

2009-1221

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ROBERT JACOBSEN,

Plaintiff-Appellant,

vs.

MATTHEW KATZER, and KAMIND ASSOCIATES, INC. (doing business as
KAM Industries),

Defendants-Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF CALIFORNIA IN CASE NUMBER C06-1905-JSW,
JUDGE JEFFREY S. WHITE

**MATTHEW KATZER AND KAMIND ASSOCIATES INC.'S REPLY IN
SUPPORT OF THEIR MOTION TO TRANSFER VENUE TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT**

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Robert Jacobsen v. Matthew Katzer

No. 2009-1221

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)
Appellee _____ certifies the following (use "None" if applicable; use extra sheets
if necessary):

1. The full name of every party or amicus represented by me is:

Matthew A. Katzer; Kamind Associates, Inc.

2. The name of the real party in interest (if the party named in the caption is not the real
party in interest) represented by me is:

N/A

3. All parent corporations and any publicly held companies that own 10 percent or more
of the stock of the party or amicus curiae represented by me are:

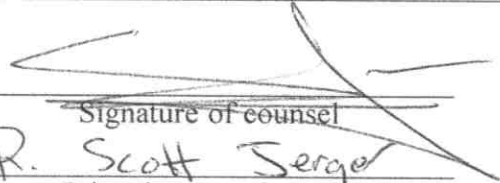
N/A

4. The names of all law firms and the partners or associates that appeared for the party
or amicus now represented by me in the trial court or agency or are expected to appear in this
court are:

Field Jerger LLP; Gorman & Miller PC; R. Scott Jerger

3/31/09

Date


Signature of counsel

R. Scott Jerger

Printed name of counsel

Please Note: All questions must be answered

cc: Victoria Hall

Defendants-Appellees Matthew Katzer and Kamind Associates, Inc. (collectively “KAM”) timely file this Reply to Plaintiff-Appellee Robert Jacobsen’s (“Jacobsen”) Response to KAM’s Motion to Transfer Venue to the Ninth Circuit. The issue before the Court is fairly straightforward: Does this Court retain jurisdiction over the interlocutory appeal if all patent claims have been dismissed by the district court and thus effectively removed from the complaint? The bulk of Jacobsen’s response (including all exhibits) addresses the issue of whether Jacobsen is in apprehension of suit on un-named and as-yet-unidentified KAM patents which have never been the subject of this lawsuit and is thus irrelevant and not responsive to the issue presently before this Court.

The only patent identified in the complaint and the only patent ever at issue in this case was the ‘329 patent. Jacobsen brought three declaratory actions (non-infringement, unenforceability and invalidity) against **only** this ‘329 patent in his complaint. Jacobsen cannot and does not contest this. *See e.g.* Response to KAM’s Motion to Transfer Venue at 6 (hereinafter “Reponse”) (“[...] Jacobsen listed [in the complaint] only the one that had been specifically identified, the ‘329 patent”). The complaint has never been amended to include any patent other than the ‘329 patent.

These three declaratory actions regarding the ‘329 patent were dismissed by the district court’s January 5, 2009 Order (“Order” [Exhibit A to KAM’s Motion]).

The district court dismissed all of the patent claims regarding the '329 patent for lack of subject matter jurisdiction based on the fact that KAM statutorily disclaimed the '329 patent pursuant to 37 C.F.R. § 1.321(a). *See* Order at 3-6. A true copy of the statutory disclaimer of the '329 patent is attached as Exhibit A to the Declaration of Matthew Katzer submitted with this Reply.

As this Court has held, a covenant not to sue (and *a fortiori* a statutory disclaimer) divests the district court (and consequently this Court) of jurisdiction over the patent claims that are the subject of the covenant (or disclaimer). *See Amana Refrigeration, Inc. v. Quadlux, Inc.*, 172 F.3d 852, 855 (Fed. Cir. 1999) (citing *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1060 (Fed. Cir. 1995)); *Benitec Austl., Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340 (Fed. Cir. 2007).¹

Jacobsen's framing of the issue as "whether this Court has jurisdiction...when it will have exclusive jurisdiction of an appeal at final judgment in this case" (*See e.g.* Response at 2, 10, 14) is not the correct legal analysis to determine this Court's

