

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

DAVID A. TROPP,  
Plaintiff,

v.

EAGLE CREEK, INC., CONAIR  
CORPORATION, BROOKSTONE, INC.,  
BRIGGS & RILEY TRAVEL WARE, LLC,  
BROOKSTONE, INC., DELSEY LUGGAGE  
INC., EBAGS, INC., FORTUNE BRANDS,  
INC., HP MARKETING CORP. LTD, L.C.  
INDUSTRIES, LLC, OUTPAC DESIGNS INC.,  
MAGELLAN'S INTERNATIONAL  
TRAVEL CORPORATION, SAMSONITE  
CORPORATION, TITAN LUGGAGE USA,  
TRAVELPRO INTERNATIONAL, INC. TUMI,  
INC, VICTORINOX SWISS ARMY, INC., and  
DEFENDANT WORDLOCK, INC.,

Defendants.

Civil Action No.

1:08-cv-04446 (ENV) (RLM)

**PLAINTIFFS' MEMORANDUM OF LAW IN OPPOSITION TO THE MOTION BY  
CERTAIN DEFENDANTS FOR SUMMARY JUDGMENT**

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CORRECTED

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## PRELIMINARY STATEMENT

Plaintiff David Tropp, owner of U.S. Patent Nos. 7,021,537 and 7,036,728 (the patents in suit), submits this memorandum of law in opposition to the motion by the moving defendants<sup>1</sup> (the “defendants”) for summary judgment pursuant to 28 U.S.C. § 1498. Defendants’ novel proposed extension of § 1498, their reliance on the dearth of case law they cite, and their radical policy suggestions, are completely unsupported by the law, as discussed below.

Perhaps no legal argument in opposition to the motion is more compelling, however, than consideration of an obvious fact: This supposed “silver bullet”—a statutory provision that purportedly disposes of Mr. Tropp’s claims—was, and remains, completely neglected in the companion case of *Travel Sentry, Inc. v. Tropp*, 1:06-cv-06415 (the “Travel Sentry Action”) in this Court, despite the completely identical material facts. This does not *per se* prejudice these defendants nor work as an estoppel against them. But it certainly should inform the Court of just how “seriously” this motion is to be taken. In fact, defendants have by all indications (including the timing) filed, as a motion in this action, a discarded summary judgment brief point prepared for the Travel Sentry Action, but found so wanting it could not justify the coveted space within the page limits for Travel Sentry’s motions—or not filed there for other, murkier reasons.

Here, however, Mr. Tropp sets forth below the many reasons why defendants’ motion for summary judgment based on 28 U.S.C. § 1498, should be denied. The motion should be denied because that statute requires either infringement—or “use”—of the invention in question by the government itself; this is absent here under any coherent understanding of the words “use” or

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<sup>1</sup> Conair Corporation, Brookstone, Inc., Briggs & Riley Travelware LLC, Delsey Luggage Inc., eBags, Inc., Eagle Creek, a division of VF Outdoor, Inc., Master Lock Company, LLC, HP Marketing Corp., Magellan’s International Travel Corporation, Samsonite Corporation, Titan Luggage USA, Travelpro International, Inc., Tumi, Inc., TRG Accessories, LLC, and Wordlock, Inc.

any interpretation of them by the courts. Neither was there anything cognizable under the cases interpreting § 1498 as “authorization or consent,” by the government to these defendants, to infringe the patents in suit for official purposes. Indeed, the moving defendants have no relationship with the government at all concerning the Travel Sentry locks, and § 1498 simply does not apply to third parties, such as defendants here, who infringe for their own profit but who in the process happen to promote a socially useful goal.

### STATEMENT OF FACTS

The procedural facts as set out in the Moving Brief of the defendants are adopted here for purposes of this motion. It is worth, however, briefly rehearsing the material facts, already developed in the Travel Sentry Action, regarding the relationship between the Transportation Security Administration (“TSA”), which relationship, it is undisputed, defines the scope of all the infringing locks at issue in this litigation:

On October 16, 2003, Travel Sentry entered into a Memorandum of Understanding with the TSA (the “MOU”). The purpose of the MOU was to “set forth terms by which Travel Sentry will provide TSA, at no cost, with 1,500 complete sets of passkeys for the TSA to distribute to field locations.” The TSA promised to “make good faith efforts to distribute the passkeys and information provided by Travel Sentry on the use of the passkeys, and to use the passkeys to open checked baggage secured with Travel Sentry certified locks whenever practicable. The MOU does not recite or describe a special procedure.

Travel Sentry Memorandum Of Law In Support Of Motion For Summary Judgment of Noninfringement, Case 1:06-cv-06415-ENV-RLM, Document 135, Filed 11/23/09 at 14-15.

Furthermore, Travel Sentry’s principal John Vermilye is described as having

conceived of the Travel Sentry concept, which was simply persuading lock and luggage manufacturers to agree on a lock standard, which would allow one (or a small number) of proprietary master keys to open a virtually unlimited number of locks bearing the Travel Sentry logo . . . Accordingly, this work by Vermilye was

almost an immediate reaction to the new demand created by the [TSA's] Screening Mandate.

