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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

## 1. Name of conveying party(ies):

International Nutrition Company

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

## 2. Name and Address of receiving party(ies)

Horphag Research Limited  
71, avenue Louis Casai  
P.O. Box 80  
CH-1216 Cointrin/Geneva  
Switzerland

## 3. Nature of conveyance:

☐ Assignment ☐ Merger  
☐ Security Agreement ☐ Change of Name  
☒ Other Order Denying Plaintiff's Motion for Leave to  
Amend Complaint and Granting Defendants' Motion for Summary  
Judgment

Execution Date: 05 February 2001

Additional name(s) & address(es) attached? ☒ Yes ☐ NoRECEIVED  
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DIVISION

## 4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

A. Patent Application No.(s)

B. Patent No.(s)

US Patent 4,698,360

Additional numbers attached? ☐ Yes ☒ No

## 5. Name and address of party to whom correspondence concerning document should be mailed:

Cobrin & Gittes  
750 Lexington Avenue - 21<sup>st</sup> Floor  
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02/26/2001 GTOW11 00000181 4698360

01 FC:581  
02 FC:58440.00 OP  
120.00 OP6. Total number of applications and patents involved: 17. Total fee (37 CFR 3.41)..... \$ 40.00☐ Enclosed☒ Any deficiency is authorized to be charged to  
Deposit Account No. 03-23178. Deposit Account No. 03-2317

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## 9. Statement and signature.

*To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.*Michael A. Adler  
Name of Person Signing

Signature

February 21, 2001  
Date

Total number of pages including cover sheet, attachments, and document: \_\_\_\_\_

FILED

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I hereby certify that the annexed instrument is a true and correct copy of the original on file in my office.  
ATTEST:

RICHARD W. WIEKING  
Clerk, U.S. District Court  
Northern District of California

By: *[Signature]*  
Deputy Clerk

Date: FEB - 9 2000

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

INTERNATIONAL NUTRITION COMPANY,

No. C 97-0377 MJJ

Plaintiff,

v.

**ORDER DENYING PLAINTIFF'S  
MOTION FOR LEAVE TO AMEND  
COMPLAINT AND GRANTING  
DEFENDANTS' MOTION FOR  
SUMMARY JUDGMENT**

INTERHEALTH NUTRITIONALS, INC.;  
NATROL, INC.; GENERAL NUTRITION,  
INC.; NAT-TROP AND MALALEUCA, INC.;  
and HORPHAG RESEARCH LTD.,

Defendants.

Before the Court are plaintiff International Nutrition Company's ("INC") Motion for Leave to Amend Complaint Pursuant to Federal Rule of Civil Procedure 15 and defendants Melaleucca, Inc., Horphag Research Ltd. ("Horphag"), Interhealth Nutritionals, Inc., Natrol, Inc., General Nutrition, Inc., and Nat-Trop, Inc.'s joint Motion for Summary Judgment that Plaintiff Lacks Standing to Sue for Patent Infringement of U.S. Patent No. 4,698,360.

After carefully considering the papers submitted by the parties, and having had the benefit of oral argument on August 29, 2000, the Court DENIES plaintiff's motion for leave to amend the complaint and GRANTS defendants' motion for summary judgment, for the following reasons:

1. Plaintiff INC commenced this action on January 31, 1997 alleging infringement of United States Patent Number 4,698,360 (the "360 Patent") against all defendants except Horphag. Horphag has been sued as an "involuntary defendant." INC seeks to amend its complaint to add Centre d'Experimentation Pynogenol ("CEP") as a plaintiff and to add a claim for nullification of all

1 licence agreements entered into by Horphag under the '360 Patent.

2       2.       On July 22, 1997, this Court issued an order staying this action pending resolution of a  
3 French action, *SCIPA [Societe Civile d'Investigations Pharmacologiques d'Aquitane] et al. v.*  
4 *Horphag*, Roll No. 97003242 (May 28, 1998) (the "French Decision"), involving INC's ownership  
5 rights in the '360 Patent, and a Connecticut federal district court action, *International Nutrition*  
6 *Corp. v. Horphag Research Ltd. et al.*, C.A. No. 3:96CV386 (DJS) (the "Connecticut Decision"),  
7 involving INC's standing to sue for patent infringement.

8       3.       In the French Decision, the Court of Appeals of Bordeaux, France held, among other  
9 things, that INC held no rights in the '360 Patent. As explained by the French court, the agreement  
10 between SCIPA and Horphag executed on April 26 and 29, 1985 (the "1985 Agreement"), which  
11 governed SCIPA and Horphag's joint ownership of the '360 Patent, was intended by the parties to be  
12 controlled by French law. Under French patent law, a joint-owner of a patent may only assign its  
13 rights if it gives notice to the other owner. Since SCIPA failed to comply with this legal requirement,  
14 its 1994 assignment of its rights to the '306 Patent to INC was void, and therefore, INC did not  
15 possess any rights to the '360 Patent.

