

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

EASTMAN CHEMICAL COMPANY,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civ. Action No. 09-971-LPS-CJB
	)	
ALPHAPET INC., INDORAMA HOLDINGS	)	
ROTTERDAM B.V., INDORAMA	)	
POLYMERS ROTTERDAM B.V.,	)	
INDORAMA POLYMERS WORKINGTON	)	
LTD., and INDORAMA POLYMERS PCL,	)	
	)	
Defendants.	)	

**MEMORANDUM ORDER**

Presently before the Court is a motion by Plaintiff Eastman Chemical Company ("Eastman") pursuant to Fed. R. Civ. P. 17 and 25(c) to substitute Grupo Petrotemex, S.A. de C.V. ("Petrotemex") and DAK Americas LLC ("DAK") as plaintiffs in this action. (D.I. 55) Although it appeared at one point that all parties would agree and stipulate as to how DAK and Petrotemex would become part of this action (D.I. 71 at 16–18), the parties' most recent letter-briefs indicate that they could not reach agreement (D.I. 77, 80, 82). Plaintiff's original motion for substitution thus remains ripe for resolution.

For the reasons discussed below, I DENY Plaintiff's motion for substitution, but find that DAK and Petrotemex should be joined as parties to this action.<sup>1</sup>

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<sup>1</sup> Plaintiff's motion is non-dispositive and may be resolved by the Court under D. Del. LR 72.1(a)(2). *See, e.g., Mars, Inc. v. JCM Am. Corp.*, Civil No. 05-3165 (RBK), 2007 WL 776786 (D.N.J. Mar. 9, 2007) (opinion and order from Magistrate Judge Schneider); *Finova Capital Corp. v. Lawrence*, No. 399CV2552–M, 2000 WL 1808276, at \*1 n.1 (N.D. Tex. Dec. 8, 2000) ("A motion to substitute parties is a non-dispositive pretrial matter that can be determined by a magistrate judge under 28 U.S.C. § 636(b)(1)(A).") (citations omitted).

## I. BACKGROUND<sup>2</sup>

Eastman filed a three-count Amended Complaint on March 31, 2010. (D.I. 15) The First Count asserts that Defendants AlphaPet Inc. ("AlphaPet") and Indorama Polymers PCL ("IRP") have infringed U.S. Patent Nos. 6,906,164 ("the '164 patent"); 7,358,322 ("the '322 patent"); and 7,459,113 ("the '113 patent") (collectively, "the patents-in-suit") by making, using, selling, or offering for sale certain polyester monomers, polyester melt phase products, and polyester containers in the U.S. (*Id.* at ¶¶ 50–52) The Second Count asserts that Defendants IRP, Indorama Holdings Rotterdam ("IHR"), Indorama Polymers Rotterdam ("IPR"), and Indorama Polymers Workington ("IPW") have breached a Technology License Agreement ("the TLA"), which was executed by Eastman and IHR, IPR, and IPW on March 31, 2008. (*Id.* at ¶¶ 13, 55–56) The Third Count asserts that all Defendants have misappropriated certain Eastman trade secrets that were not licensed under the TLA. (*Id.* at ¶¶ 60–69)

Eastman avers that on January 31, 2011, it completed the sale of its polyethylene terephthalate ("PET") business, "which included the sale of certain assets and technology to DAK and Petrotemex, respectively." (D.I. 63 at 1) On that same date, Eastman assigned the patents-in-suit to Petrotemex, which in turn exclusively licensed the patents-in-suit to DAK. (D.I. 55 at 2) Eastman also assigned to Petrotemex "all claims, counterclaims, causes of action, rights, and remedies that Eastman has or could have asserted or that may arise against any or all of the defendants" in this action. (D.I. 63 at 3 (citing D.I. 55, ex. B))

After this transfer of rights and assets was completed, Eastman moved for substitution,