Travel Sentry Memorandum Of Law In Support Of Motion For Summary Judgment of Invalidity, Case 1:06-cv-06415-ENV-RLM, Document 134, Filed 11/23/09 at 14-15.

In short: The relationship between Travel Sentry and the TSA was governed by nothing more than an Memorandum of Understanding (MOU), an aspirational expression of a joint hope that TSA would make “good faith efforts” to use Travel Sentry locks “whenever practical.” No mandate, no specified government program and no contractual obligation was implicated.

And as far as the MOU does or does not go with respect to Travel Sentry and the government, it holds nothing for the defendants here. Not a single defendant is, on this record, shown to have been a “party” to the MOU. Nor does the record show that any defendant entered into a contract with, fulfill orders for, or otherwise have any direct or indirect business, legal or other relationship with the TSA or any other government agency relating to the sale of Travel Sentry locks. Finally, the record does not in any way suggest that any defendant was a subcontractor of Travel Sentry for any purpose.

## LEGAL ARGUMENT

### **I. SECTION 1498 IS NOT A BROAD GRANT OF IMMUNITY TO PRIVATE PARTIES MERELY BECAUSE THEY BENEFIT FROM PATENT INFRINGEMENT THAT MAY PROMOTE A GOVERNMENT POLICY.**

Defendants’ motion is premised on a conception that 28 U.S.C.A. § 1498 constitutes a “get out of jail free” card for any infringing party that happens to profit from its infringement as long as it helps further a government policy. But neither common sense nor the cases support such an assertion. In fact, the inventions infringing the patents in suit, i.e. the Travel Sentry

locks, were **not** “manufactured or used by or for the United States,” as the courts interpret those words; their infringement by defendants was not pursuant to any “authorization or consent” by the government, as also discussed below; and in any event, even when § 1498 does apply, it does not impose the draconian outcomes imagined by defendants in this summary judgment motion.<sup>2</sup>

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<sup>2</sup> Defendants sneer in a footnote at what they term Mr. Tropp’s “frivolous” argument that the proper procedural footing for this motion may be not a Rule 56 summary judgment motion, but a motion to dismiss under Fed. R. Civ. P. 12(b)(1) for want of subject matter jurisdiction. Yet defendants’ own brief refers to “the 1498 jurisdictional analysis” (at 19) and states that “under either theory . . . § 1498 jurisdiction controls” (at 17). On further consideration of the relevant case, *O’Rourke v. Smithsonian Institution Press*, 399 F.3d 113, 123 (2d Cir. 2005), Mr. Tropp cannot say whether a motion to dismiss based on § 1498 should indeed be brought on the basis of subject matter jurisdiction when a private party is making the motion or not, and therefore he does not argue this point as part of his opposition.

It should be noted however that this “frivolous” proposition did not originate with Mr. Tropp or his lawyers. Rather it was stated in a decision by a United States District Court judge, as followed:

Courts have disagreed as to whether § 1498 is a jurisdictional statute or an affirmative defense. Compare *O’Rourke v. Smithsonian Institution Press*, 399 F.3d 113, 123 (2d Cir.2005) (jurisdictional) with *Toxgon Corp. v. BNFL, Inc.*, 312 F.3d 1379, 1381 (Fed.Cir.2002) (affirmative defense). If § 1498 is jurisdictional, defendants should properly style their motion as one to dismiss for lack of subject matter jurisdiction under Rule 12(b)(1). If however § 1498 is an affirmative defense, defendants should seek dismissal under Rule 12(b)(6) or summary judgment.

*Advanced Software Design Corp. v. Federal Reserve Bank of St. Louis*, 2007 WL 3352365 at \*2.

As a substantive matter, defendants err in their suggestion that this argument is irrelevant because under Fed. R. Civ. P. 12(b)(1) any party may make a motion to dismiss for lack of subject matter jurisdiction at any time. Neither the Rule nor the cases interpreting it suggest that such a ground for dismissal may knowingly be held in abeyance by a party and pulled out when strategically useful. It would also be surprising if defendants mean to suggest that litigants may disregard applicable law and utilize possibly incorrect procedural approaches for tactical reasons, such as, in this case, **avoiding** a ruling here dismissing this case under Fed. R. Civ. P. 12(b)(1). Some parties may seek to avoid such a ruling because if the Court were to dismiss this action on grounds of a lack of subject matter jurisdiction, it would naturally dismiss the Travel Sentry Action as well. (Mr. Tropp has not asserted the applicability of § 1498 in either action.)

Having said that, it is not clear how avoiding such a dismissal would benefit defendants here. But such an outcome would seem to benefit Travel Sentry, the other clients of their shared

28 U.S.C.A. § 1498 provides as follows:

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. . . .

