

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

THE SCRIPPS RESEARCH
INSTITUTE,

Plaintiff,

v.

ILLUMINA, INC.,

Defendant.

Case No.: 16-cv-661 JLS (BGS)

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANT’S
MOTION TO DISMISS**

(ECF No. 22)

Presently before the Court is Defendant Illumina, Inc.’s (“Illumina”) Motion to Dismiss. (“MTD,” ECF No. 22.) Also before the Court are Plaintiff The Scripps Research Institute’s (“Scripps”) response in opposition to, (“Opp’n,” ECF No. 23), and Defendant’s reply in support of, (“Reply,” ECF No. 24), Defendant’s Motion to Dismiss. The Court vacated the hearing set for July 14, 2016 and took the matter under submission pursuant to Civil Local Rule 7.1(d)(1). (ECF No. 25.) After considering the parties’ arguments and the law, the Court **GRANTS IN PART** and **DENIES IN PART** Defendant’s Motion to Dismiss and **DISMISSES WITHOUT PREJUDICE** Plaintiff’s Complaint.

///
///
///
///

BACKGROUND

Plaintiff Scripps is a California non-profit engaged in medical research. (Complaint (“Compl.”) ¶ 1, ECF No. 1.) Defendant Illumina is a genomics tool company that develops and markets, among other things, array-based systems and assays for genotyping, gene expression, and epigenetics. (*Id.* at ¶ 2.)

Plaintiff is the owner of U.S. Patent No. 6,060,596 (the “’596 patent”) entitled “Encoded Combinatorial Chemical Libraries.” (*Id.* at ¶¶ 10–11.) As described by Plaintiff, the ’596 patent

pertains to a “bifunctional molecule” used in the manufacture of DNA microarrays. DNA microarrays are used in the genetic analysis, cancer characterization, and diagnosis of many diseases. Each DNA substrate or bead in a microarray product contains hundreds of thousands of copies of specific DNA sequences, known variously as “probes,” “oligonucleotides” or “oligos” for short. These probes can be a short section of a gene or other DNA element, and they can be used to detect a complimentary DNA or RNA sample, known as a “target probe” in an assay. Associated with each target probe in an “encoded probe” that identifies the specific sequence of the target probe. The target probe and the encoded probe are linked together to make up the bifunctional molecule.

(*Id.* at ¶ 8.)

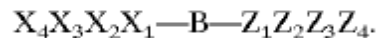
Defendant provides the following further description of the ’596 patent¹:

The ’596 patent relates to creating a chemical library of “bifunctional molecules having both a chemical polymer and an identifier nucleotide sequence that defines the structure of the chemical polymer.” ([’596 patent], at Abstract.) The chemical polymer can be, for example, a series of amino acids (the building blocks of proteins), while the identifier is a series of the nucleic acid bases (e.g., adenosine (A), guanine (G), cytosine

¹ The Court reproduces this description of the ’596 patent for background purposes only, and is aware that Plaintiff “disputes . . . many of the statements set forth in Illumina’s alleged ‘Statement of Facts.’” (Opp’n 3 n.1, ECF No. 23.) However, Plaintiff acknowledges that these disputes “are not addressed [in its opposition] because they are not necessary to resolve the instant issue.” (*Id.*)

1 (C), and thymine (T)) that make up nucleic acids like DNA. (*See,*
2 *e.g., id.* at 4:44-55, 5:55-65, 6:15-24.)

