

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

_____)
BONUTTI SKELETAL INNOVATIONS LLC,)
)
Plaintiff,)
)
v.) Civil Action No. 12-1111-GMS
)
SMITH & NEPHEW, INC.,)
)
Defendant.)
_____)

ORDER

At Wilmington, this 18th day of November, 2013, having considered the plaintiff's first amended complaint in the above-caption matter,¹ the defendant's pending motion to dismiss the plaintiff's indirect, willful, and joint infringement claims,² the responses and replies thereto,³ and the applicable law;

IT IS HEREBY ORDERED that:

¹ In its first amended complaint ("the complaint"), Bonutti Skeletal Innovations LLC ("Bonutti" or "the plaintiff") alleges that Smith & Nephew, Inc. ("Smith" or "the defendant") indirectly, willfully, and jointly infringed the 6,702,821, ("the '821 patent"), 5,980,559 ("the '559 patent"), 7,087,073 ("the '073 patent"), 7,749,229 ("the '9229 patent"), 8,133,229 ("the '3229 patent"), and 7,806,896 ("the '896 patent") patents. (D.I. 9 at ¶¶ 3-8.)

² In its motion to dismiss, Smith asserts that Bonutti does not sufficiently plead its indirect, willful, and joint infringement causes of action in its complaint. (D.I. 16.) Therefore, Smith argues, Bonutti's complaint should be dismissed pursuant to Federal Rule of Civil Procedure 12(b)(6). (*Id.*) Specifically, Smith contends the following: (1) Bonutti's claims for induced and contributory infringement are deficient because Bonutti does not plead knowledge of infringement and either intent to induce infringement or knowledge that Smith's products were especially made to infringe, (*Id.* at 3-5); (2) Bonutti's claim for willful infringement must fail because Bonutti does not allege any facts that show that Smith had knowledge of the patents-in-suit and that Smith was objectively reckless, (*Id.* at 5-8); and (3) Bonutti's claim for joint infringement is inadequately pled because Bonutti provides no allegations regarding with whom Smith acted in concert and what was the nature of the relationship between the parties, (*Id.* at 8-9).

³ See 12-cv-1111 (D.I. 16-26).

(1) Smith & Nephew, Inc.'s ("Smith") motion to dismiss Bonutti's complaint is GRANTED-IN-PART and DENIED-IN-PART.⁴ The court finds that Bonutti has not sufficiently pled the required elements of its indirect and joint infringement claims.⁵ The court finds,

⁴ In reviewing a motion to dismiss filed under Federal Rule of Civil Procedure 12(b)(6), the court must "construe the complaint in the light most favorable to the plaintiff, accept its allegations as true, and draw all reasonable inferences in favor of the plaintiff...." *In Re Bill of Lading Transm'n and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1331 (Fed. Cir. 2012). The court is not required to accept as true unwarranted factual inferences, however. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *In Re Bill of Lading*, 681 F.3d at 1331. In order to overcome a motion to dismiss, the plaintiff's complaint must plead "'enough factual matter' that, when taken as true, 'states a claim to relief that is plausible on its face.'" *In Re Bill of Lading*, 681 F.3d at 1331 (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). This requirement of plausibility is satisfied when "the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 556).

⁵ The court concludes that Bonutti's complaint does not sufficiently aver its indirect and joint infringement claims.

First, regarding Bonutti's indirect infringement claims, Bonutti must adequately plead either induced or contributory infringement in order to successfully state a claim for indirect infringement of each of the patents-in-suit. In resolving whether the plaintiff sufficiently pleads induced infringement, the court must initially determine whether the plaintiff plausibly alleges that the patents-in-suit were directly infringed. *See In Re Bill of Lading*, 681 F.3d at 1333 ("It is axiomatic that 'there can be no inducement or contributory infringement without an underlying act of direct infringement.'"). If the plaintiff sufficiently alleges direct infringement, the plaintiff must also plead that "the alleged inducer knew of the patent, knowingly induced the infringing acts, and possessed a specific intent to encourage another's infringement of the patent." *Vita-mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1328 (Fed. Cir. 2009). In the instant case, Smith does not contest that Bonutti has sufficiently alleged direct infringement. Thus, the court proceeds to the remaining elements. Bonutti's allegations regarding Smith's knowledge of the patents-in-suit are sufficient because Bonutti not only states that Smith had the requisite knowledge, (D.I. 9 at ¶ 24), but also details at length the general business operations and specific dealings with Bonutti that made Smith aware of the patent, (D.I. 9 at ¶¶ 19-24). Bonutti's allegations are deficient, however, regarding whether Smith *knowingly* induced infringement of the patents and possessed the specific intent to encourage its customers' infringement. Allegations that Smith knew of Bonutti's patents and of its customers' use of Smith's products do not suffice to establish that Smith also knew that its customers' use of Smith's own products would amount to infringement of Bonutti's patents. *See, e.g., In Re Bill of Lading*, 681 F.3d at 1323 (Explaining that the complaint must contain facts plausibly showing that the indirect infringer specifically intended the direct infringers to infringe the patent and knew that the direct infringer's acts constituted infringement.) Furthermore, these allegations do not establish that Smith intended that its customers infringe Bonutti's patents by using Smith's products. Consequently, Bonutti's induced infringement claim against Smith must be dismissed.

