

No. 05-376

In the Supreme Court of the United States

INVENTION SUBMISSION CORPORATION, PETITIONER

v.

JONATHAN W. DUDAS, UNDERSECRETARY OF
COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR, PATENT AND TRADEMARK OFFICE

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

BRIEF FOR THE RESPONDENT IN OPPOSITION

PAUL D. CLEMENT
*Solicitor General
Counsel of Record*

PETER D. KEISLER
Assistant Attorney General

ANTHONY J. STEINMEYER
ROBERT D. KAMENSHINE
Attorneys

*Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217*

QUESTION PRESENTED

Whether, after the court of appeals held that petitioner had failed to preserve a particular claim before the district court and remanded with express instructions to dismiss the case, the district court on remand erred by dismissing the case, in keeping with the mandate, and denying plaintiff's motion to amend its complaint to add a claim that the court of appeals had declined to reach because it had been waived.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1-10) is reported at 413 F.3d 411. The order of the district court (Pet. App. 11-15) is unreported.

JURISDICTION

The judgment of the court of appeals (Pet. App. 17-18) was entered on June 24, 2005. The petition for a writ of certiorari was filed on September 20, 2005. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress enacted the Inventors' Rights Act of 1999 (IRA or Act), 35 U.S.C. 297, "to curb the deceptive practices of certain invention promotion companies." H.R. Conf. Rep. No. 464, 106th Cong., 1st Sess. 118

(1999). The IRA protects inventors from invention promotion scams in several ways. First, the Act mandates that invention promoters disclose to potential clients certain pertinent information about their businesses, such as the number of existing clients who have made a profit. 35 U.S.C. 297(a). Second, the Act creates a civil remedy for any inventor injured by an invention promoter's deception. 35 U.S.C. 297(b). Finally, the Act directs the Patent and Trademark Office (PTO) to make "publicly available" "all complaints received by [it] involving invention promoters * * *, together with any response of the invention promoters." 35 U.S.C. 297(d). The PTO has implemented its statutory authority by establishing "a forum for the publication of complaints concerning invention promoters." 37 C.F.R. 4.1. Complaints are not posted until the invention promoter has had an opportunity to file a reply, and the complainant may withdraw the complaint "at any time prior to its publication." 37 C.F.R. 4.3(f), 4.4(a).

In 1999, the PTO created the Office of Independent Inventor Programs (OIIP) to assist independent inventors by "simplifying their access to our patent system." See PTO Press Release No. 99-27 (Sept. 8, 1999) <<http://www.uspto.gov/web/offices/com/speeches/99-27.htm>>. The OIIP "works to educate independent inventors about invention marketing firms and the scams that may affect these inventors and offer information on avoiding these problems." *Ibid.* In addition to posting complaints and responses concerning invention promoters, as required by the IRA, the OIIP's web site offers "educational and outreach programs for independent inventors, covering all aspects of the patent and trademark process, including how to file an application and what's patentable." *Ibid.*

2. In January 2002, the PTO initiated an advertising campaign in order to warn the public of potential problems with invention promoters and to encourage inventors to utilize the OIIP's services. Pet. App. 3-4. In a press release describing the forthcoming campaign, the PTO noted that the agency's advertisements would feature "an actual inventor, Edward Lewis, who lost several thousand dollars." *Id.* at 24 (quotation marks omitted). In the advertisements, Lewis described how he had spent \$13,000 on the services of an invention promotion company but "ha[d]n't seen a penny." *Ibid.* (quotation marks omitted). The advertisements did not accuse any particular promotion company of engaging in scams, nor did they identify the company to which Lewis referred. *Id.* at 33.

A cable television journalist who saw the advertising campaign conducted his own interview with Mr. Lewis, and his network published a story in which it disclosed that petitioner, Invention Submission Corporation, was the invention promotion company with which Lewis had dealt. Pet. App. 24. The story reported that Lewis had filed a complaint against petitioner with the PTO and that petitioner denied Lewis's accusations. *Id.* at 24-25. In addition, the cable story disclosed that the Federal Trade Commission had investigated petitioner in the 1990s "for misrepresentation in patent marketing schemes," and that petitioner had settled the matter by refunding \$1.2 million and agreeing to change its practices. *Ibid.* (quotation marks omitted).

As reported in the cable story, Lewis had, in fact, filed a complaint with the PTO against petitioner. Pet. App. 25. The dispute was apparently resolved, and because Lewis withdrew his complaint prior to any re-

sponse by petitioner, his complaint was never posted on the PTO's web site. *Ibid.*

3. Shortly after resolving Lewis's claim, petitioner filed the present suit in the United States District Court for the Eastern District of Virginia against the Director of the PTO. Petitioner sought declaratory and injunctive relief, alleging that "the PTO's use of Lewis' complaint in its media campaign was a final agency action which is reviewable under the" Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.* Pet. App. 42. The district court held that petitioner's "complaint fail[ed] to state a cause of action under the APA" because there was no "final agency action." *Id.* at 42-43.

