin; Donald Berryman; Earthlink, Inc.; Motorola, Inc.; and Continental Casualty Company.

The following **Respondent** was Plaintiff in the district court below: Camsoft Data Systems, Inc.

CORPORATE DISCLOSURE

Pursuant to Rule 29.6 of this Court, undersigned counsel state as follows:

CIBER, Inc. is a publicly traded corporation that has no parent corporation. Also, no publicly traded corporation owns 10 percent or more of the stock of CIBER, Inc.

Dell Inc. is a privately held corporation and its direct parent company is Denali Intermediate Inc. There is no publicly held corporation owning 10 percent or more of its stock. Dell Marketing L.P. is a subsidiary of Dell Inc., and there is no publicly held corporation owning 10 percent or more of its stock.

CORPORATE DISCLOSURE – Continued

Active Solutions, L.L.C., which has no parent corporation, is neither a public company nor owned by a public company.

Southern Electronics Supply, Inc., which has no parent corporation, is neither a public company nor owned by a public company.

American Zurich Insurance Company is a wholly owned subsidiary of Zurich American Insurance Company, a New York corporation. Zurich American Insurance Company is a wholly owned subsidiary of Zurich Holding Company of America, Inc., a Delaware corporation. Zurich Holding Company of America, Inc. is a 99.8711 percent owned subsidiary of Zurich Insurance Company Ltd., a Swiss corporation. Zurich Insurance Company Ltd. is directly owned by Zurich Financial Services Ltd., a Swiss corporation. Zurich Financial Services Ltd. is the only publicly traded parent company, with a listing on the Swiss stock exchange, and a further trading of American Depositary shares.

Zurich American Insurance Company, a New York corporation, is a wholly owned subsidiary of Zurich Holding Company of America, Inc., a Delaware corporation. Zurich Holding Company of America, Inc. is a 99.8711 percent owned subsidiary of Zurich Insurance Company Ltd., a Swiss corporation. Zurich Insurance Company Ltd. is directly owned by Zurich Financial Services Ltd., a Swiss corporation. Zurich

CORPORATE DISCLOSURE – Continued

Financial Services Ltd. is the only publicly traded parent company, with a listing on the Swiss stock exchange, and a further trading of American Depositary shares.

MMR Constructors, Inc. is a wholly owned subsidiary of MMR Group, Inc., which is a private corporation.

EarthLink, Inc. is a publicly traded company that has no parent corporation. Also, no publicly held corporation owns 10 percent or more of EarthLink, Inc.'s stock.

Motorola, Inc. is a publicly traded company that has no parent corporation. Also, no publicly held corporation owns 10 percent or more of Motorola, Inc.'s stock.

Continental Casualty Company's common stock is not publicly traded, but is owned by The Continental Corporation. The Continental Corporation's common stock is owned by CNA Financial Corporation, a publicly traded company. Loews Corporation, a publicly traded company, owns the majority of the stock of CNA Financial Corporation. CNA Surety Corporation is a publicly held affiliate of Continental Casualty Company.

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**OPINIONS BELOW**

The opinion of the Court of Appeals for the Fifth Circuit is reported at 756 F.3d 327 (5th Cir. 2014). App. at 1a. The relevant order of the Federal Circuit (App. at 29a, transferring case) is unreported. The relevant order of the United States District Court for the Middle District of Louisiana (App. at 32a, holding, *inter alia*, that federal subject jurisdiction existed) is unreported, but is available at 2010 WL 763508. The relevant magistrate judge's report and recommendation is unreported. App. at 33a. The order of the Fifth Circuit denying the petition for rehearing *en banc* is unreported. App. at 43a.



STATEMENT OF JURISDICTION

The United States Court of Appeals for the Fifth Circuit rendered its opinion and judgment in this matter on June 19, 2014. App. at 1a. The Fifth Circuit denied rehearing *en banc* on September 29, 2014. App. at 44a. Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).



STATUTORY PROVISIONS INVOLVED

28 U.S.C. § 1331 provides in relevant part:

The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

28 U.S.C. § 1338(a) provides in relevant part:

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights.



INTRODUCTION

This dispute centers on the intellectual property and contract rights associated with a crime camera system deployed for surveillance in New Orleans, Louisiana. After years' worth of litigation in federal court, the Fifth Circuit held that the plaintiff, CamSoft, could appeal the propriety of the original removal from state court even though CamSoft had voluntarily added new and distinct federal claims to the case, and even though the district court had adjudicated most of CamSoft's claims by dismissal with prejudice or summary judgment. Then, after allowing the appeal, the Fifth Circuit held that the district court should have granted the motion to remand because CamSoft's claim involving inventorship of the crime camera system related to a patent *application* and not an issued patent. The Fifth Circuit vacated three years' worth of federal court proceedings in their entirety and ordered that the case be remanded to state court.

The Fifth Circuit's opinion splits from its sister circuits on three important questions of federal jurisdiction and appellate review. Petitioners seek a writ of certiorari to enable this Court to resolve these conflicts among the Circuits.

First, *Caterpillar, Inc. v. Lewis*, 519 U.S. 61, 75 (1996) holds that a plaintiff who timely objects to removal can challenge the removal on appeal unless "considerations of finality, efficiency, and economy become overwhelming." 519 U.S. at 75. But the courts of appeals are divided on the question of whether a

plaintiff waives that *Caterpillar* appeal by subsequently adding new and distinct federal law claims. The Fifth Circuit disagreed with every other Circuit that has addressed this issue, holding that the plaintiff did not waive its *Caterpillar* appeal even though it voluntarily amended its complaint while in federal court to add new and distinct federal claims.

Second, the courts of appeals are divided on whether a case in which some, but not all, of a plaintiff's claims have been adjudicated on the merits is covered by *Caterpillar*'s general rule allowing appeal, or instead triggers the "finality, efficiency, and economy" bar on appeal. The Fifth Circuit split from its sister circuits and held that *Caterpillar* allowed the plaintiff here to appeal removal even though the district court adjudicated plaintiff's core claim on summary judgment and dismissed numerous other claims with prejudice.

Third, the courts of appeals are divided on the underlying question of patent jurisdiction related to the removal. The Federal Circuit has held that state law-based claims that require a determination of inventorship can create federal subject matter jurisdiction whether the invention at issue is the subject of an issued patent or a patent application. The Fifth Circuit explicitly disagreed with the Federal Circuit and held that because the inventorship claim at issue related only to a patent application – not an issued patent – the district court erred in finding federal subject matter jurisdiction.



STATEMENT OF THE CASE

Respondent Camsoft Data Systems, Inc. filed its first complaint (or “petition” in Louisiana procedural parlance) in state court in Baton Rouge, Louisiana, in September 2009. In its original state court complaint, CamSoft alleged that it had invented wireless video crime-camera surveillance technology that some defendants were using or selling, and sought “ownership” over any associated patent rights, including an injunction that it “share in any fruits of products derived” from the surveillance system and a declaration “regarding [the parties’] respective ownership interests in the intellectual property” involved. Because CamSoft asserted a right to relief that necessarily required the resolution of substantial questions of federal patent law (*i.e.*, inventorship), Petitioners removed the case to federal court based on 28 U.S.C. §§ 1331 and 1338(a).

CamSoft moved to remand the case to state court. The district court denied the motion and held that “[t]he relief sought – declaration of ownership, control, and economic benefits of the wireless video surveillance system – cannot be properly granted without a determination of inventorship under federal patent law.” App. at 32a, 40a.

After the district court denied its remand motion, CamSoft filed a Second Supplemental and Amended Complaint (“Second Amended Complaint”). The Second Amended Complaint materially changed the nature of the lawsuit by asserting claims under three

different federal statutes: the Sherman Act, 15 U.S.C. § 1, the Robinson-Patman Act, 15 U.S.C. § 13, and the Racketeer Influenced and Corrupt Organization Act (RICO), 18 U.S.C. § 1962. CamSoft also added 18 additional defendants and emphasized joint ventureship – rather than inventorship – as the basis for its “ownership” of the technology at issue. At that time, this case involved more than 34 parties and 15 separate claims. Extensive litigation ensued.

The parties litigated these claims in the United States District Court for the Middle District of Louisiana for approximately three years, including discovery and motion practice. Indeed, the district court resolved nearly 30 motions related to the merits of the case. Petitioners successfully moved to dismiss many of CamSoft’s claims, including those brought under the federal antitrust and RICO statutes. The court also granted summary judgment on CamSoft’s joint venture claim – which served as the basis for the majority of CamSoft’s other claims.

After the parties submitted case-status briefing, and after CamSoft filed a baseless motion to recuse the district court judge, the district court *sua sponte* ordered that the case be remanded to state court, declining to exercise supplemental jurisdiction under 28 U.S.C. § 1367(a) over the remaining state law claims.

Following the remand order, Petitioners appealed to the United States Court of Appeals for the Fifth Circuit, arguing that the district court abused its discretion in declining to exercise supplemental

jurisdiction over the remaining state law claims, which were neither novel nor complex. CamSoft cross-appealed to the United States Court of Appeals for the Federal Circuit, seeking review of the removal and other adverse decisions by the district court. The Federal Circuit transferred CamSoft's cross-appeal to the Fifth Circuit. App. at 31a.

On June 19, 2014, the Fifth Circuit affirmed the district court's decision to remand, but did so by holding that the initial removal to federal court had been improper, and that CamSoft had preserved its right to appeal the denial of the motion to remand under *Caterpillar*. App. at 12a. The Fifth Circuit also held that CamSoft did not waive its remand argument by amending the complaint to add separate federal claims. App. at 12a. The Fifth Circuit then recognized, but explicitly rejected Federal Circuit precedent that federal jurisdiction exists over state law "inventorship" claims even where the subject invention is merely a patent application and not an issued patent. Instead, according to the Fifth Circuit, "federal courts have no authority to adjudicate inventorship with respect to pending patents." App. at 14a. Based on that, the Fifth Circuit concluded that removal was improper and that the district court had erred in denying CamSoft's original motion to remand. App. at 19a.

Finally, the Fifth Circuit held that, despite the advanced stage of the litigation in the district court, because CamSoft's claims had not yet been through a full trial on the merits, the considerations of finality

and efficiency addressed in *Caterpillar* did not overwhelm the removal deficiency. App. at 27a. Thus, the Fifth Circuit vacated three years' worth of federal court proceedings and ordered that the case be remanded to Louisiana state court – where it would start all over. App. at 27a.

On July 3, 2014, Petitioners filed a Petition for Rehearing En Banc, but the Fifth Circuit denied their petition on September 29, 2014. App. at 43a.



REASONS FOR GRANTING THE PETITION

This Court should grant the writ because the decision below presents three independent and distinct conflicts among the federal courts of appeals. The legal issues presented, moreover, are of fundamental importance – centering on federal jurisdiction, rights of appeal, and finality of judgments. Absent this Court's review, the Fifth Circuit's decision will deepen a divide among the courts of appeals and will leave litigants and district courts without clear rules governing jurisdiction. Finally, the jurisdictional and appellate rubric the Fifth Circuit created will enable opportunistic litigants to roll the dice by voluntarily embracing the federal courts (by adding and litigating federal claims), and if they lose before a full trial on the merits, unwind the federal proceedings in their entirety by challenging the original removal under *Caterpillar*.

Finally, the Fifth Circuit's ruling on "inventorship" splits from the Federal Circuit and thereby leaves federal court litigants in legal limbo on the issue of subject matter jurisdiction. The status of the case at the later time of an appeal will determine whether there was subject matter jurisdiction at the outset of the case – if the court of appeals applies Federal Circuit precedent, there will have been jurisdiction; if the court of appeals applies Fifth Circuit precedent, jurisdiction will have been destroyed retroactively. The "inventorship" ruling will also allow states to develop separate patent rights for pending patent applications.

