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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

UNISON STRATEGIC IP, INC.,)	Case No. 3:13-cv-1278-GPC-JMA
Plaintiff,)	ORDER GRANTING
v.)	DEFENDANT LIFE
LIFE TECHNOLOGIES)	TECHNOLOGIES
CORPORATION; DOES 1 through 10,)	CORPORATION’S MOTION TO
inclusive,)	DISMISS PLAINTIFF UNISON
Defendants.)	STRATEGIC IP, INC.’S
_____)	COMPLAINT
)	(ECF NO. 10)

INTRODUCTION

Before the Court is defendant Life Technologies Corporation’s (“Defendant”) Motion to Dismiss plaintiff Unison Strategic IP, Inc’s (“Plaintiff”) Complaint (“Motion to Dismiss”). (ECF No. 1.) Plaintiff filed an opposition to the Motion to Dismiss, (ECF No. 17), and defendant filed a reply, (ECF No. 18). For the reasons set forth below, Defendant’s Motion to Dismiss is **GRANTED WITH LEAVE TO AMEND.**

BACKGROUND

On June 3, 2013, Plaintiff filed its Complaint for patent infringement, alleging Defendant’s software infringes U.S. Patent No. 6,996,538 (“the ‘538 patent”), of which Plaintiff alleges it is the sole owner by assignment. (ECF No. 1.) More specifically,

1 Plaintiff alleges Defendant’s Supply Chain Management System (“SCMS”) software
2 infringes one or more claims of the ‘538 patent.¹ The ‘538 patent describes “[a] system
3 and method which allows third-parties to monitor company inventory via the Internet
4 and World Wide Web (“web”) and automatically order needed items.” Plaintiff alleges
5 Defendant’s SCMS software provides real-time tracking and management of inventory
6 between Life Tech’s customers and suppliers.

7 DISCUSSION

8 **I. Legal Standard**

9 A motion under Federal Rule of Civil Procedure 12(b)(6) tests the legal
10 sufficiency of a claim. Navarro v. Block, 250 F.3d 729, 732 (9th Cir. 2001). In federal
11 court, a pleading must contain “a short and plain statement of the claim showing that
12 the pleader is entitled to relief.” Fed. R. Civ. P. 8(2). A complaint is deficient if it fails
13 to state a plausible claim for relief on its face. Bell Atl. Corp. v. Twombly, 550 U.S.
14 544, 570 (2007). “A claim has facial plausibility when the plaintiff pleads factual
15 content that allows the court to draw the reasonable inference that the defendant is
16 liable for the misconduct alleged.” Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009).

17 In resolving a 12(b)(6) motion, courts accept all well-pleaded allegations of
18 material fact as true and construes them in a light most favorable to the nonmoving
19 party. Wyler Summit P’ship v. Turner Broad. Sys., Inc., 135 F.3d 658, 661 (9th
20 Cir.1998). In addition to the complaint itself, a court “may consider certain
21 materials-documents attached to the complaint, documents incorporated by reference
22 in the complaint, or matters of judicial notice—without converting the motion to dismiss
23 into a motion for summary judgment.” United States v. Ritchie, 342 F.3d 903, 907 (9th
24 Cir. 2003).

25 Where a motion to dismiss is granted, “leave to amend should be granted ‘unless
26 the court determines that the allegation of other facts consistent with the challenged
27

28 ¹ Defendant notes in its Motion to Dismiss that its software is actually called “Supply Center Management System.”

1 pleading could not possibly cure the deficiency.” DeSoto v. Yellow Freight Sys., Inc.,
2 957 F.2d 655, 658 (9th Cir. 1992) (quoting Schreiber Distrib. Co. v. Serv-Well
3 Furniture Co., 806 F.2d 1393, 1401 (9th Cir. 1986)). In other words, where leave to
4 amend would be futile, the Court may deny leave to amend. See Desoto, 957 F.2d at
5 658.

6 **II. Analysis**

7 Defendant moves to dismiss Plaintiff’s claims for induced, contributory, and
8 willful infringement because Plaintiff has alleged no facts demonstrating Defendant
9 “had the intent to cause infringement . . . or that [Defendant] willfully infringed the
10 patent.” (ECF No. 10-1.) Defendant asserts Plaintiff “does not even allege that
11 [Defendant] had knowledge of the ‘538 patent.” Defendant further argues Plaintiff’s
12 contributory infringement claim fails because Plaintiff has not alleged “the necessary
13 facts detailing how [Defendant’s] accused product is ‘especially made or adapted for
14 use in an infringement [of the ‘538 patent].”