4. The court of appeals affirmed. Pet. App. 21-36. The court agreed with the district court that "the PTO's advertising campaign was not a final agency action." *Id.* at 22. In a footnote, the court noted that petitioner "also seeks to justify the federal court's jurisdiction on its general equity jurisdiction to review unlawful actions of officials of an administrative agency, under the 'McAnnulty Doctrine.'" *Id.* at 29 n.* (citing *American Sch. of Magnetic Healing v. McAnnulty*, 187 U.S. 94 (1902)). The court expressly declined to address the question whether the "'McAnnulty Doctrine' * * * provides a basis for judicial review of unlawful agency action" because petitioner "did not present this theory to the district court," but had raised it "for the first time on appeal." *Ibid.*

The court of appeals concluded that, in light of the absence of final agency action, the appropriate basis for dismissal was for lack of jurisdiction, under Federal Rule of Civil Procedure 12(b)(1), rather than for failure to state a claim, under Rule 12(b)(6). Pet. App. 36. The court of appeals' opinion therefore specified that the

district court's order was "vacate[d]" and that the case was "remand[ed] with instructions to dismiss this case under Federal Rule of Civil Procedure 12(b)(1)." *Ibid.*

5. Petitioner filed a petition for a writ of certiorari seeking review by this Court.¹ Among the arguments raised in that petition was a claim that certiorari was appropriate to address the availability of judicial review of an agency's allegedly *ultra vires* acts pursuant to the *McAnnulty* decision. 04-40 Pet. 9-12. The Court denied certiorari on November 1, 2004. 125 S. Ct. 415.

6. After the court of appeals' mandate issued, and while the petition for certiorari was pending, petitioner sought to file an amended complaint in the district court to add a claim under *McAnnulty*. The district court denied petitioner's motion, which the court explained sought "to re-plead [petitioner's] allegations under an entirely new legal theory, the *McAnnulty* Doctrine." Pet. App. 13. The court stated that the court of appeals "did not direct the Court to reopen the case or consider the applicability of the *McAnnulty* Doctrine," and thus, "[u]nder the mandate rule, all this Court is authorized to do is dismiss this civil Complaint." *Ibid.* The court further noted that "[i]n addition to violating the mandate rule, to allow the [petitioner] to amend its Complaint by adding a completely new legal theory * * * would defeat notions of judicial economy and finality." *Id.* at 14.

7. The court of appeals again affirmed. Pet. App. 1-10. The court explained that "[i]n general, once a case has been decided on appeal and a mandate issued, the lower court may not deviate from that mandate but is required to give full effect to its execution." *Id.* at 8. The court of appeals stated that the mandate rule is "a

¹ Petitioner did not request a stay pending disposition of its petition.

more powerful version of the law of the case doctrine,” *ibid.*, and that “[d]eviation from the mandate rule is permitted only in a few exceptional circumstances, such as (1) a change in “controlling legal authority”; (2) discovery of “significant new evidence”; and (3) “when ‘a blatant error in the prior decision will, if uncorrected, result in a serious injustice.’” *Ibid.* (quoting *United States v. Aramony*, 166 F.3d 655, 662 (4th Cir.), cert. denied, 526 U.S. 1146 (1999), and *United States v. Bell*, 5 F.3d 64, 67 (4th Cir. 1993)). The court held that “none of these exceptions applies here.” *Ibid.*

The court of appeals went on to consider “the scope of [the] mandate” and to determine “whether the district court faithfully executed it.” Pet. App. 8. The court pointed out that its mandate “directed the district court to dismiss this case for lack of subject matter jurisdiction and, on its face, d[id] not authorize the district court to open the case for further adjudication.” *Id.* at 9. Consistent with the mandate, the district court “was not free to do anything else but to dismiss the case.” *Ibid.* Characterizing its instruction as “clear, direct, and limiting,” the court of appeals “conclude[d] that the district court followed the mandate as directed.” *Ibid.*

The court of appeals explained that petitioner’s reliance on a footnote in the court’s prior opinion discussing *McAnnulty* was “misplaced.” Pet. App. 9. That footnote, the court stated, “simply took note” that petitioner “had not preserved that issue for consideration on appeal,” and the court of appeals had “not instruct[ed] the district court to consider that doctrine on remand.” *Ibid.*

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or any other court of appeals. Further review is not warranted.

1. No decision of this Court or of any court of appeals authorizes a district court in a situation such as this to disregard the court of appeals' express order that the case be dismissed on remand. Contrary to petitioner's claim (Pet. 14), there is no "[d]irect [c]onflict" with this Court's "*Quern-Sprague-Wells Fargo* line of cases." Pet. 11, 18.² None of those cases presented circumstances like those at issue here, in which the prior court's opinion discussed the matter in question and the mandate specifically directed dismissal of the case.