3 The patent states that its “bifunctional molecules” are built
4 in a step-wise manner by starting with a linker, “B,” and adding,
5 one-by-one in an alternating fashion, a series of chemical units
6 to one end, and a series of identifier nucleotide sequences to the
7 other. (*See, e.g., id.* at 10:18-11:25.) For example, the patent
8 shows the bifunctional molecule below, which is built by
9 attaching the first chemical unit (X_1) to the linker, and then
10 attaching a corresponding first unit identifier nucleotide
11 sequence (Z_1), followed by attaching the second chemical unit
12 (X_2), and then the second unit identifier sequence (Z_2), and so on,
13 through four rounds of this step-wise addition:



14 (*Id.* at 5:66-6:6, 10:18-11:25.) In this way, each chemical unit has
15 a corresponding unit identifier. The result is that you can
16 determine the first chemical group’s (X_1 ’s) structure simply by
17 reading the first unit identifier (Z_1), determine the second
18 chemical unit’s (X_2 ’s) structure by reading the second unit
19 identifier (Z_2), and do the same for each of the other chemical
20 units by reading their corresponding identifier. (*Id.*; *see also id.*
21 at 2:48-54, 3:12-18.)

22 The ’596 patent uses several additional labels to describe
23 the structure of its bifunctional molecule. It explains that the
24 series of chemical units (X_1 through X_4) is collectively called
25 “A,” and the series of oligonucleotide sequences (Z_1 through Z_4)
26 is called “C.” (*Id.* at 4:31-38, 5:55-65.) So the structure
27 reproduced above could be depicted by the shorthand A—B—C.
28 (*Id.*) The patent identifies a particular chemical unit or
corresponding unit identifier sequence using the parameter “n.”
(*Id.*) For example, $n=1$ for the chemical unit (X_1) and
oligonucleotide identifier (Z_1) closest to the linker, while $n=2$ for
the second chemical unit (X_2) and second oligonucleotide
identifier (Z_2) added. The patent also defines the parameter “a”
to mean the total number of chemical units or unit identifier
nucleotide sequences. (*Id.* at 4:39-42, 5:63-65, 9:1-11, 28:1-29:2,
44:6-12.) In the figure above, $a=4$, because there are 4 chemical
units in polymer A that correspond to the 4 unit identifier
sequences.

1
2 (MTD 6–7,² ECF No. 22-1.)

3 Plaintiff filed its Complaint against Defendant on March 17, 2016, alleging that
4 Defendant directly infringed—both literally and under the doctrine of equivalents—claims
5 1, 3, 10, and 16 of the ’596 patent by making, using, selling, and offering for sale its
6 “BeadChip” and other microarray products in the United States. (Compl. ¶ 12, ECF No.
7 1.) Plaintiff further alleges that Defendant has induced infringement by third parties, (*id.*
8 at ¶ 13), and that Defendant’s infringement was willful, (*id.* at ¶ 14). Defendant filed the
9 instant Motion to Dismiss on May 20, 2016. (ECF No. 22.)

10 The relevant factual allegations in the Complaint pertaining to Defendant’s allegedly
11 infringing products include the following:

12 9. For a number of years, Illumina has manufactured and
13 marketed DNA microarray technologies and products, one
14 example being its “BeadChip products.” Each bead on the
15 BeadChip products is covered with hundreds of thousands of
16 copies of specific bifunctional molecules, a portion of which acts
17 as a target probe in a given Illumina assay and a portion of which
18 acts as an encoded probe. The BeadChip and other Illumina
19 microarray products are sold “decoded” which allows every
20 oligonucleotide sequence of the target probe on every bead to be
21 identified. The bifunctional molecule used in the manufacture of
22 such Illumina products utilizes The Scripps Research Institute’s
23 patented technology.

24 . . .

25 12. Illumina has directly infringed claims 1, 3, 10, and 16 of
26 the ’596 patent by manufacturing, using, selling, and offering for
27 sale BeadChip and, on information and belief, other microarray
28 products in the United States during the term of the patent,
including BeadChips used in conjunction with the Infinium and
Direct Hybrid assays. Illumina has infringed the ’596 patent both
literally and under the doctrine of equivalents. The Scripps
Research Institute contends that the oligos attached to Illumina’s
BeadChip and other microarray products contain a bifunctional
molecule as described by the claims of the ’596 patent with a

² Pin citations refer to the CM/ECF numbers electronically stamped at the top of each page.

1 polymer A, an identifier oligonucleotide C, and a linker.