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

The purpose of this statute is to ensure that the government is not hampered by patents from obtaining or using what it needs to do its job. Such a party is still answerable for any infringement, but only in the Court of Claims. Yet the courts have been clear that Congress never intended § 1498 to act as a broad-based hunting license by which the government can eviscerate the patent system. As defendants' chief authority on this motion, the Eastern District of Missouri, wrote in *Advanced Software Design Corp. v. Federal Reserve Bank of St. Louis*, 2007 WL 3352365 at \*4 (E.D. Mo. 2007) (citations omitted), "As a waiver of sovereign immunity, the statute is to be strictly construed. However, the Federal Circuit has held that the coverage of § 1498 should be broad so as not to limit the Government's freedom in procurement by considerations of private patent infringement." In a case such as this one, however, where "procurement" is irrelevant—it is undisputed that the TSA has not ever bought or ordered a Travel Sentry lock—the countervailing interest of preventing limitation of the government's freedom of action is inapplicable, and this Court should hew to the line of construing the statute narrowly.

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counsel, which filed the Travel Sentry Action yet asserted § 1498 as an affirmative defense to Mr. Tropp's counterclaims in the case.

Indeed, in *In re Motion to Compel Compliance with Subpoena Direct to Dept. of Veterans Affairs*, 257 F.R.D. 12, 16 (D.D.C. 2009), the District Court for the District of Columbia explained why defendants such as those here are incorrect in placing such broad hopes in § 1498:

This suit has been brought pursuant to section 35 of the United States Code, which provides recovery for inducement to infringe and contributory infringement. 35 U.S.C. §§ 271(b), (c), respectively. The DVA contends, however, that Burlodge's sole remedy for infringement of a patent by the government is in the Court of Federal Claims pursuant to 28 U.S.C. § 1498. Opp. at 8. It therefore follows, according to DVA, that since Burlodge's sole remedy would be a suit against the government alone in the Court of Claims, the discovery Burlodge seeks is “irrelevant to a district court proceeding between two private parties involving the same infringement claim.” . . .

First of all, the Federal Circuit has stated that § 1498 does not deprive district courts of jurisdiction to decide a patent infringement suit between private parties, but is rather best read as an affirmative defense going to the “merits of the case” that must be asserted by the alleged infringer to shift liability from itself to the United States. *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 554 (Fed.Cir.1990) (citing *Sperry Gyroscope Co. v. Arma Eng'g Co.*, 271 U.S. 232, 235-36, 46 S.Ct. 505, 70 L.Ed. 922 (1926)); see also *Toxgon Corp. v. BNFL, Inc.*, 312 F.3d 1379, 1382 (Fed.Cir.2002) (“1498(a) does not deprive a district court of jurisdiction.”). . . .

Thus, § 1498 cannot be read to displace jurisdiction over a patent suit against a third party merely because that third party provides goods or services to the government and the plaintiff claims that the goods or services being used by the government infringe its patent.

257 F.R.D. at 16-17 (footnote omitted). A multitude of cases have taught that § 1498 does not have anything to say about actions based on infringements by private parties, such as defendants here, that are acting for their own benefit and not as the government’s agent or pursuant to a specific government requirement. Their actions may amount to the attenuated or coincidental furtherance of a governmental purpose, goal or policy, but § 1498 does not apply to them.

This principle is well established. In *Floyd Smith Aerial Equipment, Co. v. Irving Air Chute Co.*, 276 F. 834 (W.D.N.Y. 1921), for example, Smith sued the Irving Air Chute Company

for infringement of Smith's patent for parachutes. Regarding parachutes manufactured by Irving Air for the government, the court ruled that the infringement lawsuit was barred by §1498. *Id.* at 839. But Irving Air's claim for the sale of the same infringing goods to individual customers, the court also ruled, was not barred from litigation in the District Court under §1498. *Id.* More recently, in *Applera Corp. v. MJ Research, Inc.*, 311 F.Supp.2d 293 (D. Conn. 2004), the owner of a patent for a machine that performed nucleic acid amplification under computer control sued competitors for induced infringement. The defendants moved to charge the jury, based on § 1498, that "There are classes of end-users who, as a matter of law, cannot infringe a patent"—arguing, much as defendants are here, that government involvement in a patent infringement suit essentially acts as an automatic and unqualified bar to a claim of infringement by private parties. *Id.* at 298. The plaintiff urged a less absolute standard, based not on a per se exemption from liability but a fact-based determination of whether, and to what extent, the government consented to and knew of the infringement. The court agreed. *Id.* at 299.

Section 1498 was never meant to exempt private parties acting for their own purposes, albeit in a manner approved or even desired by a government agency, from either the liability for patent infringement, or from answering to a District Court for their infringement. The statute was never intended to apply to situations such as this one, and the Court should deny defendants' motion.

