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5 UNITED STATES DISTRICT COURT
6 EASTERN DISTRICT OF CALIFORNIA

7
8 GENERAL ELECTRIC COMPANY,

1:10-cv-00674-OWW-JLT

9 Plaintiff,

MEMORANDUM DECISION REGARDING
DEFENDANT'S MOTION TO DISMISS
(Doc. 26)

10 v.

11
12 THOMAS WILKINS,

13 Defendant.

14 I. INTRODUCTION.

15 Plaintiff General Electric Company ("Plaintiff") proceeds with
16 an action against Defendant Thomas Wilkins ("Defendant"). On July
17 15, Defendant filed a motion to dismiss Plaintiff's complaint.
18 (Doc. 26). Plaintiff filed opposition to the motion to dismiss on
19 September 9, 2010. (Doc. 43). Defendant filed a reply on
20 September 21, 2010. (Doc. 47).

21 II. FACTUAL BACKGROUND.

22 Plaintiff is a developer of energy technologies and the holder
23 of U.S. Patent Nos. 6,921,985 (" '985 Patent") and 6,924,565,
24 ("the '565 patent"). (Complaint at 1-2). Plaintiff is currently
25 asserting its rights in the '985 patent in ongoing actions against
26 Mitsubishi Heavy Industries LTD, et al. ("MHI") in both the United
27 States International Trade Commission and the U.S. District Court
28 for the Southern District of Texas ("the Actions"). (Complaint at

1 2). MHI has employed Defendant as a consultant in the Actions and
2 has relied upon Defendant's assertions to challenge Plaintiff's
3 standing to bring the Actions as well as the enforceability of the
4 '985 patent. (Complaint at 2).

5 Defendant is listed as one of seven inventors of the '565
6 patent and has asserted that he is an unnamed co-inventor of the
7 '985 patent. (Complaint at 2). Defendant was employed as an
8 electrical engineer by Enron Wind Corp. ("Enron") from
9 approximately April 1998 to May 2002. (Complaint at 2). In May
10 2002, Plaintiff acquired the assets of Enron; at that time,
11 Defendant became an employee of Plaintiff's at 13000 Jameson Rd.,
12 Tehachapi, California. (Complaint at 2). Defendant voluntarily
13 resigned from Plaintiff's employ in December, 2002. (Complaint at
14 2).

15 Defendant's job responsibilities while employed by Enron and
16 Plaintiff included the design, development, installation and
17 testing of wind turbine generators. (Complaint at 4). In the
18 course of his work, Defendant was expected to improve and innovate
19 in the area of wind turbine generators. (Complaint at 4).
20 Defendant was expressly hired by Enron and Plaintiff to invent such
21 wind technology. (Complaint at 4).

22 As a condition of his employment with Enron, Defendant signed
23 a Confidentiality and Inventions Agreement ("C&I Agreement").
24 (Complaint at 4). The C&I Agreement provided, *inter alia*, that
25 Defendant agreed "upon the Company's request and without the need
26 for further consideration, to execute any and all documents and
27 take such actions which may be necessary in the Company's judgment
28 to assign all rights to any Invention Idea to the Company and to

1 obtain patent or other intellectual property protections for any
2 Invention Idea ." (Complaint at 4). Under the terms of the C&I
3 Agreement, Defendant was obligated to assign any interest in the
4 '985 and '565 patents to Plaintiff. (Complaint at 4).

5 Upon becoming an employee of Plaintiff, Defendant was required
6 to execute Plaintiff's Employee Innovation and Proprietary
7 Information Agreement ("EIPPI Agreement"). (Complaint at 4). The
8 EIPPI Agreement provided, *inter alia*, that Defendant agreed "to
9 disclose and assign to the Company (or as the Company may direct)
10 as its exclusive property, all inventions, discoveries,
11 innovations, improvements, trade secrets and technical or business
12 information which [he] may solely or jointly develop, conceive,
13 reduce to practice or author during the period of [his]
14 employment." (Complaint at 4). Under the terms of the EIPPI
15 Agreement, Defendant was obligated to assign any interest in the
16 '985 and '565 patents to Plaintiff. (Complaint at 4). Defendant
17 was also required to sign an acknowledgment that he was required to
18 comply with the policies described in the guide: "GE Policies.
19 Integrity: The Spirit the Letter of our Commitment" ("GE Policy
20 Guide"), which also specified Defendant's obligations with respect
21 to the intellectual property in dispute. (Complaint at 5).

