

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT2848139

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	ASSIGNMENT	
CONVEYING PARTY DATA		
	Name	Execution Date
	VIKTOR N. MATVIYENKO	04/10/2014
RECEIVING PARTY DATA		
Name:	SYNBIAS PHARMA LTD.	
Street Address:	230 STRELKOVOY DIVIZII, 13	
City:	DONETSK-92	
State/Country:	UKRAINE	
Postal Code:	83092	
PROPERTY NUMBERS Total: 3		
Property Type	Number	
Patent Number:	7053191	
Patent Number:	7485707	
Patent Number:	7388083	
CORRESPONDENCE DATA		
Fax Number:		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>		
Email:	jrobins@foley.com	
Correspondent Name:	LUCAS I. SILVA	
Address Line 1:	111 HUNTINGTON AVENUE	
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Address Line 4:	BOSTON, MASSACHUSETTS 02199	
NAME OF SUBMITTER:	LUCAS I. SILVA	
SIGNATURE:	/Lucas I. Silva/	
DATE SIGNED:	05/08/2014	
	This document serves as an Oath/Declaration (37 CFR 1.63).	
Total Attachments: 40		
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CONFIRMATORY ASSIGNMENT

WHEREAS, the undersigned, **Mr. Viktor N. Matviyenko** (hereinafter referred to as the "ASSIGNOR"), whose first name is also sometimes spelled "Viktor" in English, is one of the inventors of the inventions claimed in the following U.S. patents (collectively, the "PATENTS"):

- (1) U.S. Patent 7,053,191 B2, entitled "Method of preparing 4-R-substituted 4-demethoxydaunorubicin" and filed April 23, 2004 pursuant to U.S. application 10/831,448,
- (2) U.S. Patent 7,485,707 B2, entitled "Thermally stable crystalline epirubicin hydrochloride and method of making the same" and filed Jun 25, 2004 pursuant to U.S. application 10/877,221, and
- (3) US Patent 7,388,083 B2, entitled "Epimerization of 4'-C bond and modification of 14-CH₃-(CO)-fragment in anthracycline antibiotics" and filed March 4, 2006 pursuant to U.S. application 11/367,742.

WHEREAS, **Synbias Pharma Ltd.**, a limited liability company organized and existing under the law of Ukraine and having an office at 230 Strelkovoy divizii, 13, Donetsk-92, 83092 Ukraine (hereinafter referred to as the "ASSIGNEE"), had previously obtained and acquired all rights and interest in and to the PATENTS of ASSIGNOR, and the inventions claimed in said PATENTS, pursuant to and by operation of the laws of Ukraine, including without limitation Article 9 of the Ukrainian Patent Law, as well as a written transfer agreement of June 2001 between ASSIGNEE and ASSIGNOR (the "ORIGINAL TRANSFER AGREEMENT") who was employed by ASSIGNEE at the time he made the inventions claimed in said PATENTS, a copy of which is attached hereto as Exhibit A;

WHEREAS, on December 28, 2011, ASSIGNEE commenced a lawsuit against Solux Corporation, a California corporation, in U.S. District Court for the Southern District of California, case no. 3:11-cv-03035-H-JMA (the "FEDERAL ACTION"), seeking *inter alia* declaratory judgment that the PATENTS are invalid, unenforceable and not infringed as set forth in ASSIGNEE's complaint, a copy of which is attached hereto as Exhibit B;

WHEREAS, the U.S. District Court, in an order dated August 30, 2013 (the "ORDER"), a copy of which is attached hereto as Exhibit C, granted summary judgment to ASSIGNEE in the FEDERAL ACTION, ruling that ASSIGNEE had acquired the rights and interest of ASSIGNOR in the PATENTS, and the inventions claimed in said PATENTS, including by operation of Article 9 of the Ukrainian Patent Law and pursuant to the ORIGINAL TRANSFER AGREEMENT, and that as a result ASSIGNEE is at least a co-owner of the PATENTS;

WHEREAS, on September 4, 2013, the U.S. District Court entered final judgment on the ORDER;

NOW, THEREFORE, ASSIGNOR AND ASSIGNEE hereby each certifies and confirms the earlier assignment and transfer and ownership unto ASSIGNEE of all rights and title to and interest of ASSIGNEE in the PATENTS, and the inventions claimed in said PATENTS; such

right, title and interest to be held and fully enjoyed by ASSIGNEE to the full end of the applicable term or terms for which such PATENTS have been granted.