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<sup>2</sup> Additional background facts regarding this litigation are found in the Court's Report & Recommendation Regarding Defendants' Motion to Dismiss the Amended Complaint (D.I. 75) and Memorandum Opinion (D.I. 81), both dated November 4, 2011.

arguing that Eastman should be dismissed from this lawsuit, and that DAK and Petrotemex should be substituted in its place as the named plaintiffs. (D.I. 55 at 1–2; D.I. 63 at 4) Defendants opposed Eastman's motion, arguing that Eastman should not be dismissed because it failed to provide sufficient evidence that all of the intellectual property, agreements, and other assets at issue had been transferred to the proposed new plaintiffs. (D.I. 59) Defendants therefore proposed that "the appropriate course of action in response to Eastman's motion for substitution, if anything, is to *join* the proposed plaintiffs rather than to *substitute* them for Eastman." (*Id.* at 5 (emphasis in original))

On October 12, 2011, the Court held oral argument on Plaintiff's motion for substitution and on other pending motions in the case. (D.I. 71) At oral argument, rather than addressing the legal issues relating to the motion for substitution in depth, Eastman's counsel instead suggested that the parties would likely be able to reach agreement on the motion. Eastman proposed that DAK and Petrotemex should be substituted for Eastman as to the First Count of the Amended Complaint (for patent infringement) and that DAK and Petrotemex should be joined as parties for the Second and Third Counts of the Amended Complaint (for breach of contract and trade secret misappropriation, respectively). (*Id.* at 12–13) At oral argument, counsel for Defendants indicated that this proposal was generally acceptable, so long as Eastman remained a party to the case in at least some capacity. (*Id.* at 15–16) The parties then attempted to negotiate a stipulation to this effect over the subsequent weeks, but were ultimately unsuccessful. (*See* D.I. 80, exs. B–D)

Eastman now asserts that the parties had previously agreed that "DAK and [Petrotemex] would be substituted for Eastman for the patent infringement count . . . [and that] for now, DAK

and [Petrotemex] would be joined as plaintiffs, rather than substituted for Eastman, with respect to the breach of contract and trade secret misappropriation counts." (D.I. 77 at 1) The effect of such an outcome, it asserts, is that Eastman would "not be required to remain as a party for discovery with respect to the patent infringement count." (*Id.*) Eastman asks the Court either to "hold Defendants" to the terms of this alleged prior agreement, or, if "the Court [instead] prefers to rule on Plaintiff's motion to substitute on a grant-or-deny basis," to grant the motion in its entirety. (D.I. 82 at 1)

In response, Defendants assert that it has always been their view that the "procedural posture by which [Petrotemex and DAK enter] the case . . . is not important (whether it be by joinder or substitution) as long as Eastman remains in the case and is subject to discovery as though it were a party on all claims." (D.I. 80 at 1) Because Defendants now perceive that "Eastman intends to use substitution as a shield from discovery," and because no stipulation was reached, Defendants state that "the Court is now . . . being asked to rule on Eastman's original motion for substitution (D.I. 55) with respect to the patent claims." (*Id.*) As a result, Defendants ask that the Court deny the motion for substitution, and instead join Petrotemex and DAK as plaintiffs. (*Id.* at 3) The Court heard additional oral argument from the parties on Plaintiff's motion for substitution during a teleconference held on December 8, 2011. (D.I. 84)

## **II. STANDARD OF REVIEW**

Federal Rule of Civil Procedure 17 mandates that "[a]n action must be prosecuted in the name of the real party in interest," and provides that "[t]he court may not dismiss an action for failure to prosecute in the name of the real party in interest until, after an objection, a reasonable time has been allowed for the real party in interest to ratify, join, or be substituted into the

action." Fed. R. Civ. P. 17(a)(1); (a)(3). "Real parties in interest are the persons or entities possessing the right or interest to be enforced through the litigation." *Int'l Equity Invs., Inc. v. Opportunity Equity Partners, Ltd.*, 411 F. Supp. 2d 458, 462 n.14 (S.D.N.Y. 2006) (quoting 4 James Wm. Moore, et al., *Moore's Federal Practice* § 17.10[1] (3d ed. 2005)).<sup>3</sup>