2
3 (Compl. ¶¶ 9, 12, ECF No. 1.)

4 **LEGAL STANDARD**

5 Federal Rule of Civil Procedure 12(b)(6) permits a party to raise by motion the
6 defense that the complaint “fail[s] to state a claim upon which relief can be granted,”
7 generally referred to as a motion to dismiss. The Court evaluates whether a complaint
8 states a cognizable legal theory and sufficient facts in light of Federal Rule of Civil
9 Procedure 8(a), which requires a “short and plain statement of the claim showing that the
10 pleader is entitled to relief.” Although Rule 8 “does not require ‘detailed factual
11 allegations,’ . . . it demands more than an unadorned, the-defendant-unlawfully-harmed-
12 me accusation.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v.*
13 *Twombly*, 550 U.S. 544, 555 (2007)). In other words, “a plaintiff’s obligation to provide
14 the ‘grounds’ of his ‘entitle[ment] to relief’ requires more than labels and conclusions, and
15 a formulaic recitation of a cause of action’s elements will not do.” *Twombly*, 550 U.S. at
16 555 (alteration in original). “Nor does a complaint suffice if it tenders ‘naked assertion[s]’
17 devoid of ‘further factual enhancement.’” *Iqbal*, 556 U.S. at 678 (alteration in original)
18 (quoting *Twombly*, 550 U.S. at 557).

19 “To survive a motion to dismiss, a complaint must contain sufficient factual matter,
20 accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Id.* (quoting
21 *Twombly*, 550 U.S. at 570); *see also* Fed. R. Civ. P. 12(b)(6). A claim is facially plausible
22 when the facts pled “allow[] the court to draw the reasonable inference that the defendant
23 is liable for the misconduct alleged.” *Id.* (citing *Twombly*, 550 U.S. at 556). That is not to
24 say that the claim must be probable, but there must be “more than a sheer possibility that a
25 defendant has acted unlawfully.” *Id.* (citing *Twombly*, 550 U.S. at 556). “[F]acts that are
26 ‘merely consistent with’ a defendant’s liability” fall short of a plausible entitlement to
27 relief. *Id.* (quoting *Twombly*, 550 U.S. at 557). Further, the Court need not accept as true
28 “legal conclusions” contained in the complaint. *Id.* at 678–79 (citing *Twombly*, 550 U.S.

1 at 555). This review requires “context-specific” analysis involving the Court’s “judicial
2 experience and common sense.” *Id.* at 679. “[W]here the well-pleaded facts do not permit
3 the court to infer more than the mere possibility of misconduct, the complaint has alleged—
4 but it has not ‘show[n]’—‘that the pleader is entitled to relief.’” *Id.* (quoting Fed. R. Civ.
5 P. 8(a)(2)). The Court will grant leave to amend unless it determines that no modified
6 contention “consistent with the challenged pleading . . . [will] cure the deficiency.” *DeSoto*
7 *v. Yellow Freight Sys., Inc.*, 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schriber Distrib.*
8 *Co. v. Serv-Well Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)).

9 In patent cases, purely procedural issues of law are governed by the law of the
10 regional circuit. *K-Tech Telecomms., Inc. v. Time Warner Cable, Inc.*, 714 F.3d 1277,
11 1282 (Fed. Cir. 2013). In the Ninth Circuit, to be entitled to the presumption of truth, a
12 complaint’s allegations “must contain sufficient allegations of underlying facts to give fair
13 notice and to enable the opposing party to defend itself effectively.” *Starr v. Baca*, 652
14 F.3d 1202, 1216 (9th Cir. 2011), *cert. denied*, 132 S. Ct. 2101 (2012). Additionally, this
15 Court has previously held that the pleading standards under *Twombly* and *Iqbal*—not Form
16 18—now govern claims for direct infringement of a patent. *Footbalance Sys. Inc. v. Zero*
17 *Gravity Inside, Inc. (Footbalance II)*, No. 15-CV-1058 JLS (DHB), 2016 WL 5786936, at
18 *2–3 (S.D. Cal. Oct. 4, 2016).

