

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED: 08/10/2017

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will be issued in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

Costs are taxed against the appellant in favor of the appellee under Rule 39. The party entitled to costs is provided a bill of costs form and an instruction sheet with this notice.

The parties are encouraged to stipulate to the costs. A bill of costs will be presumed correct in the absence of a timely filed objection.

Costs are payable to the party awarded costs. If costs are awarded to the government, they should be paid to the Treasurer of the United States. Where costs are awarded against the government, payment should be made to the person(s) designated under the governing statutes, the court's orders, and the parties' written settlement agreements. In cases between private parties, payment should be made to counsel for the party awarded costs or, if the party is not represented by counsel, to the party pro se. Payment of costs should not be sent to the court. Costs should be paid promptly.

If the court also imposed monetary sanctions, they are payable to the opposing party unless the court's opinion provides otherwise. Sanctions should be paid in the same way as costs.

Regarding exhibits and visual aids: Your attention is directed Fed. R. App. P. 34(g) which states that the clerk may destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

FOR THE COURT

/s/ Peter R. Marksteiner

Peter R. Marksteiner
Clerk of Court

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

**AIA AMERICA, INC., FKA ALZHEIMER'S
INSTITUTE OF AMERICA, INC.,**
Plaintiff-Appellant

v.

AVID RADIOPHARMACEUTICALS,
Defendant-Appellee

**TRUSTEES OF THE UNIVERSITY OF
PENNSYLVANIA, UNIVERSITY OF SOUTH
FLORIDA BOARD OF TRUSTEES,**
Defendants

2016-2647

Appeal from the United States District Court for the
Eastern District of Pennsylvania in No. 2:10-cv-06908-
TJS, Judge Timothy J. Savage.

Decided: August 10, 2017

PETER BUCKLEY, Fox Rothschild, LLP, Philadelphia,
PA, argued for plaintiff-appellant.

LAWRENCE SCOTT BURWELL, Finnegan, Henderson,
Farabow, Garrett & Dunner, LLP, Reston, VA, argued for
defendant-appellee. Also represented by CHARLES E.

LIPSEY; LAURA POLLARD MASUROVSKY, Washington, DC; MANISHA A. DESAI, Eli Lilly and Company, Indianapolis, IN.

Before NEWMAN, LOURIE, and HUGHES, *Circuit Judges*.

HUGHES, *Circuit Judge*.

AIA America, Inc. appeals the district court's award of attorney's fees to Avid Radiopharmaceuticals and the Trustees of the University of Pennsylvania. Because the Seventh Amendment right to a jury trial does not apply to requests for attorney's fees under § 285 of the Patent Act, the district court did not err by making factual findings not foreclosed by the jury's verdict on standing, and AIA's due process rights were not violated, we affirm.

I

AIA America, Inc. sued Avid Radiopharmaceuticals and the Trustees of the University of Pennsylvania (collectively, Avid) for infringement of U.S. Patent Nos. 5,455,169 and 7,538,258. The patents are generally directed to research technologies stemming from the discovery of the "Swedish mutation," a genetic mutation that is associated with early-onset familial Alzheimer's disease. For example, the '169 patent claims a nucleic acid encoding a human amyloid precursor protein with the Swedish mutation. Dr. Michael J. Mullan is named as the sole inventor of both patents.

Avid, in response, alleged that AIA lacked standing to assert the '169 and '258 patents. According to Avid, Ronald Sexton, AIA's founder, and Dr. Mullan, the purported sole inventor, orchestrated a scheme to appropriate for themselves inventions from Imperial College (Imperial) in London and the University of South Florida (USF).

Avid argued that the scheme began when members of Dr. John Hardy's Imperial research group (including Dr.

Mullan, then a Ph.D. student) made the groundbreaking discovery of one of the first gene mutations that causes Alzheimer's disease. The gene mutation was later called the "London Mutation." Under a sponsored research agreement, Imperial gave options to that discovery to Athena, a pharmaceutical company.

Dr. Hardy and his team believed the Athena agreement undervalued their research. Soon thereafter, Mr. Sexton, a Kansas City businessman who had no experience in scientific research but saw a business opportunity for himself, offered Dr. Hardy and his team a better deal than they had with Athena. Initially, Dr. Hardy and his team attempted to undermine the agreement with Athena by misrepresenting the origins of their work on the London Mutation. This attempt failed when Imperial determined that it owned the discovery under United Kingdom law by its employment of the inventors. Dr. Hardy, his team, and Mr. Sexton then "decided to make sure [they] didn't give anything else away." J.A. 2759:13–14.