In *Quern v. Jordan*, 440 U.S. 332 (1979), the Court addressed the scope of its earlier remand in *Edelman v. Jordan*, 415 U.S. 651 (1974). See *Quern*, 440 U.S. at 347 n.18. The Court noted the general rule that "[o]n remand, the 'Circuit Court may consider and decide any matters *left open* by the mandate of this court.'" *Ibid.* (quoting *In re Sanford Fork & Tool Co.*, 160 U.S. 247, 256 (1895)) (emphasis added). The Court held that the mandate in *Edelman* had not foreclosed the lower courts' consideration of other possible forms of relief because the mandate had simply remanded "for further proceedings consistent with this opinion." *Ibid.* (quoting *Edelman*, 415 U.S. at 678). Similarly, in *Wells Fargo & Co. v. Taylor*, 254 U.S. 175 (1920), the Court emphasized that the district court "was bound to give effect to the decision and mandate of the Circuit Court of Appeals."

² *Quern v. Jordan*, 440 U.S. 332 (1979); *Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161 (1939); *Wells Fargo & Co. v. Taylor*, 254 U.S. 175 (1920).

Id. at 181. The Court held that amendment after remand from the court of appeals was appropriate on the facts of that case because the court of appeals’ mandate “*did not order the bill dismissed nor give any direction even impliedly making against the amendment.*” *Id.* at 182 (emphasis added).³

Here, in contrast to the cases relied upon by petitioner, the court of appeals’ mandate specifically required the district court “to dismiss this case,” Pet. App. 36, and consequently left nothing for the district court to do but enter a judgment of dismissal. See *Stamper v. Baskerville*, 724 F.2d 1106, 1108 (4th Cir. 1984) (“Once an order to dismiss is received, any action by the lower court other than immediate and complete dismissal is by definition inconsistent with—and therefore a violation of—the order.”). It is clear, moreover, that the court of appeals’ mandate of dismissal was not the product of oversight. Rather, the court of appeals specifically noted petitioner’s argument with respect to *McAnnulty*, and refused to consider that alternative theory, holding that petitioner “did not present this theory to the district court” and had therefore waived it. Pet. App. 29 n.*.

Finally, if the court of appeals had not intended its mandate in the first appeal to foreclose amendment, it would have said so on the second appeal. Cf. *Wells Fargo*, 254 U.S. at 181 (noting that, if the appellate court had intended, on the first appeal, to leave “nothing open

³ *Sprague* is even less relevant. In that case, the Court held simply that a mandate resolving the merits of a claim did not cover the entirely “collateral * * * and independent” question whether attorneys’ fees should be awarded, an issue that the Court observed was better resolved after “final disposition of * * * [the] entire process including appeal.” 307 U.S. at 168-169 (quotation marks omitted).

to the District Court but to dismiss the bill,” then “the Circuit Court of Appeals on the second appeal hardly would have failed to enforce its prior decision”). Instead, the court of appeals reiterated that its prior opinion held that petitioner “had not properly raised” the *McAnnulty* issue before the district court “and therefore had not preserved that issue for consideration on appeal.” Pet. App. 9. The court of appeals’ decision on the second appeal leaves no doubt that it intended what it said when its first mandate directed the district court to “dismiss this case.” *Id.* at 36. See *id.* at 9 (“to comply with our mandate, the district court could only dismiss the case”).⁴

2. Notwithstanding the clarity of the court of appeals’ mandate, petitioner argues that the district court was free to disregard that mandate and allow amendment of petitioner’s complaint. That assertion is based entirely on petitioner’s contentions that there is no requirement to plead affirmatively the precise basis of the court’s subject matter jurisdiction as long as the facts supporting jurisdiction are alleged, see Pet. 11-12 (citing Fed. R. Civ. P. 8(a)(1)), and that, pursuant to 28 U.S.C. 1653, amendment to make explicit a basis of “subject matter jurisdiction” that was already implicit must be liberally allowed, even in the court of appeals, Pet. 12-13.

Even assuming, as petitioner contends, that courts generally have a “duty” pursuant to Rule 8(a) and 28

⁴ Indeed, petitioner’s first petition for a writ of certiorari reflects that petitioner also realized at the time of the Fourth Circuit’s first decision that the court of appeals’ opinion would preclude petitioner from pursuing an argument based on *McAnnulty*. Thus, petitioner urged this Court to review “[t]he Fourth Circuit’s exclusion of the *McAnnulty* Doctrine in its jurisdictional analysis.” 04-40 Pet. 10.