22 Plaintiff applied for the '565 patent after Defendant
23 terminated his employment with Plaintiff. (Complaint at 3).
24 Plaintiff requested that Defendant sign documents in the course of
25 the prosecution of the application for the '565 patent, but
26 Defendant refused. (Complaint at 3). Defendant has never signed
27 an assignment expressly assigning the '565 patent to Plaintiff,
28 despite Plaintiff's request that he do so. (Complaint at 3).

1 910, 166 L.Ed.2d 798 (2007).

2 In deciding whether to grant a motion to dismiss, the court
3 must accept as true all "well-pleaded factual allegations" in the
4 pleading under attack. *Iqbal*, 129 S.Ct. at 1950. A court is not,
5 however, "required to accept as true allegations that are merely
6 conclusory, unwarranted deductions of fact, or unreasonable
7 inferences." *Sprewell v. Golden State Warriors*, 266 F.3d 979, 988
8 (9th Cir.2001). "When ruling on a Rule 12(b)(6) motion to dismiss,
9 if a district court considers evidence outside the pleadings, it
10 must normally convert the 12(b)(6) motion into a Rule 56 motion for
11 summary judgment, and it must give the nonmoving party an
12 opportunity to respond." *United States v. Ritchie*, 342 F.3d 903,
13 907 (9th Cir. 2003). "A court may, however, consider certain
14 materials-documents attached to the complaint, documents
15 incorporated by reference in the complaint, or matters of judicial
16 notice-without converting the motion to dismiss into a motion for
17 summary judgment." *Id.* at 908.

18 **IV. Discussion**

19 **A. Defendant's Position**

20 Defendant contends that Plaintiff's action is barred by the
21 applicable statute of limitations. Defendant asks the court to
22 take judicial notice of a petition to the Patent Office filed by
23 Plaintiff in 2004, which indicates that Defendant refused to sign
24 an Inventor Declaration and Power of Attorney form in connection
25 with the patent application. Defendant argues that the patent
26 petition establishes that Defendant's breach occurred when he
27 refused to sign the Inventor Declaration and Power of Attorney form
28 in 2004.

1 As discussed above, when the legal sufficiency of a
2 complaint's allegations is tested by a motion under Rule 12(b)(6),
3 review is limited to the complaint." *E.g. Lee v. City of Los*
4 *Angeles*, 250 F.3d 668, 688 (9th Cir. 2001) (quotation omitted).
5 As a general rule, a district court may not consider any material
6 beyond the pleadings in ruling on a Rule 12(b)(6) motion. *Id.*
7 Rule 12(d) expressly provides that when:

8 matters outside the pleading are presented to and not
9 excluded by the court, the motion *shall* be treated as one
10 for summary judgment and disposed of as provided in Rule
11 56, and all parties shall be given reasonable opportunity
12 to present all material made pertinent to such a motion
13 by Rule 56.

14 Fed. R. Civ. P. 12(d) (emphasis added).

15 There are two exceptions to the requirement that consideration
16 of extrinsic evidence converts a 12(b)(6) motion to a summary
17 judgment motion. *Lee*, 250 F.3d at 688. First, a court may
18 consider material which is properly submitted as part of the
19 complaint. *Id.* If the documents are not physically attached to
20 the complaint, they may be considered if the documents'
21 authenticity is not contested and the plaintiff's complaint
22 necessarily relies on them. *Id.* Second, a court may take
23 judicial notice of "matters of public record" pursuant to Federal
24 Rule of Evidence 201.