¹ The *Revolution Eyewear* case discussed in Jacobsen's Response at page 17, n.11 is inapposite to the issue at hand and does not change this result since the defendant in *Revolution Eyewear*, unlike this case, was still in reasonable apprehension of suit for future acts because the covenant not to sue from the plaintiff did not extend to future production and sales. *Revolution Eyewear, Inc. v. Aspex Eyewear Inc.*, 556 F.3d 1294, 1298 (Fed. Cir. 2009). Here, in contrast, KAM has statutorily disclaimed the only patent-in-suit thus removing Jacobsen from any apprehension of suit for any past, present, or future activities.

jurisdiction. Rather, this Court looks to the “well-pleaded complaint” to determine jurisdiction. *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 381 F.3d 1178, 1189 (Fed. Cir. 2004). A case “arises under” the patent law when the well-pleaded complaint establishes either a cause of action under patent law or a substantial question of patent law. *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800, 808 (1988); *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002). The trial court’s dismissal for lack of subject matter jurisdiction at the threshold pleading stage (the trial court issued its Order prior to the Answer being filed in this case) effectively and “constructively” amends the complaint to exclude the patent claims. *See Nilssen v. Motorola, Inc.*, 203 F.3d 784-85 (Fed. Cir. 2000); *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515, 519 (Fed. Cir. 1987). For the purpose of determining jurisdiction, this Court does not differentiate between actual and constructive amendments to the complaint. *Chamberlain Group*, 381 F.3d 1178, 1189 (Fed. Cir. 2004).

Looking to the complaint, if all patent claims in a case have been dismissed prior to the non-patent order on appeal, then this Court only retains jurisdiction if one or more of the patent claims was dismissed with prejudice. *Chamberlain Group*, 381 F.3d at 1190. Since a dismissal without prejudice does not dispose of the claim and

effectively removes it from the complaint, such a dismissal divests this Court of jurisdiction. *Id.*

In other words, when the trial court's ruling fails to alter the legal status of the parties with respect to the dismissed patent claim, this Court loses jurisdiction over all pendent claims in the complaint. *See id.* Here, the voluntary disclaimer alone altered the legal relationship between the parties, and the trial court's dismissal had no effect on this legal relationship. The sole cause of the fact that Jacobsen is no longer in apprehension of suit on the '329 patent is due to the disclaimer, not the trial court's dismissal ruling. By disclaiming the patent, KAM voluntarily mooted the patent issues between the parties, and divested the trial court of subject matter jurisdiction to hear the issue.

The law is clear that a dismissal for lack of subject matter jurisdiction (here standing) is not a judgment on the merits and has no claim preclusion or *res judicata* effect since the dismissing court has no jurisdiction to render a judgment on the dismissed claims (*i.e.* is not "with prejudice"). *Steel Co. v. Citizens for a Better Environment*, 523 U.S. 83 (1998); *Textile Products, Inc. v. Mead Corp.*, 134 F.3d 1481, 1485-86 (Fed. Cir. 1998); *Fieldturf, Inc. v. Southwest Recreational Industries, Inc.*, 357 F.3d 1266, 1269-70 (Fed. Cir. 2004); *Vandor, Inc. v. Militello*, 301 F.3d 37 (2nd Cir. 2002); *Missouri Soybean Ass'n v. EPA*, 289 F.2d 509, 513 (8th Cir. 2002);

Ramming v. U.S., 281 F.3d 158, 161 (5th Cir. 2001). Jacobsen’s citation to *Sicom Sys., Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971, 980 (Fed. Cir. 2005) confirms rather than refutes this proposition (stating that dismissal with prejudice is generally inappropriate where a standing defect can be cured and holding that trial court did not abuse discretion by dismissing case with prejudice where plaintiff twice failed to establish standing).

The dismissal itself, then, did not change the legal relationship between KAM and Jacobsen and did not reach the merits of Jacobsen’s declaratory actions. Since the dismissal did not change the legal relationship between the parties, it has no preclusive or *res judicata* effect and was therefore not “with prejudice.” This dismissal, then, has effectively removed the patent claims from the complaint and divested this Court of its sole basis for jurisdiction.

The cases cited by Jacobsen in his Response at 17 do not alter this result. *Avocent Huntsville Corp.* is a case involving personal jurisdiction, not subject matter jurisdiction, and is therefore inapposite to the “well-pleaded complaint” analysis required to determine “arising under” jurisdiction in patent cases. Similarly, in *Bonneville Associates* and *Pasteur* the jurisdictional issue was governed by a statutory interpretation of the Contract Disputes Act and did not involve “arising under” jurisdiction.

