

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF VERMONT**

STATE OF VERMONT)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 2:13-cv-00170-wks
)	
MPHJ TECHNOLOGY)	
INVESTMENTS, LLC,)	
)	
Defendant.)	
_____)	

**STATE OF VERMONT’S CONDITIONAL MOTION TO CLARIFY AND/OR
AMEND COMPLAINT**

At the February 25, 2014 hearing, the Court inquired if the State would consider revising the request for relief in the State’s complaint. Together with this conditional motion to clarify or amend, the State submits a revised complaint that deletes the second paragraph of requested relief: “[a] permanent injunction requiring MPHJ to stop threatening Vermont businesses with patent-infringement lawsuits.” Doc. 6 at 10. As explained below, the State asks the Court to either remand the case so that the amendment takes effect in state court, or to accept this clarification and grant the State’s motion to remand (Doc. 9).¹

¹ As required by Local Rule 7(a)(7), counsel for the State sought consent for this motion from counsel for defendant MPHJ. MPHJ does not consent.

MEMORANDUM

As argued by the State in its filings and at the February 25 hearing, the Court lacks subject-matter jurisdiction in this case because the State's complaint arises under state, not federal, law. At the hearing, the Court expressed concern that one aspect of the State's request for relief is broadly worded and possibly preempted by federal patent law. The State's conditional motion to clarify or amend responds to this concern.

The injunctive relief originally requested by the State, requiring MPHJ to stop threatening patent-infringement lawsuits, was targeted at conduct alleged to be unfair and deceptive – namely, threats of litigation that, the State has alleged, MPHJ was not prepared or likely to bring. *See* Doc. 6, ¶¶ 40-44, 49-52, 56, 57. The State did not intend, however, to seek relief that would broadly prevent MPHJ from engaging in lawful patent-enforcement activities. The Court and MPHJ have pointed out that such broad injunctive relief may be preempted by federal patent law.

The State accordingly seeks to revise its complaint to clarify the relief sought by removing paragraph two. This proposed revision does not change the State's claim as originally filed. Rather, it clarifies the request for relief and addresses a defense of preemption that the Court has identified and MPHJ is likely to assert. The State accordingly moves to amend its complaint to delete this relief, as it was not the State's intention to request injunctive relief directed at future lawful conduct.

This change does not alter the nature of the State's claim, which arises from Vermont's consumer protection act, or the basis for its pending motion to remand, Doc. 9, which is this Court's lack of subject-matter jurisdiction. While a state court may not award relief that is preempted by federal law, a possible defense of preemption does not give rise to federal-court jurisdiction. *See Thompson v. Microsoft Corp.*, 471 F.3d 1288, 1292 (Fed. Cir. 2006) (preemption defense "does not provide this court with jurisdiction over the appeal"); *see also ClearPlay, Inc. v. Abecassis*, 602 F.3d 1364, 1367 n.1 (Fed. Cir. 2010) (finding that it lacked jurisdiction over appeal of state law claims, the court explained that "to the extent that the principles of federal patent law apply to this case and conflict with relevant state tort law, those principles would provide the rules of decision as a matter of conflict preemption, regardless of the forum").

Although the State is willing to revise its complaint, the State has filed a conditional motion to clarify or amend because it is not clear whether this Court may accept the revised complaint. The State has moved the Court, pursuant to 28 U.S.C. § 1447(c), to remand this case for lack of subject-matter jurisdiction.² The

² This case is not in the same posture as *Carlsbad Tech., Inc. v. HIF Bio, Inc.*, 556 U.S. 635, 636-37 (2009), where the complaint included both federal and state claims, and the district court remanded the state-law claims after dismissing the federal claims for failure to state a claim. *Carlsbad* addresses remands pursuant to 28 U.S.C. § 1367, which has been construed to allow for discretionary remand of state claims that are related to a federal claim. *See id.* at 640-41; *Carnegie-Mellon Univ. v. Cohill*, 484 U.S. 343, 357 (1988) (holding that a district court has discretion to decline pendent jurisdiction and remand a case after the complaint was voluntarily amended to remove federal claim). The State's complaint in this case does not assert any claim under federal law, *see* Doc. 9, at 16-26, and the State seeks remand under 28 U.S.C. § 1447(c), because this Court lacks subject-matter jurisdiction.