I. This Case Presents True and Irreconcilable Conflicts Among the Circuit Courts of Appeals.

The Fifth Circuit's decision, vacating approximately three years' worth of federal court proceedings and remanding to state court, directly conflicts with the decisions of other circuits on *three* separate issues. This Court should grant certiorari to resolve the irreconcilable circuit split on each issue.

A. The Fifth Circuit Stands Alone in its Decision that a Party Does Not Waive its Objection to Removal by Adding New, Distinct Federal Claims.

The Fifth Circuit's decision that CamSoft did not waive its objection to federal jurisdiction by amending

its complaint to add entirely new federal claims directly conflicts with the decisions of six circuits.

The courts of appeals are splintered with respect to whether and when a party waives its right to object to the denial of remand by amending its complaint to add federal claims. Two circuits have held that adding any federal claim (after the denial of remand) waives any future right to challenge a denial of a motion to remand. Four other circuits have held that a plaintiff only waives its objection if the federal claims that are added are based on new legal theories, distinct from those which served as the basis for the state law claims.¹ But the Fifth Circuit stands alone: It is the only circuit to hold that a plaintiff never waives its objection to removal by adding federal claims after the denial of remand – even when the new claims stem from entirely new legal theories.

The Seventh and Ninth Circuits have held that a party that amends its complaint to add any federal claim after the denial of a motion to remand cannot later object to federal jurisdiction on appeal. *Retail Prop. Trust v. United Bhd. of Carpenters & Joiners of Am.*, 768 F.3d 938, 962 (9th Cir. 2014) (“We hold the [plaintiff], which was represented by sophisticated counsel, to the consequences of its choice to ‘thr[o]w

¹ The federal courts are in agreement that amending the complaint to add federal claims creates federal subject matter jurisdiction for the proceedings to continue in federal court. *Pegram v. Herdrich*, 530 U.S. 211, 215 n. 2 (2000).

in the towel’”); *Bernstein v. Lind-Waldock & Co.*, 738 F.2d 179, 185-86 (7th Cir. 1984) (plaintiff “cannot be permitted to invoke the jurisdiction of the federal court and then disclaim it when he loses”).²

The First, Fourth, Eighth, and Tenth Circuits have adopted a slightly different rule, holding that a plaintiff waives its objection to removal only by adding federal claims that are based on new legal theories, and not simply federal versions of the plaintiff’s state law claims. *Albert v. Smith’s Food & Drug Ctrs., Inc.*, 356 F.3d 1242, 1248-49 (10th Cir. 2004) (holding that plaintiff could not appeal denial of remand after amending her complaint to assert an entirely new federal claim under the Americans with Disabilities Act); *Lyons v. Philip Morris Inc.*, 225 F.3d 909, 914 (8th Cir. 2000) (holding that plaintiffs waived objection to federal jurisdiction by adding new claims based on federal antitrust and RICO statutes); *Negron-Fuentes v. UPS Supply Chain Solutions*, 532 F.3d 1, 6 (1st Cir. 2008) (concluding that plaintiff could still appeal from denial of remand after amending his complaint to “conform” to the district judge’s

² “[A]fter Bernstein’s motion to remand was denied, he threw in the towel, as it were, and filed an amended complaint in federal court that included an unmistakable federal cause of action against the Exchange. . . . If he was convinced that the original action was not removable he could have stuck by his guns and we would have vindicated his position on appeal. But once he decided to take advantage of his involuntary presence in federal court to add a federal claim to his complaint he was bound to remain there.” *Bernstein*, 738 F.2d at 185-86.

determination that his state law claim was actually “a federal claim in disguise”; distinguishing *Brough v. United Steelworkers of Am., AFL-CIO*, 437 F.2d 748, 749-50 (1st Cir. 1971)); *King v. Marriott Int’l Inc.*, 337 F.3d 421, 426 (4th Cir. 2003) (finding that plaintiff did not waive its objection to federal jurisdiction by adding a federal claim under the statute that allegedly preempted its state law claims).

In *Lyons*, for instance, the Eighth Circuit concluded that the plaintiffs waived their objection to federal jurisdiction by amending their complaint to add federal claims. The defendant initially removed the case from state court, alleging that the claims were preempted by the Employee Retirement Income Security Act (ERISA). *Lyons*, 225 F.3d at 911-12. The court denied the plaintiffs’ motion to remand, concluding that the state law claims were, in fact, preempted. *Id.*

The plaintiff then filed a second amended complaint, asserting federal antitrust and RICO violations. *Id.* at 912, 914. On appeal, the Eighth Circuit noted that if the amended complaint had simply reiterated the state law claims and added an ERISA claim, the plaintiffs may well have preserved their right to appeal the denial of their motion to remand. *Id.* at 914. But by “radical[ly] restructuring” their claims, the plaintiffs had assented to federal jurisdiction and waived any objection to the district court’s order on the motion to remand. *Id.*; compare *Humphrey v. Sequentia, Inc.*, 58 F.3d 1238, 1241 (8th Cir. 1995) (finding that a subsequent amendment of the

complaint to assert claims under federal law did not moot plaintiff's objection to removal because the plaintiff had to amend in order to prevent dismissal of his claims under a theory of preemption).

In *King*, the Fourth Circuit followed this "narrow amendment" rule, but concluded that the plaintiff's amendment "did no more than make explicit what the district court held . . . she inadvertently and implicitly" pled in her original complaint in state court. *King*, 337 F.3d at 426. Therefore, the court concluded that the plaintiff's narrow amendment had not waived her objection to removal. *Id.*

Here, the Fifth Circuit reaffirmed its precedent endorsing an unwaivable right for a plaintiff to appeal the denial of its remand motion – even when, like CamSoft, the plaintiff embraced federal court jurisdiction by making the strategic decision to change the nature of its lawsuit by asserting new and distinct federal antitrust and RICO claims. App. at 12a.

Prior to this case, the Fifth Circuit analyzed *Caterpillar* in two cases in which a plaintiff had amended its complaint to include federal causes of action after a motion to remand was denied. See *McAteer v. Silverleaf Resorts, Inc.*, 514 F.3d 411, 416 (5th Cir. 2008); *Waste Control Specialists, LLC v. Envirocare of Texas, Inc.*, 199 F.3d 781, 785-87 (5th Cir. 2000). In *McAteer*, the plaintiff amended his complaint to assert an ERISA claim after the district court concluded that jurisdiction was proper based on ERISA preemption. *McAteer*, 514 F.3d at 414. Similarly, in *Waste Control*, the plaintiff added federal antitrust

claims to his initial claims under Texas antitrust law. *Waste Control*, 199 F.3d at 782-83.

In both *McAteer* and *Waste Control*, the Fifth Circuit held that the plaintiff had not waived its objection to removal by subsequently amending the complaint to add federal claims. But both cases involved amendments to the complaint which the First, Fourth, Eighth, and Tenth Circuits have described as sufficiently narrow to prevent waiver; the added claims did not present entirely new legal theories. *See Waste Control*, 199 F.3d at 787 n.5 (explaining that amended complaint “state[d] the one and only claim the district court suggested it had, and a claim that was consistent with its state court pleading”); *see also Albert*, 356 F.3d at 1248 (distinguishing *Waste Control* on the grounds that the amendment was “narrow”).

But here, the Fifth Circuit intensified the circuit split by holding that the nature of a plaintiff’s new claim is irrelevant to the question of whether amending the complaint after the denial of remand effects a waiver. No other circuit has granted a plaintiff such an expansive right of appeal. Here, CamSoft amended its original complaint to add completely new factual allegations to support new federal claims under the Sherman Act, Robinson-Patman Act, and the federal RICO statute. App. at 6a. These claims presented entirely new theories of antitrust violations and conspiracy, none of which appeared in the initial state court complaint. Despite these broad amendments, and contrary to every other Circuit to decide this

issue, the Fifth Circuit held that CamSoft “did all that was required to preserve its objection to removal.” App. at 12a (quoting *Caterpillar*, 519 U.S. at 74). In any other circuit, CamSoft would have had to stay the course in federal court to avoid waiving the right to challenge the denial of the motion to remand.

This Court should grant certiorari to resolve this schism among the courts of appeals. This case presents a needed opportunity to clarify the reach of *Caterpillar* and to settle this conflict.

B. The Fifth Circuit’s Decision to Allow Appeal Even After the Majority of CamSoft’s Claims Had Been Adjudicated by Summary Judgment or Dismissal with Prejudice Conflicts with Four Other Circuits.

The Fifth Circuit split from its sister circuits in a second way. This Court in *Caterpillar* held that where a case had been tried on the merits, interests of “finality, efficiency, and economy” prevented appellate courts from reviewing the denial of a motion to remand. Here, the Fifth Circuit held that those interests did not overwhelm the plaintiff’s right to appeal because the district court had only resolved dispositive motions to dismiss with prejudice and motions for summary judgment. Unlike the Fifth Circuit, the Fourth, Eighth, Tenth, and Eleventh Circuits have adopted a more flexible, practical approach: These circuits hold that when a case has proceeded through summary judgment, these finality and efficiency

considerations outweigh the interests in remanding a case in which the original removal was flawed. *Buffets, Inc. v. Leischow*, 732 F.3d 889, 897-98 (8th Cir. 2013); *Ayres v. Gen. Motors Corp.*, 234 F.3d 514, 518 n.6 (11th Cir. 2000); *Huffman v. Saul Holdings Ltd. P'ship*, 194 F.3d 1072, 1080 (10th Cir. 1999); *Aqualon Co. v. Mac Equip., Inc.*, 149 F.3d 262, 264-65 (4th Cir. 1998) (“although the interest of judicial economy is most pressing where an action has proceeded to trial, we feel that the same considerations are applicable to summary judgment”).

The Eighth Circuit in *Buffets* held that the considerations of finality, efficiency, and economy addressed in *Caterpillar* preclude remand when a court has ruled on summary judgment. 732 F.3d at 897-98. The court reasoned that *Caterpillar* suggests a “categorical rule” rather than a “case-by-case inquiry into how much time was spent litigating each particular case in the district court,” and concluded that the same considerations of finality and economy were “persuasive” for a case that has been litigated to summary judgment. *Id.* Therefore, despite the fact that there was not complete diversity at the time of removal, like in *Caterpillar*, the court concluded that the judgment should stand. *Id.*; see also *Junk v. Terminix Int’l Co.*, 628 F.3d 439, 447 (8th Cir. 2010) (applying *Caterpillar* and refusing to remand claims against two defendants which were properly decided at summary judgment); *Kocher v. Dow Chem. Co.*, 132 F.3d 1225, 1230 (8th Cir. 1997) (“The same concerns [at issue in *Caterpillar*] are present in this case.

Although Kocher’s claims did not proceed to trial . . . the court granted summary judgment . . . against Kocher pursuant to its prior orders. The need for finality militates in favor of allowing the District Court’s decision to stand.”).

The Tenth Circuit has also ruled that summary judgment precludes appellate review of removal. *Huffman*, 194 F.3d at 1080. On appeal from a district court order granting summary judgment, the court concluded that, although the plaintiff had failed to timely remove the complaint to federal court, the error in removal was not fatal to the judgment. *Id.* The court held that the same considerations in *Caterpillar* “apply whether judgment is based on the outcome of a trial or a district court’s ruling on a dispositive motion.”³ *Id.*; cf. *Albert*, 356 F.3d at 1248 (noting that “the efficiency concerns of *Caterpillar*, therefore, are implicated in this case,” in which the district court had ruled at summary judgment).

