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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

DANISCO US INC.,

No. C 12-4502 RS

Plaintiff,

**ORDER GRANTING MOTION TO
DISMISS**

v.

NOVOZYMES A/S and NOVOZYMES
NORTH AMERICA, INC.,

Defendants.

I. INTRODUCTION

Plaintiff Danisco US Inc. and defendants Novozymes A/S and Novozymes North America, Inc. (collectively “Novozymes”) are reputedly the two major competitors in the field of developing and supplying industrial enzymes used in the process of converting corn into ethanol fuel. In this action, Danisco seeks declaratory relief that its Rapid Starch Liquefaction products (“RSL products”) do not infringe a patent held by Novozymes, U.S. Patent No. 8,252,573 (“the ’573 patent”) and that the ’573 patent is invalid. Danisco alternatively seeks a determination that its own patent, U.S. Patent No. 8,084,240 (“the ’240 patent”) has priority over the ’573 patent, if its non-infringement and invalidity claims fail.

Novozymes moves to dismiss, contending that Danisco has not alleged, and cannot allege, any affirmative act by Novozymes to enforce the ’573 patent, or any interference-in-fact between

1 the '573 and the '240 patents, to demonstrate an actual controversy sufficient to support jurisdiction.
2 In opposition, Danisco has shown it might be reasonable to infer that Novozymes obtained the '573
3 patent with the hopes of asserting it against Danisco's products, and there may even be a probability
4 that it will someday do so. Because this action was filed prior to the time Novozymes took, or even
5 could have taken, any affirmative action to enforce its patent rights, however, jurisdiction does not
6 lie and the motion to dismiss must be granted.

8 II. BACKGROUND

9 As noted, Novozymes and Danisco are direct competitors in the market for industrial
10 enzymes used to convert corn into fuel ethanol. The particular type of enzyme is known as an
11 "alpha-amylase." Danisco's RSL products are alpha-amylases that have been genetically
12 engineered in a particular manner. The common nomenclature for the engineered variant is
13 "E188P," which refers to a particular substitution of an amino acid within the enzyme.

14 Novozymes' '573 patent relates to alpha-amylases with the E188P substitution. The '573
15 patent claims priority to a series of provisional applications dating back to June of 2001. A
16 disclosure identical to that of the '573 patent was first filed in a continuation application in
17 November 2002.

18 Danisco contends that Novozymes prosecuted the '573 patent with the specific intent of
19 obtaining the ability to charge the RSL products with patent infringement. Danisco asserts that
20 Novozymes only amended an existing patent application to reach an E188P variant in 2011, shortly
21 after learning the PTO was allowing an E188P claim in Danisco's '240 patent. According to
22 Danisco, neither that Novozymes' application, nor any application to which it claimed priority,
23 previously included a claim requiring an E188P mutation in an alpha-amylase enzyme.

24 During prosecution of the application that ultimately issued as the '573 patent, Novozymes
25 twice suggested to the United States Patent and Trademark Office ("USPTO") that it declare an
26 interference with the Danisco application that later issued as the '240 patent. The Examiner
27 declined, asserting that the E188P variant claimed by Danisco's application "does not fall within the
28 scope of the genus of variants" implicated by the '573 patent. Novozymes did not and does not

1 concede that the claim of the '573 patent should be read so narrowly. Nevertheless, at no time prior
2 to the filing of this action, did Novozymes make any statement to Danisco or to anyone else that it
3 believed Danisco to be infringing the '573 patent.

4 5 III. LEGAL STANDARD

6 A motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1) challenges a
7 court's subject matter jurisdiction over the plaintiff's claims. A challenge to subject matter
8 jurisdiction "can be either facial, confining the inquiry to allegations in the complaint, or factual,
9 permitting the court to look beyond the complaint." *Savage v. Glendale Union High Sch.*, 343 F.3d
10 1036, 1039 n. 2 (9th Cir. 2003). A complaint may also be dismissed pursuant to Federal Rule of
11 Civil Procedure 12(b)(6) for failure to state a claim upon which relief may be granted. A Rule
12 12(b)(6) motion may be based on either the lack of a cognizable legal theory or the absence of
13 sufficient facts alleged under a cognizable legal theory. *Balistreri v. Pacifica Police Dep't*, 901 F.2d
14 696, 699 (9th Cir. 1990).