U.S.C. 1653 to “remedy inadequate jurisdictional allegations” on appeal, Pet. 12, and that the court of appeals should therefore have permitted petitioner to advance its new *McAnnulty* claim on appeal, that would suggest at most that the court of appeals’ prior decision refusing to consider the *McAnnulty* claim was in error. The proper remedy for an allegedly erroneous court of appeals decision is further appellate review by way of rehearing or certiorari, not a request to the district court to disregard the court of appeals’ mandate. Although petitioner did seek further review of the first decision, this Court denied the petition for certiorari, and that should have been the end of the matter. To be sure, as a general rule “Supreme Court review of a final judgment opens up the entire case, including all relevant interlocutory orders that may have been entered by the court of appeals or the district court.” Robert L. Stern et al., *Supreme Court Practice* 75 (8th ed. 2002). But that rule does not apply here, because the court of appeals’ prior decision directing that the case be dismissed was not “interlocutory.” There is no purpose to be served by allowing petitioner to have a second bite at the apple following the district court’s faithful execution of the court of appeals’ mandate.

In any event, the premise of petitioner’s argument—that *McAnnulty* provides an “alternative ground for jurisdiction” as to which Section 1653 applies (Pet. 10)—is incorrect. Whatever the scope and continued relevance of *McAnnulty* in light of Congress’s enactment of the APA,⁵ that decision by this Court does not

⁵ We note that *McAnnulty* itself involved agency conduct that would have satisfied the “final agency action” requirement, see *McAnnulty*, 187 U.S. at 98-99 (order of the Postmaster General prohibiting delivery of letters), as have the court of appeals decisions applying *McAnnulty*

confer subject-matter jurisdiction on the district courts. Indeed, no judicial decision could do so. See *Exxon Mobil Corp. v Allapattah Servs., Inc.*, 125 S. Ct. 2611, 2617 (2005) (it is a “bedrock principle that federal courts have no jurisdiction without *statutory* authorization”) (emphasis added).

Rather, judicial review of agency action, whether pursuant to the APA or any “nonstatutory” theory of review like *McAnnulty*, must rely for its jurisdictional basis on 28 U.S.C. 1331. As this Court has held, “the APA does not afford an implied grant of subject-matter jurisdiction permitting federal judicial review of agency action.” *Califano v. Sanders*, 430 U.S. 99, 107 (1977). The APA instead provides a cause of action, *Air Courier Conference of Am. v. American Postal Workers Union*, 498 U.S. 517, 523 n.3 (1991), jurisdiction over which is based on Section 1331, *Andrus v. Charlestone Stone Prods. Co.*, 436 U.S. 604, 607-608 n.6 (1978).⁶ Similarly,

subsequent to the APA’s adoption, see *Aid Ass’n for Lutherans v. United States Postal Serv.*, 321 F.3d 1166, 1170 (D.C. Cir. 2003) (Postal Service determination that particular materials were not eligible for reduced postage rate); *Chamber of Commerce of the United States v. Reich*, 74 F.3d 1322, 1324-1325 (D.C. Cir. 1996) (executive order and implementing regulations concerning replacement of striking workers); *B.C. Morton Int’l Corp. v. FDIC*, 305 F.2d 692 (1st Cir. 1962) (determination that certificates of deposit did not qualify for FDIC insurance). Thus, it is doubtful that *McAnnulty* could serve as a basis for review of actions, such as those here, that would not satisfy the APA’s final agency action requirement. But see *Rhode Island Dep’t of Envtl. Mgmt. v. United States*, 304 F.3d 31, 41 (1st Cir. 2002) (stating, without reference to *McAnnulty*, that “the absence of ‘final agency action’” did not defeat the State’s claim for nonstatutory review).

⁶ The failure of an APA claim is sometimes referred to in jurisdictional terms because the APA includes a waiver of the United States’ sovereign immunity, see *Department of the Army v. Blue Fox, Inc.*, 525 U.S. 255, 260-261 (1999), and, thus, the merits and jurisdictional

any “nonstatutory review action” would have to “find[] its jurisdictional toehold in the general grant of federal question jurisdiction of 28 U.S.C. § 1331.” *Rhode Island Dep’t of Envtl. Mgmt. v. United States*, 304 F.3d 31, 42 (1st Cir. 2002). In other words, even assuming *arguendo* that *McAnnulty* retains any vitality after the APA’s enactment, it would merely supply a cause of action for judicial review of agency action, not an independent basis for subject-matter jurisdiction.

Thus, petitioner’s reliance on Section 1653 must fail. It is well established that Section 1653 “does not allow a plaintiff to amend its complaint to substitute a *new cause of action* over which there is subject-matter jurisdiction for one in which there is not.” *Advani Enters., Inc. v. Underwriters at Lloyds*, 140 F.3d 157, 161 (2d Cir. 1998) (emphasis added). See *Whitmire v. Victus Ltd.*, 212 F.3d 885, 888 (5th Cir. 2000) (plaintiff may not add “new claims”); *Kiser v. General Elec. Corp.*, 831 F.2d 423, 428 (3d Cir. 1987) (amendment permissible because it would “not affect Kiser’s tactics or *case theories*”) (emphasis added). Indeed, petitioner does not argue to the contrary that Section 1653 would afford a right to add a new cause of action.

inquiries become conflated, see, e.g., *Bowen v. Massachusetts*, 487 U.S. 879, 891 n. 16 (1988) (“it is common ground that if review is proper under the APA, the District Court had jurisdiction under 28 U.S.C. § 1331”). It is that sense in which the court of appeals appears to have used the phrase “subject matter jurisdiction.” Pet. App. 31-32.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

PAUL D. CLEMENT
Solicitor General

PETER D. KEISLER
Assistant Attorney General

ANTHONY J. STEINMEYER
ROBERT D. KAMENSHINE
Attorneys

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

BRIEF FOR THE RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1-10) is reported at 413 F.3d 411. The order of the district court (Pet. App. 11-15) is unreported.