State cannot state with certainty whether this Court, given the lack of subject-matter jurisdiction, can accept the State's clarifying amendment. *Compare DLJ Mortg. Capital Inc. v. Halifax Group, LLC*, 456 F. App'x 30, 31-32 (2d Cir. Jan. 18, 2012) (finding remand based in 28 U.S.C. § 1447(c) for lack of subject-matter jurisdiction although remand was granted after district court dismissed interpleader complaint against FDIC, which had provided only basis for federal jurisdiction); *Petrofski v. Chrysler LLC*, 2008 WL 5725581, at *1, 8 (N.D. Ohio Jan. 17, 2008) (granting plaintiff's motion to amend complaint, which was intended to clarify state-law claim, and remanding for lack of subject-matter jurisdiction); *Pressman v. Meridian Mortg. Co.*, 334 F. Supp. 2d 1236, 1241-42 (D. Haw. 2004) (noting that "remand is proper now" when "[p]laintiffs effectively 'amended' the Complaint by clarifying that they were not claiming violations . . . which would require interpretation of [federal law]"); *Benjamin v. Nat'l Gas Pipeline Co. of Am.*, 793 F. Supp. 729, 733 (S.D. Tex. 1992) (finding that plaintiffs did not waive their right to remand under 28 U.S.C. § 1447(c) where they filed an amended complaint in federal court that did "not change the substance of the Plaintiff's claims"); *with Morongo Band of Mission Indians v. California State Bd. of Equalization*, 858 F.2d 1376, 1380 (9th 1988) (noting that, if district court lacks jurisdiction over original complaint, "the district court has 'no power to do anything with the case except dismiss'" (citation omitted)); *Weliver v. Barnhart*, 316 F. Supp. 2d 243, 244 n.2 (D. Md. 2004) (suggesting court that lacks jurisdiction over original complaint also lacks jurisdiction to entertain motion to amend complaint).

In proposing this amendment, the State does not concede this Court's jurisdiction over its claim. Rather, the State submits this conditional motion to clarify and/or amend the complaint, and asks the Court to either: (1) accept the State's clarifying amendment, consistent with a holding by the Court that it lacks subject-matter jurisdiction over the State's claim, and grant the State's motion to remand the case to state court pursuant to 28 U.S.C. § 1447(c) (Doc. 9); or (2) if the Court concludes that it cannot entertain the motion given the absence of subject-matter jurisdiction, remand the case to state court with the amendment pending, so that the amendment will take effect in state court.³ See *Dodson v. Baxter Int'l Inc.*, 2009 WL 2916888, at *3 (N.D. Ohio Sept. 4, 2009) (sending pending motion to dismiss to state court following remand); *Wolst v. Am. Airlines*, 688 F. Supp. 1117, 1120 n.6 (N.D. Ill. 1987) (deciding to "send the case back subject to the pending motion, which should be dealt with by the state court").

CONCLUSION

The State's conditional motion to clarify or amend is consistent with the State's motion to remand for lack of subject-matter jurisdiction, and is not intended to modify the State's claim that MPHJ engaged in unfair and deceptive acts and practices in violation of state law. As discussed above, the State asks the Court to either accept this amendment clarifying the relief sought by the State and remand

³ Upon remand, pursuant to V.R.C.P. 15(a), the amendment will be allowed "as a matter of course" because no responsive pleading has been filed.

to state court for lack of subject-matter jurisdiction; or to remand the case to state court with the amendment pending.

Dated: March 7, 2014

STATE OF VERMONT

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CERTIFICATE OF SERVICE

I hereby certify that on this date, I electronically filed the foregoing document and attachments with the Clerk of the Court using the CM/ECF system. The CM/ECF system will provide service of such filing via Notice of Electronic Filing (NEF) to Andrew D. Manitsky, Esq., W. Bryan Farney, Esq., and Cassandra L. Klingman, Esq.

Dated: March 7, 2014

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