**II. SECTION 1498 DOES NOT APPLY HERE BECAUSE THE PATENTS IN SUIT WERE NOT INFRINGED PURSUANT TO THE "AUTHORIZATION OR CONSENT" OF THE UNITED STATES GOVERNMENT.**

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When applied to private parties, § 1498 applies only to an infringing activity done "with the authorization or consent of the Government." As the court noted in *Larson v. United States*,

26 Cl. Ct. 365, 396-70 (Cl. Ct. 1992), the authorization or consent prong of § 1498 requires “explicit acts or extrinsic evidence sufficient to prove the government's intention to accept liability for a specific act of infringement.” *Id.* at 369-70. *Id.* at \*7. Furthermore, “Implicit authorization or consent for an infringement has been found where government contracts require an infringement in order to secure fulfillment . . . However, where the government requirements can be satisfied without an infringement, authorization or consent will not be implied.” *Windsurfing Intern., Inc. v. Ostermann*, 534 F. Supp. 581, 588 (S.D.N.Y. 1982) (citations omitted; denying § 1498 challenge the government’s “indirect interest is simply too remote from the purposes underlying § 1498”).

Defendants’ strained interpretation of the MOU falls far short of demonstrating the level of authorization and consent to infringement of the patents in suit by these defendants required for § 1498 to apply to an action. For this reason, they cannot hide behind § 1498 to avoid adjudication of their infringement in this Court.

**i. The MOU between the TSA and Travel Sentry did not constitute “authorization or consent” by the government to patent infringement by anyone.**

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As the cases repeatedly emphasize, the facts concerning the interplay of government and private party is the key to this lock. “The determination of whether 28 U.S.C. § 1498 provides an effective affirmative defense requires analysis of the particular statements or aspects of the particular governmental grant or contract purportedly providing the Government’s authorization or consent to be sued. . . .” *Applera Corp.*, 311 F.Supp.2d at 299, citing *Larson*.

Defendants’ reliance on *Advanced Software*’s analysis of the meaning of “authorization or consent” is understandable, considering the *Advanced Software* court found that the government had expressed an “intention to accept liability for a specific act of infringement” in

the case before it (in part merely because the government encouraged the development of the program at issue) without reference to the legal requirement that the government **accept liability** for infringement of a patent. In doing so that court ignored the following language, and the holding, in *Larson v. United States*, the case it cited for the very proposition:

Even assuming that Medicare providers' activities were “for” the government, liability would not attach unless the infringing activity occurred with the government's authorization or consent. **Statutory waivers of governmental immunity, such as are embodied in § 1498(a), must be narrowly construed.** Therefore, authorization or consent requires explicit acts or extrinsic evidence sufficient to prove the government's **intention to accept liability for a specific act of infringement.**

Having conceded that there was no express authorization or consent by the government to infringe on the patents, plaintiffs based their argument on an implied authorization by necessity theory. An implied authorization to infringe may be found under the following conditions: (1) the government expressly contracted for work to meet certain specifications; (2) the specifications cannot be met without infringing on a patent; and (3) the government had some knowledge **of the infringement.**

26 Cl. Ct. at 370 (emphasis added). For these reasons, the *Larson* court found that Section 1498 did not apply, noting that—as here—the choice of the particular infringing technology utilized by the contractor was not essential to the arrangement between it and the government.<sup>3</sup>

Here, defendants do not even get as far as those in *Larson*, who at least made an attempt at arguing the existence of governmental consent in some cogent fashion. The MOU

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<sup>3</sup> Even then the *Advanced Software* court can be forgiven for its arguably undeveloped finding of consent, because it relied in part on an alternative, and compelling, basis to find consent:

Finally, even if the Treasury FMS's actions before this suit was filed did not constitute § 1498 consent, the government has now consented post hoc by seeking to intervene on defendants' behalf. . . . The seeking of intervention itself . . . unambiguously demonstrates that the government authorizes and consents post hoc to any infringement that may have occurred on the government's behalf.”

2007 WL 3352365 at \*7. No such facts are present here.

arrangement hardly describes the use or manufacture of an invention, which Mr. Tropp of course alleges is his invention, “by or for the United States.” The relationship between Travel Sentry and the TSA is little more than an aspirational expression via the MOU that the TSA would make “good faith efforts” to use Travel Sentry locks “whenever practical.” How can this be “authorization or consent”?

The Second Circuit decision in *Sevenson Environmental Services, Inc. v. Shaw Environmental, Inc.*, 477 F.3d 1361, 1367 (2d Cir. 2007) does not help defendants; to the contrary, it acutely demonstrates exactly what they do not have here in terms of government authorization or consent. In *Sevenson*, the Second Circuit turned back a challenge to the application of § 1498 based on the plaintiff’s assertion that a “primary purpose” test, or other approaches, be applied to the government / private-party relationship. The Court of Appeals rejected this approach, relying on the simple and explicit language in the document governing the relationship between the parties and which lined up almost precisely with the statutory standard:

In this case, however, the authorization language of the contract is broad enough. Both the TERC and the PRAC [contracts] grant government authorization and consent “to all use and manufacture, in performing this contract ... of any invention described in and covered by a United States patent ... used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or subcontractor with (i) specifications or written provisions forming a part of this contract.” Notably, this language explicitly encompasses “specifications” that are a part of the contract, as well as the base language of the contract itself. As both the government’s contracts specialist and *Sevenson*’s Rule 30(b)(6) designee acknowledged, Shaw’s Work Plan is such a specification. Because it requires that Shaw use the accused method at the Colonie site, the accused use “necessarily results from compliance” with the contract’s “specifications,” and the government has authorized and consented to the use.