19 ANALYSIS

20 Defendant argues that Plaintiff (1) has not plausibly alleged direct infringement
21 because it fails to state sufficient facts showing that Defendant’s products directly infringe
22 each limitation of the asserted claims; and (2) has not plausibly alleged inducement and (3)
23 willful infringement because it has not shown that Defendant had knowledge of the ’596
24 patent during the relevant period. The Court considers each argument in turn.

25 I. Direct Infringement

26 To state a claim for direct patent infringement, a plaintiff must allege that the
27 defendant, “without authority[,], makes, uses, offers to sell, or sells any patented invention.”
28 35 U.S.C. § 271(a); *see also Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 773 (Fed. Cir. 1993)

1 (citing *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1469 (Fed. Cir. 1990),
2 *cert. denied*, 493 U.S. 1076 (1990)). “To prove infringement, the patentee must show that
3 an accused product embodies all limitations of the claim either literally or by the doctrine
4 of equivalents.” *Cephalon, Inc. v. Watson Pharms., Inc.*, 707 F.3d 1330, 1340 (Fed. Cir.
5 2013). “To establish literal infringement, every limitation set forth in a claim must be
6 found in the accused product, exactly.” *Advanced Steel Recovery, LLC v. X-Body Equip.,*
7 *Inc.*, 808 F.3d 1313, 1319 (Fed. Cir. 2015) (citing *Southwall Techs., Inc. v. Cardinal IG*
8 *Co.*, 54 F.3d 1570, 1575 (Fed. Cir. 1995)). “Under the doctrine of equivalents, ‘a product
9 or process that does not literally infringe upon the express terms of a patent claim may
10 nonetheless be found to infringe if there is ‘equivalence’ between the elements of the
11 accused product or process and the claimed elements of the patented invention.’” *DePuy*
12 *Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 469 F.3d 1005, 1016 (Fed. Cir. 2006) (citing
13 *Warner–Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997)). “Under the
14 ‘all elements’ rule, ‘the doctrine of equivalents must be applied to individual elements of
15 the claim, not to the invention as a whole.’” *E-Pass Techs., Inc. v. 3Com Corp.*, 473 F.3d
16 1213, 1221 (Fed. Cir. 2007) (citing *Warner–Jenkinson*, 520 U.S. at 29).

17 Defendant argues that Plaintiff fails to state a claim for direct infringement because
18 it does not plausibly allege that Defendant’s products infringe every limitation of the
19 asserted claims, which Defendant maintains is the applicable pleading standard after the
20 abolition of Form 18. (MTD 10–12, ECF No. 22-1.) Specifically, Defendant argues that
21 Plaintiff’s Complaint fails to plausibly allege infringement as to at least two limitations of
22 asserted claim 1 of the ’596 patent. (*Id.* at 12–13; Reply 6–7, ECF No. 24.) In particular,
23 Defendant argues that Plaintiff “does not attempt to show that Illumina’s products meet the
24 requirement that ‘a unit identifier nucleotide sequence Z within oligonucleotide C identifies
25 the chemical unit X at position n;’ and the requirement that ‘a is an integer from 4 to 50.’”
26 (MTD 12–13, ECF No. 22-1.) Defendant further argues that Plaintiff should be required
27 to identify all of its asserted claims and all of Defendant’s accused products at the pleading
28 stage. (*Id.* at 14.)

1 Plaintiff responds that a patentee is not required to plead direct infringement by
2 alleging sufficient facts plausibly showing that a defendant's products infringe each
3 limitation of the asserted claims. (Opp'n 3, ECF No. 23.) Instead, Plaintiff argues that the
4 specificity desired by Defendant will come later, at least when Plaintiff serves its
5 infringement contentions. (*Id.* at 5.) Thus, Plaintiff argues that its Complaint is sufficient
6 because its "Complaint sets forth sufficient facts to raise a reasonable expectation that
7 discovery will reveal evidence that Illumina's bifunctional molecules infringe the patent-
8 in-suit." (*Id.* at 4.) Furthermore, Plaintiff argues that it should not be required to identify
9 all of its asserted claims and all of Defendant's accused products at this stage because it
10 will do so when it serves its infringement contentions. (*Id.* at 5–6.)