The Fourth Circuit has also concluded that the considerations of finality outweigh any need for remand when a case has been decided at summary

³ Although the *Huffman* court ultimately vacated the district court’s order granting summary judgment and ordered remand to state court, it did so, not on the basis of the original removal, but only after reversing the district court’s award of summary judgment. *Huffman*, 194 F.3d at 1080 (“[W]here the court of appeals reverses a district court’s grant of summary judgment, leaving no judgment on the merits, there is no reason to refrain from ordering a remand to state court.”) (internal quotation omitted).

judgment. *Aqualon*, 149 F.3d at 262. In *Aqualon*, the court held that even where remand would be proper, a district court's decision on summary judgment should not be disturbed if jurisdiction existed at the time at which summary judgment was granted. *Id.* The court pointed to *Caterpillar*, and noted that "although the interest of judicial economy is most pressing where an action has proceeded to trial, we feel that the same considerations are applicable to summary judgment." *Id.* (quoting *Able v. Upjohn Co.*, 829 F.2d 1330, 1334 (4th Cir. 1987), *overruled on other grounds*, *Caterpillar*, 519 U.S. at 74).

The Eleventh Circuit found that the considerations of finality and economy weighed against remanding a case that the parties litigated through summary judgment. In *Ayres*, the court concluded that diversity jurisdiction did not exist at the time of removal, but that the federal questions implicated as predicate acts in the plaintiff's Georgia RICO claim created federal question jurisdiction. *Ayres*, 234 F.3d at 517. The plaintiff argued that exercising federal question jurisdiction was inappropriate because defendants had not raised federal question jurisdiction as a basis for removal within the 30-day timeframe in 28 U.S.C. § 1446(b). *Ayres*, 234 F.3d at 517-18 & n.6. Nonetheless, because the district court had granted summary judgment, the court held that *Caterpillar's* finality and efficiency concerns overwhelmed the plaintiff's right to appeal. *Id.* at 517 n.6.

Although these four circuit courts have each applied the considerations in *Caterpillar* to rulings at

summary judgment, the Fifth Circuit held that the “exception” articulated in *Caterpillar* applies only to judgments obtained at trial. App. at 20 (“[B]ecause Camsoft’s claims have not yet been tried on the merits, the case does not fall into the exception [under *Caterpillar*], and instead must be remanded to Louisiana.”); see also *Waste Control*, 199 F.3d at 787 (holding that dismissal of claims prior to trial does not forestall remand under *Caterpillar*). This Court should grant certiorari on this second question presented to resolve the conflict among the courts of appeals.

C. The Fifth Circuit’s Conclusion that No Federal Jurisdiction Exists Over Pending Patent Applications Deepens an Existing Circuit Split.

Finally, after applying *Caterpillar* to allow CamSoft to appeal the original removal despite (1) CamSoft voluntarily creating an independent basis for federal jurisdiction by the injection of new and distinct federal claims, and (2) the district court’s final adjudication of the majority of CamSoft’s claims through summary judgment or dismissal with prejudice, the Fifth Circuit held that federal patent jurisdiction cannot exist over an inventorship dispute if the invention at issue is the subject only of a patent application, and not an issued patent. In doing so, the Fifth Circuit explicitly rejected the Federal Circuit’s approach. The Fifth Circuit openly acknowledged the “lack of judicial consensus as to this issue,” but opted

to follow a stray line in a Sixth Circuit decision to hold that where the invention is the subject only of a patent application – and not an issued patent – there can be no federal jurisdiction over a state law claim to determine inventorship. App. at 17a-18a.

The Federal Circuit has held that federal courts have exclusive jurisdiction over any state law claims that purport to define rights based on inventorship involving a patent application. *HIF Bio, Inc. v. Yung Shin Pharma. Indus. Co.*, 600 F.3d 1347, 1354 (Fed. Cir. 2010); *see also Halpern v. Peritec Biosciences, Ltd.*, 383 F. App'x 943, 947 (Fed. Cir. 2010). In *HIF Bio*, the Federal Circuit held that the district court erred in remanding a state law claim seeking a declaratory judgment regarding inventorship over technology that was the subject of pending patent applications. *HIF Bio*, 600 F.3d at 1353-54. Like the district court here, the Federal Circuit in *HIF Bio* held that because the plaintiffs' claim would require the court to determine the true inventor of the technology, the state law declaratory judgment claims necessarily arose under federal patent law, such that the federal court had exclusive, original jurisdiction under 28 U.S.C. § 1338(a). *Id.* at 1353.

Although the Federal Circuit concluded that federal jurisdiction existed over plaintiffs' claims for inventorship, it held that the claims are subject to dismissal under Fed. R. Civ. 12(b)(6) for failure to state a claim, not for lack of jurisdiction. *Id.* at 1354. The Court explained that under the Patent Act, a plaintiff may state a claim of inventorship only after

a patent has issued; before that, the plaintiff must pursue inventorship at the Patent and Trademark Office. *Id.* Therefore, the court held that federal courts have exclusive, original jurisdiction over claims involving inventorship of patent applications, but that those claims are subject to dismissal under Rule 12(b)(6).⁴ *Id.*

The Fifth Circuit instead followed a stray sentence from the Sixth Circuit in *E.I. Du Pont de*

⁴ See also *IWAPI, Inc. v. Maldonado*, No. 09-CV-02181-PAB-CBS, 2010 WL 1719308, at *2 (D. Colo. Apr. 28, 2010) (citing *HIF Bio* and concluding that the court had subject matter jurisdiction over any claims of inventorship related to the patents and patent applications at issue); *Brown v. Toscano*, 254 F.R.D. 690, 695 (S.D. Fla. 2008) (concluding that the court had subject matter jurisdiction over inventorship claims relating to pending patent applications, but dismissing claims pursuant to Rule 12(b)(6)); *Stevens v. Broad Reach Cos., L.L.C.*, No. 05-647-CV-W-GAF, 2006 WL 1556313, at *7 (W.D. Mo. May 31, 2006) (dismissing claims based on inventorship pursuant to Rule 12(b)(6) for failure to state a claim, rather than Rule 12(b)(1) for lack of jurisdiction); *Sagoma Plastics, Inc. v. Gelardi*, 366 F. Supp. 2d 185, 190 (D. Me. 2005) (“Given the Court’s finding that § 116 does not provide Plaintiffs with a private right of action, Plaintiffs’ claim must still be dismissed. However, the Court dismisses it for failure to state a claim under Rule 12(b)(6) rather than for lack of subject matter jurisdiction under Rule 12(b)(1).”); *Brown v. Frank*, No. 2 CA-CV 2011-0039, 2011 WL 5137186, at *8 (Ariz. Ct. App. Oct. 31, 2011) (“We therefore conclude Brown’s right to relief . . . necessarily depends on the resolution of a substantial question of federal patent law. Accordingly, the [claims involving inventorship of the pending patent application] arise under federal law, and the trial court correctly concluded it lacked jurisdiction to address them.”) (internal citation and quotation omitted) (citing *HIF Bio*, 600 F.3d at 1353).

Nemours & Co. v. Okuley, 344 F.2d 578 (6th Cir. 2003). In *Okuley*, the plaintiff filed in federal court based on diversity of citizenship, and included a claim of inventorship relating to a pending patent application. On the parties' cross-motions for summary judgment, the court held, with little analysis, that "the district court lacked jurisdiction to review the inventorship of an unissued patent." *Okuley*, 344 F.3d at 584.

In its decision here, the Fifth Circuit noted this split in authority, and "disagreed with [the Federal Circuit's] interpretation," citing principles of ripeness and justiciability. App. at 18a-19a. The court acknowledged that district courts have jurisdiction to decide inventorship of *issued* patents pursuant to 35 U.S.C. § 256 but concluded that federal courts could not "entertain some kind of pending jurisdiction over a dispute whose immediate resolution Congress delegated to [the Patent and Trademark Office]." App. at 18a-19a. Unlike the Federal Circuit, the Fifth Circuit refused to hold that the claim for inventorship was distinctly federal and created jurisdiction.

This Court should grant certiorari to resolve this conflict among the courts of appeals. As discussed below, if the Court declines to address this split in authority, opportunistic parties will be able to manipulate the forum in which the merits of their inventorship claims are decided by selectively invoking (or strategically avoiding) review by the Federal Circuit.

II. This Case Raises Important Questions Regarding Federal Jurisdiction and Rights of Appeal.

A. The Two *Caterpillar* Issues Raise Important Questions Regarding the Conservation of Judicial Resources, Finality, and Fairness.

The Court should grant certiorari because this case presents important questions regarding federal jurisdiction and the finality of judgments. Questions regarding similar jurisdictional challenges in other procedural postures are ripe for certiorari review. *E.g.*, *Grupo Dataflux v. Atlas Global Grp., L.P.*, 541 U.S. 567 (2004); *Grubbs v. Gen. Elec. Credit Corp.*, 405 U.S. 699 (1972). But the Court has yet to address this issue in the context of federal question cases in which the plaintiff initially objected to remand.

This case also involves the conservation of judicial resources, protecting parties from the expense of multiple lawsuits, and promoting the conclusive resolution of disputes – interests that this Court has promoted in the resolution of other procedural and jurisdictional issues. *E.g.*, *Allen v. McCurry*, 449 U.S. 90, 94 (1980) (discussing the importance of the doctrines of res judicata and collateral estoppel in conserving judicial resources, relieving parties of the cost of multiple lawsuits, and encouraging reliance on adjudication); *Montana v. United States*, 440 U.S. 147, 153 (1979) (noting the policies of “protect[ing] [parties] from the expense and vexation attending multiple lawsuits, conserv[ing] judicial resources, and

foster[ing] reliance on judicial action by minimizing the possibility of inconsistent decisions”).

First, permitting a party to object to federal jurisdiction even after it has fundamentally changed the nature of its lawsuit by adding federal claims provides that party with an unwarranted second chance to litigate its unsuccessful claims, and in doing so, exposes the parties to the unnecessary (and potentially exorbitant) costs of relitigating the same lawsuit. *See Bernstein*, 738 F.2d at 185 (declining to adopt a waiver rule that would put the plaintiff “in a position where if he won his case on the merits . . . he could claim to have raised the federal question . . . voluntarily, and if he lost he could claim to have raised it involuntarily and be entitled to start over in state court”). Furthermore, a ruling that enables an opportunistic plaintiff to game the system imposes further costs on opposing parties and courts by creating an incentive for a gambling plaintiff to add federal claims, regardless of their merit, because as long as the claims are resolved before trial, there would be no consequences from doing so.

Similarly, vacating and remanding a case after the district court has ruled on summary judgment involves the same considerations. Indeed, that was the rationale of this Court’s decision in *Caterpillar*. With the rising costs of litigation, these considerations of efficiency and economy now arise long before trial. A rule that limits the holding of *Caterpillar* to cases that have been tried on the merits – which, notably, represent fewer than 1.2 percent of civil

cases filed in federal court – ignores the realities of complex litigation. See United States Courts, Judicial Facts and Figures 2012, *available at* <http://www.uscourts.gov/uscourts/Statistics/JudicialFactsAndFigures/2012/Table410.pdf>. Such a rule “would impose unnecessary and wasteful burdens on the parties, judges, and other litigants waiting for judicial attention.”⁵ *Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 836 (1989).

