



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

**Toxgon Corp.
v.
BNFL, Inc.**

No. 02-1302
Federal Circuit
Dec. 10, 2002

“Since section 1498(a) is an affirmative defense rather than a jurisdictional bar, the district court cannot dismiss . . . under Federal Rule of Civil Procedure 12(b)(1). If appropriate, a defense arising under section 1498(a) should be resolved by summary judgment under Rule 56 rather than a motion to dismiss under Rule 12.”

On December 10, 2002, the Federal Circuit vacated and remanded the district court’s dismissal for lack of subject matter jurisdiction pursuant to Fed. R. Civ. P. 12(b)(1) of Toxgon’s claim that BNFL infringed U.S. Patent No. 4,299,611, which related to a pilot melter, a single-chamber vitrification system that converts nuclear waste into glass. The Federal Circuit stated:

In addition to restricting suit against the United States to monetary compensation for infringing uses, section 1498 relieves a federal contractor of liability where the contractor uses or manufactures an infringing invention for the United States. This suit involves a patentee’s infringement allegations brought against a federal contractor rather than against the United States. In such litigation between private parties, this court has long complied with Supreme Court precedent holding that section 1498(a) acts “as a codification of a defense and not as a jurisdictional statute.” In other words, section 1498(a) is an affirmative defense rather than a jurisdictional bar. [S]ection 1498(a) does not deprive a district court of jurisdiction. Although the Defendants invite us to follow obsolete rules adopted by other circuits, we are bound by the holdings of the Supreme Court and by our own precedent in substantive matters, such as patent law, committed to our exclusive jurisdiction. We therefore hold that the district court has jurisdiction over this matter.

Since section 1498(a) is an affirmative defense rather than a jurisdictional bar, the district court cannot dismiss this action under Federal Rule of Civil Procedure 12(b)(1). If appropriate, a defense arising under section 1498(a) should be resolved by summary judgment under Rule 56 rather than a motion to dismiss under Rule 12. Consequently, we vacate the order dismissing the complaint for lack of jurisdiction.

Although the dismissal was legally incorrect, BNFL and Duratek argue that the district court’s ruling may nonetheless be harmless error if there is sufficient evidence in the record to grant summary judgment in their favor on a section 1498(a) affirmative defense. . . . The present case involves a dismissal under Rule 12(b)(1), rather than under Rule 12(b)(6). Unlike a Rule 12(b)(6) motion, a Rule 12(b)(1) motion cannot be converted into a motion for summary judgment. In fact, Rule 12(b)(6) is the only rule under which a court may treat a motion to dismiss as a summary judgment motion. We would exceed our authority and bend the law if we acceded to the Defendants’ request.

Moreover, treating a Rule 12(b)(1) motion as a summary judgment would raise substantial procedural problems related to the allocation of the burden of proof. In a Rule 12(b)(1) motion, the plaintiff bears the burden to show by a preponderance of the evidence that the district court has subject matter jurisdiction. For that reason, the district court placed the burden on Toxgon to establish that subject matter jurisdiction existed. However, the Defendants, rather than Toxgon, bear the burden of proof on a properly pled affirmative defense under section 1498(a). As the party moving for summary judgment on that issue, the Defendants must therefore establish the absence of any genuine issue of material fact and entitlement to judgment as a matter of law.