Federal Rule of Civil Procedure 25(c) provides that "[i]f an interest is transferred, the action may be continued by or against the original party unless the court, on motion, orders the transferee to be substituted in the action or joined with the original party." Fed. R. Civ. P. 25(c). Rule 25(c) does not require a party or a court to take any action after an interest has been transferred. *Luxliner P.L. Export, Co. v. RDI/Luxliner, Inc.*, 13 F.3d 69, 71 (3d Cir. 1993) ("*Luxliner*"). This is because a judgment obtained against the original defendant is binding on the successor even if the successor is not a named party. *Id.* However, the Rule provides that if a party wishes to do so, it may move for substitution or joinder of a transferee in interest. Fed. R. Civ. P. 25(c). "Because joinder or substitution under Rule 25(c) does not ordinarily alter the substantive rights of parties [the decision as to whether to grant a Rule 25(c) motion] is generally within the district court's discretion." *Id.* at 71–72. As a result, a court "may refuse to substitute parties in an action even if one of the parties so moves." *Froning's, Inc. v. Johnston Feed Serv., Inc.*, 568 F.2d 108, 110 n.4 (8th Cir. 1978).

The Third Circuit has emphasized that a court's focus when assessing a Rule 25(c) motion

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<sup>3</sup> Although the Plaintiff cited Fed. R. Civ. P. 17 in its motion for substitution, and the Court therefore addresses it herein, the Court notes that this Rule is not normally implicated by a motion of this sort, because it "is intended to prevent a defendant from having to defend two separate actions; the one at issue and a subsequent one involving another party entitled to recover." *Federal Ins. Co. v. Bear Indus., Inc.*, No. Civ. 03-251-SLR, 2004 WL 2434303, at \*2 (D. Del. Oct. 6, 2004). The Court will therefore analyze Plaintiff's motion primarily pursuant to the strictures of Rule 25(c).

must be on whether substitution or joinder would best "facilitate the conduct of the litigation." *Luxliner*, 13 F.3d at 72; *see also Fed. Deposit Ins. Corp. v. Tisch*, 89 F.R.D. 446, 448 (E.D.N.Y. 1981) (noting that because the decision to order substitution or joinder does not impact a party's substantive rights, the decision should "be made by considering how the conduct of the lawsuit will be most facilitated"). In examining a Rule 25(c) motion, the court must first analyze "the respective rights and liabilities among the parties and the transferee under the substantive law governing the case," and then must determine "whether it would best facilitate the conduct of the case to have the transferor remain in the case, substitute the transferee, or join the transferee and continue with both as parties." 6 James Wm. Moore, et al., *Moore's Federal Practice* § 25.34[3] (3d ed. 2011).

### **III. DISCUSSION**

#### **A. Alleged Transfer of Interests**

Rule 25(c) is implicated only if "an interest is transferred." Fed. R. Civ. P. 25(c). Therefore, the Court must first examine the evidence relating to Eastman's purported transfer of the interests that underlie this litigation. A corporate interest is transferred "when one corporation becomes the successor to another by merger or other acquisition of the interest the original corporate party had in the lawsuit." *Luxliner*, 13 F.3d at 71. Plaintiff contends that its interest in the litigation and in the asserted intellectual property rights have been transferred to Petrotemex and DAK (making them the real parties in interest), such that the Court should exercise its discretion to substitute these parties for Plaintiff. (D.I. 55)

Defendants do not, at this stage, strongly dispute that Plaintiff has transferred its title and interest in the patents-in-suit to Petrotemex (which then, in turn, exclusively licensed those

patents to DAK). (D.I. 59 at 3) However, Defendants contend that: (1) Plaintiff has failed to demonstrate that it transferred or assigned the TLA to Petrotemex or DAK; (2) Plaintiff submitted no evidence that its trade secrets and know-how were also transferred to Petrotemex or DAK along with the patent rights; and (3) Plaintiff continues to retain a "'contractually-based monetary right of recovery' in the litigation." (*Id.* at 3–4) In Defendants' view, these factors demonstrate that there has not been a complete transfer of Eastman's relevant interests and that substitution is inappropriate.

