

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:21-cv-09011-RGK-GJS

Date January 18, 2022

Title ***Ravgen, Inc. v. Quest Diagnostics Incorporated***

Present: The Honorable R. GARY KLAUSNER, UNITED STATES DISTRICT JUDGE

Sharon L. Williams

Not Reported

N/A

Deputy Clerk

Court Reporter / Recorder

Tape No.

Attorneys Present for Plaintiff:

Attorneys Present for Defendant:

Not Present

Not Present

Proceedings: (IN CHAMBERS) Order Re: Defendant's Motion to Dismiss Claims for Willful, Induced, and Contributory Patent Infringement [DE 19]

I. INTRODUCTION

On October 16, 2020, Ravgen, Inc. ("Plaintiff") filed a complaint in the Western District of Texas against Quest Diagnostics, Incorporated ("Defendant"). (ECF No. 1.) Plaintiff alleges that Defendant directly and willfully infringed upon its patents, in addition to inducing and contributing to infringement by third parties. (*See id.*) On November 10, 2021, the action was transferred to this Court. (*See* ECF No. 71.)

Presently before the Court is Defendant's Motion to Dismiss Plaintiff's Claims for Willful, Induced, and Contributory Patent Infringement ("Motion"). (ECF No. 19.) For the reasons below, the Court **GRANTS** the Motion.

II. FACTUAL BACKGROUND

The following facts are alleged in the Complaint, unless otherwise noted:

Plaintiff is a "pioneering diagnostics company that focuses on non-invasive prenatal testing." (Compl. ¶ 2.) Plaintiff's founder, Dr. Ravinder Dhallan, has patented several inventions relating to the detection of genetic disorders. Two of those patents are United States Patent Nos. 7,332,277 (the "277 Patent") and 7,727,720 (the "720 Patent") (together, the "Patents-in-Suit").

Defendant is a corporation that commercializes genetic tests, including non-invasive prenatal diagnostic tests that are used to determine whether a fetus has chromosomal abnormalities. Defendant markets its test under the name "QNatal Advanced." When a medical provider requests a QNatal Advanced test, that provider sends test samples to Defendant, who then processes the samples at a subsidiary laboratory called Quest Diagnostics Nichols Institute ("Quest Nichols").

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Plaintiff alleges that Defendant's QNatal Advanced test infringes upon the Patents-in-Suit. In addition, Plaintiff alleges that Defendant induces Quest Nichols to infringe on the Patents-in-Suit by "selling or otherwise supplying the QNatal Advanced tests" to Quest Nichols, and by creating and disseminating "supporting materials, instructions, product manuals, and/or technical information related to the QNatal Advanced tests." (Compl. ¶ 64.) Finally, Plaintiff alleges that Defendant has known about the Patents-in-Suit "since at least the filing of this Complaint." (*Id.* ¶ 67.)

III. JUDICIAL STANDARD

Under Federal Rule of Civil Procedure ("Rule") 12(b)(6), a party may move to dismiss for "failure to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is plausible if the plaintiff alleges enough facts to draw a reasonable inference that the defendant is liable. *Iqbal*, 556 U.S. at 678. A plaintiff need not provide detailed factual allegations, but must provide more than mere legal conclusions. *Twombly*, 550 U.S. at 555. "Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." *Iqbal*, 556 U.S. at 678.

When ruling on a Rule 12(b)(6) motion, the Court must accept well-pled factual allegations in the complaint as true and construe them in the light most favorable to the non-moving party. *See Autotel v. Nev. Bell. Tel. Co.*, 697 F.3d 846, 850 (9th Cir. 2012). Dismissal "is appropriate only where the complaint lacks a cognizable legal theory or sufficient facts to support a cognizable legal theory." *Mendonado v. Centinela Hosp. Med. Ctr.*, 521 F.3d 1097, 1104 (9th Cir. 2008).

IV. DISCUSSION

Defendant moves to dismiss three of Plaintiff's claims: (1) willful infringement; (2) induced infringement; and (3) contributory infringement.¹ Plaintiff does not oppose dismissal of its contributory infringement claims, and the therefore the Court **GRANTS** Defendant's Motion as to contributory infringement. (*See* Pl.'s Opp. to Mot., at 17, ECF No. 32.)

The Court now analyzes the willful infringement and induced infringement claims in turn.

¹ Defendant does not move for dismissal of Plaintiff's direct infringement claims.

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A. Willful Infringement

Defendant argues that Plaintiff fails to allege that Defendant had knowledge of the Patents-in-Suit prior to the filing of the Complaint, and therefore is unable to plead a necessary element of its willful infringement claims. Plaintiff counters that, while Defendant is correct regarding *pre-suit* knowledge, the Complaint suffices to provide Defendant with *post-suit* knowledge. The Court agrees with Defendant.

Courts may “increase the damages” for a Defendant’s patent infringement “up to three times the amount found or assessed” if Defendant is found to have acted willfully or in bad faith. 35 U.S.C. § 284. These damages should typically be “reserved for egregious cases of culpable behavior.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 103–04 (2016). A defendant’s culpability is “generally measured against the knowledge of the [defendant] at the time” of the infringement. *Id.* at 105. Thus, to properly plead willful infringement, a plaintiff must allege facts that plausibly show a Defendant knew or should have known of the patent, yet continued to infringe so blatantly that their actions were “characteristic of a pirate.” *Id.* at 104.