25 Defendant seeks to rely on the judicial notice exception to
26 Rule 12(d) in presenting extrinsic evidence in support of his
27 motion to dismiss. Defendant contends that the court may take
28 judicial notice of the patent petition, as it constitutes a public
record. Defendant points to a declaration contained in the patent
petition by one of Plaintiff's attorneys, Paul Mendonsa, which

1 states:

2 On February 11, 2004, I spoke with [Defendant] via
3 telephone and [Defendant] informed me that he was not
4 willing to sign the Inventor Declaration and Power of
Attorney form fro [sic] the above-referenced patent
application.

5 (Motion to Dismiss, Ex. 1, Mendonsa Dec. at 2). According to
6 Defendant, Mendonsa's declaration in the patent petition
7 establishes that Defendant breached his obligations under the
8 operative contracts in 2004.

9 To the extent Plaintiff's claim for breach is predicated
10 solely on Defendant's refusal to "execute...documents... necessary
11 ...to obtain patent or other intellectual property protections,"
12 (Complaint at 4), statements contained in a judicially noticeable
13 document suggest that Plaintiff's claim may be barred by the
14 statute of limitations. However, because the complaint is
15 ambiguous with respect to the nature of Defendant's alleged breach
16 or breaches, it is not possible to determine whether Plaintiff's
17 entire action is time-barred. Accordingly, the complaint must be
18 DISMISSED.

19 **B. Leave to Amend**

20 Defendant contends that leave to amend should not be granted
21 because "indisputable judicially noticeable facts establish that
22 GE had notice of its claims against Mr. Wilkins more than four
23 years before it filed the Complaint." (Motion to Dismiss at 10).
24 Defendant's contention is premised on a misunderstanding of the
25 scope of judicial notice.

26 Although judicial notice generally may be taken of Patent and
27 Trademark Office documents, e.g. *Vitek Systems, Inc. v. Abbott*
28 *Laboratories*, 675 F.2d 190, 192 n.4 (8th Cir. 1982), judicial

1 notice may not be taken of contested factual information contained
2 within such documents, *see, e.g., NLRB v. Big Bear Supermarkets #*
3 *3, 640 F.2d 924, 926 n.1 (9th Cir. 1980)* (declining to take
4 judicial notice of letters where the contents of the letters were
5 subject to reasonable dispute). Here, the parties dispute whether
6 Defendant's refusal to sign the Inventor Declaration and Power of
7 Attorney form in 2004 constituted a breach of Defendant's all of
8 Plaintiff's duties under the operative contracts. Contrary to
9 Defendant's assertion, the fact that Defendant "was not willing to
10 sign the Inventor Declaration and Power of Attorney form" does not
11 conclusively establish that Defendant breached all of his
12 contractual obligations in 2004. For example, to the extent that
13 Plaintiff had failed to perform a condition precedent to
14 Defendant's assignment obligation as of February 11, 2004,
15 Defendant's unwillingness to sign the Inventor Declaration and
16 Power of Attorney may not have constituted a breach at all.
17 Further, to the extent that the operative contracts imposed duties
18 separate from the duty to sign patent documents, Plaintiff may be
19 able to amend the complaint to state breaches that occurred within
20 the limitations period. Whether Defendant breached all of his
21 contractual obligations in 2004 cannot be determined absent
22 examination of extrinsic evidence that is not subject to judicial
23 notice. Accordingly, Plaintiff is granted leave to amend.

24 **ORDER**

25 For the reasons stated, IT IS ORDERED:

- 26 1) The complaint is DISMISSED, without prejudice;
27 2) Plaintiff shall lodge a formal order consistent with this
28 memorandum decision within five (5) days following electronic

1 service of this decision by the clerk. Plaintiff shall file
2 an amended complaint within fifteen (15) days of the filing of
3 the order. Defendant shall file a response within fifteen
4 (15) days of receipt of the amended complaint.

5 IT IS SO ORDERED.

6 **Dated: October 7, 2010**

/s/ Oliver W. Wanger
UNITED STATES DISTRICT JUDGE

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