The Court finds that while Plaintiff has shown that *certain* of its relevant interests have been transferred, Plaintiff has failed to offer sufficient evidence demonstrating that *all* of its interests relating to this litigation have been transferred. It appears from the record that Eastman has assigned its entire right, title, and interest in the patents-in-suit to Petrotemex. (D.I. 55, ex. A) However, although both the breach of contract and trade secret misappropriation claims are intimately related to the TLA, Eastman does not appear to have assigned its interest in the TLA to either Petrotemex or DAK. (D.I. 71 at 9 (acknowledging that the TLA was not assigned to Petrotemex or DAK)) If Eastman will continue to bear the burdens and reap the benefits of the TLA, it has a clear ongoing interest in how that contract is analyzed and interpreted in this litigation. Moreover, the Court has received only heavily redacted versions of the relevant transfer agreements between Eastman, Petrotemex, and DAK, making it difficult to discern whether assets other than the patents-in-suit—such as know-how and other intellectual property associated with the trade secrets at issue in this case—have been transferred to DAK and/or

Petrotemex, or whether they have been retained to some extent by Eastman.<sup>4</sup>

When there is uncertainty regarding the nature and extent of the alleged transfers of interest from a named party to a third party, it is more appropriate to join the alleged transferees, rather than to substitute them.<sup>5</sup> *Mars, Inc. v. JCM Am. Corp.*, Civil No. 05-3165 (RBK), 2007 WL 776786, at \*2 (D.N.J. Mar. 9, 2007) (noting that because "the record [was] insufficient to determine exactly what rights and obligations were transferred," the Court would exercise its discretion to join an alleged patent assignee, rather than substitute the assignee for the plaintiff); *ISI Int'l, Inc. v. Borden Ladner Gervais, LLP*, No. 98 C 7614, 2002 WL 230904, at \*3-4 (N.D. Ill. Feb. 15, 2002) (rejecting a motion for substitution in favor of joinder where legal sufficiency of transfer agreement at issue was unclear); *accord Centillion Data Sys., Inc. v. Am. Mgmt. Sys., Inc.*, 200 F.R.D. 618, 618-19 (S.D. Ind. 2001) (denying a motion for substitution in patent infringement lawsuit, because although it was clear that the patents-in-suit had been transferred, it was unclear whether other interests in the case had been transferred, and finding that this uncertainty weighed definitively against substitution).

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<sup>4</sup> Given the uncertainty about the extent of this transfer, it is unclear whether DAK, Petrotemex, Eastman, or some combination thereof is the "real party in interest" pursuant to Fed. R. Civ. P. 17. What seems clear, however, is that the DAK and Petrotemex are among the real parties in interest for at least the First Count of the Amended Complaint (for patent infringement), such that discretionary joinder of those entities is appropriate.

<sup>5</sup> The Third Circuit has determined that where "a decision on a Rule 25(c) motion effectively imposes liability," the court should "conduct an evidentiary hearing" if there is a genuine issue as to a material fact presented by a Rule 25(c) motion. *Luxliner*, 13 F.3d at 72-73. This is not a case where, as in *Luxliner*, the plaintiffs were seeking to join or substitute an additional defendant, against whom a judgment for money damages would be asserted. *Id.* at 71. As such, despite the uncertainty surrounding Plaintiff's transfer of interests, it is not necessary to conduct an evidentiary hearing before joining Petrotemex and DAK, because no new "liability" will be imposed on them. Moreover, both of the would-be plaintiffs have "consent[ed]" to Eastman's motion. (D.I. 55 at 1)