District courts are split on (and the Federal Circuit has yet to resolve) the issue of whether a Plaintiff states a willful infringement claim in an original complaint where, as here, the filing of the lawsuit is the first time that Defendant is put on notice of the patent.² Some courts have held that because a “complaint notifies [defendants] of the patents that [they are] accused of infringing and includes factual allegations” of their continued infringement, the complaint properly states a claim for “post-suit willful infringement.” *NexStep, Inc. v. Comcast Cable Comms., LLC*, 2019 WL 5626647, at *2–3 (D. Del. Oct. 31, 2019). Others hold that the court should dismiss “willfulness claims in original pleadings where the defendant’s only alleged basis for knowing of the patents-in-suit is the filing of the action itself.” *Word to Info, Inc. v. Google, Inc.*, 140 F. Supp. 3d 986, 989 (N.D. Cal. 2015). This latter group cites to Federal Rules of Civil Procedure 8 and 11, reasoning that plaintiffs “must have a good faith basis for alleging willful infringement *at the time when the complaint is filed*,” and therefore “a willfulness claim asserted in the original complaint must necessarily be grounded exclusively in the accused infringer’s pre-filing conduct.” *NetFuel, Inc. v. Cisco Systems Inc.*, 2018 WL 4510737, at *3 (N.D. Cal. Sep. 18, 2018) (internal quotes omitted).³

² Plaintiff admits that it can only allege that Defendant had knowledge of the Patents-in-Suit due to the filing of the Complaint. (See Pl.’s Opp. to Mot., at 6.)

³ These cases differentiate between original and amended complaints, as an original complaint based on post-suit knowledge assumes that a defendant will continue to infringe—in other words, it speculates as to defendant’s future conduct. An amended complaint, however, may be based on what a defendant has *already done* in light of the fact that the original complaint gave the defendant knowledge of the patent-in-suit. See, e.g., *M&C Innovations, LLC v. Igloo Prods. Corp.*, 2018

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This Court joins the latter group of courts in holding that a claim of willful infringement, as pled in an original complaint, cannot be grounded in a prediction of defendant's post-suit actions. After all, a plaintiff cannot yet have a "good faith basis for alleging willful . . . infringement based on post-suit conduct that has not yet occurred." *Bush Seismic Techs. LLC v. Am. Gem Soc.*, 2016 WL 9115381, at *3 (E.D. Tex. Apr. 13, 2016). Further, where a Defendant continues their allegedly infringing operation after they are sued, they may simply "subjectively believe[] the plaintiff's patent infringement action has no merit." *Slot Speaker Techs, Inc. v. Apple, Inc.*, 2017 WL 4354999, at *2 (Sep. 29, 2017). It seems beyond the pale to expect every patent defendant to "cease all allegedly infringing conduct once a complaint is filed" to force them to avoid enhanced damages for willful infringement. *Id*; see also *M&C Innovations*, 2018 WL 4620713, at *5 ("This post-suit fact pattern characterizes every infringement action except for those in which an alleged infringer immediately ceases production following service of the complaint.").

Accordingly, because Plaintiff bases its willful infringement claims solely on Defendant's post-suit knowledge, the Court **DISMISSES** those claims. Such dismissal, however, is without prejudice, and Plaintiff may reassert these claims in an amended complaint if a proper basis for willful infringement arises during the litigation.

B. Induced Infringement

Defendant's argument for dismissal of the induced infringement claims is identical to its argument above—that Plaintiff's claims are based solely on post-suit knowledge of the patent, and therefore is not properly pled. Plaintiff argues that some courts have allowed such prospective pleading, and this Court should do the same. The Court declines to do so.

"Whoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. § 271. A claim of induced infringement requires an allegation that the defendant had knowledge of the patent-in-suit. *Global-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 765 (2011). As with willful infringement claims, district courts do not agree on whether the alleged inducer must have had knowledge of the patent prior to the filing of the complaint. Compare *Intellect Wireless Inc. v. Sharp Corp.*, 2012 WL 787051, at *11 (N.D. Ill. Mar. 9, 2012) (allowing claim based on post-suit knowledge) with *Proxyconn Inc. v. Microsoft Corp.*, 2012 WL 1835680, at *5 (C.D. Cal. May 16, 2012) (dismissing

WL 4620713, at *5–6 (S. D. Tex. Jul. 31, 2018) ("MCI has offered no allegations suggesting that Igloo deliberately re-dedicated itself to infringing after being served with the complaint. Contrast, for example . . . [a scenario] where a patentee made allegations that there was escalation of infringement post-complaint (i.e., retaliatory behavior driven by an infringer's awareness that litigation was afoot.") (internal quotes omitted).

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claims based on post-suit knowledge because they “require[] this Court to bootstrap the knowledge Defendants *now* have based on Plaintiff’s filing of the Complaint onto defendant’s acts *before* Plaintiff filed its complaint”).

For the reasons given above, this Court holds that to state a claim for induced infringement, a plaintiff must allege in an original complaint that the alleged inducer had knowledge of the patent-in-suit prior to filing. “The purpose of a complaint is to obtain relief from an existing claim and not to create a claim.” *Helios Streaming, LLC v. Vudu, Inc.*, 2020 WL 3167641, at *2 n.1 (D. Del. June 15, 2020).

Accordingly, the Court **DISMISSES** Plaintiff’s induced infringement claims without prejudice.

V. **CONCLUSION**

For the foregoing reasons, the Court **GRANTS** Defendant’s Motion and **ORDERS** as follows:

- Plaintiff’s claims for contributory patent infringement are **DISMISSED** with prejudice.
- Plaintiff’s claims for willful patent infringement are **DISMISSED** without prejudice.
- Plaintiff’s claims for induced patent infringement are **DISMISSED** without prejudice.

Only Plaintiff’s direct infringement claims remain.

IT IS SO ORDERED.

Initials of Preparer

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