ASSIGNOR AND ASSIGNEE hereby authorizes and requests that this confirmatory assignment of the rights and interest of ASSIGNOR to and in the PATENTS to ASSIGNEE for the sole use and benefit of ASSIGNEE, its successors and assigns, as confirmed by this document, be recorded in all relevant patent offices.

NAME AND SIGNATURE OF ASSIGNOR:

NAME: MR. VIKTOR N. MATVIYENKO

SIGNATURE OF INVENTOR: _____

DATE: _____

NAME AND SIGNATURE OF ASSIGNEE:

NAME: SYNBIAS PHARMA LTD.

AUTHORIZED SIGNATURE: _____

NAME AND TITLE: _____

DATE: _____



Exhibit A

CONTRACT No. _____
on the rights to a service invention

Donetsk

_____ 2001

Limited liability company Synbias Pharma Research and Development Enterprise, hereinafter referred to as the **Employer**, as represented by **Director V.F. Donets**, acting on the basis of the **Charter**, for the one part, and

Citizen of Ukraine, _____, hereinafter referred to as the **Employee**, acting on the basis of general civil capacity, for the other part, jointly hereinafter referred to as the **Parties**, have concluded this Contract on the following:

1. Based on the instructions of the Employer, the Employee shall conduct research to develop a potentially patentable product and/or method (hereinafter referred to as the Invention).
2. The Employer shall ensure that the Employee has access to its experience, production knowledge, production secrets and the equipment necessary to conduct the research.
3. The Invention under this Contract shall be a service invention.
4. If the research is successful, the Employee shall give the Employer notification in writing about the Invention created and attach a comprehensive description of the invention that is sufficient for the purposes of registration.
5. All information about the research, the results obtained from the research and the Invention shall constitute a commercial secret (knowhow).
6. All rights to the aforementioned commercial secret (knowhow) shall belong exclusively to the Employer.
7. The Employee shall not disclose the commercial secret (knowhow) and not transfer it to third parties.
8. All rights to the registration and obtaining of a patent(s) for the Invention on the territory of any state shall belong exclusively to the Employer.
9. This Contract shall enter into force upon signature and remain in force until the Parties perform all their obligations thereunder.
10. This Contract is prepared in 2 (two) copies of equal legal force with one for each Party.

ADDRESSES AND BANK DETAILS OF THE PARTIES

Employer	Employee
LLC Synbias Pharma RDE	
83114, Donetsk, pr. Panfilova, 15 account 26006980645 at DOF AKB USB MFO 334011 OKPO 23425280	
Director [signature] V.F. Donets	

[Seal:] SYNBIAS PHARMA Research and Development Enterprise
Ukraine, Donetsk, Limited Liability Company
Code 23425280

Exh 4

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ДОГОВОР № 12/06-2001
о правах на служебное изобретение

г. Донецк



«12» 06 2001 г.