Indeed, at oral argument, Plaintiff's counsel acknowledged that such uncertainty exists. Plaintiff noted that, in light of the complexity involved in the matter, it had not yet been able to make a full and complete record as to the specific technology and/or trade secrets that Eastman transferred to Petrotemex and DAK. (D.I. 71 at 8, 12) In light of this lack of clarity relating to the breach of contract and trade secret claims, Plaintiff conceded that it should remain a party to this action, at least until the record can be more fully developed.<sup>6</sup> (*Id.* at 12–13)

Although there is therefore a real question as to the extent of interests transferred, there can be no dispute that at least "an interest" in the patents-in-suit has been transferred from Eastman. Thus, the Court considers whether joinder or substitution would facilitate the conduct of this litigation.

#### **B. Joinder Will Better Facilitate Litigation**

The Court finds that the conduct of this litigation would be better facilitated if Eastman

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<sup>6</sup> Pursuant to its transfer agreement with Petrotemex, Eastman retained a contractually-based monetary right of recovery in the event that Petrotemex and DAK prevail. (D.I. 63 at 3 (quotation marks omitted)) Some courts have found that a retained interest in the outcome of the litigation weighs in favor of the joinder of the third party, as opposed to its substitution, under Rule 25(c). *Tisch*, 89 F.R.D. at 448 (noting that substitution, in that scenario, would be "unwarranted"); *see also Pacamor Bearings, Inc. v. Minebea Co.*, 892 F. Supp. 347, 359 (D.N.H. 1995). In at least one patent case in the District of Delaware, uncertainty about the extent of a retained interest also weighed in favor of joinder. *Gen. Battery Corp. v. Globe-Union, Inc.*, 100 F.R.D. 258, 263 n.7 (D. Del. 1982) (noting the "uncertain[ty]" surrounding the alleged transfer and retained interest counseled in favor of joinder, rather than substitution). *But see Affinion Loyalty Group, Inc. v. Maritz, Inc.*, No. Civ.A. 04-360-JJF, 2006 WL 1431065, at \*2 (D. Del. May 22, 2006) (denying plaintiff's request in patent infringement litigation that third party be joined, rather than substituted for plaintiff, in light of plaintiff's retained status as non-exclusive licensee of the patents-in-suit that could "receive the proceeds from infringement suits relating to the [patents]," because such status was insufficient to provide plaintiff with standing on the patent claim). While the Court need not determine whether such a right of recovery, standing alone, supports joinder instead of substitution, here it is an additional factor underscoring the continuing connection that Eastman has to this litigation.

remains a plaintiff, and DAK and Petrotemex are joined. For example, Eastman is likely to have a great deal of discoverable information relating to the patents-in-suit, given that Eastman's employees appear to be named as inventors on the patents-in-suit, and given that Eastman was the original assignee of all of those patents. (See D.I. 15, exs. B–D) This case will also surely involve, *inter alia*, discovery relating to (1) the development and value of certain of Eastman's trade secrets; and (2) the drafting, negotiation and meaning of the TLA. Many documents relating to these topics are likely to be in Eastman's possession, and many current Eastman employees are likely to have knowledge or information about these topics.