In order to establish contributory infringement, a patentee must demonstrate that an alleged contributory infringer has sold, offered to sell, or imported into the United States a component of an infringing product while "knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use". 35 U.S.C. § 271(c). Accordingly, in order to state a claim for contributory infringement, the plaintiff must "plead facts that allow an

however, that Bonutti has sufficiently pled the required elements of its willful infringement claims.⁶

inference that the components sold or offered for sale have no substantial noninfringing uses.” *In Re Bill of Lading*, 681 F.3d at 1337. The plaintiff must also establish knowledge and intent. *See, e.g., Aro Mfg. Co. v. Convertible Red Top Replacemt. Co.*, 377 U.S. 476, 488 (1964). In the instant case, Bonutti properly pleads facts establishing that Smith sold or offered for sale products that infringe the patents-in-suit, (D.I. 9 at ¶¶ 30-33, 35-40), and possessed and continued to possess knowledge of the patents-in-suit, (D.I. 9 at ¶¶ 19-24). Bonutti does not, however, allege any intent on Smith’s part for its customers to infringe Bonutti’s patents. Furthermore, Bonutti fails to allege that Smith’s products have no other substantial noninfringing uses. These deficiencies are fatal to Bonutti’s contributory infringement claims. *See Stephenson v. Game Show Network, LLC*, 933 F. Supp. 2d 674, 681 (D. Del. 2013) (Dismissing plaintiff’s contributory infringement claim because “plaintiff does not offer any argument or facts directed to show that defendants ‘knew that the combination for which [their] component was especially designed was both patented and infringing’ or that the components ‘have no substantial non-infringing uses.’”) (citation omitted).

Second, joint infringement provides a basis for liability when one party performs some of the steps of a patented method and another completes the steps. *See, e.g., Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008). Consequently, in order to adequately plead joint infringement, a complaint must set forth facts from which the court may infer that one party so thoroughly controls the entire performance of the claimed method that the steps that the party does not complete are nevertheless attributable to that party. *Id.* at 1329; *Gevo, Inc. v. Butamax™ Advanced Biofuels LLC*, Civ. No. 12-1724-SLR, 2013 U.S. Dist. LEXIS 94568, at *11 (D. Del. Jul. 8, 2013). Bonutti’s complaint is entirely devoid of allegations sufficient to establish its joint infringement claim. Bonutti provides no allegations at all regarding the relationship between Smith and its customers, and whether this relationship is such that the customers’ infringement may properly be imputed to Smith. Thus, Bonutti’s joint infringement claim must be dismissed. *See Muniauction*, 532 F.3d at 1330 (Explaining that the “control or direction” standard for joint infringement is “satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.”); *Aeritas, LLC v. Alaska Air Group, Inc.*, 893 F. Supp. 2d 680, 686 (D. Del. 2012) (Granting motion to dismiss plaintiff’s joint infringement claim because “[t]he use of the phrase, ‘[t]o the extent that Defendant is jointly infringing...it is the mastermind of the infringement’ simply sets forth a proposition, not facts....”) (citations omitted).

⁶ Regarding willful infringement, the complaint must plead two elements in order to survive a motion to dismiss. First, the complaint must plead that the alleged infringer had pre-suit knowledge of the patent and of the risk of infringement. *See Sentry Protection Prods. Inc. v. Eagle Mfg. Co.*, 400 F.3d 910, 918 (Fed. Cir. 2005); *Netgear Inc. v. Ruckus Wireless Inc.*, Civ. No. 10-999-SLR, 2013 U.S. Dist. LEXIS 35686, at *3-4 (D. Del. Mar. 14, 2013). Second, the complaint must plead facts that give rise to “at least a showing of objective recklessness” on the part of the alleged infringer to the risk of infringement. *In Re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007). The court concludes that Bonutti has adequately pled that Smith willfully infringed each of Bonutti’s patents-in-suit. As discussed above, Bonutti provides ample allegations regarding Smith’s pre-suit knowledge of each of the patents-in-suit and the circumstances through which Smith came to acquire such knowledge. (D.I. 9 at ¶¶ 19-24.) Bonutti also alleges that ConforMIS sold infringing products to its customers and instructed its customers in their use of these infringing products. (D.I. 9 (*passim*)). Bonutti further alleges that, because Smith knew of the patents in question, yet continued to sell infringing products to its customers, Smith was objectively reckless regarding the risk of infringement. (D.I. 9 at ¶¶ 40, 53, 66, 79, 92, 105.) These allegations adequately state a willful infringement claim for each of the patents-in-suit. *See Fairchild Semiconductor Corp. v. Power Integrations, Inc.*, 935 F. Supp. 2d 772, 2013 U.S. Dist. LEXIS 45370, at *14-

(2) Bonutti is granted leave to amend the complaint in order to correct the pleading deficiencies regarding the indirect and joint infringement claims dismissed by this order.

CHIEF, UNITED STATES DISTRICT JUDGE

15 (D. Del. 2013) (Concluding that the plaintiff adequately stated a willful infringement claim where the plaintiff alleged that the defendant persisted despite knowing of both the patent and the direct infringement by its customers.).