Общество с ограниченной ответственностью «Научно-производственная фирма «Синбиас Фарма», именуемое в дальнейшем Работодатель, в лице Директора Донца Владимира Федоровича, действующего на основании Устава, с одной стороны, и

Физическое лицо гражданин Украины Матвиенко Виктор Николаевич, именуемый в дальнейшем Работник, действующий на основании общей гражданской дееспособности, с другой стороны, совместно именуемые Стороны, заключили настоящий Договор о нижеследующем:

1. Работник по заданию Работодателя проводит научные исследования, направленные на разработку потенциально патентоспособного продукта и/или способа, (далее – Изобретение).
2. Работодатель обеспечивает Работнику доступ к своему опыту, производственным знаниям, секретам производства и оборудованию, необходимым для проведения исследований.
3. Изобретение по настоящему Договору является служебным.
4. В случае успешного проведения исследований Работник подает Работодателю в письменной форме уведомление о создании им Изобретения, к которому прилагает полное и достаточное для целей регистрации описание такого изобретения.
5. Вся информация о ходе исследований и полученных в результате исследований результатов, а также об Изобретении является коммерческой тайной (ноу-хау).
6. Все права на указанную выше коммерческую тайну (ноу-хау) принадлежат исключительно Работодателю.
7. Работник обязуется неразглашать коммерческую тайну (ноу-хау) и не передавать ее третьим лицам.
8. Все права на регистрацию и получение на территории любого государства патента (патентов) на Изобретение принадлежит исключительно Работодателю.
9. Настоящий Договор вступает в силу с момента его подписания и действует до полного выполнения Сторонами своих обязательств по нему.
10. Настоящий Договор составлен в 2 (двух) экземплярах, имеющих равную юридическую силу, – по одному для каждой из Сторон.

АДРЕСА И РЕКВИЗИТЫ СТОРОН

Работодатель	Работник
ООО НПФ «Синбиас Фарма» 83114, г. Донецк, пр. Панфилова, 15 р/с 26006980645 в ДОФ АКБ УСБ МФО 334011 ОКПО 23425280	Матвиенко Виктор Николаевич г. Донецк, пр. Панфилова, д.20, кв.37, паспорт ВС 293262 выдан Ворошиловским РО УМВД Украины в г.Донецке 12.07.2000 ИНН 2026300416
Директор 	 В.Н. Матвиенко

Exh 4

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PATENT
REEL: 032853 FRAME: 0693

Exhibit D

4

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9 Attorneys for Plaintiff Synbias Pharma

10
11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13
14 **SYNBIAS PHARMA,**

15 **PLAINTIFF,**

16 **V.**

17 **SOLUX CORPORATION,**

18 **DEFENDANT.**

Case No: **'11CV3035 H JMA**

**COMPLAINT FOR DECLARATORY
JUDGMENT**

19
20
21 **Introduction**

22 1. This is an action for a declaratory judgment of invalidity, non-infringement,
23 and unenforceability by Plaintiff Synbias Pharma ("Plaintiff" or "Synbias") of several
24 United States Patents which were issued to Defendant Solux Corporation ("Defendant" or
25 "Solux") as the named Assignee.

26 2. Solux has threatened patent infringement action against several of
27 Synbias's distributors, including Transo-Pharm USA LLC, whose United States
28 headquarters are located in Blue Bell, Pennsylvania, its German affiliate Transo-Pharm

Handels-GmbH (Transo-Pharm USA LLC and Transo-Pharm Handels-GmbH are collectively referred to herein as “Transo-Pharm”), and Chemex Hamburg GmbH (“Chemex”) also located in Germany, based on importation and sale of Synbias’s products.

The Parties

3. Synbias is a corporation duly organized and existing under the laws of Ukraine, with its principal place of business in the city of Donetsk, Ukraine. Synbias develops and manufactures active pharmaceutical ingredients (“APIs”) for cancer therapy at its facilities located in Ukraine.

4. Upon information and belief, Defendant Solux is a corporation duly organized and existing under the laws of the state of California with its principal place of business at 4455 Morena Boulevard, Suite 214, San Diego, CA 92117.