This case presents the very waste of judicial resources that *Caterpillar* sought to prevent. The district court presided over this case for approximately three years, overseeing discovery and issuing dispositive rulings in favor of some or all defendants on eleven of CamSoft’s fifteen claims either through summary judgment or dismissal with prejudice. The Fifth Circuit nonetheless *completely vacated* all of

⁵ It is also worth noting that the Fifth Circuit never reached the question that led to the initial appeal. After granting summary judgment on certain claims and dismissing the federal claims with prejudice, the district court declined to exercise supplemental jurisdiction over the remaining state law claims. App. at 7a. The Fifth Circuit did not address this decision. But even if the district court was correct in declining to exercise supplemental jurisdiction and remanding certain state law claims, this case still presents an important question for this Court. The issues presented in the Fifth Circuit’s decision will decide whether CamSoft is permitted to relitigate the dozens of claims that it asserted against no fewer than thirty defendants, or whether future proceedings in state court will be limited to those claims remaining after the district court’s grant of summary judgment.

these proceedings. App. at 27a. Such an impractical and inefficient result simply was not necessary under the circumstances of this case.

As this Court has recognized, “to wipe out [an] adjudication postjudgment and return to state court would impose an exorbitant cost on our dual court system, a cost incompatible with the fair and unprotracted administration of justice.” *Caterpillar*, 519 U.S. at 77. These core judicial interests do not change simply because a case was resolved at summary judgment or by dismissal with prejudice. *Cf. Newman-Green, Inc.*, 490 U.S. at 836-37 (refusing to dismiss claims based on federal diversity jurisdiction after they had been litigated to summary judgment because “requiring dismissal after years of litigation would impose unnecessary and wasteful burdens on the parties, judges, and other litigants”). The Fifth Circuit’s ruling will create substantial waste in future cases, as it did in this case – years of judicial resources and efforts by the parties effectively nullified by the Fifth Circuit’s complete vacatur of the federal proceedings.

Because these two questions directly relate to the interests of judicial economy, efficiency, finality of judgments, and inherent fairness, this Court should grant certiorari.

B. Failure to Resolve the “Inventorship” Circuit Split Will Cause Courts to Simultaneously Have and Lack Subject Matter Jurisdiction Based on Appellate Procedural Rules.

The issue regarding federal jurisdiction over claims of inventorship of pending patent applications presents an important question for this Court. If the Court does not resolve the current split between the Federal Circuit on the one side, and the Fifth and Sixth Circuits on the other, a court may simultaneously have and lack subject matter jurisdiction over a claim for inventorship based on the choice-of-law and appellate procedural rules specific to the Federal Circuit. When those rules dictate Federal Circuit review, as they did when the defendants originally removed this case, then subject matter jurisdiction would exist based on the district court’s application of Federal Circuit precedent to the inventorship claim as removed. But, if through the course of proceedings, Federal Circuit review gives way to regional circuit review, as it did here when CamSoft amended its Complaint, subject matter jurisdiction is not only destroyed, *but retroactively vacated*, because the district court would switch to applying regional circuit precedent to the inventorship claim as removed.

Here, at the same time it added federal claims, CamSoft amended its original ownership claims to assert both inventorship and a joint venture to argue why it owned the invention at issue. App. at 6a. That amendment took this case outside of Federal Circuit

jurisdiction, because alternative, non-patent theories for state law claims compel the conclusion that the claims do not arise under the patent law. App. at 30a, 31a; *see HIF Bio*, 600 F.3d at 1353. Therefore, instead of the Federal Circuit reviewing the inventorship claim (as it would have at the time of removal), the Fifth Circuit became the appropriate appellate court and applied a different, jurisdiction-destroying rule.

This question, moreover, presents an important issue regarding federal jurisdiction over claims of inventorship. Based on the Fifth Circuit's decision, until a patent has issued, inventorship claims – including claims over pending patent applications – may be adjudicated by state courts. This will result in the exact conflict between state courts, federal courts, and the Patent and Trademark Office that the Federal Circuit sought to prevent by finding that inventorship claims over existing patents must be decided in federal court. *See HIF Bio*, 600 F.3d at 1353 (quoting *Univ. of Colo. Found. v. Am. Cyanamid Co.*, 196 F.3d 1366, 1372 (Fed. Cir. 1999)).

For example, by permitting state courts to adjudicate claims of inventorship so long as no patent has issued, the Fifth Circuit's holding presents a risk that state courts grant rights to inventions subject to patent application that do not attach under federal patent law. A plaintiff could obtain a state court judgment which necessarily decided the issue of inventorship in the plaintiff's favor, while the Patent

and Trademark Office issues a patent naming a different inventor.⁶ In that situation, despite the federal determination of inventorship bestowing patent rights on one party, a state court judgment could bestow the “fruits of products derived from the [invention]” (what CamSoft seeks in state court here) to a different party. *See App. at 39a.*

Finally, a state court decision resolving the issue of inventorship could permit the plaintiff to file an action under 35 U.S.C. § 236, requesting an order that the patent be amended. If the laws of that state would give preclusive effect to the resolution of the issue, inventorship could be taken entirely out of the hands of the federal courts and the PTO by an early state court decision. *See Univ of Colo. Found.*, 196 F.3d at 1372 (noting that a state standard of inventorship might “frustrate the dual federal objectives of rewarding inventors and supplying uniform national patent law standards”).

The Fifth Circuit’s holding on inventorship allows state courts to develop “different requirements and . . . different remedies than federal patent law,” and “grant property rights to an individual who would not qualify as an inventor under federal patent law.” *HIF Bio*, 600 F.3d at 1353 (quoting *Univ. of Colo. Found.*, 196 F.3d at 1372). For that reason, and

⁶ As this Court recently recognized, there is no authority to suggest that the PTO would be bound by prior state court adjudications. *See Gunn v. Minton*, 133 S. Ct. 1059, 1067 (2013).

because the Federal Circuit's unique choice-of-law and procedural rules make the Circuit split particularly problematic, this presents an important question that deserves this Court's attention.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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756 F.3d 327
United States Court of Appeals,
Fifth Circuit.

CAMSOFT DATA SYSTEMS, INC.,
Plaintiff-Appellee-Cross-Appellant

v.

SOUTHERN ELECTRONICS SUPPLY,
INCORPORATED; Active Solutions, L.L.C.;
Brian Fitzpatrick; Henry J. Burkhardt;
Ignace Perrin, Defendants-Third Party
Plaintiffs-Appellants-Cross-Appellees
Dell, Incorporated; Ciber, Incorporated;
Dell Marketing, L.P.; Mark Kurt,
Defendants-Appellants-Cross-Appellees
Steve Renecker; Billy Ridge; Heather Smith;
Bill Tolpegin; Donald Berryman; Earthlink,
Incorporated; Motorola, Incorporated; MMR
Constructors, Incorporated, doing business as MMR
Communications, Defendants-Cross-Appellees

v.

Zurich American Insurance Company;
American Zurich Insurance Company;
Continental Casualty Company, Third Party
Defendants-Appellants-Cross-Appellees.

No. 12-31013. | June 19, 2014.

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Appeals from the United States District Court for the Middle District of Louisiana.

Before BENAVIDES, CLEMENT, and GRAVES,
Circuit Judges.

Opinion

FORTUNATO P. BENAVIDES, Circuit Judge:

Before the court is the appeal of a district court's decision not to exercise supplemental jurisdiction over the case. Defendants-Appellants argue that the court erred in remanding the case to state court. Plaintiff-Appellee moves to dismiss the case, arguing that removal was improper and that we lack jurisdiction to review the remand order. An untimely cross-appeal raises various issues regarding several court orders.

The central issue in this case is whether a district court has jurisdiction over an inventorship dispute where the contested patent has not yet issued. The case was removed from Louisiana court pursuant to 28 U.S.C. §§ 1331, 1338(a), 1441(a) (2006). The parties stipulate that the only possible basis for removal was an inventorship assertion

implicit in the plaintiff's ownership claim under articles 513 and 514 of the Louisiana Civil Code. After reviewing the case, we conclude that the controversy must be remanded to the state. Regardless of whether the removed complaint included an inventorship dispute, that dispute was inadequate to establish the district court's jurisdiction because the allegations indicated that no patent had issued. And by raising a timely objection to removal, the plaintiff properly preserved its jurisdictional argument. Therefore, because removal was improper and the case has not yet been tried on the merits, binding precedent dictates that we remand the case to state court. We thus affirm the district court's remand order as amended. Plaintiff's motion and cross-appeal are dismissed for the reasons stated herein.

I. Background

The present case relates to an ongoing controversy regarding a wireless urban surveillance system installed in New Orleans beginning in 2005. Prior to the implementation of that system, Camsoft Data Systems, Inc., had worked with two defendants¹ – Active Solutions, L.L.C., and Southern Electronics Supply, Inc. – on a pilot project involving wireless surveillance cameras. Southern Electronics then

¹ Camsoft currently names 20 defendants. The twelve parties who filed this appeal (see caption) are collectively referred to as "Defendants-Appellants" or "Appellants."

entered into a contract with the City of New Orleans to install the system at issue here. Camsoft was not party to that contract, nor did it have a written agreement with Active Solutions or Southern Electronics. There was, however, allegedly an understanding that Camsoft technology and labor would be used in conjunction with the project. Ultimately, Camsoft did not participate in the implementation of the system, which was mired in political scandal after reports revealed that certain officials may have accepted kickbacks during the municipal bidding process.

Extensive civil and criminal litigation resulted, with Active Solutions and Southern Electronics winning a \$12 million dollar jury award from technology vendors and the city's chief technology officer.² After unsuccessfully attempting to intervene in that suit, Camsoft filed the present action against Active Solutions and Southern Electronics in Louisiana court in September of 2009, alleging various claims afforded by state statutory and common law. Camsoft claimed, *inter alia*, to have "invented" and "developed" the disputed system, which it alleged was the subject of a pending patent application. Pursuant to articles 513 and 514 of the Louisiana Civil Code, Camsoft sought judgment declaring its rightful ownership of the surveillance system and any "intellectual property" arising out of work performed in

² *Active Solutions, L.L.C. v. Dell, Inc.*, No. 2007-3665, Div. "B", Civil District Court for the Parish of New Orleans, State of Louisiana (unpublished).

conjunction with Active Solutions and Southern Electronics. Camsoft then amended the complaint, pleading additional claims and naming seventeen more defendants.

On December 14, 2009, the case was removed on the basis of federal question jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) (2006). Camsoft vigorously opposed removal and moved to remand, but the district court found that the allegations of inventorship necessarily invoked patent law and gave rise to jurisdiction.³ After unsuccessfully challenging the removal, Camsoft further amended the complaint, adding over a dozen additional defendants and emphasizing a joint ventureship – rather than inventorship – as the basis for ownership. Camsoft also added federal anti-trust and racketeering claims. *See, respectively*, Sherman Act, 15 U.S.C. § 1 *et seq.*; Racketeer Influenced and Corrupt Organizations Act (RICO), 18 U.S.C. §§ 1961-1968. Camsoft later elaborated on these federal claims in a third amended complaint.

The district court presided over the case for over three years, adjudicating various dispositive motions and ultimately dismissing several claims with prejudice. The court found that Camsoft had failed to adequately plead several of its state claims, resulting

³ *Camsoft Data Sys., Inc. v. S. Elecs. Supply Inc.*, No. 09-1047-C, 2010 WL 763508 (M.D.La. March 4, 2010) (unpublished).

in dismissal under Rule 12(b)(6). In addition, the court dismissed the federal anti-trust and racketeering claims, finding that Camsoft had no standing under the governing statutes. The court also granted a defendant's motion for summary judgment on the issue of joint ventureship, which served as the foundation for most of Camsoft's remaining state claims. The court later denied Camsoft's motion to certify these dismissal orders as final judgments for interlocutory appeal.