JURISDICTION

The judgment of the court of appeals (Pet. App. 17-18) was entered on June 24, 2005. The petition for a writ of certiorari was filed on September 20, 2005. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress enacted the Inventors' Rights Act of 1999 (IRA or Act), 35 U.S.C. 297, "to curb the deceptive practices of certain invention promotion companies." H.R. Conf. Rep. No. 464, 106th Cong., 1st Sess. 118

(1999). The IRA protects inventors from invention promotion scams in several ways. First, the Act mandates that invention promoters disclose to potential clients certain pertinent information about their businesses, such as the number of existing clients who have made a profit. 35 U.S.C. 297(a). Second, the Act creates a civil remedy for any inventor injured by an invention promoter's deception. 35 U.S.C. 297(b). Finally, the Act directs the Patent and Trademark Office (PTO) to make "publicly available" "all complaints received by [it] involving invention promoters * * *, together with any response of the invention promoters." 35 U.S.C. 297(d). The PTO has implemented its statutory authority by establishing "a forum for the publication of complaints concerning invention promoters." 37 C.F.R. 4.1. Complaints are not posted until the invention promoter has had an opportunity to file a reply, and the complainant may withdraw the complaint "at any time prior to its publication." 37 C.F.R. 4.3(f), 4.4(a).

In 1999, the PTO created the Office of Independent Inventor Programs (OIIP) to assist independent inventors by "simplifying their access to our patent system." See PTO Press Release No. 99-27 (Sept. 8, 1999) <<http://www.uspto.gov/web/offices/com/speeches/99-27.htm>>. The OIIP "works to educate independent inventors about invention marketing firms and the scams that may affect these inventors and offer information on avoiding these problems." *Ibid.* In addition to posting complaints and responses concerning invention promoters, as required by the IRA, the OIIP's web site offers "educational and outreach programs for independent inventors, covering all aspects of the patent and trademark process, including how to file an application and what's patentable." *Ibid.*

2. In January 2002, the PTO initiated an advertising campaign in order to warn the public of potential problems with invention promoters and to encourage inventors to utilize the OIIP's services. Pet. App. 3-4. In a press release describing the forthcoming campaign, the PTO noted that the agency's advertisements would feature "an actual inventor, Edward Lewis, who lost several thousand dollars." *Id.* at 24 (quotation marks omitted). In the advertisements, Lewis described how he had spent \$13,000 on the services of an invention promotion company but "ha[d]n't seen a penny." *Ibid.* (quotation marks omitted). The advertisements did not accuse any particular promotion company of engaging in scams, nor did they identify the company to which Lewis referred. *Id.* at 33.

A cable television journalist who saw the advertising campaign conducted his own interview with Mr. Lewis, and his network published a story in which it disclosed that petitioner, Invention Submission Corporation, was the invention promotion company with which Lewis had dealt. Pet. App. 24. The story reported that Lewis had filed a complaint against petitioner with the PTO and that petitioner denied Lewis's accusations. *Id.* at 24-25. In addition, the cable story disclosed that the Federal Trade Commission had investigated petitioner in the 1990s "for misrepresentation in patent marketing schemes," and that petitioner had settled the matter by refunding \$1.2 million and agreeing to change its practices. *Ibid.* (quotation marks omitted).

As reported in the cable story, Lewis had, in fact, filed a complaint with the PTO against petitioner. Pet. App. 25. The dispute was apparently resolved, and because Lewis withdrew his complaint prior to any re-

sponse by petitioner, his complaint was never posted on the PTO's web site. *Ibid.*

3. Shortly after resolving Lewis's claim, petitioner filed the present suit in the United States District Court for the Eastern District of Virginia against the Director of the PTO. Petitioner sought declaratory and injunctive relief, alleging that "the PTO's use of Lewis' complaint in its media campaign was a final agency action which is reviewable under the" Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.* Pet. App. 42. The district court held that petitioner's "complaint fail[ed] to state a cause of action under the APA" because there was no "final agency action." *Id.* at 42-43.