Therefore, when Dr. Hardy started investigating Alzheimer's mutations in Swedish families and realized the data was "screaming" that there was a mutation in the DNA, he decided not to identify the actual sequence of the mutation at Imperial. JA 2790:9–18. Instead, he sent the DNA to Dr. Mullan, who had graduated from Imperial and moved to USF, so the DNA could be sequenced there. To hide the involvement of Dr. Hardy and the Imperial researchers, the resulting patent application on the Swedish mutation was filed in Dr. Mullan's name alone.

To further their scheme, Mr. Sexton, Dr. Hardy, and Dr. Mullan sent false letters to Imperial denying Dr. Hardy's involvement in the discovery. The group also misled USF into believing that this discovery related to prior research to which Imperial had rights, thereby securing USF's signature on a letter waiving USF's ownership of the newly discovered Swedish mutation. After

the patent application was filed, it was immediately assigned to Sexton's newly-formed company, AIA.

AIA, meanwhile, maintained that Dr. Mullan was properly named the sole inventor of the '169 and '258 patents and that Dr. Mullan's employer, USF, waived any ownership rights in the patents.

The district court ordered targeted discovery and held a jury trial on AIA's standing, in which twelve witnesses testified and over 200 exhibits were introduced. As part of the trial, Dr. Hardy testified about the conspiracy by which, he, Dr. Mullan, and Mr. Sexton denied Imperial and USF rights in the Swedish mutation. The jury determined that USF did not knowingly and intentionally waive its ownership rights to the Swedish mutation and that Dr. Hardy was a co-inventor. Based on the jury's verdict, the district court found AIA lacked standing to assert the '169 and '258 patents and entered judgment in favor of Avid. We summarily affirmed that decision. *Alzheimer's Inst. of Am., Inc. v. Avid Radiopharmaceuticals*, 560 F. App'x 996 (Fed. Cir. 2014).

Avid subsequently moved for attorney's fees. The district court allowed the parties to submit extensive briefing, evidence, and declarations on the issue of fees. After holding a hearing in which AIA was allowed to present arguments in opposition to the motion, the court awarded fees in the amount of \$3,943,317.70 to Avid. AIA appeals the award of attorney's fees, but not the amount awarded. We have jurisdiction under 28 U.S.C. § 1295(a)(1) (2012).

II

We first address AIA's argument that the Seventh Amendment requires a jury trial to decide the facts forming the basis to award attorney's fees under § 285 of the Patent Act. Specifically, AIA argues that when an award of attorney's fees is based in part or in whole on a party's state of mind, intent, or culpability, only a jury may

decide those issues. We review de novo the question of whether a party is entitled to a jury trial. *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339 (Fed. Cir. 2001).

A litigant has a right to a jury trial if provided by statute, or if required by the Seventh Amendment. See *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 345 (1998). With no right to a jury trial provided in the statute, AIA relies solely on the Seventh Amendment.

The Seventh Amendment preserves the right to a jury trial for “[s]uits at common law.” U.S. Const. amend. VII. The phrase “suits at common law” refers to suits in which only legal rights and remedies were at issue, as opposed to equitable rights and remedies. *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 41 (1989). A legal remedy requires a jury trial on demand, while an equitable remedy does not implicate the right to a jury trial. *Curtis v. Loether*, 415 U.S. 189, 196 n.11 (1974). A two-step inquiry determines whether a modern statutory cause of action involves only legal rights and remedies. *Tull v. United States*, 481 U.S. 412, 417–18 (1987). First, we must “compare the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity.” *Id.* at 417. “Second, we examine the remedy sought and determine whether it is legal or equitable in nature.” *Id.* at 417–18. The Supreme Court has stressed the second step of this test is the more important of the two. *Chauffeurs, Teamsters & Helpers, Local No. 391 v. Terry*, 494 U.S. 558, 565 (1990) (“The second inquiry is the more important in our analysis.”).

Turning to the first step, the nature of the claim, English courts for centuries have allowed claims for attorney’s fees in both the courts of law and equity. Arthur L. Goodhart, *Costs*, 38 Yale L. J. 849, 851–54 (1929). But when brought in the courts of law, judges, not juries,

determined attorney's fees. *Id.* Therefore, since either a judge in the court of law or an equity court would determine attorney's fees, this implies that attorney's fees generally do not involve legal rights.