Most recently, after Camsoft moved to file a fourth amended complaint and to recuse the judge, the district court remanded the case by *sua sponte* declining to exercise supplemental jurisdiction over remaining claims.⁴ When some of the defendants appealed the remand to the Federal Circuit, Camsoft cross-appealed, seeking review of every adverse decision. Camsoft later filed a motion to dismiss, arguing that jurisdiction never existed, or, in the alternative, that the court lacked jurisdiction to review the remand. After requesting briefs on the question of jurisdiction, the Federal Circuit transferred the appeal to this court.⁵ We now consider the parties' arguments.

⁴ *Camsoft Data Sys., Inc. v. S. Elecs. Supply Inc.*, No. 09-1047-C (M.D.La. Sept. 28, 2012) (unpublished).

⁵ *Camsoft Data Sys., Inc. v. S. Elecs. Supply Inc.*, No. 2013-1016 (Fed.Cir. May 31, 2013) (unpublished).

II. Appellate Jurisdiction

Camsoft moves to dismiss this case for lack of appellate jurisdiction, arguing that this court has no authority to review the remand order. This court has jurisdiction to review a remand order unless the case was remanded for lack of subject matter jurisdiction or a defect in removal procedure. 28 U.S.C. §§ 1447(c), (d); *Carlsbad Tech., Inc. v. HIF Bio, Inc.*, 556 U.S. 635, 637, 129 S.Ct. 1862, 173 L.Ed.2d 843 (2009). Where a district court simply declines to exercise supplemental jurisdiction over a case, the court's decision is not jurisdictional. *Carlsbad*, 556 U.S. at 637, 129 S.Ct. 1862. A district court may decline supplemental jurisdiction where: (1) a state claim raises a novel or complex issue of state law; (2) the state claims substantially predominate over any remaining federal claims; (3) the district court has dismissed all claims over which it has original jurisdiction; or (4) there are other compelling reasons for declining jurisdiction. 28 U.S.C. § 1367(c). In the present case, after dismissing Camsoft's RICO and anti-trust claims, the district court ordered briefs outlining the parties and claims that remained at bar. When the briefs revealed that the patent issue had apparently been abandoned and that the federal claims had been dismissed, the court carefully weighed each statutory factor and then decided not to exercise supplemental jurisdiction over remaining claims. There is no indication that the court was remanding for lack of jurisdiction. Accordingly, we have jurisdiction to review the order.

Camsoft nevertheless contends that the court effectively remanded for lack of jurisdiction because the federal claims were dismissed under Rule 12(b)(1). *See* Fed.R.Civ.P. 12(b)(1) (allowing dismissal for lack of subject matter jurisdiction). This argument is without merit. The district court dismissed Camsoft's federal claims after finding that Camsoft had no standing under the respective governing statutes. The court presumed the lack of statutory standing to be a jurisdictional defect and dismissed under 12(b)(1). Yet statutory standing is not indicative of Article III jurisdictional standing. *See Harold H. Huggins Realty, Inc. v. FNC, Inc.*, 634 F.3d 787, 795 n. 2 (5th Cir.2011). In fact, we have emphasized that "whether or not a particular cause of action authorizes an injured plaintiff to sue is a merits question . . . not a jurisdictional question." *Blanchard 1986, Ltd. v. Park Plantation, LLC*, 553 F.3d 405, 409 (5th Cir.2008). As a consequence, to the extent that statutory standing was lacking, the federal claims should have been dismissed under Rule 12(b)(6) rather than for lack of jurisdiction. *Id.*

Our jurisdiction exists notwithstanding the Federal Circuit's decision not to entertain the present appeal. The Federal Circuit has exclusive jurisdiction over any appeal where the district court's "jurisdiction was based, in whole or in part, on 28 U.S.C. § 1338," which confers jurisdiction where claims

“arise under” the patent laws.⁶ Camsoft points out that removal jurisdiction was solely predicated upon the existence of a question of patent law. Camsoft assumes, then, that because the Federal Circuit found no patent question on appeal,⁷ there must be no basis for federal appellate jurisdiction. Camsoft is mistaken.

“This court necessarily has the inherent jurisdiction to determine its own jurisdiction.” *Scherbatskoy v. Halliburton Co.*, 125 F.3d 288, 290 (5th Cir.1997). We also have jurisdiction to evaluate district court jurisdiction. *See Filer v. Donley*, 690 F.3d 643, 647 (5th Cir.2012). This is true even where the asserted jurisdiction arises from patent law. *Scherbatskoy*, 125 F.3d at 290. The issues before this court are not questions of patent law such that the appeal must be

⁶ 28 U.S.C. § 1295(a)(1) (2006); *see also id.* §§ 1331, 1338 (2006). Sections 1295 and 1338 were amended by the America Invents Act, Pub.L. No. 112-29, § 19, 125 Stat. 284, 331-32 (2011). Because that amendment does not affect suits filed prior to September 16, 2011, all references are to the previous text. *See id.* § 19(e), 125 Stat. at 333.

⁷ The Federal Circuit’s order reads:

This court lacks subject matter jurisdiction over this appeal under 28 U.S.C. § 1295(a)(1). *See HIF Bio, Inc. v. Yung Shin Pharma. Indus. Co.*, 600 F.3d 1347 (Fed.Cir.2010). Accordingly, this case is hereby transferred to the United States Court of Appeals for the Fifth Circuit. This court does not decide whether there is any reviewable order, leaving that question to the Fifth Circuit.

Camsoft, No. 2013-1016, at 1.

adjudicated by the Federal Circuit. Instead, the parties dispute the existence of jurisdiction over a complaint that allegedly implicates patent law. Accordingly, we may entertain the appeal. This conclusion is not inconsistent with the Federal Circuit's order. If that court had found a lack of appellate jurisdiction, it would have remanded to the district court instead of transferring the appeal to this circuit.

Camsoft's motion to dismiss is therefore denied. Insofar as Camsoft's motion raises any arguments not addressed by the foregoing discussion, those arguments are rendered moot in light of the remainder of this opinion. See *ITL Int'l Inc. v. Constenla, S.A.*, 669 F.3d 493, 501 (5th Cir.2012) (dismissing ancillary motion as moot after finding district court lacked jurisdiction over claims).

III. Removal

Before reviewing the contested remand, we consider whether removal was proper in the first place. All issues of subject matter jurisdiction are questions of law that this court reviews *de novo*. *Oviedo v. Hallbauer*, 655 F.3d 419, 422 (5th Cir.2011). Any underlying findings of fact are subject to review for clear error. *Young v. United States*, 727 F.3d 444, 446 (5th Cir.2013). A case originating in state court may be removed where the district court has original jurisdiction over any claim. 28 U.S.C. § 1441(a). "If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the

case shall be remanded.” *Id.* § 1447(c). The parties stipulate that the only possible basis for jurisdiction at removal was an inventorship assertion implicit in Camsoft’s ownership claim. After reviewing the removed complaint and relevant law, we conclude that regardless of whether Camsoft asserted a theory of inventorship, removal was improper because district courts have no jurisdiction over an inventorship dispute until the disputed patent has issued.

As a threshold matter, the parties disagree as to whether we should even entertain Camsoft’s objections to removal. After unsuccessfully contesting removal, Camsoft seemingly resigned itself to its jurisdictional fate by amending its complaint to include federal anti-trust and RICO claims. Appellants ask this court to hold that Camsoft waived its jurisdictional arguments by voluntarily pleading these causes of action. We have indeed held that “[w]here the disgruntled party takes full advantage of the federal forum and then objects to removal *only after losing at the district court level*, that party has waived all objections to removal jurisdiction.” *Kidd v. Sw. Airlines, Co.*, 891 F.2d 540, 546 (5th Cir.1990) (emphasis added). Yet where – as here – a plaintiff objects to jurisdiction at removal, that plaintiff does not waive her jurisdictional arguments via post-removal amendment to her complaint. *Caterpillar, Inc. v. Lewis*, 519 U.S. 61, 74, 117 S.Ct. 467, 136 L.Ed.2d 437 (1996). Instead, “by timely moving for remand, [Camsoft] did all that was required to preserve [its] objection to removal.” *Id.*

Camsoft's objection having been properly preserved, we now turn to the merits of its argument. District courts have original jurisdiction over any civil action arising under patent law. 28 U.S.C. §§ 1331, 1338(a). This jurisdiction, however, extends "only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiffs right to relief necessarily depends on the resolution of a substantial question of federal patent law." *HIF Bio*, 600 F.3d at 1352 (quoting *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09, 108 S.Ct. 2166, 100 L.Ed.2d 811 (1988)). Inventorship is an issue "unique" to federal patent law, and raises a substantial question thereof. *Id.* at 1352-53.

The district court lacked removal jurisdiction because inventorship served as the only possible basis for removal, and Camsoft's complaint did not allege that a patent had issued. At the time of removal, the district court noted the complaint's lack of specificity with respect to the disputed patent. Camsoft's complaint clearly alleged that Active Solutions or Southern Electronics had tried to patent the surveillance technology and had falsely claimed sole inventorship. Yet the court was unable to ascertain the status of the patent application. In fact, Camsoft had "no proof that the Active Defendants [had] even filed a patent application" at all.⁸ Nevertheless, because

⁸ *Camsoft*, 2010 WL 763508, at *3 n. 14. "Active Defendants" was the court's shorthand method of referring to both
(Continued on following page)

the complaint clearly referred to a pending patent, and because neither Active Solutions nor Southern Electronics denied applying for a patent, the district court analyzed jurisdiction under the assumption that an application was pending. At oral argument before this court, the parties indicated that an application had been filed but that no patent had issued.⁹

The federal courts have no authority to adjudicate inventorship with respect to pending patents. Congress has explicitly vested the Patent and Trademark Office with sole discretion over the “granting and issuing of patents.” 35 U.S.C. § 2(a)(1). Where an inventorship dispute involves a pending patent application, an assertion of inventorship is “tantamount to a request for either a modification of inventorship on pending patent applications or [to] an interference proceeding.” *HIF Bio*, 600 F.3d at 1353 (referring to 35 U.S.C. § 116(c), which allows for modification of application, and *id.* § 135, which establishes interference proceedings).¹⁰ A request for

Active Solutions and Southern Electronics, as well as certain employees of those entities. *See id.* at *1.

⁹ Even now, the record appears devoid of any indication that the application existed.

¹⁰ 35 U.S.C. §§ 116, 135, and 256 were amended by The America Invents Act, Pub.L. No. 112-29, 125 Stat. 284 *et seq.* (2011). *See, respectively*, § 20(a), 125 Stat. 333; § 3(i), 125 Stat. 289-90; § 20(f), 125 Stat. 334. Interference proceedings, for example, have been replaced by “derivation proceedings.” *See* 35 U.S.C. § 135 (2012). The Act and any subsequent amendments

(Continued on following page)

application modification must be adjudicated by the Director of Patent and Trademark Office:

Whenever through error a person is named in an application for patent as the inventor, or through error an inventor is not named in an application, and such error arose without any deceptive intention on his part, the Director may permit the application to be amended accordingly, under such terms as he prescribes.

35 U.S.C. § 116(c). Similarly, where the disputed patent application interferes with another inventor's existing patent or application, the alleged interference must be submitted to the Director such that "[t]he Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability."¹¹

Congress then explained the role of the courts in adjudicating contested inventorship:

Whenever through error a person is named in *an issued patent* as the inventor, or through error an inventor is not named in

do not apply to the present case, so we analyze the earlier text here. Nevertheless, a review of the amended statutory sections reveals that the Patent and Trademark Office still retains jurisdiction over disputed inventorship with respect to pending patents, for essentially the reasons stated herein.