The Nature of the Action

5. Under 35 U.S.C. §§ 101, et seq., and in equity, this is an action for Declaratory Judgment of invalidity, non-infringement, and/or unenforceability as to three patents, all of which were issued to Defendant as the named Assignee.¹ The patents at issue are: (A) U.S. Patent No. 7,485,707, entitled “Thermally Stable Crystalline Epirubicin Hydrochloride and Method of Making The Same” (“the ‘707 patent”); (B) U.S. Patent No. 7,388,083, entitled “Epimerization of 4'-C Bond and Modification of 14-CH₃-(CO)-Fragment in Anthracyclin Antibiotics” (“the ‘083 patent”); and (C) U.S. Patent No. 7,053,191, entitled “Method of Preparing 4-R-Substituted 4-Demethoxydaunorubicin” (“the ‘191 patent”) (collectively referred to herein as the “Patents-In-Suit”). True and correct copies of the Patents-In-Suit are attached as Exhibits A-C, respectively.

¹ The patents were actually fraudulently obtained by Solux and instead belong to Synbias. In a separate proceeding, Synbias is seeking redress for these misdeeds by Solux. *See Synbias Pharma v. Solux Corp., et al.*, No. 37-2011-00092961-CU-BT-CTL (Cal. Super. Ct., County of San Diego, Central Dist.).

6. This action arises under the laws of the United States, specifically Title 35 of the United States Code. This Court therefore has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a). Further, because this action presents an actual case or controversy with respect to the invalidity, non-infringement and/or unenforceability of the Patents-In-Suit, the Court may grant the declaratory relief sought pursuant to 28 U.S.C. §§ 2201 and 2202.

7. Since its inception in the mid 1990s, Synbias has been developing and manufacturing anthracycline antibiotics, a class of drugs used in cancer chemotherapy. These compounds are used to treat a wide range of cancers, including leukemias, lymphomas, and breast, uterine, ovarian, and lung cancers.

8. Beginning in late 1998 or early 1999, Dmitry Itkin (“D. Itkin”) agreed to act as Synbias’s American agent. D. Itkin agreed that, among other things, he would, at Synbias’s direction and acting as Synbias’s agent, buy equipment and products for Synbias in the United States and elsewhere, sell Synbias’s products, process payments from Synbias’s customers, and hold and manage money and property on Synbias’s behalf. D. Itkin incorporated Solux in 2002 to accomplish these services for Synbias.

9. During his agency relationship with Synbias, D. Itkin, through Solux, concocted a scheme to obtain control of the patent rights to various Synbias inventions. D. Itkin informed Synbias that Solux should be named as the patent applicant and assignee of Synbias's inventions, and D. Itkin's brother, Aleksandr Itkin ("A. Itkin"), should be named as an inventor.

10. A. Itkin contributed nothing to any of the inventions claimed in the Patents-in-Suit, however. He did not participate in the inventive process in any way, did not conceive of the inventions or any aspect of them, aid in their conception, contribute to the inventive thought, make any inventive contribution, or reduce the inventions to practice. His only role regarding the patents was merely to assist Synbias and the Synbias

1 inventors (Victor Matvienko, Alexey Matvyeyev and Alexander Zabudkin) with drafting
2 the applications for the Patents-in-Suit, communicating with patent counsel regarding the
3 Patents-in-Suit, the patent applications and the prosecution process for the Patents,
4 including forwarding requests for information and status updates regarding the
5 application process to Synbias. A. Itkin therefore knowingly filed false declarations with
6 the U.S. Patent Office in connection with each Patent-in-Suit in which he claimed under
7 oath to be a co-inventor of the inventions claimed in the patent applications.

8 11. D. Itkin falsely represented to the Synbias inventors (Matvienko,
9 Matvyeyev and Zabudkin) that taking these steps of naming A. Itkin as an inventor and
10 assigning the inventions to Solux would facilitate faster and more certain patenting of the
11 inventions in the United States and in other countries because Synbias was not an
12 American company and was not located in the United States, and because the inventors
13 were located overseas and were not U.S. citizens. The Itkins also represented to the
14 Synbias inventors that they had to execute assignments of their right to the inventions,
15 and all patent applications and patents covering the inventions, to Solux. Solux, D. Itkin,
16 and A. Itkin agreed to use the Patents-In-Suit solely as instructed by Synbias, not to use
17 the Patents-In-Suit to advance their own interest or to Synbias's detriment, and that they
18 would return the interest and right to the patents and patent applications relating to the
19 Patents-In-Suit to Synbias when the agency relationship terminated. The Itkins falsely
20 assured the Synbias inventors that this was proper under United States law and procedure.