15 **A. Induced Infringement**

16 “Whoever actively induces infringement of a patent shall be liable as an
17 infringer.” 35 U.S.C. § 271(b). To state a claim for induced infringement, a plaintiff
18 must allege facts showing the alleged infringer (1) knew of the patent, (2) knowingly
19 induced the infringing acts, and (3) possessed a specific intent to encourage another’s
20 infringement of the patent. DSU Med. Corp. v. JMS Co., 471 F.3d 1293, 1304 (Fed.
21 Cir. 2006); Pacing Techs., LLC v. Garmin Int’l, Inc., 2013 WL 444642, at *2 (S.D. Cal.
22 Feb. 5, 2013).

23 **1. Knowledge**

24 District court decisions vary as to whether knowledge of a patent based on the
25 filing of a complaint is sufficient to meet the knowledge requirement for an induced
26 infringement claim. See Pacing Techs., 2013 WL 444642, at *2 (concluding that
27 post-filing knowledge of a patent suffices to state a claim for induced infringement);
28 see also EON Corp. IP Holdings, LLC v. Sensus USA, Inc., 2012 WL 4514138, at *1

1 (N.D. Cal. Oct.1, 2012) (concluding that “ post-filing knowledge is sufficient to meet
2 this requirement”); but see Mallinckrodt Inc. v. E-Z-EM Inc., 670 F. Supp. 2d 349, 354
3 (D. Del. 2009) (finding the plaintiffs’ contention that knowledge can be established by
4 the filing of a complaint unpersuasive).

5 This Court adopts the view that post-filing knowledge is sufficient to meet the
6 knowledge requirement as to any infringement occurring after the filing of a complaint
7 because there is

8 no reason why a defendant who is directly infringing on a product should
9 avoid liability for an indirect infringement claim when it continues to sell
10 the allegedly infringing product and encourages others to infringe, simply
because it happened to learn of the patent in connection with a lawsuit.

11 Pacing Techs., 2013 WL 444642, at *2 (quoting Trading Tech. Int’l, Inc. v. BCG
12 Partners, Inc., 2011 WL 3946581, at *4 (N.D. Ill. Sept. 2, 2011)).

13 Even though the Court adopts the post-filing rule, Plaintiff still fails to allege
14 sufficient facts establishing Defendant had knowledge of the patent. No where in the
15 Complaint did Plaintiff allege that the filing of the Complaint satisfied the knowledge
16 requirement for induced infringement. In fact, Plaintiff does not allege Defendant had
17 knowledge of the ‘538 patent at all. In opposition to Defendant’s Motion to Dismiss,
18 Plaintiff nevertheless argues its “indirect infringement claims are presently limited to
19 [Defendant’s] post-filing conduct” and that Defendant gained knowledge of the patent
20 from the filing of the Complaint. (ECF No. 17.) While alleging necessary facts in an
21 opposition brief may suffice to acquire leave to amend a deficient complaint, such new
22 facts do not save a deficient complaint from dismissal. Because Plaintiff did not
23 sufficiently allege Defendant’s knowledge of the patent, Plaintiff fails to state a claim
24 for induced infringement.

25 2. Specific Intent

26 Plaintiff also fails to sufficiently allege Defendant had the specific intent to
27 induce others to infringe.

28 The Supreme Court has made clear that “inducement must involve the taking of

1 affirmative steps to bring about the desired result.” Global-Tech Appliances, Inc. v.
2 SEB S.A., 131 S.Ct. 2060, 2065 (2011). This goes hand in hand with the requirement
3 that a plaintiff demonstrate the alleged infringer had the specific intent to encourage
4 another’s infringement. See DSU Med. Corp., 471 F.3d at 1304. “[T]he specific intent
5 necessary to induce infringement ‘requires more than just intent to cause the acts that
6 produce direct infringement, the inducer must have an affirmative intent to cause
7 direct infringement.’” Kyocera Wireless Corp. v. Int’l Trade Com’n, 545 F.3d 1340,
8 1354 (Fed. Cir. 2008) (quoting DSU Med. Corp., 471 F.3d at 1306.)

9 Plaintiff does not allege facts showing Defendant took affirmative steps to
10 induce others to infringe. Plaintiff alleges Defendant “has the specific intent to
11 encourage its customers and suppliers to infringe the ‘538 patent directly by (among
12 other things) intentionally encouraging and/or aiding its customers and suppliers to use
13 [Defendant’s] SCMS software.” This allegation fails because Plaintiff must allege
14 “more than just an intent to cause the acts that produce direct infringement.” See
15 Kyocera, 545 F.3d at 1354.