*Id.* at 1367. These specific, direct requirements imposed on defendants via a contract with the government bear no similarity to the facts here.

Defendants' reliance on *Hughes Aircraft Co. v. Messerschmitt-Boelkow-Blohm, GmbH*, 625 F.2d 580 (5<sup>th</sup> Cir. 1980), is also misplaced. In *Hughes*, the court made a point of enunciating the direct financial, political, technological and military involvement in NASA's Helios aerospace project—a project that only governments (in this case, both the United States and West German governments) could have undertaken, albeit utilizing private contractors in the process in precisely the manner anticipated by § 1498:

[T]he United States had expended about \$80-million in furtherance of the project, at least part of that being allocated to three American experiments to be conducted aboard the spacecraft. . . .

In the present case . . . NASA participated directly in all phases of the Helios space project. The attitude control system that sparked this litigation was an integral part of the spacecraft . . .

We do not suggest that any one aspect of American involvement in this project would be sufficient, standing alone, to constitute use by the United States under the statute. Examining the project as a whole, however, the district court correctly concluded that the Helios project was a joint effort, wherein the two partners participated fully in planning and carrying out nearly all aspects of the mission, for mutual benefit. The United States was to conduct three experiments aboard the vehicles; met a substantial portion of the project's costs; took responsibility for initial technical coordination for the project; and launched the vehicle. The United States was not just a passenger aboard a German spacecraft, as argued by the plaintiffs. The allegedly infringing control system, even though selected for use by the German Government, nevertheless was an integral portion of the spacecraft, and was used by the joint project as a whole.

*Id.* at 583-584. Defendants cannot possibly maintain that the level of involvement by NASA in *Hughes* bears any resemblance to tepid relationship between the TSA and Travel Sentry here, much less the non-existent one between the TSA and defendants in this action.

In fact, district courts have not hesitated, when considering attenuated connections between a government goal and an infringer's actions, to decline the suggested application of § 1498 so as to deprive them the ability to hear patent claims. In *Windsurfing Intern., supra*, for example, a patentee alleged that the defendants had infringed its patent for a sailboard. The

Southern District of New York, responding to a motion to dismiss under § 1498, held that the statute did not bar enforcement of the patent merely because the sailboards would ultimately be used in the Olympics, writing:

While the United States has great interest in the running of the Olympics generally, insofar as the Games tend to contribute to international cooperation and the development of amateur sports, there has been no showing that the government has any particular interest in which sailboard is used in the boardsailing event. . . . Whatever interest the United States may have in avoiding such disruption is indirect and subsidiary to its interest in the Games generally. This indirect interest is simply too remote from the purposes underlying § 1498 to support the conclusion that the use of sailboards, chosen by an international body for use in Olympics to be held in the United States and consequently to be run by an organization with Congressional authorization, is use “for” for the United States entitling the patentee to sue the government for compensation.

*Windsurfing Intern.* 534 F.Supp. at 588 (D.C.N.Y., 1982). Here, too, the facts are clear that the TSA has no interest in the patents in suit, or even whether or not suitcase locks get broken at the airport. The TSA’s interest is in airline security, and, as the MOU provides, if Travel Sentry or any other product helps it achieve that goal, TSA is “happy” to make a “good faith effort” to encourage the use of that products. It is defendants, not the TSA, that in turn sells Travel Sentry locks to consumers in order to effectuate the **consumers’ goal**: Not having their suitcases ruined. This, like the choice of sailboard used in the Olympics, is hardly “use” by the government.

The Southern District of Texas was even more severe in its condemnation of the misuse of § 1498, writing as follows:

The primary purpose of § 1498(a) is to allow the United States Government to purchase goods and services for performance of Governmental functions without the threat that the work will not be completed because the supplier or contractor is enjoined for patent infringement. To interpret § 1498(a) in the manner asserted by Defendant is to convert a Governmental waiver of sovereign immunity into a Government insurance plan for the torts of its agents. This Court rejects this reading. Although it is true that the Federal Government receives a 12.5% royalty from Defendant's drilling activities, Defendant itself receives the remaining

royalty. Clearly, Defendant did not agree to drill for the Government simply because the Government receives some monetary benefit as a byproduct of the activity. Moreover, although it is clear that the use of patented inventions in furtherance and fulfillment of a stated Government policy may result in a finding that the use is for the Government's benefit, in this case, the policy Defendant points to does not provide that the Government has an interest in exploring and developing these lands; instead, the policy states that the lands should be made publicly available. Thus, although the lease may satisfy Congressional statements of national policy, the actual activities taken pursuant to the lease primarily serves the interests of Defendant itself.