Eastman argues that the "possible later need for discovery from Eastman, if any, is irrelevant to the propriety of dismissal of Eastman from the lawsuit," noting that if it is dismissed as a party, it would still fully comply with its discovery obligations under Rule 45 "if defendants ever sought any [such discovery]." (D.I. 63 at 5) As noted above, based on the nature of the claims in this case, it is much more than "possible" that Eastman will have relevant discovery material in this case—it is a near certainty. Moreover, Eastman's contention that discovery-related issues are irrelevant to the Rule 25(c) determination is at odds with the established case law, which makes clear that a court must consider how joinder or substitution would impact the efficient procedure of the litigation. See *Luxliner*, 13 F.3d at 72 (noting that a party may be joined if its presence "would facilitate the conduct of the litigation"); *De Lage Landen Fin. Servs. v. Miramax Film Corp.*, Civil Action No. 06-2319, 2009 WL 223527, at \*2 (E.D. Pa. Jan. 30, 2009) (denying a motion for substitution of third party that purchased "any and all rights that [plaintiff] may have had against [defendants]" in the action, in part due to concerns that additional proceedings might later be necessary to reintroduce plaintiff as a party, resulting in

inefficiency). Among the factors that may bear on the efficiency of the litigation is the impact that joinder/substitution has on discovery. *Abraxis BioScience, Inc. v. Navinta LLC*, Civil Action No. 07-1251 (JAP), 2009 WL 904043, at \*5–6 (D.N.J. Mar. 30, 2009).

There can be no dispute that this case is likely to proceed more efficiently if Eastman remains a party. For instance, if Eastman was not a party, it would not have to file any initial disclosures pursuant to Rule 26, which would likely aid all parties in efficiently identifying sources of discoverable information. Fed. R. Civ. P. 26 (a)(1)(A). Moreover, rather than simply noticing depositions in accordance with the Scheduling Order that will be entered in this case, depositions of Eastman employees would have to be taken pursuant to subpoenas. While Eastman's counsel indicated a willingness for this Court to resolve disputes relating to Rule 45, any deposition subpoenas would likely need to issue from courts outside this state, given that Eastman's principal place of business is in Tennessee. Fed. R. Civ. P. 45 (a)(2)(B); (D.I. 15 at ¶ 2). And while the Court has adopted a streamlined procedure for discovery disputes among parties to this case (D.I. 67), objections to subpoenas for depositions or production of documents would need to be handled through the more cumbersome and constrained procedures of Rule 45. (D.I. 80 at 2 (citing *West Coast Life Ins. Co. v. Life Brokerage Partners, LLC*, Civ. No. 08-CV-80897, 2010 WL 181088 (D. Del. Jan. 19, 2010)) While the Court does not doubt that "Eastman would fully comply with its discovery obligations under Rule 45" if Petrotemex and DAK were substituted for it in this action (D.I. 63 at 5), such an outcome would likely add a significant layer of complication that would slow the progress of this case.

Because Eastman's interest in the patents-in-suit appears to have been transferred and because joinder will result in more efficient facilitation of this litigation than would substitution,

the Court finds that Petrotemex and DAK should be joined, not substituted, as plaintiffs in this matter. As the transferee and licensee of all rights and interest in the patents-in-suit, respectively, these entities clearly have an interest in this litigation. *See, e.g., Propat Int'l Corp. v. Rpost, Inc.*, 473 F.3d 1187, 1189–90 (Fed. Cir. 2007). Moreover, both entities have consented to joinder as parties to this litigation. (D.I. 55 at 1)

**C. Extent of Joinder and Impact of Joinder on Discovery**

Although both Eastman and Defendants appear to have contemplated that Eastman will remain a party to this litigation in at least some fashion, Eastman argues that joinder or substitution of Petrotemex and DAK could occur on a claim-by-claim basis. (D.I. 71 at 12–13) In particular, it proposes that Petrotemex and DAK be "substitute[d] with respect to the patent claim[.]" removing Eastman as a party as to that claim alone, and that they be "joined" as plaintiffs with Eastman with regard to the remaining breach of contract and trade secret claims. (*Id.*) Eastman's primary motivation for this proposal appears to be its desire to avoid providing some types of party-discovery on the patent infringement count. (D.I. 63 at 5; D.I. 77 at 2)