16 Plaintiff further alleges Defendant “intentionally designs, manufactures, markets,
17 promotes, sells, services, supports (including technical support), provides updated
18 software, and educates its customers and suppliers about its SCMS software.” Even
19 taken as true, these allegations also fail because they merely indicate that Defendant
20 provides instruction, technical support, and training for using its own software, and
21 nothing more. As such, Plaintiff’s allegations are conclusory and not sufficient to
22 plausibly infer that Defendant had the specific intent to induce others to infringe.

23 Plaintiff cites Petter Investments, Inc. v. Hydro Engineering, Inc., 664 F. Supp.
24 2d 816, 827 (W.D. Mich. 2009), in arguing its conclusory allegation that Defendant has
25 encouraged others to infringe is “precisely enough to state a claim for inducement.”
26 Plaintiff’s reliance on Petter, however, is misplaced. The Petter court did not address
27 the sufficiency of a claim for induced infringement under Rule 12(b)(6). See id. at 827.
28 Rather, the court addressed the sufficiency of the patentee’s evidence in adjudicating

1 a motion for summary judgment. Id.

2 Because Plaintiff has not alleged facts demonstrating Defendant had the specific
3 intent to encourage others to infringe the ‘538 patent, Plaintiff has failed to sufficiently
4 state a claim for induced infringement. Accordingly, Defendant’s Motion to Dismiss
5 Plaintiff’s claim for induced infringement is **GRANTED**.

6 **B. Contributory Infringement**

7 Defendant moves to dismiss Plaintiff’s claim for contributory infringement
8 because Plaintiff failed to allege Defendant had knowledge of the ‘538 patent or the
9 specific intent to cause infringement. Defendant also asserts that Plaintiff failed to
10 allege Defendant’s software is “especially made or especially adapted for use in an
11 infringement.”

12 Contributory infringement occurs if a party sells or offers to sell, a
13 material or apparatus for un in practicing a patented process, and that
14 “material or apparatus” is material to practicing the invention, has no
substantial non-infringing uses, and is known by the party “to be
especially made or especially adapted for use in an infringement of such
patent.”

15 In re Bill of Lading Transmission & Processing Sys. Patent Lit., 681 F.3d 1323, 1337
16 (Fed. Cir. 2012) (citing & quoting 35 U.S.C. § 271(c)).

17 The Court has reviewed the case law to determine whether a claim for
18 contributory infringement requires a showing of specific intent. The Court agrees with
19 Plaintiff that, unlike a claim for induced infringement, a claim for contributory
20 infringement does not require a showing of specific intent to cause infringement. See
21 e.g., INVISTA North America S.a.r.l. v. M & G USA Corp., 2013 WL 3196817, at *13
22 n.12 (D. Del. June 25, 2013) (“Intent to cause infringement is not a requirement of
23 contributory infringement under 35 U.S.C. § 271(c).”).

24 Nonetheless, Plaintiff’s reliance on the Supreme Court’s decision in Global-Tech
25 is misguided. In Global-Tech, the Supreme Court merely held that “induced
26 infringement under § 271(b) requires knowledge that the induced acts constitute patent
27 infringement.” 131 S. Ct. at 2068. Although the phrase “nor has Congress seen fit to
28 alter § 271(c)’s intent requirement,” (emphasis added), appeared in dicta, the plain

1 reading of the § 271(c) suggests that any reference to § 271(c) having an intent
2 requirement relates to the phrase: “knowing the same to be especially made or
3 especially adapted for use in an infringement.” Id.

4 Given the historical view that induced infringement was a type of contributory
5 infringement, the Supreme Court analyzed § 271(c)’s “knowing” phrase in an effort to
6 determine the type of knowledge required for an induced infringement claim. Citing
7 its decision in Aro Manufacturing. Co. v. Convertible Top Replacement Co., Inc., 377
8 U.S. 476, 488(1964), the Supreme Court observed that § 271(c)’s “knowing” phrase
9 required an infringer to have knowledge of the patent—rather than mere knowledge
10 that the component was especially adapted for use in a product that happened to
11 infringe the patent. Id. at 2067-68. The Court thus extended that interpretation to the
12 knowledge element of an induced infringement claim. No where in the opinion did the
13 Supreme Court suggest § 271(c)’s “knowing” phrase required an infringer to possess
14 the specific intent required for an induced infringement claim. Accordingly, the
15 Supreme Court’s decision in Global-Tech does not support the proposition that a claim
16 for contributory infringement requires a showing of specific intent to cause
17 infringement.²