Moreover, in determining whether the use of a patented invention is for the Government's benefit, the Court must look at the purpose of the action. Defendant does not argue, and the Court does not find, that the purpose of Defendant's actions was to further Government interests. In addition, the Court may also look to whether the United States has an actual interest in the type of device selected to be used or manufactured for the Government. The facts of this case reveal that the leases at issue do not require Defendant to drill in a certain manner, nor does the Government require or condition approval of the drilling plan on particular procedures for installation of the drilling platform. The Government simply makes the land available and receives a royalty for doing so.

*Riles v. Amerada Hess Corp.*, 999 F.Supp. 938, 940 (S.D. Tex. 1998) (citations and footnotes omitted). Ultimately the “Travel Sentry concept” according was nothing so mundane as a contractor relationship and nothing so glorious as an altruistic program by Travel Sentry to selflessly effectuate government policy. Rather, a former TSA employee grabbed a fortuitous TSA-created business opportunity that would, as he puts it, allow him to profit merely by “simply persuading lock and luggage manufacturers to agree on a lock standard.” (That “standard” just happened to encompass the patents in suit.) But the United States government was no more than a bystander to that process. And it was certainly not in any way authorizing or consenting to defendants’ infringement of the patents in suit.

- ii. **The MOU between the TSA and Travel Sentry did not constitute “authorization or consent” by the government to infringement by these defendants.**
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This previous point, which raises the fact that the defendants here are not Travel Sentry but are companies that manufactured and sold infringing locks, requires amplification. In their papers, defendants have persistently conflated whatever specious “authorization and consent” under § 1498 they can wring out of the MOU between Travel Sentry and the TSA with “authorization and consent” to the defendants’ actions. But these defendants had and have no contractual or other relationship with TSA and, it should be clear, are not even claimed to have been subcontractors of Travel Sentry. This should end the entire inquiry of whether § 1498 can even be asserted by the defendants, but defendants assert the contrary. They insist that *Advanced Software*—again, the only case they have—eviscerates the need for any privity, legal connection or even business or purchasing relationship between the government contractor protected by § 1498.

There is no basis for this assertion. *Advanced Software* does, in the three pages defendants cite for this proposition (\*4-\*7), ramble considerably. And it is true that anything it would have to say on the matter of privity would be no more than dictum (in an unpublished case from another District), for in *Advanced Software* the defendant asserting § 1498 actually had a direct commercial relationship with a government agency. Ultimately though the Eastern District of Missouri court does not say what defendants suggest it does: that the fact that defendants had no privity, no relationship and no contact with the TSA “is irrelevant.”

This is not surprising, because such an assertion would be preposterous. When the contractual relationship between a government policy and an unrelated third party whose business happens to coincide with that policy is remote, § 1498 does not apply. In *Windsurfer*

*Intern.*, for example, the court wrote found that the distance between the government policy and the infringement claim by a remote, unrelated defendant precluded a finding of “use” by the government. Relying in part on the facts that the government had “no direct control over the disposition of the allegedly infringing products” and that the alleged the “authorization” was made “without the knowledge that a particular infringement was being planned,” it rejected the defendants’ § 1498 motion. 534 F. Supp. at 588. This Court should do the same.

**iii. Defendants’ radical “policy argument” for patent abridgement when infringement is committed to effectuate “government policies” is unsupported by law.**

On fourth down and “long” to go, defendants demonstrate how little time is left on the clock by calling the “big policy argument” play—the “Hail Mary” pass of legal argumentation. Twinning America’s traumatic and painful participation in two world wars with the burning issue of how to avoid breaking open luggage at the airport, defendants urge that not just the patents in suit, but all patents, are “fair game” for infringers if those patents involve suitcases, locks, jet planes—or any subject of government policy at all:

The current security climate, much like that during previous wars, often requires the government to seek out improvements to its existing security methods—including how to gain access to passengers’ luggage to search for explosives or other evidence of terrorism without breaking locks. If private companies, such as the Defendants, offer a product to the public that satisfies the government’s objectives, even if doing so violates a valid patent, they cannot be subject to patent infringement claims, as long as the patented invention is “used” by the United States government or the Defendants’ work is done (1) “for” the United States, and (2) with its “authorization” and “consent.” Each of these criteria indisputably is met here.

Defendant’s Brief at 7. The implications of this paragraph are breathtaking. Defendants are arguing not merely that adjudication of Mr. Tropp’s patent infringement action should take place in the Federal Court of Claims. Rather they insist on an absolute bar (“they cannot be subject to

patent infringement claims”) on infringement claims as long as the infringement “satisfies the government’s objectives” and the infringing products are “used” by the government—“use,” as we have seen, being defined by defendants as exactly the same thing as “satisfies the government’s objectives.”

Defendants’ modest proposal hardly merits serious consideration by the Court, and indicates only desperation. Little more proof of this is needed than consideration of defendants’ resort to statements from the website of United States Senator Charles Schumer, in which Senator Schumer takes “credit” for the fact that, by his threatening political and legal action by the government, including “to use § 1498,” the pharmaceutical company Bayer was intimidated into lowering the price on Cipro, its patented drug, during the (ultimately baseless) anthrax scare in late 2001.