15 A complaint must present factual allegations sufficient "to raise a right to relief above the
16 speculative level." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). Specifically, the factual
17 allegations must suffice to state a claim that is "plausible on its face," that is, "plausibly suggesting
18 (not merely consistent with)" a right to relief. *Id.* at 557, 570. While the factual allegations of the
19 complaint are taken as true and all reasonable inferences are drawn in favor of the plaintiff,
20 "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements,
21 do not suffice." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *see also Twombly*, 550 U.S. at 555.
22 Accordingly, "a court discounts conclusory statements, which are not entitled to the presumption of
23 truth, before determining whether a claim is plausible." *Chavez v. United States*, 683 F.3d 1102,
24 1108 (9th Cir. 2012).

25 26 IV. DISCUSSION

27 Danisco bears the burden of demonstrating that an Article III case or controversy existed at
28 the time it initiated this action. *See Matthews Int'l Corp. v. Biosafe Eng'g, LLC*, 695 F.3d 1322,

1 1328 (Fed. Cir. 2012). “[I]n determining whether a justiciable controversy is present, the analysis
2 must be calibrated to the particular facts of each case, with the fundamental inquiry being ‘whether
3 the facts alleged, under all the circumstances, show that there is a substantial controversy, between
4 parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of
5 a declaratory judgment.’” *Id.* (quoting *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127
6 (2007)). Danisco “may not obtain a declaratory judgment merely because it would like an advisory
7 opinion on whether it would be liable for patent infringement.” *Id.* at 1329. For jurisdiction to lie, a
8 plaintiff seeking declaratory relief in the patent context must allege “an affirmative act by the
9 patentee related to the enforcement of his patent rights.” *Ass’n for Molecular Pathology v. U.S.*
10 *Patent & Trademark Off.*, 689 F.3d 1303, 1318 (Fed. Cir. 2012).

11 Danisco insists there is an actual controversy here, ripe and justiciable, because under “all
12 the circumstances” it should be obvious that Novozymes’ very aim in obtaining the ’573 patent was
13 to be in position to charge Danisco’s RSL’s products with infringement. The circumstances to
14 which Danisco points, including the parties’ status in the industry, past litigation, and the
15 prosecution history and timing, may all very well support a reasonable inference that Novozymes
16 pursued the E118P claim in the ’573 patent with the hope of wielding it against the RSL products,
17 and even that Novozymes may *still* be harboring the intent to pursue infringement claims at a time
18 of its own choosing. Nevertheless, Danisco has not shown *any* affirmative act by Novozymes to
19 enforce its patent rights. While matters such as a prior litigation history and statements made during
20 prosecutions sometimes *support* a conclusion that an actual controversy exists, there is no precedent
21 for finding jurisdiction based on such pre-patent issuance events alone, without any affirmative act
22 of attempted enforcement.

23 The decision in *3M Co. v. Avery Dennison Corp.*, 673 F.3d 1372 (Fed. Cir. 2012), on which
24 Danisco places heavy emphasis, illustrates the potential relevance of a prior history of litigation.
25 Around the time the patents involved in that case issued, the patent holder’s Chief Intellectual
26 Property Counsel telephoned his counterpart at the patent holder’s primary competitor, and
27 expressly asserted that the competitor’s product “may infringe” and that “licenses are available.” *Id.*
28 at 1379. Counsel also subsequently advised that claim charts would be provided. *Id.* Because

1 declaratory relief jurisdiction requires more than just “a communication from a patent owner to
2 another party, merely identifying its patent and the other party’s product line,” *Hewlett-Packard Co.*
3 *v. Acceleron LLC*, 587 F.3d 1358, 1362 (Fed.Cir. 2009), the question was whether these express and
4 specific communications between the parties regarding the patents and potentially infringing
5 products, taken together with all the other circumstances, provided a sufficient basis for a
6 declaratory relief claim. In that context, the *3M* court observed that prior litigation, if involving
7 sufficiently related products and patents, “is one circumstance to be considered.” *3M*, 673 F.3d at
8 1380. In other words, where a patent holder has engaged in some communications—taken some
9 “affirmative act”—but there is ambiguity as to whether the statements or acts rise to the level of an
10 attempt to enforce patent rights, then conduct predating issuance of the patent, such as prior
11 litigation, may provide a relevant lens through which to interpret the import of the otherwise
12 arguably vague or indefinite communications and acts. Nothing in *3M* suggests that prior litigation
13 or other pre-issuance conduct can *constitute* an affirmative act of enforcement.¹