¹¹ 35 U.S.C. § 135 (2006). The America Invents Act replaced interference hearings with derivation proceedings. *See supra* note 10.

an issued patent and such error arose without any deceptive intention on his part . . . [t]he court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Director shall issue a certificate accordingly.

Id. § 256 (emphasis added). As the Federal Circuit has observed, Congress has thereby “limited the avenues” by which a plaintiff may contest inventorship in the federal courts. *HIF Bio*, 600 F.3d at 1353. We conclude from these statutory sections that only the Director of the Patent and Trademark Office has jurisdiction to entertain arguments regarding inventorship with respect to patents that have not yet issued. The sections that refer to unissued patents make no mention of courts at all. “[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Russello v. United States*, 464 U.S. 16, 23, 104 S.Ct. 296, 78 L.Ed.2d 17 (1983) (citation omitted) (alteration original). Consequently, a “district court lack[s] jurisdiction to review the inventorship of an unissued patent.” *E.I. Du Pont de Nemours & Co. v. Okuley*, 344 F.3d 578, 584 (6th Cir.2003).

Admittedly, it seems paradoxical that disputed inventorship is exclusively a question of federal law and yet sometimes fails to imbue the district courts with federal question jurisdiction. Yet such a scenario

is hardly unusual. There are many federal questions whose jurisdiction has been vested outside the district courts. Citizenship and naturalization, for example, are exclusively issues of federal law. *See* U.S. Const. art. I, § 8. Nevertheless, the federal courts have no jurisdiction over immigration disputes until those issues have been adjudicated by an immigration judge and the Board of Immigration Appeals. In fact, the district courts generally have no jurisdiction over removal orders at all. *See* 8 U.S.C. § 1252(a)(5) (2012) (establishing the courts of appeals as the “exclusive means of judicial review”). Similarly, “collective bargaining agreement disputes raise a question arising under federal law.” *Oakey v. U.S. Airways Pilots Disability Income Plan*, 723 F.3d 227, 238 (D.C.Cir.2013) (quoting *Emswiler v. CSX Transp., Inc.*, 691 F.3d 782, 789 (6th Cir.2012)) (internal quotation marks omitted). Even so, Congress has “expressly and unequivocally consign[ed]” certain disputes – such as those arising under the Railroad Labor Act – “to the appropriate adjustment board, with no mention of federal court jurisdiction.” *Id.* (punctuation revised). As a consequence, when such matters are brought before the district court, the court must dismiss under Rule 12(b)(1). *Id.* Similarly, and notwithstanding the inherently federal nature of inventorship, district courts must dismiss premature questions of inventorship for lack of jurisdiction.

We recognize the lack of judicial consensus as to this issue. *Compare HIF Bio, Inc.*, 600 F.3d 1347 (the

Federal Circuit finding jurisdiction), *with Okuley*, 344 F.3d 578 (the Sixth Circuit finding none). The Federal Circuit has held that inventorship disputes regarding pending patents give rise to subject matter jurisdiction. *HIF Bio, Inc.*, 600 F.3d at 1353. In *HIF Bio*, that court considered a removed complaint in which the plaintiffs sought a declaration that they were the “true” inventors of certain chemical compound. *Id.* at 1352. Noting that a patent had not issued at the time of removal, the court construed the claim as an action under 35 U.S.C. § 116, which authorizes the Patent and Trademark Office to correct erroneous patent applications. *Id.* at 1353. The court further explained that § 116 “plainly does not create a cause of action in the district courts.” *Id.* “Once a patent issues,” however, “35 U.S.C. § 256 provides a private right of action to challenge inventorship and such a challenge arises under § 1338(a).” *Id.* at 1354. Without further explanation, the Federal Circuit concluded that the district courts therefore have jurisdiction over pre-patent inventorship disputes but must dismiss under Rule 12(b)(6) until a patent has issued such that a valid § 256 action might be brought. *Id.*

We respectfully disagree with our sister circuit’s interpretation. There is no doubt that the district courts have jurisdiction to review the inventorship of patents pursuant to 35 U.S.C. § 256. That fact, however, does not establish jurisdiction over patent applications. It seems like splitting jurisdictional hairs to suggest that the federal courts entertain some kind of pending jurisdiction over a dispute

whose immediate resolution Congress delegated to another forum. Moreover, to conceive of a prospective patent as an eventual issued patent is to focus on a dispute that might someday exist at the expense of the dispute immediately before the court. Yet federal courts only have jurisdiction over live cases and controversies that are “definite and concrete, not hypothetical.” *Cross v. Lucius*, 713 F.2d 153, 158-59 (5th Cir.1983). Indeed, it is well settled that the federal courts have no jurisdiction over claims that “rest[] upon contingent future events that may not occur as anticipated, or indeed may not occur at all.” *Texas v. United States*, 523 U.S. 296, 300, 118 S.Ct. 1257, 140 L.Ed.2d 406 (1998) (citations and internal quotation marks omitted). As a consequence, we are unable to establish jurisdiction based on the theory that a disputed pending patent might eventually ripen into a patent controversy that Congress has authorized the federal courts to adjudicate. We hold, therefore, that until a patent has actually issued, any questions of inventorship are not justiciable outside of the Patent and Trademark Office. Consequently, removal was not proper and the case should have been remanded in response to Camsoft’s timely motion. 28 U.S.C. § 1447(c).

IV. Remand

Our analysis does not end with the improper removal, however, because Appellants argue that the subsequently pleaded federal causes of action preclude remand. This court is, of course, bound by its

own precedent. *United States v. Guanespen-Portillo*, 514 F.3d 393, 402 n. 4 (5th Cir.2008). We do not generally recognize post-filing or post-removal amendment as cure for jurisdictional defect. “Although 28 U.S.C. § 1653 and [Rule] 15(a) allow amendments to cure defective jurisdictional allegations, these rules do not permit the creation of jurisdiction when none existed at the time the original complaint was filed” or removed. *Arena v. Graybar Elec. Co., Inc.*, 669 F.3d 214, 218 (5th Cir.2012) (referring to Fed.R.Civ.P. 15(a)); *see also In re Katrina Canal Breaches Litig.*, 342 Fed.Appx. 928, 931-32. (5th Cir.2009) (unpublished) (collecting authorities). Appellants nevertheless point to a well-established exception for cases in which removal was improper but the claims subsequently tried would otherwise give rise to subject matter jurisdiction. In these cases, remand is not necessary because “considerations of finality, efficiency, and economy” prevail over the prior removal deficiency. *Caterpillar*, 519 U.S. at 75, 117 S.Ct. 467. Here, Camsoft’s federal causes of action could have properly been brought in district court. Yet because Camsoft’s claims have not yet been tried on the merits, the case does not fall into the exception asserted by Appellants, and instead must be remanded to Louisiana.

In arguing for and against remand, both parties rely heavily on *Caterpillar, Inc. v. Lewis*, 519 U.S. 61, 117 S.Ct. 467, 136 L.Ed.2d 437 (1996). *Caterpillar* involved state claims removed on the basis of diversity jurisdiction. *Id.* at 64, 117 S.Ct. 467. The plaintiff

vigorously opposed removal, but its motion to remand was denied. *Id.* Later, the undisputed facts indicated that diversity had not existed at the time of removal. *Id.* at 70, 117 S.Ct. 467. But prior to final judgment, the plaintiff had voluntarily settled with the sole non-diverse defendant, thereby creating the diversity necessary to give rise to federal jurisdiction. *Id.* at 64, 117 S.Ct. 467. After a jury returned a verdict in favor of the defendant, the plaintiff appealed on the ground that the district court had never entertained jurisdiction over the case. *Id.* at 66-67, 117 S.Ct. 467. After acknowledging that the jurisdictional challenge had been preserved and holding that removal had been improper, the Supreme Court explained that the removal defect was cured via the dismissal of the lone non-diverse defendant. *Id.* at 73, 117 S.Ct. 467. The Court then declined to remand for a new trial in state court, noting that where a removal defect has been cured and a case has proceeded to trial on the merits, “considerations of finality, efficiency, and economy” are “overwhelming.” *Id.* at 75, 77-78, 117 S.Ct. 467.

So *Caterpillar* analysis involves three considerations: first, whether a meritorious removal challenge has been preserved; second, whether a post-removal development cured the defect that existed at removal; and third, whether the case was tried on the merits such that finality and economy preclude remand. See *Grupo Dataflux v. Atlas Global Grp., L.P.*, 541 U.S. 567, 572, 124 S.Ct. 1920, 158 L.Ed.2d 866 (2004) (explaining that whether the defect is cured and whether economy precludes remand are distinct

inquiries). Remand is proper here because there has been no trial on the merits, as required by *Caterpillar*'s third analytical prong. Courts have long made an exception to the time-of-filing and time-of-removal jurisdictional rules for cases tried on the merits. See *Grubbs v. Gen. Elec. Credit Corp.*, 405 U.S. 699, 702-03, 92 S.Ct. 1344, 31 L.Ed.2d 612 (1972) (tracing the distinction back to 1900). As the Supreme Court observed in *Grubbs*, "where after removal a case is *tried on the merits without objection* and the federal court enters judgment, the issue in subsequent proceedings on appeal is not whether the case was properly removed, but whether the federal district court would have had original jurisdiction of the case had it been filed in that court [at the time of judgment]." *Id.* (emphasis added). The *Caterpillar* Court merely extended that rule by holding that even where a timely and meritorious objection was raised, remand is no longer necessary once the case has been tried on the merits. 519 U.S. at 77-78, 117 S.Ct. 467. Here, there has been no trial on the merits, so the case must be remanded.

Appellants disagree, arguing that the district court's Rule 12 dismissals are the functional equivalent of trial on the merits. This court, however, has already held that claim dismissal does not forestall remand under *Caterpillar*. See *Waste Control Specialists, L.L.C v. Envirocare of Tex., Inc.*, 199 F.3d 781 (5th Cir.2000), *opinion withdrawn and superseded in part*, 207 F.3d 225 (5th Cir.2000) (superseding allocation of attorney's fees). In *Waste Control*, we relied on

the Supreme Court's reasoning in *Caterpillar* to analyze facts similar to those of the instant case. The district court had allowed removal after erroneously concluding that federal anti-trust law preempted the plaintiff's claims. *Id.* at 782-84. After its motion to remand was denied, the plaintiff added a federal cause of action. But when the entire case was dismissed on a Rule 12(b)(6) motion, the plaintiff appealed, arguing that the case must be remanded because the district court never had jurisdiction over the case. *Id.* at 782-83. After finding that removal had been improper and that the jurisdictional argument had been preserved, we held that remand was not precluded by *Caterpillar*. *Id.* at 787. In reaching that conclusion, we emphasized that whereas *Caterpillar* had been tried to verdict, *Waste Control* involved "no trial on the merits." *Id.* at 786. Before instructing the district court to remand the case, we explicitly stated that *Caterpillar*'s reach "stops short of a Rule 12(b)(6) dismissal." *Id.* In fact, we are aware of no improperly removed case in which this court denied remand following a Rule 12 dismissal.

Appellants nevertheless contend that we once anticipated an untried case that had "remain[ed] in the federal court system for [such] a significant length of time" that "considerations of finality and economy [would] result in affirming a judgment." *McAteer v. Silverleaf Resorts, Inc.*, 514 F.3d 411, 416 (5th Cir.2008). First of all, it is not clear exactly what the *McAteer* court intended with that comment, as that language was not explained and was not used to

resolve the case. *Id.* That case – much like this one – involved the improper removal of claims that were later dismissed under Rule 12(b)(6). *Id.* at 414. On appeal from that dismissal, we vacated the dismissal and instructed the district court to remand to the state, notwithstanding the fact that a post-removal development resulted in a case that could have been filed in federal court. *Id.* at 416. So *McAteer* is not a particularly strong case for Appellants. On the contrary, it only serves to illustrate this court’s consistent treatment of 12(b)(6) adjudication as insufficient to forestall an otherwise proper remand.