21 12. However, when the agency relationship terminated in 2010, Solux and the
22 Itkins refused to return the interest and right to the Patents-In-Suit, and the Itkins have
23 sought to use the Patents-In-Suit solely to advance their own interests. The Itkins began
24 an intentional and purposeful campaign of interfering with Synbias's business in the
25 United States and around the world, including by threatening Synbias's business partners
26 with allegations of infringement of these invalid and unenforceable Patents-in-Suit.

27 13. Transo-Pharm and Chemex purchase APIs from Synbias, including
28 anthracyclines epirubicin and idarubicin. Transo-Pharm and Chemex then resell these

1 products, including import into and sale of the products in the United States. Synbias
2 knew Transo-Pharm and Chemex would import into and sell these products in the United
3 States.

4 14. On July 28, 2010, D. Itkin sent an email to Alexander Lipowitsch of
5 Transo-Pharm, threatening Transo-Pharm with infringement of the Patents-In-Suit. D.
6 Itkin stated in this email: "I want to make sure that the possible hostile transfer of the
7 intellectual property and further legal action by Solux Corporation will not be a shocking
8 surprise. These actions will create irreversible consequences for distribution of APIs
9 [Active Pharmaceutical Ingredients] by Transopharma and Chemex in US and EU and
10 other covered parts of the world." A true and correct copy of this email is attached as
11 Exhibit D.

12 15. On September 17, 2010, the Vista IP Law Group, patent counsel claiming
13 to represent Solux, sent another correspondence to Transo-Pharm and Chemex
14 threatening patent infringement based on their purchase and resale of Synbias's APIs. In
15 this September 17 letter, the Vista IP Law Group stated: "We write to you to advise you
16 of Solux's intellectual property rights covering the APIs produced by Synbias and any
17 formulations made using the APIs, and to demand damages for all past infringing
18 activities and that each of Transo-Pharm and Chemex cease and desist from all activities
19 that are in violation of Solux's significant patent rights." A true and correct copy of this
20 letter is attached as Exhibit E.

21 16. On September 30, 2010, the Vista IP Law Group sent further
22 correspondence on Solux's behalf to counsel for Transo-Pharm and Chemex. The
23 September 30 letter again alleged that Transo-Pharm and Chemex infringed the Patents-
24 In-Suit by importing and selling Synbias's products. The letter stated, "Synbias has
25 absolutely NO rights in or to the intellectual property relating to the accused products, all
26 of which have been assigned to Solux." A true and correct copy of this letter is attached
27 as Exhibit F.

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1 25. Synbias's products and the processes used to make Synbias's products,
2 including the APIs epirubicin hydrochloride and idarubicin hydrochloride, do not infringe
3 the claims of the '707 patent. For example, Synbias's epirubicin hydrochloride does not
4 have the powder X-Ray diffraction pattern presented in the table in claim 1, and in
5 particular Synbias's epirubicin hydrochloride lacks a peak at diffraction angle 77.815,
6 which appears in the table in claim 1 as the highest intensity peak. As another example,
7 Synbias's epirubicin hydrochloride does not infringe claim 2 because it does not have a
8 melting point of approximately 207° C. As another example, Synbias's process for
9 making epirubicin hydrochloride does not infringe claims 3-8 because Synbias's process
10 does not yield the epirubicin hydrochloride of claim 1.

11 26. As a consequence of the foregoing, there is an actual and justiciable
12 controversy between Synbias and Solux over the non-infringement of the '707 patent,
13 with respect to which Synbias is entitled to a declaratory judgment in its favor.