16       4.       Applying long-established principles of international comity,<sup>1</sup> this Court holds that the  
17 French Decision is entitled to comity. In particular, a French court, applying French law, was the  
18 appropriate forum to decide ownership of the '360 Patent because the ownership question was based  
19 on a French contract--the 1985 Agreement--that expressly provided that any litigation concerning the  
20 agreement would be in the exclusive jurisdiction of the courts of Bordeaux, France. Furthermore, the  
21 French Decision is not inconsistent with United States patent law. Under U.S. law, unilateral  
22 assignments of patent rights are permitted unless there is "any agreement to the contrary." See 35  
23 U.S.C. § 262. The 1985 agreement between SCIPA and Horphag constitutes such an "agreement to  
24 the contrary" because it subjected the parties' ownership rights to French law, which does not allow a

25  
26       \_\_\_\_\_  
27       <sup>1</sup>"[A] foreign judgment is recognized when there has been opportunity for a full and fair trial abroad before a court of  
28 competent jurisdiction, conducting the trial upon regular proceedings, after due citation or voluntary appearance of the defendant,  
and under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country  
and those of other countries, and there is nothing to show either prejudice in the court, or in the system of laws under which it  
is sitting, or fraud in procuring the judgment." *Cochran Consulting, Inc. v. Uwatec USA, Inc.*, 102 F.3d 1224, 1229 (Fed. Cir.  
1996); see also *Hilton v. Guyot*, 159 U.S. 113, 202 (1895).

1 co-owner to unilaterally assign its ownership rights. Therefore, in determining ownership of the '360  
2 Patent pursuant to the 1985 Agreement, the French Decision did not conflict with U.S. patent law.  
3 Since comity extends to the French Decision, this Court accepts the conclusion of the French court  
4 that SCIPA's 1994 assignment of its rights to the '360 Patent to INC was void and, therefore, INC  
5 does not hold any rights to the '360 Patent.

6 5. The Connecticut district court likewise granted comity to the French Decision, and,  
7 based on the French court of appeal's holding that INC held no rights to the '360 Patent, the  
8 Connecticut court concluded that INC lacked standing to sue for infringement of the '360 Patent. It  
9 therefore granted summary judgment against INC on its patent infringement claim. The Connecticut  
10 court subsequently denied INC's motion for leave to amend its complaint to add CEP as a plaintiff  
11 and to add a claim for nullification of licenses entered into by Horphag under the '360 Patent. On  
12 May 1, 2000 the Connecticut court entered judgment against INC.

13 6. Under the doctrine of issue preclusion, a party is barred from relitigating an issue  
14 where (1) the issue to be precluded is identical to the issue previously adjudicated; (2) the issue was  
15 actually litigated in the former proceeding; (3) the issue was necessarily decided in the prior case; and  
16 (4) the party precluded was fully represented in the prior action. *See Thomas v. General Services*  
17 *Admin.*, 794 F.2d 661, 664 (Fed. Cir. 1986). Principles of issue preclusion are especially relevant in  
18 this case given the fact that two different courts, a federal court in Connecticut and an appellate court  
19 in France, have already devoted substantial amounts of time and resources to decide many of the  
20 same issues that are now presented to this Court.

21 7. INC's request for leave to amend its complaint is barred by the doctrine of issue  
22 preclusion. In the Connecticut Decision, the court denied an identical motion by INC to amend its  
23 complaint to add CEP as a plaintiff and to add a license-nullification claim. The Connecticut court  
24 explained that such an amendment would be futile because it would not remedy INC's lack of  
25 standing to sue the co-owner of the '360 patent—Horphag. The Connecticut court also considered  
26 INC's request to add a license-nullification claim, but declined to exercise supplemental jurisdiction  
27  
28

1 over that non-federal claim<sup>2</sup> because no viable federal claim existed against the defendants. This  
2 Court holds that the Connecticut Decision deserves full preclusive effect in this action, and therefore  
3 bars INC's motion for leave to amend its complaint.