11 Representative asserted claim 1 of the '596 patent, with Defendant's emphasis on
12 some of the limitations allegedly without support in Plaintiff's Complaint, is reproduced
13 below:

14 1. A bifunctional molecule according to the formula A—B—C,
15 wherein
16 A is a polymer comprising a linear series of chemical units
17 represented by the formula $(X_n)_a$, wherein X is a single chemical
18 unit in polymer A,
19 B is a linker molecule operatively linked to A and C, and
20 identifier oligonucleotide C is represented by the formula $(Z_n)_a$,
21 **wherein a unit identifier nucleotide sequence Z within**
22 **oligonucleotide C identifies the chemical unit X at**
23 **position n; and**
24 wherein n is a position identifier for both X in polymer A
25 and Z in oligonucleotide C having the value of $1+i$ where
26 i is an integer from 0 to 10, such that when n is 1, X or Z
27 is located most proximal to the linker, and
28 **a is an integer from 4 to 50.**

(MTD 7, ECF No. 22-1 (citing '596 patent col. 43 ll. 2-14 (emphases added)).)

As an initial matter, the Court joins several other courts in holding that in order to properly plead direct infringement under *Twombly* and *Iqbal*, a plaintiff must plausibly

1 allege that a defendant directly infringes each limitation in at least one asserted claim.³ *See*
2 *e.Digital Corp. v. iBaby Labs, Inc.*, No. 15-CV-05790-JST, 2016 WL 4427209, at *3 (N.D.
3 Cal. Aug. 22, 2016) (collecting authority). Indeed, under *Twombly* a plaintiff’s complaint
4 must state a plausible claim for relief, and to “establish literal infringement, every
5 limitation set forth in a claim must be found” in the accused instrumentality. *Advanced*
6 *Steel Recovery*, 808 F.3d at 1319. Likewise, a claim for direct infringement under the
7 doctrine of equivalents ““must be applied to individual elements of the claim, not to the
8 invention as a whole.”” *E-Pass Techs.*, 473 F.3d at 1221 (citation omitted). It thus follows
9 that to adequately plead direct infringement, a plaintiff must allege sufficient facts to
10 plausibly show that a defendant’s accused instrumentality contains each limitation of the
11 asserted patent claim.⁴

12 Importantly, the Court’s holding does not require a patentee to plead with the
13 specificity required in its infringement contentions, which Plaintiff seems to suggest.
14 (Opp’n 5, ECF No. 23.) As Plaintiff explains, its infringement contentions “will provide
15 information concerning how each limitation of the asserted claims [*is*] met by the accused
16 products.” (*Id.* (emphasis added).) Here, however, Plaintiff must simply provide sufficient
17 factual allegations concerning how each limitation of the asserted claims is *plausibly* met
18 by the accused products. *See e.Digital*, 2016 WL 4427209, at *4 (“To require a patentee
19 to plausibly allege that the accused product practices each of the limitations in at least one
20 asserted claim should not impose an undue burden on most plaintiffs, because a patentee
21

22 ³ To clarify, Plaintiff—and future patentees—should not read this holding as an invitation to assert and
23 plausibly allege infringement of one claim, survive a motion to dismiss, and thereafter conduct discovery
24 on other, unrelated claims. Such discovery would in many cases be barred by Federal Rule of Civil
25 Procedure 26(b)(1) as not “relevant to any party’s claim.” Thus, while under *Twombly* a patentee need
26 only plausibly allege direct infringement of one asserted claim for its *complaint* to survive a motion to
27 dismiss, a patentee must plausibly allege direct infringement as to all asserted claims in its complaint in
28 order for *those asserted claims* to likewise survive a motion to dismiss. Of course, a patentee may be able
to amend its complaint at a later date to add additional claims for infringement, but those claims will also
have to survive under *Twombly* if a challenge is raised.