14 **Count II**

15 **Declaratory Judgment of Non-Infringement of U.S. Patent No. 7,388,083**

16 27. Synbias repeats and realleges the allegations contained in the preceding
17 paragraphs 1-26, inclusive, as if fully set forth herein.

18 28. On June 17, 2008, the '083 patent was issued. A copy of the '083 patent is
19 attached as Exhibit B.

20 29. The named inventors of the '083 patent are Victor Matvienko, Alexey
21 Matvyeyev, Alexander Zabudkin, and A. Itkin.

22 30. Solux purports to own the '083 patent.

23 31. Synbias's products and the processes used to make Synbias's products,
24 including the APIs epirubicin hydrochloride and idarubicin hydrochloride, do not infringe
25 the claims of the '083 patent. For example, Synbias's process for making epirubicin
26 hydrochloride and idarubicin hydrochloride does not use step (a) of claim 1, including
27 "with AcX activated DMSO in aprotic solvent."

28 ///

32. Synbias also does not infringe claims 1 and 2 because, for example, they are methods for producing 4'-keto-N-Trifluoroacetyl-4-R₁ daunorubicin and N-Trifluoroacetyl-4'-epi-4-R₁ daunorubicin, respectively, not epirubicin hydrochloride or idarubicin hydrochloride. Synbias also does not infringe claim 3, for example, because it is a method for producing an anthracyclin having a formula represented by Formula (1), wherein R₂ = Hal, which is not epirubicin. For epirubicin, R₂ is hydroxyl, not halogen, at C14. Any importation of epirubicin hydrochloride or idarubicin hydrochloride into the United States does not infringe method claims 1-3 under 35 U.S.C. § 271(g).

33. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the non-infringement of the '083 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

Count III

Declaratory Judgment of Non-Infringement of U.S. Patent No. 7,053,191

34. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-33, inclusive, as if fully set forth herein.

35. On May 30, 2006, the '191 patent was issued. A copy of the '191 patent is attached as Exhibit C.

36. The named inventors of the '191 patent are Victor Matvienko, Alexey Matvyeyev, Alexander Zabudkin, and A. Itkin.

37. Solux purports to own the '191 patent.

38. Synbias's products and the processes used to make Synbias's products, including the APIs epirubicin hydrochloride and idarubicin hydrochloride, do not infringe one or more claims of the '191 patent.

39. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the non-infringement of the '191 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

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Count IV

Declaratory Judgment of Invalidity of the '707 Patent

40. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-39, inclusive, as if fully set forth herein.

41. The '707 patent is invalid under the provisions of 35 U.S.C. §§ 101, et seq.

42. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the invalidity of the '707 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

43. For example, to the extent enabled, claims 3-8 are invalid as obvious in view of prior art, including U.S. Patent No. 6,376,469.

44. For example, all the claims are also invalid as not enabled and lack written description support under 35 U.S.C. § 112 and fail to meet the utility requirement of 35 U.S.C. § 101, at least because the specification fails to disclose at least one step necessary for crystallizing the epirubicin hydrochloride. The missing step concerns the removal of water during the crystallization process. Without disclosing this step, a person of skill in the art would not have been able to make and use the claimed invention without undue experimentation. The six Examples disclosed in the specification of the '707 patent are inoperable – i.e., the disclosed methods do not yield epirubicin crystals as claimed. As another example, even were one of skill in the art able to divine a way to make the disclosure in the specification work, nothing in the specification teaches how to make epirubicin hydrochloride with the X-Ray diffraction pattern presented in the table in claim 1.

45. All the claims are also invalid as indefinite under 35 U.S.C. § 112 based on incorrect X-ray data in claim 1. Because the X-ray data is incorrect, a person of ordinary skill in the art cannot determine what crystalline form of epirubicin hydrochloride is claimed.

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46. All the claims are also invalid under 35 U.S.C. § 102(f) for failure to list the correct inventors on the '707 patent. A. Itkin was not an inventor, having made no contribution to the conception or reduction to practice of any claim of the '707 patent.