It can hardly be fathomed how this Court is supposed to make use of such a factoid in applying the law to the facts before it. In fact, the statute was not actually “used” in this way; no court was asked to pass on whether § 1498 could in fact be utilized in aid of Senator Schumer’s proposal; and ultimately no legal precedent was established either way.

But defendants having raised the issue, it must be said in response that defendants’ “idealistic” policy “prescription,” also referred to as “patent abridgement,” would, far from enhancing the government’s overall goal of better air travel security, in the long run would surely have the opposite effect.<sup>4</sup> Their proposed judicial nullification of patents affecting airline safety

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<sup>4</sup> For example, Dr. John Calfee, an expert on the economics of the pharmaceutical industry regulation and patents and former long-time Special Assistant to the Director for Consumer Protection, Bureau of Economics at the Federal Trade Commission, explains as follows in an essay originally published on November 1, 2001 in *Consumers’ Research Magazine*:

The reason the U.S. has so forcefully defended patent rights is not for the sake of justice or fairness, but because we want firms to create the products that will be

would not only be limited, by their own description of the concept, to luggage locks, but would necessarily include patents on virtually every new technology in the aeronautics, security and travel industries.

Taken not to a logical extreme but merely at face value, the effect of defendants' "big policy argument" would be the destruction of entire industries, the elimination of countless

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patented. Cipro became the gold standard for inhalation anthrax because it inaugurated an entirely new class of antibiotics . . . .

The stakes in the Cipro patent abridgement threat are enormous. This dispute is not just about Cipro and Bayer; it is about what the research industry can expect our government to do in the future. Who is going to do the research necessary to create a really good anthrax or smallpox vaccine—or create a way to bring new treatments for anthrax or the plague to market as soon as a new strain appears—if they think that, when the research is done and manufacturing is under way, Congress or the HHS may exercise its fight to open the market up to generic manufacturers? An abridgement of patent rights today is an abridgement of financial incentives to create the products we are going to need tomorrow.

See, Website of American Enterprise Institute for Public Policy Research, "Pharmaceutical Patents and Public Safety: Profit Incentives Help Fight Terror" (<http://www.aei.org/article/13489>, last accessed January 27, 2010). Similarly, Dr. Frank R. Lichtenberg of the Columbia Business School wrote, with reference to the policy championed by Senator Schumer and defendants here, as follows:

While overriding a patent might lead to a temporary increase in the supply of a drug, a great deal of evidence suggests that this policy would lead, in the long run, to a lower supply of innovative drugs, and poorer public health. . . .

To have the incentive to undertake research and development, a firm must be able to get sufficient returns to make the investment worthwhile. The patent system is one of the most important ways in which the government can provide this incentive. Weakening patent protection (e.g., by government violation of patents) may have a chilling effect on private R&D investment, and therefore reduce the health and wealth of future generations. . . .

There appears to be widespread agreement that the war on terrorism cannot succeed in a few weeks or months - we need to have a long-term perspective. Promotion of public health should also be pursued with a long-term perspective. Government expropriation of valuable inventions today is very likely to diminish their future supply.

See, Website of National Center for Policy Analysis, "Cipro and the Risks of Violating Pharmaceutical Patents" (<http://www.ncpa.org/pub/ba380/>, last accessed January 27, 2010).

billions invested in security-related patents that happen to coincide with government policy, and an end to research and development. Less dramatically, defendants' proffered policy—"If private companies offer a product to the public that satisfies the government's objectives, they cannot be subject to patent infringement"—would uproot the incentive to innovate that is the true goal of the patent laws, replacing it with a policy of state-authorized piracy or nationalization of private property to satisfy immediate political whims. In the process, those such as defendants who profit by infringing such patents would be spared the effect of any old-fashioned "policy" such as enforcement of the patent laws that could affect their own doubtless public-spirited profitability.

**iv. Defendants were not parties to the MOU between Travel Sentry and the TSA Defendants and otherwise had no other relationship with, authorization from or consent from the government to infringe patents whatsoever.**

Regardless of how the MOU is construed, there is certainly no way any defendant here can possibly claim the benefit of any supposed "authorization or consent" running from the TSA to the defendants in this action. Defendants elide over this fact, stating in their Memorandum of Law (at 12):

Here, there can be no doubt that the government has given manufacturers and distributors of Travel Sentry marked locks its "authorization and consent" to perform the method in Tropp's Patents . . . . First, the TSA entered into the MOUs with both Travel Sentry and Safe Skies, whereby the TSA stated its willingness to utilize Travel Sentry's and Safe Skies' system whenever practicable and certified that Travel Sentry and Safe Skies marked locks meet certain TSA-mandated specifications. (S. ¶ 13).