4. The court of appeals affirmed. Pet. App. 21-36. The court agreed with the district court that "the PTO's advertising campaign was not a final agency action." *Id.* at 22. In a footnote, the court noted that petitioner "also seeks to justify the federal court's jurisdiction on its general equity jurisdiction to review unlawful actions of officials of an administrative agency, under the 'McAnnulty Doctrine.'" *Id.* at 29 n.* (citing *American Sch. of Magnetic Healing v. McAnnulty*, 187 U.S. 94 (1902)). The court expressly declined to address the question whether the "'McAnnulty Doctrine' * * * provides a basis for judicial review of unlawful agency action" because petitioner "did not present this theory to the district court," but had raised it "for the first time on appeal." *Ibid.*

The court of appeals concluded that, in light of the absence of final agency action, the appropriate basis for dismissal was for lack of jurisdiction, under Federal Rule of Civil Procedure 12(b)(1), rather than for failure to state a claim, under Rule 12(b)(6). Pet. App. 36. The court of appeals' opinion therefore specified that the

district court's order was "vacate[d]" and that the case was "remand[ed] with instructions to dismiss this case under Federal Rule of Civil Procedure 12(b)(1)." *Ibid.*

5. Petitioner filed a petition for a writ of certiorari seeking review by this Court.¹ Among the arguments raised in that petition was a claim that certiorari was appropriate to address the availability of judicial review of an agency's allegedly *ultra vires* acts pursuant to the *McAnnulty* decision. 04-40 Pet. 9-12. The Court denied certiorari on November 1, 2004. 125 S. Ct. 415.

6. After the court of appeals' mandate issued, and while the petition for certiorari was pending, petitioner sought to file an amended complaint in the district court to add a claim under *McAnnulty*. The district court denied petitioner's motion, which the court explained sought "to re-plead [petitioner's] allegations under an entirely new legal theory, the *McAnnulty* Doctrine." Pet. App. 13. The court stated that the court of appeals "did not direct the Court to reopen the case or consider the applicability of the *McAnnulty* Doctrine," and thus, "[u]nder the mandate rule, all this Court is authorized to do is dismiss this civil Complaint." *Ibid.* The court further noted that "[i]n addition to violating the mandate rule, to allow the [petitioner] to amend its Complaint by adding a completely new legal theory * * * would defeat notions of judicial economy and finality." *Id.* at 14.

7. The court of appeals again affirmed. Pet. App. 1-10. The court explained that "[i]n general, once a case has been decided on appeal and a mandate issued, the lower court may not deviate from that mandate but is required to give full effect to its execution." *Id.* at 8. The court of appeals stated that the mandate rule is "a

¹ Petitioner did not request a stay pending disposition of its petition.

more powerful version of the law of the case doctrine,” *ibid.*, and that “[d]eviation from the mandate rule is permitted only in a few exceptional circumstances, such as (1) a change in “controlling legal authority”; (2) discovery of “significant new evidence”; and (3) “when ‘a blatant error in the prior decision will, if uncorrected, result in a serious injustice.’” *Ibid.* (quoting *United States v. Aramony*, 166 F.3d 655, 662 (4th Cir.), cert. denied, 526 U.S. 1146 (1999), and *United States v. Bell*, 5 F.3d 64, 67 (4th Cir. 1993)). The court held that “none of these exceptions applies here.” *Ibid.*

The court of appeals went on to consider “the scope of [the] mandate” and to determine “whether the district court faithfully executed it.” Pet. App. 8. The court pointed out that its mandate “directed the district court to dismiss this case for lack of subject matter jurisdiction and, on its face, d[id] not authorize the district court to open the case for further adjudication.” *Id.* at 9. Consistent with the mandate, the district court “was not free to do anything else but to dismiss the case.” *Ibid.* Characterizing its instruction as “clear, direct, and limiting,” the court of appeals “conclude[d] that the district court followed the mandate as directed.” *Ibid.*

The court of appeals explained that petitioner’s reliance on a footnote in the court’s prior opinion discussing *McAnnulty* was “misplaced.” Pet. App. 9. That footnote, the court stated, “simply took note” that petitioner “had not preserved that issue for consideration on appeal,” and the court of appeals had “not instruct[ed] the district court to consider that doctrine on remand.” *Ibid.*

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or any other court of appeals. Further review is not warranted.

1. No decision of this Court or of any court of appeals authorizes a district court in a situation such as this to disregard the court of appeals' express order that the case be dismissed on remand. Contrary to petitioner's claim (Pet. 14), there is no "[d]irect [c]onflict" with this Court's "*Quern-Sprague-Wells Fargo* line of cases." Pet. 11, 18.² None of those cases presented circumstances like those at issue here, in which the prior court's opinion discussed the matter in question and the mandate specifically directed dismissal of the case.

In *Quern v. Jordan*, 440 U.S. 332 (1979), the Court addressed the scope of its earlier remand in *Edelman v. Jordan*, 415 U.S. 651 (1974). See *Quern*, 440 U.S. at 347 n.18. The Court noted the general rule that "[o]n remand, the 'Circuit Court may consider and decide any matters *left open* by the mandate of this court.'" *Ibid.* (quoting *In re Sanford Fork & Tool Co.*, 160 U.S. 247, 256 (1895)) (emphasis added). The Court held that the mandate in *Edelman* had not foreclosed the lower courts' consideration of other possible forms of relief because the mandate had simply remanded "for further proceedings consistent with this opinion." *Ibid.* (quoting *Edelman*, 415 U.S. at 678). Similarly, in *Wells Fargo & Co. v. Taylor*, 254 U.S. 175 (1920), the Court emphasized that the district court "was bound to give effect to the decision and mandate of the Circuit Court of Appeals."