14 Furthermore, jurisdiction is also lacking for the more technical (but related) reason that
15 Danisco filed this action *prior to the time the patent even issued*. See *GAF Bldg. Materials Corp. v.*
16 *Elk Corp. of Dallas*, 90 F.3d 479, 482–83 (Fed. Cir. 1996) (“[A] threat is not sufficient to create a
17 case or controversy unless it is made with respect to a patent that has issued before a complaint is
18 filed.”) Danisco’s complaint was filed on August 27, 2012. The ’573 patent issued the following
19 day, August 28, 2012.

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21 ¹ At least two district court decisions in other jurisdictions suggest that obtaining a patent on an
22 expedited basis, through a petition alleging existing infringement, is sufficient to support declaratory
23 relief jurisdiction immediately upon issuance of the patent. See *Birchwood Labs., Inc. v. Battenfeld*
24 *Tech., Inc.*, 2010 WL 1687789, *4 (D. Minn. 2010); *Leopold Co., Inc. v. Roberts Filter Mfg. Co.,*
25 *Inc.*, 1995 WL 776945, *4 (W.D. Pa. 1995). A patentee who obtains expedited processing by
26 claiming an urgent need to enforce the patent, however, could not reasonably dispute the existence
27 of an actual controversy upon issuance. Here, while the prosecution history may strongly support an
28 inference that Novozymes sought to obtain this patent for the purpose of potentially asserting it
against Danisco’s products, it neither claimed a need for, nor received the benefits of, expedited
processing. If and when it might take an affirmative act to enforce the patent remains wholly
speculative.

1 Danisco does not quarrel with the principle that the patent must issue before the complaint
2 can be filed; instead it argues a “received” stamp on the complaint shows that the Court clerk
3 processed it at 6:02 a.m. on August 28, 2012. The ECF record, however, establishes that the
4 complaint was actually entered into the system on August 29, 2012, with a filing date of August 27,
5 2012. While the exact sequence of events is therefore uncertain, the most reasonable inference is
6 that Danisco filed the complaint in the Clerk’s office or the “drop box” in time to be deemed as
7 having been filed on the 27th. A clerk first handled the document early in the morning on the 28th
8 and marked it as “received,” but then correctly entered it into the system as having been legally filed
9 on the 27th, consistent with the applicable rules. Absent an application to correct the filing date and
10 an evidentiary showing that Danisco did *not* in fact submit the complaint in time for it to have been
11 deemed filed on the 27th, its suggestion that it should be deemed to have been filed on the 28th is
12 not tenable.

13 Regardless of the precise sequence of events, or what filing date the complaint should be
14 given, it is clear that Danisco filed this action no later than virtually simultaneously with issuance of
15 the patent. There is no indication that Novozymes did, or even could have, issued some implied or
16 express enforcement threat so closely upon issuance of the patent such that it could be said to have
17 taken any affirmative act to enforce its patent rights prior to the time the complaint was filed.
18 Accordingly, the motion to dismiss must be granted. Additionally, while Danisco urges that it be
19 given leave to amend, it has suggested no basis on which it could cure the jurisdictional defect by
20 amending any of the allegations, under these circumstances. Accordingly, leave to amend will not
21 be granted.²

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25 ² Novozymes argues dismissal of the third claim for relief is warranted in any event because
26 Danisco cannot allege “interference in fact” between the ’573 patent and the ’240 patents. Danisco
27 insists that it is entitled to pursue a conditional claim for interference, in the event it does not prevail
28 on its non-infringement claim. Whether or not such a claim would be premature where there was
an existing jurisdictional basis for adjudicating the infringement question, it is plainly not ripe and
cannot stand alone in the absence of the primary claims.

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V. CONCLUSION

The motion to dismiss is granted, without leave to amend. Novozymes' request for a stay of discovery pending resolution of the dismissal motion, although not objected to by Danisco, is moot. A separate judgment will issue.

IT IS SO ORDERED.

Dated: 1/7/13



RICHARD SEEBORG
UNITED STATES DISTRICT JUDGE