18 Here, Plaintiff fails to adequately allege a claim for contributory infringement.
19 As discussed above, Plaintiff has failed to allege Defendant’s knowledge of the ‘538
20 patent. Plaintiff also fails to allege facts showing how any component of Defendant’s
21 SCMS software is especially made or especially adapted for use in an infringing
22 “material or apparatus.” Plaintiff alleges Defendant

23 has been and is currently willfully and intentionally infringing the ‘538
24 patent by . . . importing, offering to sell, or more components of
 Defendant’s SCMS software knowing such components to be especially

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26 ² Defendant also cites Discflo Corp. v. American Process Equip., Inc., 2011 WL 6888542, *
27 at 3 (S.D. Cal., Dec. 29, 2011), for the proposition that a specific intent to cause infringement is
28 required to state a contributory infringement claim. Discflo, however, does not support this
proposition. While the court found that the plaintiff had “failed to adequately allege specific intent
to induce or contribute to infringement,” the court must have meant the “specific intent” intent
reference to refer only to the plaintiff’s claim for induced infringement because, in setting forth the
elements of a contributory infringement claim, the court did not include a specific intent requirement.

1 made or adapted for use in infringing the '538 patent and not staple
2 articles or commodities suitable for substantial noninfringing use.
(ECF No. 1 at 3-4.)

3 Plaintiff merely recites the statutory language of § 271(c) but does not allege any
4 facts regarding which component of Defendant's SCMS software is made or adapted
5 for use in an infringement. Because Plaintiff has not alleged facts as to Defendant's
6 knowledge of the '538 patent and did not identify which component of Defendant's
7 SCMS software is made or adapted for use in an infringement, Plaintiff fails to allege
8 facts to support a claim for contributory infringement. Accordingly, Defendant's
9 Motion to Dismiss Plaintiff's claim for contributory infringement is **GRANTED**.

10 C. Willful Infringement

11 Defendant moves to dismiss Plaintiff's claim for willful infringement because
12 Plaintiff has not alleged Defendant had knowledge of the '538 patent.

13 "[A] party cannot be found to have willfully infringed a patent of which the party
14 had no knowledge." Gustafson, Inc. v. Intersystems Indus. Prods., Inc., 897 F.2d 508,
15 511 (Fed. Cir. 1990). Willful infringement differs from inducement in that, allegations
16 of post-filing knowledge are generally insufficient to support a claim. In re Seagate
17 Tech., LLC, 497 F.3d 1360, 1374 (Fed. Cir. 2007); Pacing Techs., 2013 WL 444642,
18 at * 3. "A bare recitation of the required legal elements for willful infringement or a
19 mere allegation, without more, that [d]efendants knew of the patents-in-suit will not
20 survive a Rule 12(b)(6) motion." Pacing Techs., 2013 WL 444642 at * 3. At a
21 minimum, a plaintiff must make out "the barest factual assertion of knowledge." See
22 Avocet Sports Tech., Inc. v. Garmin Int'l, Inc., 2012 WL 2343163, at *3 (N.D. Cal.
23 June 5, 2012).

24 Again, Plaintiff fails to allege facts establishing Defendant had knowledge of the
25 '538 patent. Plaintiff merely alleges it "believes . . . [Defendant's] infringement is
26 willful." (ECF No. 1 at 2.) As such, Plaintiff fails to meet the minimum standard of
27 pleading even the "barest factual assertion of knowledge." Avocet Sports Tech., Inc.,
28 2012 WL 2343163, at *3. Accordingly, Defendant's Motion to Dismiss Plaintiff's

1 claim for willful infringement is **GRANTED**.

2 **D. Leave to Amend**

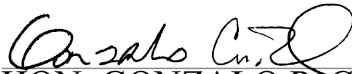
3 Finding it possible for Plaintiff to cure the aforementioned deficiencies, the
4 Court concludes leave to amend should be **GRANTED**. See DeSoto, 957 F.2d at 658.

5 **CONCLUSION**

6 For the foregoing reasons, **IT IS HEREBY ORDERED** that:

- 7 1. Defendant's Motion to Dismiss is **GRANTED** as to Plaintiff's claims for
8 induced, contributory, and willful infringement;
- 9 2. If Plaintiff wishes to file an amended Complaint, Plaintiff shall do so on
10 or before **November 15, 2013**; and
- 11 3. The hearing on Defendant's Motion to Dismiss, currently set for October
12 25, 2013, is **VACATED**.

13 DATED: October 22, 2013

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15 HON. GONZALO P. CURIEL
16 United States District Judge
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