Regardless, to whatever extent *McAteer* implies that some improperly removed cases must remain in federal court based solely on considerations of finality and economy, we are not persuaded that this is such a case. There is no finality here, as this is an interlocutory appeal. In fact, the heart of this dispute – Camsoft’s original breach of contract claim against Southern Electronics and Active Solutions – has not been adjudicated at all. Nor is there a prevailing economy interest in retaining the case. Although the case has been pending in the district court for several years, it was stayed twice due to ongoing litigation in state court. Consequently, relatively little progress has been made on the merits, and the potential loss of economy is not as significant as the timeline alone might suggest. And while Appellants argue that remand will result in four wasted years of litigation, the Supreme Court has expressly rejected such arguments. “When the stakes remain the same and the

players have been shown each other's cards, they will not likely play the hand all the way through just for the sake of the game." *Grupo Dataflux*, 541 U.S. at 581, 124 S.Ct. 1920. The Court further reasoned that upon remand the case, "having been through [] years of discovery and pretrial motions, . . . would most likely proceed promptly to trial." *Id.* (punctuation revised).

In fact, due to the related cases, the Louisiana bench may be able to handle this litigation more efficiently than the federal court. The Louisiana courts have already presided over multiple cases involving the same parties and arising out of the same set of underlying facts, so the state court may be better positioned to efficiently discern the merits of Camsoft's allegations, which are based largely on facts already litigated. Indeed, the intensely local nature of this litigation only underscores the propriety of remand. After all, improper removal undermines federalism by depriving a sovereign state of the right to adjudicate its own cases and controversies. *Gasch v. Hartford Accident & Indem. Co.*, 491 F.3d 278, 281 (5th Cir.2007). For that reason, this court resolves any jurisdictional doubt "in favor of remand." *Id.* at 281-82.

In any event, there is little doubt that remand will result in a certain degree of inconvenience. Yet we must respect the outer limit of our jurisdiction "regardless of the costs" imposed. *Grupo Dataflux*, 541 U.S. at 571, 124 S.Ct. 1920. As one of our brothers observed, "the so-called 'waste' of judicial resources

that occurs when we dismiss a case for lack of jurisdiction is the price that we pay for federalism.” *Atlas Global Group, L.P. v. Grupo Dataflux*, 312 F.3d 168, 177 (5th Cir.2002) (Emilio Garza, J., dissenting to cure of defective diversity removal, and anticipating the Supreme Court’s eventual reversal). In *Grupo Dataflux*, the Supreme Court cautioned this court against creating new jurisdictional exceptions for the sake of immediate judicial economy. 541 U.S. at 580-81, 124 S.Ct. 1920. We had established a new rule whereby defective diversity jurisdiction is cured when a lone non-diverse party establishes new citizenship. 312 F.3d at 171 (majority opinion). The Supreme Court rejected the rule, explaining that even a significant investment of judicial resources will not preclude an otherwise proper remand. 541 U.S. at 571, 577-78, 124 S.Ct. 1920. The Court further emphasized the short-sightedness of establishing a new jurisdictional exception for the sake of a case immediately at bar: “the policy goal of minimizing litigation over jurisdiction is thwarted whenever a new exception to the time-of-filing rule is announced.” *Id.* at 580-81, 124 S.Ct. 1920. Consequently, rules introduced to avoid immediate jurisdictional implications serve only to undermine judicial economy rather than to facilitate it.

Returning to the case at hand, Appellants propose a new rule whereby 12(b)(6) adjudication sometimes constitutes “trial on the merits” such that remand is precluded by *Caterpillar* and *Grubbs*. Given that the Supreme Court has expressly discouraged this

court from creating new jurisdictional exceptions, and given that jurisdictional rules “of indeterminate scope” are disfavored, we decline the invitation. *Id.* at 575, 582, 124 S.Ct. 1920. We therefore hold that because there has been no trial on the merits, any interest in economy or finality is not sufficient to override Camsoft’s timely and meritorious challenge to removal. Accordingly, the case must be remanded to the state of Louisiana. Because the case should have been remanded for the reasons stated herein, we affirm the remand order in judgment only. The court’s discussion and reasoning are vacated. *See In re Golden Rests., Inc.*, 402 Fed.Appx. 5, 10 (5th Cir.2010) (unpublished) (“The district court lacked jurisdiction to make any decisions beyond the remand. . .”).

V. Conclusion

This case should have been remanded upon Camsoft’s timely motion following removal. As explained herein, the patent laws could not provide a basis for removal because any inventorship allegation did not implicate a perfected patent or allege that such a patent existed. Furthermore, our examination of the removed complaint reveals no alternate basis for removal, and Appellants have identified no authority that precludes remand. Accordingly, as the district court had no jurisdiction to remove this case, the remand order is **AFFIRMED** as amended herein. The district court’s other orders are vacated for lack of jurisdiction. Camsoft’s motion to dismiss is

DENIED, and its cross-appeal is DISMISSED as moot in light of the foregoing.

NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

CAMSOFT DATA SYSTEMS, INC.,
Plaintiff-Appellant,

v.

**SOUTHERN ELECTRONICS SUPPLY,
INC., ACTIVE SOLUTIONS, LLC, BRIAN
FITZPATRICK, HENRY J. BURKHARDT,
AND IGNACE PERRIN,**
Defendants-Cross Appellants,

AND

DELL, INC. AND DELL MARKETING, LP,
Defendants-Cross Appellants,

AND

CIBER, INC.,
Defendant-Cross Appellant,

AND

MARK KURT,
Defendant-Cross Appellant,

AND

**ZURICH AMERICAN INSURANCE
COMPANY AND AMERICAN
ZURICH INSURANCE COMPANY,**
Defendants-Cross Appellants,

AND

CONTINENTAL CASUALTY COMPANY,
Defendant-Cross Appellant,

AND

**STEVEN RENECKER, BILLY RIDGE
AND HEATHER SMITH,**
Defendants-Appellees,

AND

**BILL TOLPEGIN, DONALD
BERRYMAN AND EARTHLINK, INC.,**
Defendants-Appellees,

AND

MOTOROLA, INC.
(now known as Motorola Solutions, Inc.),
Defendant-Appellee,

AND

MMR CONSTRUCTORS, INC.
(doing business as MMR Communications),
Defendant-Appellee.

2013-1016, -1037, -1038, -1039, -1040, -1041

Appeal from the United States District Court for
the Middle District of Louisiana in No. 09-CV-1047,
Judge James J. Brady.

PER CURIAM.

ORDER

(Filed May 31, 2013)

This court lacks subject matter jurisdiction over
this appeal under 28 U.S.C. § 1295(a)(1). *See HIF Bio,*

Inc. v. Yung Shin Pharma. Indus. Co., 600 F.3d 1347 (Fed. Cir. 2010). Accordingly, the case is hereby transferred to the United States Court of Appeals for the Fifth Circuit. This court does not decide whether there is any reviewable order, leaving that question to the Fifth Circuit.

It Is Ordered That:

The case is hereby transferred to the United States Court of Appeals for the Fifth Circuit. The mandate of this Court will issue forthwith.

FOR THE COURT

<u>May 31, 2013</u>	<u>/s/ Jan Horbaly</u>
Date	Jan Horbaly
	Clerk

cc: Nick J. Lorio, Clerk of Court, U.S. District Court
for the Middle District of Louisiana
Lyle W. Cayce, Clerk of Court, U.S. Court
of Appeals for the Fifth Circuit
Jason L. Melancon, Esq.
Mark A. Cunningham, Esq.
Michael P. Kenny, Esq.
Thomas P. Anzelmo, Sr., Esq.
Michael D. Peytavin, Esq.
Teresa M. Cinnamond, Esq.
Lawrence A. Slovensky, Esq.
Michael R. Davis, Sr., Esq.
Patrick A. Bruno, Esq.

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF LOUISIANA

CAMSOFT DATA
SYSTEMS, INC.

VERSUS

SOUTHERN ELECTRONICS
SUPPLY INC., ET AL

CIVIL ACTION

NO. 09-1047-C

RULING

The court has carefully considered the petition, the record, the law applicable to this action, and the Report and Recommendation of United States Magistrate Judge Stephen C. Riedlinger dated February 2, 2010. Plaintiff has filed an objection which the court has considered.

The court hereby approves the report and recommendation of the magistrate judge and adopts it as the court's opinion herein.

Accordingly, the plaintiff's Motion to Remand is denied.

Baton Rouge, Louisiana, March 4, 2010.

/s/ Ralph E. Tyson
RALPH E. TYSON,
CHIEF JUDGE
MIDDLE DISTRICT
OF LOUISIANA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF LOUISIANA

CAMSOFT DATA
SYSTEMS, INC.

CIVIL ACTION

VERSUS

NUMBER

SOUTHERN ELECTRONICS
SUPPLY INC., ET AL

09-1047-RET-SCR

MAGISTRATE JUDGE'S REPORT

(Filed Feb. 2, 2010)

Before the court is a Motion for Remand filed by plaintiff Camsoft Data Systems Inc. Record document number 16. The motion is opposed.¹

Background

Plaintiff filed suit in state court asserting a variety of claims against multiple defendants. Defendants Active Solutions, LLC, Southern Electronics Supply, Inc., Brian Fitzpatrick, Henry J. Burkhardt and Ignace Perrin (collectively, the “Active Defendants”) removed the case asserting federal question jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). Specifically, the Active Defendants alleged that the plaintiff is asserting a right to relief which necessarily

¹ Record document number 28. Plaintiff filed a reply memorandum. Record document number 31.

depends on the resolution of substantial questions of federal patent law.

Plaintiff moved to remand the suit to state court arguing that this court lacks subject matter jurisdiction because federal patent laws do not create the plaintiff's state law causes of action, and none of its theories of recovery necessarily depend on resolution of a substantial question of federal patent law. Alternatively, the plaintiff argued that the Active Defendants waived their right to remove by invoking the state court's judicial process when they filed a motion for new trial following the issuance of an ex parte seizure order, thereby seeking affirmative relief from the state trial court.

Applicable Law

The party invoking removal jurisdiction bears the burden of establishing federal jurisdiction over the state court suit. *Manguno v. Prudential Property & Cas. Ins. Co.*, 276 F.3d 720, 723 (5th Cir. 2002); *Frank v. Bear Stearns & Company*, 128 F.3d 919, 921-22 (5th Cir. 1997). The federal removal statute is subject to strict construction because a defendant's use of that statute deprives a state court of a case properly before it and thereby implicates important federalism concerns. *Frank, supra*. Any doubts regarding whether removal jurisdiction is proper should be resolved against federal jurisdiction. *Acuna v. Brown & Root*, 200 F.3d 335, 339 (5th Cir. 2000).

Absent diversity of citizenship, removal is appropriate only for those claims within the federal question jurisdiction of the district courts. 28 U.S.C. § 1331. Under the “well pleaded complaint” rule, as discussed in *Franchise Tax Board v. Construction Laborers Vacation Trust*,² federal jurisdiction exists only when a federal question is presented on the face of the plaintiff’s properly pleaded complaint. A case may not be removed to federal court unless the plaintiff’s complaint establishes that the cause of action arises under federal law.³ However, a federal court may find that a plaintiff’s claim arises under federal law even though the plaintiff has not characterized it as a federal claim. *Frank*, 128 F.3d at 922; *Aquafaith Shipping Ltd. v. Jarillas*, 963 F.2d 806, 808 (5th Cir.), *cert. denied*, 506 U.S. 955, 113 S.Ct. 413 (1992).