⁴ Thus, the Court finds that Plaintiff’s reliance on *Phonometrics, Inc. v. Hospitality Franchise Sys., Inc.*,
203 F.3d 790 (Fed. Cir. 2000), is misplaced, since that case predates the abrogation of Form 18. *See*
e.Digital, 2016 WL 4427209, at *4 (finding same).

1 is already required to perform an adequate pre-filing investigation before bringing suit.”)
2 (citation omitted); *see also TeleSign Corp. v. Twilio, Inc.*, No. CV 16-2106 PSG (SSX),
3 2016 WL 4703873, at *4 (C.D. Cal. Aug. 3, 2016) (“[I]t is irrelevant at this stage whether
4 Plaintiff’s allegations are accurate, as the Court accepts all of Plaintiff’s allegations as
5 true The Court only requires that Plaintiff plausibly alleges that a product or products
6 of Defendant infringes on at least one claim of the [asserted] patent.”).

7 Applying *Twombly*, Plaintiff’s Complaint fails to state a claim for direct
8 infringement. Plaintiff’s allegations related to Defendant’s direct infringement appear in
9 paragraphs 9 and 12 of its Complaint. In paragraph 9, Plaintiff identifies one of
10 Defendant’s products and describes some of its characteristics. (*See* Compl. ¶ 9, ECF No.
11 1 (identifying and describing Defendant’s “BeadChip” product).) For instance, Plaintiff
12 generally avers that Defendant’s BeadChip product contains “hundreds of thousands of
13 copies of specific bifunctional molecules, a portion of which acts as a target probe in a
14 given Illumina assay and a portion of which acts as an encoded probe.” (*Id.*) Next, Plaintiff
15 claims that “[t]he BeadChip and other Illumina microarray products are sold ‘decoded’
16 which allows every oligonucleotide sequence of the target probe on every bead to be
17 identified.” (*Id.*) From this, Plaintiff concludes that “[t]he bifunctional molecule used in
18 the manufacture of such Illumina products utilizes The Scripps Research Institute’s
19 patented technology.” (*Id.*)

20 That may very well be the case, but Plaintiff does not explain how this description
21 of Defendant’s BeadChip product—particularly the general overview of the bifunctional
22 molecules contained therein—plausibly meets the limitations of the bifunctional molecules
23 in Plaintiff’s asserted claims. Indeed, as Defendant notes, the “’596 patent does not cover
24 just any bifunctional molecule; its claims all require a bifunctional molecule with a specific
25 structure.” (MTD 12, ECF No. 22-1.) As discussed above, Defendant identifies several
26 limitations in claim 1 that are not encompassed—much less addressed—by Plaintiff’s
27 allegations. (*Id.* at 12–13.) After an independent review of Plaintiff’s allegations, the
28 Court agrees. *Cf. Asghari–Kamrani v. United Servs. Auto. Ass’n*, No. 2:15CV478, 2016

1 WL 1253533, at *4 (E.D. Va. Mar. 22, 2016) (“As discussed above, every one of the
2 patent’s claims contain limitations in addition to the use of a one-time code. Doing no more
3 than identifying features of USAA’s website that use a one-time use code does not describe
4 with particularity how USAA’s website infringes Plaintiffs’ patent.”).