As to the second step, the nature of the remedy, the fact that the relief sought is monetary does not necessarily make the remedy "legal." *Terry*, 494 U.S. at 570. In the context of attorney's fees, when attorney's fees are themselves part of the merits of an action, they are regarded as a "legal" remedy. For example, a lawyer's fee claim against a client is a question for the jury, *Simler v. Conner*, 372 U.S. 221, 223 (1963) (per curiam), and a claim for attorney's fees under a contractual indemnification provision is a contractual "legal right" that is also a question for the jury, *McGuire v. Russell Miller, Inc.*, 1 F.3d 1306, 1315–16 (2d Cir. 1993). By contrast, when attorney's fees are awarded pursuant to a statutory prevailing party provision, they are regarded as an "equitable" remedy because they raise "issues collateral to and separate from the decision on the merits." *Budinich v. Becton Dickinson & Co.*, 486 U.S. 196, 200 (1988) (internal quotation marks and citations omitted). Since Avid sought fees as a prevailing party under 35 U.S.C. § 285, the attorney's fees in this action are properly characterized as an equitable remedy.

Both steps of the *Tull* test reflect that requests for attorney's fees under § 285 are equitable and do not invoke the Seventh Amendment right to a jury trial. *See Swoford v. B & W, Inc.*, 336 F.2d 406, 413–14 (5th Cir. 1964) (holding there is no right to a jury trial for attorney's fees under § 285).

Despite the foregoing, AIA argues that if a decision on attorney's fees involves considerations of a party's state of mind, intent, and culpability, then those questions must be presented to a jury under the Seventh Amendment. AIA, however, has pointed to no cases finding that once

an issue is deemed equitable, a Seventh Amendment right to a jury trial may still attach to certain underlying determinations. Nor does AIA's argument fit within the Supreme Court's framework of when the right to a jury trial attaches to a claim. In 18th-century England, if a claim was in the court of equity, the equity court had the discretion to submit a claim to a jury but was never required to submit any issue to a jury, regardless of whether it was deciding issues of state of mind, intent, and culpability. *Garsed v. Beall*, 92 U.S. 685, 695 (1875). Finally, AIA's position is at odds with other statutory prevailing party provisions. *See, e.g., Great Am. Fed. Sav. & Loan Ass'n v. Novotny*, 442 U.S. 366, 375 (1979) (“[Title VII] expressly allows the prevailing party to recover his attorney's fees Because the Act expressly authorizes only equitable remedies, the courts have consistently held that neither party has a right to a jury trial.”). In sum, AIA's right to a jury trial under the Seventh Amendment was not violated.

II

AIA next argues that the district court erred by making factual findings on issues that were not considered by a jury. According to AIA, our decisions in *Door-Master Corp. v. Yorktowne, Inc.*, 256 F.3d 1308 (Fed. Cir. 2001) and *Jurgens v. CBK, Ltd.*, 80 F.3d 1566 (Fed. Cir. 1996) precluded the district court from making factual determinations about AIA's state of mind, intent, and culpability since these questions were never presented to the jury.

Our decisions in *Door-Master* and *Jurgens* stand for the straight-forward proposition that after a trial on legal issues, a court may not make findings contrary to or inconsistent with the resolution of any issues necessarily and actually decided by the jury. *See also Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1360 (Fed. Cir. 2012); *Therma-Tru Corp. v. Peachtree Doors Inc.*, 44 F.3d 988, 994 (Fed. Cir. 1995) (“[T]he court may

not make findings in conflict with those of the jury.”). These decisions do not prevent a court, when deciding equitable issues, from making additional findings not precluded by the jury’s verdict. *See Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1190 (Fed. Cir. 1993) (holding that in the context of the equitable defense of inequitable conduct, “a disputed finding of intent to mislead or to deceive is one for the judge to resolve, not the jury”). Thus, the district court was not foreclosed from making additional findings about AIA’s state of mind, intent, and culpability.

III

Finally, AIA argues that its due process was violated because the district court did not give AIA the opportunity to submit evidence regarding its intent, state of mind, or culpability. Contrary to AIA’s argument, the district court provided both parties the opportunity to fully brief the motion seeking attorney’s fees and allowed both parties to submit any additional evidence and affidavits. The district court also held a hearing on the motion where AIA was allowed to present arguments. To the extent AIA believes its due process was violated because the district court did not allow it to present evidence regarding intent to a jury, AIA was not entitled to a jury trial on the issue of attorney’s fees. Accordingly, the district court did not deprive AIA of due process.

IV

Because there is no right to a jury trial for attorney’s fees under § 285, because the district court did not err by making factual findings not foreclosed by the jury’s verdict, and because AIA was not deprived of due process, we affirm.

