

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PE CORPORATION and)
COMPETITIVE TECHNOLOGIES,)
INC.,)
)
Plaintiffs,)
)
v.) Civil Action No. 00-629-SLR
)
AFFYMETRIX, INC.,)
)
Defendant and)
Third-Party Plaintiff,)
)
v.)
)
PERSEPTIVE BIOSYSTEMS,)
INC.,)
)
Third-Party Defendant.)

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MEMORANDUM OPINION

Dated: September 27, 2001
Wilmington, Delaware

ROBINSON, Chief Judge

I. INTRODUCTION

Plaintiffs PE Corporation ("PE")¹ and Competitive Technologies, Inc. ("Competitive Technologies") filed this action on July 5, 2000 against defendant Affymetrix, Inc. ("Affymetrix") alleging infringement of United States Patent Nos. 4,458,066; 4,500,707; 5,132,418; 5,153,319 and 4,973,679. Currently before the court are defendant's motion to dismiss for lack of subject matter jurisdiction (D.I. 20) and plaintiffs' motion to amend the complaint. (D.I. 29) For the following reasons, the court shall grant both motions.

II. BACKGROUND

In 1981, University Patents, Inc., now Competitive Technologies, granted a license to the patents in suit to Applied Biosystems, Inc. ("ABI"), which was later acquired by PE Corporation (NY) ("PE(NY)"). In 1988, the parties amended the agreement to grant ABI, now PE(NY), "a worldwide, exclusive (even as to UPI [now Competitive Technologies]), unrestricted and fully paid-up license" to the patents in suit, including the right to grant sublicenses.² Significantly, the agreement of amendment also granted ABI (now PE(NY)) the

¹Although PE apparently has changed its corporate name, the court will refer to it as PE, consistent with the briefing on its motion.

²This exclusive license was subject to a nonexclusive license granted to Beckman Instruments, Inc.

sole right and responsibility to file, refile, prosecute, extend, maintain, defend and prosecute interferences and/or appeals for the Licensed Patents in various Patent Offices throughout the world. . . .

As of June 30, 1988 and thereafter, ABI shall have the sole right and responsibility to bring or defend patent infringement and patent validity suits and otherwise defend the Licensed Patents against third parties in suits thereupon, and shall be solely responsible for all costs and expenses therefor incurred after June 30, 1988, including, but not limited to, attorney's fees and expenses, court costs, expert fees and other trial expenses and any assessments of damages for claims or counterclaims related to the Licensed Patents.

(D.I. 34, Ex. 1-D)

In July 2000, PE and Competitive Technologies filed this action against Affymetrix. On January 30, 2001, Affymetrix filed a motion to dismiss, alleging that neither PE nor Competitive Technologies has standing to sue. On January 25, 2001, prior to filing the motion to dismiss, Affymetrix instituted a declaratory judgment action over the patents in suit in the Southern District of New York.

On February 9, 2001, plaintiffs requested Affymetrix's permission to substitute PE(NY) for PE as plaintiff in this action.³ Affymetrix did not agree to plaintiffs' request. Consequently, on February 16, 2001, plaintiffs filed a cross-motion to amend the complaint to add PE(NY) as a plaintiff.

³PE(NY) is a wholly-owned subsidiary of PE.

III. PLAINTIFF'S MOTION TO AMEND THE COMPLAINT

A. Standard of Review

Federal Rule of Civil Procedure 15(a) allows courts to freely permit amendments to complaints as justice requires.⁴ Courts commonly permit amendments where clerical mistakes are involved and the errors were made in good faith. Courts are also encouraged to grant pretrial amendments so that parties may fully present the issues. See Moore's Federal Practice, § 15.14[1]. An amended complaint that contains an additional or substituted party will only relate back to the original complaint's filing date if it satisfies the requirements of Federal Rule of Civil Procedure 15(c)(3).⁵

⁴Rule 15(a) provides, in pertinent part:

A party may amend the party's pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, the party may so amend it at any time within 20 days after it is served. Otherwise a party may amend the party's pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires.

⁵Rule 15(c)(3) provides, in pertinent part:

An amendment of a pleading relates back to the date of the original pleading when . . . the amendment changes the party or the naming of the party against whom a claim is asserted if [the claim or defense asserted in the amended pleading arose out of the conduct, transaction, or occurrence set forth or attempted to be set forth in the original

B. Discussion

Plaintiffs argue that they should be permitted to amend the complaint because their error was made in good faith. Specifically, plaintiffs claim that the numerous and confusing mergers and name changes of PE and PE(NY) led to designating the wrong party as a plaintiff. (D.I. 30, Ex. A) The court finds no evidence to suggest that plaintiffs' failure to designate PE(NY) as a plaintiff in this litigation was anything but a clerical error. Therefore, based on the record presented, plaintiffs' motion to amend the complaint to add PE(NY) as a plaintiff is granted.

The next issue is whether the amended complaint relates back to the original complaint's filing date of July 5, 2000, or maintains the filing date of the motion to amend, February 16, 2001. Plaintiffs rely on Calgon Corp. v. Nalco Chem., 726 F. Supp. 983 (D. Del. 1989) and Schering Corp. v. Amgen, Inc., 969

pleading] and, within the period provided by Rule 4(m) for service of the summons and complaint, the party to be brought in by amendment

(A) has received such notice of the institution of the action that the party will not be prejudiced in maintaining a defense on the merits, and

(B) knew or should have known that, but for a mistake concerning the identity of the proper party, the action would have been brought against the party.