As demonstrated above, not only is there "doubt" that the government ever "authorized or consented" to patent infringement in the MOU, it is crystal clear that on this record it most certainly did not. There is simply no authorization, consent, or even an expression of interest or acknowledgment of existence running from the TSA to the defendants here. Whatever the MOU

did (and it did very little for purposes of § 1498), it certainly did not do it for **these** defendants. Merely throwing out the term “manufacturers and distributors” can hardly be helpful when, as the next sentence acknowledges, “the TSA entered into the MOUs with both Travel Sentry and Safe Skies”—not the defendants in this action—and makes no mention of any MOU with “manufacturers and distributors” at all.

The Travel Sentry lock was manufactured and sold by defendants who had no contract with the government. The buyers and beneficiaries of the Travel Sentry lock, and of the patents in suit they incorporated, were private purchasers no more interested in the broad “government purpose” of the TSA than they are in federal standards applying to handicapped access, electronic noise regulations applying to appliances, purity requirements applicable to pharmaceutical products or any other aspect of life governed by government in some way and which they encounter in almost every waking moment of their lives. If this is a “government policy” meriting special protection against interference from mere patentees, what is not?

Ultimately, the Travel Sentry lock is used by people who want to use it to secure their personal luggage on planes. Its use is not required, mandatory or even rewarded by the TSA. It may in fact be used in a variety of circumstances having nothing to do with air travel security. As in *Floyd Smith*, these sales to the public are not “used or manufactured by or for the United States,” but are plain vanilla acts of infringement by defendants of the patents in suit.

**III. DEFENDANTS HAVE NOT PROVED THAT THE GOVERNMENT AND NOT THEY INFRINGED THE PATENTS IN SUIT.**

Defendants argue that because the TSA itself engaged in certain actions, and, as they say, performed “at least one step of each claim” of the patents in suit, defendants’ infringement of the patents in suit is not only “for” the government as they unsuccessfully claim, but was transformed magically into infringement “by” the government. As they did in their letter seeking leave to make this motion, they still cite no authority for the proposition, however, that performance of “at least one step of each claim” in patents such as the patents in suit either constitutes infringement or is sufficient to cloak the entire infringement in the private-party protective mantle of § 1498. In light of the well-recognized rule of *Larson* that, as quoted above, “statutory waivers of governmental immunity, such as are embodied in §1498(a), must be narrowly construed,” 26 Cl. Ct. at 370, defendants’ elaborate attempt to craft a new way to apply this statute and deprive a patentee of his day in court must be rejected at this stage.

Defendants also fail to wrestle with a fundamental issue: “As this court has stated many times, for infringement of a process invention, all of the steps of the process must be performed, either as claimed or by an equivalent step.” *Monsanto Co. v. Syngenta Seeds, Inc.*, 503 F.3d 1352 (Fed. Cir. 2007) (internal quotations omitted). Defendants start out arguing that the infringement here is only infringement by the government, and that § 1498 therefore applies. But in effect, they are asking this Court to rule summarily—though their motion does not acknowledge this—that they simply have not infringed the patents in suit. Besides being an incorrect characterization of defendants’ actions, such a finding would be completely inappropriate at this stage, and far exceeds any conceivable application of § 1498 or the stated scope of this motion.

Furthermore, despite defendants' protests *Zoltek Corp. v. U.S.*, 442 F.3d 1345 (Fed. Cir. 2006) seems to rule out the application of §1498 to such a situation. There the Federal Circuit ruled as follows on the related question of whether §1498 applies to cases where fewer than all the steps of a patented process have been performed within the United States:

This court has held that "direct infringement under §271(a) is a necessary predicate for government liability under §1498." *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1316 (Fed. Cir. 2005) (citing *Motorola, Inc. v. United States*, 729 F.2d 765, 768 n.3 (Fed. Cir. 1984)). We have further held that "a process cannot be used 'within' the United States as required by §271(a) unless each of the steps is performed within this country." *Id.* at 1318. Consequently, where, as here, not all steps of a patented process have been performed in the United States, government liability does not exist pursuant to §1498(a). We affirm the trial court's conclusion that §1498(a) bars Zoltek's claims.

*Id.* at 1350. Defendants' attempt to distinguish *Zoltek* is unavailing and confusing in its own right, but ultimately does not answer the question of how, as they argue, § 1498 could possibly be twisted so as to prevent any recovery at all for the infringement of defendants' patents.

Similarly, defendants' reliance on *Hughes Aircraft Co.* is unhelpful. As explained above, *Hughes Aircraft* is completely inapposite because, unlike here, where defendants have no relationship to the government at all and were merely doing business by infringing a patent, the defendant in *Hughes* was intimately involved in a government-sponsored space mission and § 1498 did apply. There was no need to perform an infringement analysis because, as the court said:

[T]he only possible argument which defendant could raise concerning this court's jurisdiction under the 'use by' provision of s 1498(a) is that such use, albeit admittedly direct, exclusive and substantial, was nonetheless made solely on behalf of and for the benefit of the U.K. Since we have already considered and rejected this argument, however, and have found that the Skynet II program was conducted for the direct and mutual benefit of both Governments, we conclude that this court has jurisdiction of the case under 28 U.S.C. s 1498(a).