AFFIRMED

AIA AMERICA, INC. v. AVID RADIOPHARMACEUTICALS

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COSTS

Costs to Appellee.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Questions and Answers

Petitions for Rehearing (Fed. Cir. R. 40)
and
Petitions for Hearing or Rehearing En Banc (Fed. Cir. R. 35)

Q. When is a petition for rehearing appropriate?

A. Petitions for panel rehearing are rarely successful because they most often fail to articulate sufficient grounds upon which to grant them. For example, a petition for panel rehearing should not be used to reargue issues already briefed and orally argued; if a party failed to persuade the court on an issue in the first instance, a petition for panel rehearing should not be used as an attempt to get a second “bite at the apple.” This is especially so when the court has entered a judgment of affirmance without opinion under Fed. Cir. R. 36. Such dispositions are entered if the court determines the judgment of the trial court is based on findings that are not clearly erroneous, the evidence supporting the jury verdict is sufficient, the record supports the trial court’s ruling, the decision of the administrative agency warrants affirmance under the appropriate standard of review, or the judgment or decision is without an error of law.

Q. When is a petition for hearing or rehearing en banc appropriate?

A. En banc decisions are extraordinary occurrences. To properly answer the question, one must first understand the responsibility of a three-judge merits panel of the court. The panel is charged with deciding individual appeals according to the law of the circuit as established in the court’s precedential opinions. While each merits panel is empowered to enter precedential opinions, the ultimate duty of the court en banc is to set forth the law of the Federal Circuit, which merit panels are obliged to follow.

Thus, as a usual prerequisite, a merits panel of the court must have entered a precedential opinion in support of its judgment for a suggestion for rehearing en banc to be appropriate. In addition, the party seeking rehearing en banc must show that either the merits panel has failed to follow identifiable decisions of the U.S. Supreme Court or

Federal Circuit precedential opinions or that the merits panel has followed circuit precedent, which the party seeks to have overruled by the court en banc.

Q. How frequently are petitions for rehearing granted by merits panels or petitions for rehearing en banc accepted by the court?

A. The data regarding petitions for rehearing since 1982 shows that merits panels granted some relief in only three percent of the more than 1900 petitions filed. The relief granted usually involved only minor corrections of factual misstatements, rarely resulting in a change of outcome in the decision.

En banc petitions were accepted less frequently, in only 16 of more than 1100 requests. Historically, the court itself initiated en banc review in more than half (21 of 37) of the very few appeals decided en banc since 1982. This sua sponte, en banc review is a by-product of the court’s practice of circulating every precedential panel decision to all the judges of the Federal Circuit before it is published. No count is kept of sua sponte, en banc polls that fail to carry enough judges, but one of the reasons that virtually all of the more than 1100 petitions made by the parties since 1982 have been declined is that the court itself has already implicitly approved the precedential opinions before they are filed by the merits panel.

Q. Is it necessary to have filed either of these petitions before filing a petition for certiorari in the U.S. Supreme Court?

A. No. All that is needed is a final judgment of the Court of Appeals. As a matter of interest, very few petitions for certiorari from Federal Circuit decisions are granted. Since 1982, the U.S. Supreme Court has granted certiorari in only 31 appeals heard in the Federal Circuit. Almost 1000 petitions for certiorari have been filed in that period.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

INFORMATION SHEET

FILING A PETITION FOR A WRIT OF CERTIORARI

There is no automatic right of appeal to the Supreme Court of the United States from judgments of the Federal Circuit. You must file a petition for a writ of certiorari which the Supreme Court will grant only when there are compelling reasons. (See Rule 10 of the Rules of the Supreme Court of the United States, hereinafter called Rules.)

Time. The petition must be filed in the Supreme Court of the United States within 90 days of the entry of judgment in this Court or within 90 days of the denial of a timely petition for rehearing. The judgment is entered on the day the Federal Circuit issues a final decision in your case. [The time does not run from the issuance of the mandate, which has no effect on the right to petition.] (See Rule 13 of the Rules.)

Fees. Either the \$300 docketing fee or a motion for leave to proceed in forma pauperis with an affidavit in support thereof must accompany the petition. (See Rules 38 and 39.)

Authorized Filer. The petition must be filed by a member of the bar of the Supreme Court of the United States or by the petitioner representing himself or herself.

Format of a Petition. The Rules are very specific about the order of the required information and should be consulted before you start drafting your petition. (See Rule 14.) Rules 33 and 34 should be consulted regarding type size and font, paper size, paper weight, margins, page limits, cover, etc.

Number of Copies. Forty copies of a petition must be filed unless the petitioner is proceeding in forma pauperis, in which case an original and ten copies of the petition for writ of certiorari and of the motion for leave to proceed in forma pauperis. (See Rule 12.)

Where to File. You must file your documents at the Supreme Court.

**Clerk
Supreme Court of the United States
1 First Street, NE
Washington, DC 20543
(202) 479-3000**

No documents are filed at the Federal Circuit and the Federal Circuit provides no information to the Supreme Court unless the Supreme Court asks for the information.

Access to the Rules. The current rules can be found in Title 28 of the United States Code Annotated and other legal publications available in many public libraries.