5 Finally, in paragraph 12, Plaintiff “contends” that the oligos attached to Illumina’s
6 products contain a bifunctional molecule as described by the claims of the ’596 patent.
7 However, Plaintiff provides no factual support whatsoever for this contention. (Compl.
8 ¶ 12, ECF No. 1.) This is the sort of conclusory allegation Rule 8 is designed to curtail,
9 and thus Plaintiff’s allegation fails to even satisfy the pleading standard proffered by
10 Plaintiff, much less the pleading standard adopted by this—and other—courts after the
11 abrogation of Form 18. Accordingly, Plaintiff’s direct infringement claims are
12 **DISMISSED WITHOUT PREJUDICE.**

13 However, the Court rejects Defendant’s arguments that Plaintiff must at this stage
14 identify all asserted claims against Defendant and all of its allegedly infringing products.⁵
15 (MTD 14, ECF No. 22-1.) *See Atlas IP LLC v. Pac. Gas & Elec. Co.*, No. 15-CV-05469-
16 EDL, 2016 WL 1719545, at *5 (N.D. Cal. Mar. 9, 2016) (rejecting defendant’s argument
17 that plaintiff should be required to plead all asserted claims because “*Iqbal* and *Twombly*
18 only require Plaintiff to state a plausible claim for relief, which can be satisfied by
19 adequately pleading infringement of one claim”). To the contrary, Plaintiff will have an
20 opportunity to identify all of its asserted claims and Defendant’s allegedly infringing
21

22
23 ⁵ In so holding, the Court agrees with Plaintiff’s characterization of this Court’s previous decision in
24 *FootBalance Sys. Inc. v. Zero Gravity Inside, Inc. (Footbalance I)*, No. 15-CV-1058 JLS (DHB), 2016
25 WL 903681 (S.D. Cal. Feb. 8, 2016). (Opp’n 5, ECF No. 23.) In *Footbalance I*, the Court held that
26 plaintiff’s allegations of “custom insoles” and “insoles” were insufficient to put defendant on notice as to
27 what products allegedly infringed plaintiff’s patents because those generic allegations “encompass[ed]
28 essentially [defendant’s] entire business.” 2016 WL 903681, at *4 (citation omitted). Here, in contrast,
Plaintiff has identified at least two of Defendant’s allegedly infringing products—BeadChip products used
in conjunction with Infium and Direct Hybrid microarrays. This is sufficient at the pleading stage. And,
as discussed above, Plaintiff will be required to identify with specificity additional allegedly infringing
products in its infringement contentions.

1 products in its infringement contentions pursuant to Patent Local Rule 3.1.⁶ Accordingly,
2 the Court **DENIES** this portion of Defendant’s Motion to Dismiss.

3 **II. Induced Infringement**

4 Plaintiff also alleges that Defendant “has induced infringement by third parties by
5 causing third parties to use the infringing products.” (Compl. ¶ 13, ECF No. 1.) To state
6 a claim for inducement pursuant to 35 U.S.C. § 271(b), “the patentee must show, first that
7 there has been direct infringement, and second that the alleged infringer knowingly induced
8 infringement and possessed specific intent to encourage another’s infringement.” *Kyocera*
9 *Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1353–54 (Fed. Cir. 2008) (quoting
10 *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1304–05 (Fed. Cir. 2002))
11 (internal quotation marks omitted).

12 Because the Court has already concluded that Plaintiff has failed to state a claim
13 for direct infringement, Plaintiff’s claims for induced infringement must fail as well.⁷
14 Accordingly, Plaintiff’s inducement claims are **DISMISSED WITHOUT PREJUDICE**.

15 **III. Willful Infringement**

16 Section 284 allows courts to “increase the damages up to three times the amount
17 found or assessed” in a patent claim. 35 U.S.C. § 284. The Supreme Court recently issued
18 its decision in *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1927 (2016), where
19 it rejected the Federal Circuit’s two-part test from *In re Seagate*, 497 F.3d 1360 (Fed. Cir.
20 2007), for determining when a district court may award enhanced damages. The Court
21 reaffirmed that § 284 commits the award of enhanced damages to the discretion of the
22 district court. *Halo*, 136 S. Ct. at 1933–34. The Court explained that the *Seagate* test is
23 “unduly rigid” and “impermissibly encumbers” a district court’s discretion, particularly
24 because it requires a finding of objective recklessness in every case before a district court
25

26 ⁶ Of course, as discussed in footnote 3, *supra*, all of a patentee’s asserted claims for infringement must
27 eventually appear in its complaint, amended or otherwise.