It is well established that the “arising under” language of § 1331 has a narrower meaning than the corresponding language in Article III of the U. S. Constitution, which defines the limits of the judicial power of the United States. Federal question jurisdiction under § 1331 extends to cases in which a well-pleaded complaint establishes either that federal law creates the cause of action or that the plaintiff’s right to relief necessarily depends on resolution of the substantial question of federal law. *Franchise Tax Board*, 463 U.S. at 27-28, 103 S.Ct. at 2855-56; *Frank*

² 463 U.S. 1, 103 S.Ct. 2841 (1983).

³ *Id.*, at 10-11, 103 S.Ct. at 2846-47.

v. Bear Stearns & Company, supra. A defendant may not remove on the basis of an anticipated or even inevitable federal defense, but instead must show that a federal right is “an element, and an essential one, of the plaintiff’s cause of action.” *Gully v. First National Bank*, 299 U.S. 109, 111, 57 S.Ct. 96, 97 (1936).

The relevant federal statute, 28 U.S.C. § 1338(a), confers jurisdiction on federal courts to hear any action arising under any act of Congress relating to patents. The United States Supreme Court has clarified that jurisdiction under this statute extends only to those cases in which a well-pleaded complaint establishes “either that federal patent law creates the cause of action or that the plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims.” *Christianson v. Colt Indus. Operating Corp.*, 486 U.S. 800, 808-09, 108 S.Ct. 2166, 100 L.Ed.2d 811 (1988). Thus, to exercise jurisdiction under § 1338(a), federal patent law must explicitly provide a cause of action or, alternatively, the plaintiff’s right to relief must depend on resolution of a question of federal patent law.

The procedure for naming inventors on pending patent applications, 35 U.S.C. § 116, vests the decision regarding inventorship solely in the Director of the U.S. Patent and Trademark Office (“PTO”):

Whenever through error a person is named in an application for patent as the inventor, or through error an inventor is not named in an application, and such error arose without any deceptive intention on his part, the Director may permit the application to be amended accordingly, under such terms as he prescribes.

Courts have consistently interpreted this language to mean that only the Director of the PTO may determine who should be named an inventor on a pending patent application.⁴ *E.g. Eli Lilly & Co. v. Aradigm Corp.*, 376 F.3d 1352, 1357 n. 1 (Fed.Cir. 2004); *Sagoma Plastics, Inc. v. Gelardi*, 366 F.Supp.2d 185 (D.Me. 2005).

It is well established that an intent to waive the right to removal must be clear and unequivocal. *Carpenter v. Illinois Central Gulf R.R.*, 524 F.Supp. 249, 251 (D.C. La. 1981) (“Actions which are preliminary and nonconclusive in character have generally been held not to constitute waiver. An intent to waive the right to remove to federal court and submit to the

⁴ For patents that have already issued, 35 U.S.C. § 256, entitled “Correction of Named Inventor,” provides that, on application of the parties and assignees, the Director of the PTO may issue a certificate correcting the name of the inventors. Alternatively, a court may also order that a patent be corrected, and the Director of the PTO “shall issue a certificate accordingly.” *Id.* There is no allegation in this case that a patent has already been issued to the Active Defendants regarding the wireless video surveillance system.

jurisdiction of state court must be clear and unequivocal and the waiving party's actions must be inconsistent with his right to remove."); *Biggers v. State Farm Mutual Automobile Ins. Co.*, 1992 WL 266166, at *2 (E.D. La. Sept. 29, 1992) ("Thus, appearing in court, filing an answer, resisting a temporary restraining order, or filing other preliminary and non-dispositive motions generally have not been considered sufficient acts from which to infer an intent to waive.")

Analysis

A review of the record in light of the applicable law shows the defendants have met their burden of showing that this court has subject matter jurisdiction.

Plaintiff alleged that "the intellectual property involving the wireless video surveillance system [was] created and owned either in whole or part" by it,⁵ contrary to the claim by the Active Defendants in their patent application.⁶ Plaintiff alleged that the Active Defendants "took sole credit for said systems creation and development"⁷ and did not even notify

⁵ Record document number 7, First Supplemental and Amended Petition for Declaratory Judgment and Damages, ¶ 176.

⁶ *Id.* ¶ 174.

⁷ *Id.* ¶ 127.

the plaintiff of the patent application.⁸ Plaintiff seeks a declaration that it is the sole owner or co-owner,⁹ and recovery of “any fruits or products” derived from it in proportion to its ownership interest.¹⁰ Plaintiff seeks equitable relief, including an injunction ordering the defendants to stop marketing, selling and installing the wireless video surveillance system as well as the intellectual property associated with the wireless video surveillance system.¹¹

Given the breath [sic] of the plaintiff’s allegations, its claim of ownership cannot be decided without also determining, either explicitly or implicitly, inventorship under federal patent law. Plaintiff did not allege that it is the/an owner of the wireless video surveillance system pursuant to a contract with the defendants or some non-party, or by some means separate from having created, i.e. invented, it. Thus, plaintiff’s claim of ownership is not based on any alleged alternative legal theory.

Plaintiff’s reliance on Louisiana Civil Code Article 514 actually undercuts its ownership-but-not-inventorship argument. As the plaintiff stated in its reply memorandum, Article 514 “expressly recognizes that two or more persons may **create** a ‘new thing’ by

⁸ *Id.* ¶ 128.

⁹ *Id.* prayer for relief, ¶ B.

¹⁰ *Id.* ¶ C.

¹¹ *Id.* ¶ J.

mixing different materials.”¹² Plaintiff has not shown that there is any meaningful way to distinguish among creation, ownership and inventorship in this case, or that the creation/ownership/inventorship dispute is merely tangential to its other claims. While there may be some aspects of ownership under state law which do not precisely coincide with ownership for the purposes of obtaining a patent, the plaintiff has not identified any such aspects found in this case. Plaintiff’s apparent attempt to differentiate creation of a thing under state law from invention of a thing under federal patent law is unpersuasive in the context of this case.

Plaintiff disputes the defendants’ claim to sole inventorship.¹³ Plaintiff has not conceded that the Active Defendants (or others) have the exclusive right to a patent on the wireless video surveillance system notwithstanding the plaintiff’s claim of ownership under state law.

The relief sought – declaration of the ownership, control and economic benefits of the wireless video surveillance system – cannot properly be granted without a determination of inventorship under federal patent law. Therefore, resolution of the plaintiff’s

¹² Record document number 31, reply memorandum, p. 3 (emphasis added).

¹³ Record document number 7, First Supplemental and Amended Petition for Declaratory Judgment and Damages, ¶ 174.

claims of ownership and control of the wireless video surveillance system depends on the resolution of a substantial question of federal patent law. This is especially so when the wireless video surveillance system is the subject of a pending patent application.¹⁴

Whether the plaintiff has stated a claim upon which relief can be granted under federal patent law is a separate inquiry from whether the case is removable based on federal patent law. To rule on this motion the court does not need to determine whether the plaintiff can properly assert in this action a claim to ownership/inventorship of the wireless video surveillance system.¹⁵ It is sufficient to find that the plaintiff's claim to be the owner or a co-owner, who is entitled to exercise all the rights of an owner,¹⁶ and

¹⁴ Plaintiff asserts in its supporting memorandum that it has no actual knowledge or proof that the Active Defendants even filed a patent application. Record document number 16, pp. 13-14. This assertion conflicts with the plaintiff's allegations paragraph 128 of its First Supplemental and Amended Petition for Declaratory Judgment and Damages. The Active Defendants do not deny the existence of a pending patent application regarding the wireless video surveillance system.

¹⁵ While courts generally agree that § 116 does not create a cause of action, they differ greatly as to whether courts retain jurisdiction over civil actions seeking a declaratory judgment regarding inventorship on pending patent applications. *Simon-ton Bldg. Products, Inc. v. Johnson*, 553 F.Supp.2d 642, 648-50 (D.N.D. 2008).

¹⁶ Louisiana Civil Code Article 477 provides, in relevant part, as follows: "The owner of a thing may use, enjoy, and dispose of it within the limits and under the conditions established by

(Continued on following page)

that the Active Defendants are not the sole inventors, raises a substantial question of federal patent law.

Plaintiff's argument that the Active Defendants waived their right to remove the case is unpersuasive, for the reasons stated by them in their opposition memorandum.¹⁷ The actions taken in the state court were only preliminary, and were taken because of the ex parte manner in which the plaintiff chose to proceed there.

Recommendation

It is the recommendation of the magistrate judge that the plaintiff's Motion for Remand be denied.

Baton Rouge, Louisiana, February 2, 2010.

/s/ Stephen C. Riedlinger

STEPHEN C. RIEDLINGER
UNITED STATES
MAGISTRATE JUDGE

law." Plaintiff has not cited, nor has the court found, any Louisiana state statute or court decision which excludes from an owner's use, enjoyment or disposition of a thing the right to apply for and obtain a patent or the benefits which are derived from a patent (absent a contractual agreement transferring such right and benefits to another).

¹⁷ Record document number 28, pp. 12-15

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 12-31013

CAMSOFT DATA SYSTEMS, INC.,
Plaintiff-Appellee-Cross-Appellant

v.

SOUTHERN ELECTRONICS SUPPLY
INCORPORATED; ACTIVE SOLUTIONS, L.L.C.;
BRIAN FITZPATRICK; HENRY J. BURKHARDT;
IGNACE PERRIN;

Defendants-Third Party Plaintiffs-Appellants-
Cross-Appellees

DELL, INCORPORATED; CIBER, INCORPORATED;
DELL MARKETING, L.P.; MARK KURT,

Defendants-Appellants-Cross-Appellees

STEVE RENECKER; BILLY RIDGE; HEATHER
SMITH; BILL TOLPEGIN; DONALD BERRYMAN;
EARTHLINK, INCORPORATED; MOTOROLA,
INCORPORATED; MMR CONSTRUCTORS,
INCORPORATED, doing business as MMR
COMMUNICATIONS,

Defendants-Cross-Appellees

v.

ZURICH AMERICAN INSURANCE COMPANY;
AMERICAN ZURICH INSURANCE COMPANY;
CONTINENTAL CASUALTY COMPANY,

Third Party Defendants-Appellants-Cross-
Appellees

Appeal from the United States District Court for the
Middle District of Louisiana, Baton Rouge

ON PETITION FOR REHEARING EN BANC

(Filed Sep. 29, 2014)

(Opinion ___, 5 Cir. ___, ___, F.3d ___)

Before BENAVIDES, CLEMENT, and GRAVES, Cir-
cuit Judges.

PER CURIAM:

- (✓) Treating the Petition for Rehearing En Banc as a
Petition for Panel Rehearing, the Petition for
Panel Rehearing is DENIED. No member of the
panel nor judge in regular active service of the
court having requested that the court be polled
on Rehearing En Banc (FED R. APP. P. and 5TH
CIR. R. 35), the Petition for Rehearing En Banc is
DENIED.
- () Treating the Petition for Rehearing En Banc as a
Petition for Panel Rehearing, the Petition for
Panel Rehearing is DENIED. The court having
been polled at the request of one of the members
of the court and a majority of the judges who are
in regular active service and not disqualified not
having voted in favor (FED R. APP. P. and 5TH CIR.

R. 35), the Petition for Rehearing En Banc is
DENIED.

ENTERED FOR THE COURT:

/s/ Fortunato P. Benavides
UNITED STATES
CIRCUIT JUDGE

*Judge Higginbotham and Judge Haynes did not participate in the consideration of the rehearing en banc.