4 8. If jurisdiction is lacking at the commencement of a suit, it cannot be created by adding  
5 a plaintiff with a sufficient claim. *See Pressroom Unions-Printers League Income Security Fund v.*  
6 *Continental Assurance Co.*, 700 F.2d 889, 893 (2d Cir. 1983). Thus, a plaintiff that lacks standing at  
7 the time the complaint is filed cannot retroactively create such standing by adding a proper plaintiff to  
8 the complaint. *See Alcatel, USA, Inc. v. Orckit Communication, Ltd.*, 2000 WL 502846 (N.D. Cal.  
9 April 13, 2000); *Lans v. Gateway 2000*, 84 F.Supp.2d 112, 115-16 (D.D.C. 1999); *see also Jones v.*  
10 *Sullivan*, 938 F.2d 801, 805 (7th Cir. 1991) (standing must exist at the initiation of a lawsuit and  
11 through every stage of the trial and appellate proceedings). In the instant action, INC does not have  
12 any ownership rights in the '360 Patent, and thus it lacks standing to sue for infringement of the '360  
13 Patent. Further, this jurisdictional defect cannot be cured by INC amending its complaint to add CEP  
14 as a plaintiff.

15 9. SCIPA, which was determined by the French Decision to be the co-owner with  
16 Horphag of the '360 Patent, has merged into CEP. INC claims that it owns a controlling interest in  
17 CEP, and by way of this corporate relationship, possesses rights to the '360 Patent. This argument is  
18 without merit. The mere ownership of corporate stock in a subsidiary company with a patent does  
19 not confer standing to sue for infringement of that patent. *See Site Microsurgical Systems, Inc. v.*  
20 *Cooper Companies, Inc.*, 797 F.Supp. 333, 338 (D. Del. 1992). Rather, only the legal title holder of  
21 a patent at the time of the alleged infringement is permitted to recover for patent infringement. *See*  
22 *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 40 (1923); *Arachid, Inc. v.*  
23 *Merit Industries, Inc.*, 939 F.2d 1574, 1578 (Fed. Cir. 1991).

24 10. Leave to amend under Federal Rule of Civil Procedure 15, although "freely given  
25 when justice requires," will not be granted where the proposed amendment would be futile, is made in  
26 bad faith, is offered for purposes of delay, or will prejudice the defendant. *See Foman v. Davis*, 371

27  
28 <sup>2</sup>As INC explains in its motion to amend, this claim arises under the French statutory law governing intellectual property.  
*See French Intellectual Property Code, Article L.613-29-c.*

1 U.S. 178, 182; *Loehr v. Ventura Cty. Community College Dist.*, 743 F.2d 1310, 1319 (9th Cir.  
2 1984).

3 11. Amendment of the complaint to add CEP would be futile because a co-owner of a  
4 patent may not sue for infringement unless all co-owners consent to join as plaintiffs in the  
5 infringement suit. See *Ethicon Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1468 (Fed. Cir. 1998);  
6 *Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 345 (Fed. Cir. 1997) ("one co-owner has the  
7 right to impede the other co-owner's ability to sue infringers by refusing to voluntarily join in such a  
8 suit"). Here, Horphag, the co-owner of the '360 Patent, has not voluntarily joined this action as a  
9 plaintiff, nor has it agreed in writing to be joined as an involuntary party. See *Ethicon*, 135 F.3d at  
10 1468 n.9 (a co-owner of a patent may consent to unilateral infringement suits by another co-owner,  
11 but only where a written agreement provides such consent). To the contrary, INC has sued Horphag  
12 as an involuntary defendant. Since neither INC nor CEP can maintain a patent infringement action  
13 without the consent of Horphag, INC's proposed amendment is futile.

14 12. Addition of a license-nullification claim would also be futile. This Court lacks original  
15 jurisdiction over such a claim because the claim arises under French statutory law. Moreover,  
16 supplemental jurisdiction is absent because, as discussed below, INC lacks standing to pursue a  
17 federal patent infringement claim. See 28 U.S.C. § 1367(a)(4) (district court "may decline to exercise  
18 supplemental jurisdiction over a claim under subsection (a) if the district court has dismissed all  
19 claims over which it has original jurisdiction"); *Woodward v. Goodwin*, 2000 WL 694102, \*12-13  
20 (N.D. Cal. May 12, 2000).

21 13. Under the doctrine of issue preclusion, defendants are entitled to summary judgment  
22 that INC lacks standing to maintain this action. The Connecticut court, in a well-reasoned and fully  
23 supported order, unambiguously held that "INC has no ownership interest in the '360 Patent and thus  
24 lacks the requisite standing to pursue an action for infringement." The Connecticut court considered  
25 the identical standing issue--i.e. INC's standing to sue for infringement of the '360 Patent--that is  
26 presently before this Court. This standing issue was litigated in the Connecticut court, and was  
27 necessary to that court's summary judgment decision. Therefore, the Connecticut Decision precludes  
28 INC from relitigating the issue of standing in this action.