Every civil action begins with the filing of a complaint, which in turn consists of counts or "claims." In analyzing a Rule 25(c) motion, it therefore makes sense for courts to examine how the asserted transfer of interest relates to each of the claims at issue in the case.<sup>7</sup> However, Rule 25(c) does not explicitly provide for substitution or joinder on a claim-by-claim basis. As noted above, in the event that "an interest is transferred," Rule 25(c) provides that "*the action* may be continued by or against the original party unless the court, on motion, orders the

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<sup>7</sup> In the same way, where there are multiple counts involving multiple plaintiffs and defendants, issues of standing and liability are also typically examined on a claim-by-claim basis as to each party.

transferee to be substituted *in the action* or joined with the original party." Fed. R. Civ. P. 25(c) (emphasis added).<sup>8</sup> This language clearly indicates that to the extent that DAK and Petrotemex are to be joined or substituted pursuant to Rule 25, they should be so joined or substituted for the entire action.<sup>9</sup>

As a result, and given the current state of the record, the Court declines to attempt to delineate which entities should be considered "parties" to any particular claim or to join or substitute parties on a claim-by-claim basis. Indeed, the current record does not establish that both DAK and Petrotemex should necessarily be joined for both the breach of contract and trade secret misappropriation claims. Eastman purports to have assigned all claims, counterclaims, causes of action, rights, and remedies that Eastman has in this action "*to Petrotemex*," including the breach of contract and trade secret misappropriation claims. (D.I. 63 at 3 (emphasis added)) But Eastman makes no allegation that DAK, as opposed to Petrotemex, has been assigned any of the claims in this case, or that DAK has the right to pursue any claims in the case (other than by virtue of its exclusive license to the patents-in-suit). Rather than attempt to parse the claims to which DAK and Petrotemex should be joined, the more prudent course—which is also consistent with the language of Rule 25(c)—is to join DAK and Petrotemex *to the action*.

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<sup>8</sup> Similarly, Fed. R. Civ. P. 17 refers to a real party in interest for "an action."

<sup>9</sup> In one case outside this jurisdiction, a district court used language that could be read to suggest that substitution could occur pursuant to Rule 25(c) on a claim-by-claim basis. *Carotek, Inc. v. Kobayashi Ventures, LLC*, No. 07 Civ. 11163(NRB), 2009 WL 4756526, at \*1 (S.D.N.Y. Dec. 2, 2009) (finding that third party assignee of patent rights should be substituted for plaintiff regarding claims for patent infringement and breach of contract, but that plaintiff would remain a party for the remaining claims in the case, without discussing how that ruling would impact discovery). However, Rule 25(c) does not explicitly authorize joinder/substitution in this manner, and given the particular circumstances in this case, the Court finds that the better approach is to join DAK and Petrotemex to the action.

Eastman has questioned whether it would be proper to consider it a "party" to the patent infringement count for discovery purposes, arguing that the Court "should not force Eastman to be a party for discovery on a count as to which it has no standing." (D.I. 82 at 1) Only a patentee or a party with all substantial rights to a patent has standing to sue for infringement. *See, e.g., Propat Int'l Corp.*, 473 F.3d at 1189–90. An exclusive licensee has the right to sue as a co-plaintiff with the patent owner. *Id.* at 1193. However, a party with "no ownership interest in the patent [has] no right to participate in [an] infringement action." *Id.*

Based on the current record, it appears that Eastman has retained no ownership interest in the patents-in-suit, suggesting that it may lack standing to assert patent infringement. However, even if Eastman did lack standing to continue to assert claims for patent infringement, Plaintiff has offered no authority that it would similarly lack standing as to the remaining claims. Plaintiff cites *Affinion Loyalty Group, Inc. v. Maritz, Inc.*, No. Civ.A. 04-360-JJF, 2006 WL 1431065 (D. Del. May 22, 2006) in support of its argument that "Eastman should be dismissed" from the action. (D.I. 63 at 4) In *Affinion*, the plaintiff in a patent infringement lawsuit subsequently assigned the rights to the patents-in-suit to another entity, but retained a non-exclusive license to the patents. 2006 WL 1431065 at \*1. The question before the *Affinion* Court was whether a party that held only a non-exclusive license to the patents-at-issue could remain as a co-plaintiff in the action—an action in which no state law claims had been asserted. *Id.* at \*2. This Court held that because a non-exclusive licensee lacks standing to bring or join a suit for patent infringement, the *Affinion* plaintiff had to be dismissed from the case and the assignee substituted in its place. *Id.* In contrast, here there are two different state law claims that are part of this action—one for breach of contract and one for trade secret misappropriation. Thus, while