Lastly, the *Breed* case cited by Jacobsen is a Ninth Circuit case which supports KAM's position rather than undermining it. In contrast to this case on appeal, in *Breed*, the Ninth Circuit transferred an appeal to this Court based specifically on the fact that a patent claim existed in the amended complaint and the plaintiff " [simply] never moved to dismiss the patent claim." *Breed*, 253 F.3d at 1179. In contrast, KAM has moved to dismiss the patent claims and the trial court granted this motion.

CONCLUSION AND RELIEF SOUGHT

Based on the above, KAM respectfully requests that this Court transfer this appeal to the Court of Appeals for the Ninth Circuit pursuant to 28 U.S.C. § 1631.

Dated: March 31, 2009

Respectfully submitted,



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**DECLARATION OF MATTHEW KATZER IN SUPPORT OF MATTHEW
KATZER AND KAMIND ASSOCIATES INC.'S MOTION TO TRANSFER
VENUE TO THE UNITED STATES COURT OF APPEALS FOR THE
NINTH CIRCUIT**

I, Matthew Katzer, declare:

1. I am Chief Executive Officer and Chairman of the Board of Directors of Kamind Associates, Inc. ("KAM"). KAM and I are named defendants-appellees in this action. If called as a witness, I would and could testify to the following as a matter of personal knowledge.

2. I am authorized by KAM to make this declaration in support of the motion by KAM and myself to transfer venue to the United States Court of Appeals for the Ninth Circuit. I make this declaration in my capacity as KAM's Chief Executive Office and Chairman of the Board of Directors.

3. Attached as Exhibit A to this Declaration is a true copy of a Disclaimer in Patent under 37 C.F.R. 1.321(a) filed at my direction on February 1, 2008 with the United States Patent and Trademark office regarding the '329 patent at issue in this case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 26, 2009, at Portland, Oregon, U.S.A.



Matthew Katzer
CEO, Kamind Associates, Inc.

Exhibit A

PTO/SB/43 (01-08)
 Approved for use through 01/31/2008. OMB 0651-0031
 U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

DISCLAIMER IN PATENT UNDER 37 CFR 1.321(a)

Name of Patentee Matthew A. Katzer	Docket Number (Optional) 7431.0056
Patent Number 6,530,329	Date Patent Issued March 11, 2003

Title of Invention
MODEL TRAIN CONTROL SYSTEM

I hereby disclaim the following complete claims in the above identified patent: 1-27 (all claims)

The extent of my interest in said patent is (if assignee of record, state liber and page, or reel and frame, where assignment is recorded): 100%

The fee for this disclaimer is set forth in 37 CFR 1.20(d).

- Patentee claims small entity status. See 37 CFR 1.27.
- Small entity status has already been established in this case, and is still proper.
- A check in the amount of the fee is enclosed.
- Payment by credit card. Form PTO-2038 is attached.
- The Director is hereby authorized to charge any fees which may be required or credit any overpayment to Deposit Account No. 03-1550. I have enclosed a duplicate copy of this form.

WARNING: Information on this form may become public. Credit card information should not be included on this form. Provide credit card information and authorization on PTO-2038.

Signed at Portland, State of OR, this 1st day of February, 2008

 38,292
 Signature Registration Number, if applicable

Kevin L. Russell 503-227-5631
 Typed or printed name of patentee/ attorney or agent of record Telephone Number

Chernoff, Vilhauer, McClung & Stenzel, 601 SW Second Ave., Suite 1600,
 Address

Portland, OR 97204
 City, State, Zip Code or Foreign Country as applicable

This collection of information is required by 37 CFR 1.321. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11 and 1.14. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

If you need assistance in completing the form, call 1-800-PTO-9199 and select option 2.

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PROOF OF SERVICE

I hereby certify that on March 31, 2009 I filed the original and three copies of Defendants-Appellees' **Reply in Support of KAM's Motion to Transfer Venue** on the Clerk of the US Court of Appeals for the Federal Circuit at the following address via UPS overnight mail:

Clerk of Court
United States Court of Appeals for the Federal Circuit
717 Madison Place, NW
Washington, DC 20439

I further certify that on March 31, 2009, I served two true copies of Defendants-Appellees' **Reply in Support of KAM's Motion to Transfer Venue** following parties, through their attorneys, at the following address via UPS overnight mail:

Victoria K. Hall
Law Office of Victoria K. Hall
3 Bethesda Metro Suite 700
Bethesda MD 20814
Attorney for Plaintiff-Appellant Robert Jacobsen

Dated: March 31, 2009



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