² *Quern v. Jordan*, 440 U.S. 332 (1979); *Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161 (1939); *Wells Fargo & Co. v. Taylor*, 254 U.S. 175 (1920).

Id. at 181. The Court held that amendment after remand from the court of appeals was appropriate on the facts of that case because the court of appeals’ mandate “*did not order the bill dismissed nor give any direction even impliedly making against the amendment.*” *Id.* at 182 (emphasis added).³

Here, in contrast to the cases relied upon by petitioner, the court of appeals’ mandate specifically required the district court “to dismiss this case,” Pet. App. 36, and consequently left nothing for the district court to do but enter a judgment of dismissal. See *Stamper v. Baskerville*, 724 F.2d 1106, 1108 (4th Cir. 1984) (“Once an order to dismiss is received, any action by the lower court other than immediate and complete dismissal is by definition inconsistent with—and therefore a violation of—the order.”). It is clear, moreover, that the court of appeals’ mandate of dismissal was not the product of oversight. Rather, the court of appeals specifically noted petitioner’s argument with respect to *McAnnulty*, and refused to consider that alternative theory, holding that petitioner “did not present this theory to the district court” and had therefore waived it. Pet. App. 29 n.*.

Finally, if the court of appeals had not intended its mandate in the first appeal to foreclose amendment, it would have said so on the second appeal. Cf. *Wells Fargo*, 254 U.S. at 181 (noting that, if the appellate court had intended, on the first appeal, to leave “nothing open

³ *Sprague* is even less relevant. In that case, the Court held simply that a mandate resolving the merits of a claim did not cover the entirely “collateral * * * and independent” question whether attorneys’ fees should be awarded, an issue that the Court observed was better resolved after “final disposition of * * * [the] entire process including appeal.” 307 U.S. at 168-169 (quotation marks omitted).

to the District Court but to dismiss the bill,” then “the Circuit Court of Appeals on the second appeal hardly would have failed to enforce its prior decision”). Instead, the court of appeals reiterated that its prior opinion held that petitioner “had not properly raised” the *McAnnulty* issue before the district court “and therefore had not preserved that issue for consideration on appeal.” Pet. App. 9. The court of appeals’ decision on the second appeal leaves no doubt that it intended what it said when its first mandate directed the district court to “dismiss this case.” *Id.* at 36. See *id.* at 9 (“to comply with our mandate, the district court could only dismiss the case”).⁴

2. Notwithstanding the clarity of the court of appeals’ mandate, petitioner argues that the district court was free to disregard that mandate and allow amendment of petitioner’s complaint. That assertion is based entirely on petitioner’s contentions that there is no requirement to plead affirmatively the precise basis of the court’s subject matter jurisdiction as long as the facts supporting jurisdiction are alleged, see Pet. 11-12 (citing Fed. R. Civ. P. 8(a)(1)), and that, pursuant to 28 U.S.C. 1653, amendment to make explicit a basis of “subject matter jurisdiction” that was already implicit must be liberally allowed, even in the court of appeals, Pet. 12-13.

Even assuming, as petitioner contends, that courts generally have a “duty” pursuant to Rule 8(a) and 28

⁴ Indeed, petitioner’s first petition for a writ of certiorari reflects that petitioner also realized at the time of the Fourth Circuit’s first decision that the court of appeals’ opinion would preclude petitioner from pursuing an argument based on *McAnnulty*. Thus, petitioner urged this Court to review “[t]he Fourth Circuit’s exclusion of the *McAnnulty* Doctrine in its jurisdictional analysis.” 04-40 Pet. 10.

U.S.C. 1653 to “remedy inadequate jurisdictional allegations” on appeal, Pet. 12, and that the court of appeals should therefore have permitted petitioner to advance its new *McAnnulty* claim on appeal, that would suggest at most that the court of appeals’ prior decision refusing to consider the *McAnnulty* claim was in error. The proper remedy for an allegedly erroneous court of appeals decision is further appellate review by way of rehearing or certiorari, not a request to the district court to disregard the court of appeals’ mandate. Although petitioner did seek further review of the first decision, this Court denied the petition for certiorari, and that should have been the end of the matter. To be sure, as a general rule “Supreme Court review of a final judgment opens up the entire case, including all relevant interlocutory orders that may have been entered by the court of appeals or the district court.” Robert L. Stern et al., *Supreme Court Practice* 75 (8th ed. 2002). But that rule does not apply here, because the court of appeals’ prior decision directing that the case be dismissed was not “interlocutory.” There is no purpose to be served by allowing petitioner to have a second bite at the apple following the district court’s faithful execution of the court of appeals’ mandate.