28 ⁷ Plaintiff’s inducement claim additionally fails because it has not sufficiently alleged that Defendant had
knowledge of the ’596 patent during the relevant period. The Court discusses Plaintiff’s allegations
regarding Defendant’s knowledge of the ’596 patent in Section III, *infra*.

1 may award enhanced damages. *Id.* at 1932 (citing *Octane Fitness, LLC v. ICON Health &*
2 *Fitness, Inc.*, 134 S. Ct. 1749, 1755 (2014).) Instead, the Court held that “[t]he subjective
3 willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages,
4 without regard to whether his infringement was objectively reckless.” *Id.* at 1933. Yet
5 even after *Halo*, “[k]nowledge of the patent alleged to be willfully infringed continues to
6 be a prerequisite to enhanced damages.” *WBIP, LLC v. Kohler Co.*, 829 F.3d 1317, 1341
7 (Fed. Cir. 2016). The Court further noted that “Section 284 allows district courts to punish
8 the full range of culpable behavior[,]” but “such punishment should generally be reserved
9 for egregious cases typified by willful misconduct.” *Halo*, 136 S. Ct. at 1933–34.

10 Plaintiff alleges that Defendant’s infringement was willful based on the following:

11 14. On information and belief, Illumina had knowledge of the
12 ’596 patent during its term and knew that the manufacture, use,
13 sale, and offer for sale of at least its BeadChip products infringed
14 the ’596 patent. Illumina previously licensed one or more patents
15 from one of the inventors, Nobel Prize recipient Dr. Sydney
16 Brenner, and Illumina would have been aware of other patents
17 issued to Dr. Brenner before this suit was filed. Accordingly,
18 Illumina’s infringement of the ’596 patent was both deliberate
19 and willful.

20 (Compl. ¶ 14, ECF No. 1.)

21 The Court concludes that these allegations fail to state a claim for willful
22 infringement because Plaintiff fails to plausibly allege that Defendant had knowledge of
23 the ’596 patent during the relevant period. In particular, Plaintiff’s reliance on Defendant’s
24 previous licensing of Dr. Brenner’s patents is insufficient to plausibly impute knowledge
25 onto Defendant. Plaintiff does not identify which patents Defendant licensed from Dr.
26 Brenner, nor does Plaintiff explain how those patents were related to the ’596 patent itself
27 or the underlying technology of the patent, which might otherwise tilt the scale from
28 possible to plausible. This is especially problematic given that Dr. Brenner is a listed
inventor on over 80 patents and several other patent applications. (*See* MTD 15, ECF No.
22-1; Reply 9, ECF No. 24.) Without more, the Court cannot agree with Plaintiff that

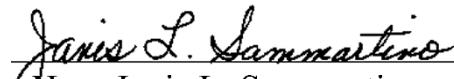
1 Defendant “would have been aware of other patents issued to Dr. Brenner before the suit
2 was filed.” (Compl. ¶ 14, ECF No. 1.) Accordingly, Plaintiff’s claim for willful
3 infringement is **DISMISSED WITHOUT PREJUDICE**.

4 **CONCLUSION**

5 Based on the foregoing, the Court **GRANTS IN PART** and **DENIES IN PART**
6 Defendant’s Motion to Dismiss. Plaintiff is not required to identify all of its asserted claims
7 or Defendant’s allegedly infringing products at the pleading stage, but Plaintiff’s claims
8 are otherwise **DISMISSED WITH LEAVE TO AMEND**. Plaintiff **SHALL FILE** an
9 amended complaint, if any, on or before December 12, 2016.

10 **IT IS SO ORDERED.**

11 Dated: November 21, 2016


12 Janis L. Sammartino
13 Hon. Janis L. Sammartino
14 United States District Judge
15
16
17
18
19
20
21
22
23
24
25
26
27
28