F. Supp. 258 (D. Del. 1997) to support their position that the amended complaint should relate back to the original filing date. Schering and Calgon are inapposite, however, because they involve licensees who possessed some, but not all, substantial rights in the patents at issue and who failed to join the patent owners. The present case concerns the addition of the party possessing all substantial rights to the patent. Therefore, to determine whether the amended complaint relates back to July 2000, the court must resolve the issues raised by defendant's motion to dismiss, that is, whether the original plaintiffs had standing to sue in the first instance.

IV. DEFENDANT'S MOTION TO DISMISS FOR LACK OF SUBJECT MATTER JURISDICTION

A. Standard of Review

Standing in a patent infringement case is derived from the Patent Act, which provides that "[a] patentee shall have remedy by civil action for infringement of his patent." 35 U.S.C. § 281. The term "patentee" includes "not only the patentee to whom the patent was issued but also the successors in title to the patentee." 35 U.S.C. § 100(d). "The question of standing to sue is a jurisdictional one." Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1551 (Fed. Cir. 1995). Standing is a "threshold issue in every federal case, determining the power of the court to entertain the suit." Warth v. Seldin, 422 U.S. 490, 498 (1975). Federal courts are under an independent obligation to examine

their own jurisdiction, and standing "is perhaps the most important of [the jurisdictional] doctrines." FW/PBS Inc. v. City of Dallas, 493 U.S. 215, 231 (1990).

It is well settled that standing cannot be "inferred argumentatively from averments in the pleadings," Grace v. Am. Cent. Ins. Co., 109 U.S. 278, 284 (1883), but rather "must affirmatively appear in the record." Mansfield, C. & L.M.R. Co. v. Swan, 111 U.S. 379, 382 (1884). Additionally, the party who seeks the exercise of jurisdiction in its favor has the burden of clearly alleging facts demonstrating that it is a proper party to invoke judicial resolution of the dispute. Id. In the present case, the court must determine whether there is affirmative evidence in the record indicating that PE and Competitive Technologies have standing to sue Affymetrix for patent infringement.

B. Discussion

Article III of the Constitution requires a party invoking federal jurisdiction to establish that: 1) it has suffered an injury-in-fact that is concrete and actual or imminent; 2) the injury is causally related to the actions of the defendant; and 3) the harm is redressable by a favorable decision. See Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc., 248 F.3d 1333, 1346 (Fed. Cir. 2001) (citing Lujan v. Defenders of Wildlife, 504 U.S. 555, 560-61 (1992)). Standing doctrine

embraces not only this "three-prong Article III standing test," but also "judicially self-imposed limits, known as prudential limits, on the exercise of jurisdiction." Id. at 1348. Thus, "[a]s a prudential principle, an exclusive licensee having fewer than all substantial patent rights possesses standing under the Patent Act as long as it sues in the name of, and jointly with, the patent owner and meets the Lujan requirements." Id.

Upon reviewing the record, the court finds that PE lacked constitutional standing to sue Affymetrix because it had no proprietary interest in the patents in suit. The question remains whether Competitive Technologies had constitutional standing, having transferred substantial rights in the patents to PE(NY).

As recognized by the Federal Circuit in Abbott Labs. v. Diamedix Corp., 47 F.3d 1128, 1131 (Fed. Cir. 1995), "[t]he right to sue for infringement is ordinarily an incident of legal title to the patent." Consequently, the issue generally framed for the courts is whether a licensee has obtained sufficient rights in the patent to be entitled to seek relief from infringement without joining the patent owner. If that were the issue presented by the parties in the present case, the answer would be self-evident: PE(NY) has obtained sufficient rights in the patent to bring an infringement suit in its own name. Indeed, the license of record specifically grants to PE(NY) "a worldwide,

exclusive (**even as to [Competitive Technologies]**), unrestricted and fully paid-up license" and the "sole right and responsibility to bring or defend patent infringement and patent validity suits and otherwise defend the Licensed Patents against third parties in suits thereupon. . . ." (D.I. 34, Ex. 1-D at 4) (emphasis added) Thus, Competitive Technologies, as patent owner, cannot maintain suit in its own name and is not a necessary party to this litigation.

The court recognizes that, because Competitive Technologies retains legal title to the patents in suit and receives royalties from Beckman Instruments, Inc., under most circumstances one would conclude that Competitive Technologies retains sufficient proprietary interests in the patents to participate in the infringement action. Nevertheless, the parties at bar entered into an agreement whereby Competitive Technologies gave up the right to participate in lawsuits to protect the patents in suit. Given these circumstances, the court finds it illogical to essentially determine the proper forum for this litigation based on the fact that the patent owner filed suit in Delaware first, when the patent owner did not have the right to file suit at all.

V. CONCLUSION

For the reasons stated, although plaintiffs' motion to amend the complaint is granted, the court finds that the amended complaint does not relate back to July 2000. Therefore, the New

York action is the first-filed action and, under the reasoning of Crosley Corp. v. Hazeltine Corp., 122 F.2d 925, 929 (3d Cir. 1941), defendant's motion to dismiss is granted.

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O R D E R

At Wilmington, this 27th day of September, 2001,
consistent with the memorandum opinion issued this same day;

IT IS ORDERED that plaintiffs' motion to amend the
complaint (D.I. 29) is granted, but the amended complaint does
not relate back to the filing date of the original complaint.
Thus, defendant's motion to dismiss for lack of subject matter
jurisdiction (D.I. 20) is granted.

United States District Judge