In any event, the premise of petitioner’s argument—that *McAnnulty* provides an “alternative ground for jurisdiction” as to which Section 1653 applies (Pet. 10)—is incorrect. Whatever the scope and continued relevance of *McAnnulty* in light of Congress’s enactment of the APA,⁵ that decision by this Court does not

⁵ We note that *McAnnulty* itself involved agency conduct that would have satisfied the “final agency action” requirement, see *McAnnulty*, 187 U.S. at 98-99 (order of the Postmaster General prohibiting delivery of letters), as have the court of appeals decisions applying *McAnnulty*

confer subject-matter jurisdiction on the district courts. Indeed, no judicial decision could do so. See *Exxon Mobil Corp. v Allapattah Servs., Inc.*, 125 S. Ct. 2611, 2617 (2005) (it is a “bedrock principle that federal courts have no jurisdiction without *statutory* authorization”) (emphasis added).

Rather, judicial review of agency action, whether pursuant to the APA or any “nonstatutory” theory of review like *McAnnulty*, must rely for its jurisdictional basis on 28 U.S.C. 1331. As this Court has held, “the APA does not afford an implied grant of subject-matter jurisdiction permitting federal judicial review of agency action.” *Califano v. Sanders*, 430 U.S. 99, 107 (1977). The APA instead provides a cause of action, *Air Courier Conference of Am. v. American Postal Workers Union*, 498 U.S. 517, 523 n.3 (1991), jurisdiction over which is based on Section 1331, *Andrus v. Charlestone Stone Prods. Co.*, 436 U.S. 604, 607-608 n.6 (1978).⁶ Similarly,

subsequent to the APA’s adoption, see *Aid Ass’n for Lutherans v. United States Postal Serv.*, 321 F.3d 1166, 1170 (D.C. Cir. 2003) (Postal Service determination that particular materials were not eligible for reduced postage rate); *Chamber of Commerce of the United States v. Reich*, 74 F.3d 1322, 1324-1325 (D.C. Cir. 1996) (executive order and implementing regulations concerning replacement of striking workers); *B.C. Morton Int’l Corp. v. FDIC*, 305 F.2d 692 (1st Cir. 1962) (determination that certificates of deposit did not qualify for FDIC insurance). Thus, it is doubtful that *McAnnulty* could serve as a basis for review of actions, such as those here, that would not satisfy the APA’s final agency action requirement. But see *Rhode Island Dep’t of Envtl. Mgmt. v. United States*, 304 F.3d 31, 41 (1st Cir. 2002) (stating, without reference to *McAnnulty*, that “the absence of ‘final agency action’” did not defeat the State’s claim for nonstatutory review).

⁶ The failure of an APA claim is sometimes referred to in jurisdictional terms because the APA includes a waiver of the United States’ sovereign immunity, see *Department of the Army v. Blue Fox, Inc.*, 525 U.S. 255, 260-261 (1999), and, thus, the merits and jurisdictional

any “nonstatutory review action” would have to “find[] its jurisdictional toehold in the general grant of federal question jurisdiction of 28 U.S.C. § 1331.” *Rhode Island Dep’t of Envtl. Mgmt. v. United States*, 304 F.3d 31, 42 (1st Cir. 2002). In other words, even assuming *arguendo* that *McAnnulty* retains any vitality after the APA’s enactment, it would merely supply a cause of action for judicial review of agency action, not an independent basis for subject-matter jurisdiction.

Thus, petitioner’s reliance on Section 1653 must fail. It is well established that Section 1653 “does not allow a plaintiff to amend its complaint to substitute a *new cause of action* over which there is subject-matter jurisdiction for one in which there is not.” *Advani Enters., Inc. v. Underwriters at Lloyds*, 140 F.3d 157, 161 (2d Cir. 1998) (emphasis added). See *Whitmire v. Victus Ltd.*, 212 F.3d 885, 888 (5th Cir. 2000) (plaintiff may not add “new claims”); *Kiser v. General Elec. Corp.*, 831 F.2d 423, 428 (3d Cir. 1987) (amendment permissible because it would “not affect Kiser’s tactics or *case theories*”) (emphasis added). Indeed, petitioner does not argue to the contrary that Section 1653 would afford a right to add a new cause of action.

inquiries become conflated, see, e.g., *Bowen v. Massachusetts*, 487 U.S. 879, 891 n. 16 (1988) (“it is common ground that if review is proper under the APA, the District Court had jurisdiction under 28 U.S.C. § 1331”). It is that sense in which the court of appeals appears to have used the phrase “subject matter jurisdiction.” Pet. App. 31-32.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

PAUL D. CLEMENT
Solicitor General

PETER D. KEISLER
Assistant Attorney General

ANTHONY J. STEINMEYER
ROBERT D. KAMENSHINE
Attorneys

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