*Affinion* is instructive, it is not on all-fours with the factual scenario that faces the Court here.

Moreover, a Rule 25 motion for substitution is not the proper vehicle for the Court to resolve the substantive issue of standing in this case. As noted above, discretionary joinder or substitution under Rule 25 is a procedural device that does not alter the substantive rights of a party. *Luxliner*, 13 F.3d at 71–72; *see also Tisch*, 89 F.R.D. at 448; *ISI Int'l*, 2002 WL 230904 at \*4. Thus, Rule 25 is not normally the means by which a court will assess a substantive issue of jurisdiction or the merits of a standing argument. If Eastman no longer has standing to bring a claim for patent infringement, then this fact may be relevant to any disputes that later emerge as to Eastman's production of discovery relating to that count. But those issues, if they arise, can be addressed in due course.

The Court thus declines to preemptively outline the scope of discovery that Eastman is required (or not required) to provide under Rules 26–37 (which apply to parties to an action, as opposed to Rule 45, which provides a means to subpoena discovery from non-parties). However, the Court notes that the plain language of Rule 26 requires Eastman, so long as it remains a party to the litigation in any capacity, to provide information relating to the patent infringement claim. Rule 26 does not subdivide discovery obligations on a claim-by-claim basis, but rather outlines the obligations of a "party" to a lawsuit, and sets out various requirements with which that "party" must comply. Fed. R. Civ. P. 26(a)-(g). Under Rule 26, "[p]arties may obtain discovery regarding any nonprivileged matter that is relevant to *any party's claim or defense*." Fed. R. Civ. P. 26(b)(1) (emphasis added). Thus, given the Court's conclusion that Eastman should remain a party to the action—an outcome that even Eastman contemplates, (D.I. 77, ex. 1 at 4)—Eastman's prospective arguments against providing party-discovery on the patent

infringement count appear to be misplaced. Information in Eastman's possession relating to the patent law claims would still be in the possession of a "party," and would be relevant to the claims (of plaintiffs DAK and Petrotemex) for patent infringement, as well as to the presumptive defenses (of defendants AlphaPet and the Indorama parties) of patent non-infringement and invalidity.<sup>10</sup> While Eastman's counsel has specifically questioned the propriety and utility of certain patent-related discovery that Defendants have already served on Eastman, such as requests for admission and interrogatories, the sufficiency of Eastman's responses and the ultimate relevance of those requests can be determined if a genuine dispute arises.

#### **IV. CONCLUSION**

For the foregoing reasons, it is hereby ORDERED that Plaintiff's motion for substitution is DENIED. It is further ORDERED, pursuant to Rule 25(c), that DAK and Petrotemex are hereby joined as parties to this action. The plaintiffs shall file an amended complaint reflecting this change by no later than December 16, 2011.

Dated: December 9, 2011



\_\_\_\_\_  
Christopher J. Burke  
UNITED STATES MAGISTRATE JUDGE

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<sup>10</sup> The Court also agrees with Defendants that because all claims in the lawsuit (including the patent infringement claim and the breach of contract/trade secret misappropriation claims) relate to the same PET technology, it may be extremely difficult to clearly distinguish between discovery requests that relate to the patent infringement count, as opposed to those requests that relate to the other counts. (D.I. 80 at 2)