1           14. Summary judgment for defendants is warranted even in the absence of issue preclusion  
2 because INC lacks standing to bring this action. Standing to sue for infringement of a United States  
3 patent is governed by United States patent law, while questions of patent ownership are determined  
4 by state law. *See Pfizer Inc. v. Elan Pharmaceutical Research Corp.*, 812 F.Supp. 1352, 1370 n. 23  
5 (D. Del. 1993) (U.S. patent law determines standing even where other issues, such as patent  
6 ownership, are controlled by foreign law); *Afros S.P.A. v. Knauss-Maffei Corp.*, 671 F.Supp. 1402,  
7 1442-46 (D. Del. 1987); *Jim Arnold Corp. v. Hydrotech Systems, Inc.*, 109 F.3d 1567, 1572 (Fed.  
8 Cir. 1997) (ownership of patent rights is a question exclusively for the state courts), *cert. denied sub*  
9 *nom*, *Baker Hughes Inc. v. Jim Arnold Corp.*, 118 S.Ct. 338 (1997); *Prize Frize, Inc. v. Matrix*  
10 *(U.S.) Inc.*, 167 F.3d 1261, 1264 (9th Cir. 1999). In this case, the courts of a foreign state, namely,  
11 France, have already resolved ownership questions regarding the '360 Patent. According to the  
12 French Decision, which is entitled to comity from this Court, INC does not hold any rights to the  
13 '360 Patent. Consequently, this Court holds that under U.S. patent law INC lacks standing to  
14 maintain this action because only the legal title holder of a patent at the time of the alleged  
15 infringement is permitted to recover for patent infringement. *See Crown Die & Tool*, 261 U.S. at 40;  
16 *Arachid*, 939 F.2d at 1578. Since INC holds no rights in the '360 Patent, it lacks standing to sue for  
17 infringement of that patent.

18           15. Even if INC is considered a co-owner of the '360 Patent, it cannot maintain this action  
19 because the other co-owner, Horphag, has not voluntarily joined in the lawsuit, consented to the  
20 action, nor otherwise agreed to be involuntarily joined in an infringement action. *See Ethicon*, 135  
21 F.3d at 1468; *Schering*, 104 F.3d at 345. Suing Horphag as an "involuntary defendant" does not cure  
22 INC's lack of standing. Thus, summary judgment that INC lacks standing to bring this action is  
23 appropriate.

24           16. Since there are no genuine issues of material fact, *see* Fed. R. Civ. Proc. 56, regarding  
25 INC's lack of standing to sue for infringement of the '360 Patent, summary judgment against INC is

26 ///

27 ///


28 ///

1 warranted in this case.

2 FOR THE FOREGOING REASONS, leave to amend the complaint is hereby DENIED and  
3 summary judgment against plaintiff is hereby GRANTED.

4  
5 IT IS SO ORDERED.

6  
7 Dated: 9/5/2000

  
MARTIN J. JENKINS  
UNITED STATES DISTRICT JUDGE



CERTIFICATE OF INTEREST

Pursuant to Rule 47.4 of the Rules of the Court of Appeals for the Federal Circuit, counsel for International Nutrition Company certify the following:

1. The full names of every party represented by me is: International Nutrition Company. I also represent Centre D'Experimentation Pycnogenol, which sought to be a plaintiff below.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is: none.

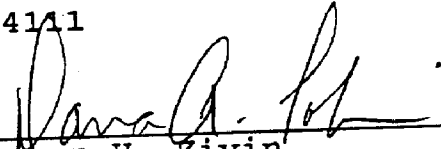
3. The parent companies, subsidiaries (except wholly-owned subsidiaries), and affiliates that have issued shares to the public, of the party represented by me are: none.

4. The names of all law firms and the partners or associates that appeared for the party now represented by me in the trial court or are expected to appear in this Court are:

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Dated: February 5, 2001

  
\_\_\_\_\_  
Norman H. Zivin  
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Counsel for Appellant

ORDER (PROPOSED)

This matter having been opened to the Court on a Motion to Stay Appeal, which motion seeks to stay this appeal pending decision by the Court in International Nutrition Company v. Horphag et. al, Appeal No. 00-1408, now pending before the Court,

IT IS HEREBY ORDERED that this appeal is hereby stayed pending determination of the appeal in International Nutrition Company v. Horphag et. al, Appeal No. 00-1408.

Dated: \_\_\_\_\_

SERVICE LIST

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CERTIFICATE OF SERVICE

I hereby certify that true copies of the foregoing:

MOTION OF APPELLANT INTERNATIONAL NUTRITION COMPANY TO STAY APPEAL  
was served this 5<sup>th</sup> day of February, 2001, by First Class Mail,  
postage prepaid, addressed to the following attorneys of record:

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