47. All the claims, to the extent enabled, are also invalid under 35 U.S.C. § 102(b) based on prior use and sales of epirubicin in the United States, including at least sales from Solux to Transo-Pharm.

Count V

Declaratory Judgment of Invalidity of the '083 Patent

48. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-47, inclusive, as if fully set forth herein.

49. The '083 patent is invalid under the provisions of 35 U.S.C. §§ 101, et seq..

50. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the invalidity of the '083 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

51. For example, Claim 1 is invalid as non-enabled and lacks written description support under 35 U.S.C. § 112 and fails to meet the utility requirement of 35 U.S.C. § 101 because there is no disclosure in the '083 patent how to use "AcX" as the activator, as "AcX" is defined in the claim. Example 2 shows how to use oxalyl chloride as the DMSO activator, but oxalyl chloride is not "AcX" according to the definition of "AcX" in the claim. In view of the claim's definition of "AcX," therefore, a person of skill in the art would also not have been able to make and use the claimed invention.

52. For example, to the extent enabled, claim 1 of the '083 patent is invalid as obvious. The starting material N-Trifluoroacetyl daunorubicin having a formula represented by Formula (2), wherein R₁ is OMe, is N-trifluoroacetyl daunorubicin, is a compound that was well known prior to March 7, 2004. Furthermore, the reaction conditions of Example 2 of the '083 patent were standard Swern oxidation conditions that have been routine since 1978. Claim 1 is a known process applied to a known material to yield an expected result.

53. As another example, claim 2 is invalid as obvious in view of prior art, including EP Patent No. 0253654 and the fact that the reducing agent MHL_3 recited in claim 2 was a known reducing agent.

54. As additional examples, to the extent enabled, claims 1 and 2 are invalid as anticipated or obvious in view of prior art, including Italian Patent No. 1 196 154 B, or Italian Patent No. 1 196 154 B combined with Chrisman, William and Singaram, Bakthan, The Effect of Different Amine Bases in the Swern Oxidization of β -Amino Alcohols, Tetrahedron Letters, Vol. 38, No. 12, pp. 2053-56 (1997 Elsevier Science Ltd.), or Italian Patent No. 1 196 154 B combined with EP 0 014 425 A1, or U.S. Patent No. 5,874,550 combined with U.S. Patent No. 4,345,068.

55. As another example, claim 3 is invalid as anticipated and obvious in view of prior art, including Ukrainian Patent No. 50928.

56. All the claims are also invalid under 35 U.S.C. § 102(f) for failure to list the correct inventors on the '083 patent. A. Itkin was not an inventor, having made no contribution to the conception or reduction to practice of any claim of the '083 patent.

57. All the claims, to the extent enabled, are also invalid under 35 U.S.C. § 102(b) based on prior use and sales of epirubicin in the United States, including at least sales from Solux to Transo-Pharm.

Count VI

Declaratory Judgment of Invalidity of the '191 Patent

58. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-57, inclusive, as if fully set forth herein.

59. The '191 patent is invalid under the provisions of 35 U.S.C. §§ 101, et seq..

60. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the invalidity of the '191 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

61. For example, claims 1-11 are invalid as non-enabled and lack written description support under 35 U.S.C. § 112 and fail to meet the utility requirement of 35

1 U.S.C. § 101. Claim 1 provides that R may be groups other than hydrogen, but the patent
2 fails to disclose how these non-hydrogen groups would exist after step 3. Consequently,
3 a person of skill in the art would not have been able to make and use the claimed
4 invention where R is a group other than hydrogen.

5 62. For example, claims 1-11 are also invalid as non-enabled and lack written
6 description support under 35 U.S.C. § 112 and fail to meet the utility requirement of 35
7 U.S.C. § 101 because claim 1 provides that R₂ may be hydrogen. The process will not
8 yield 4-R-substituted anthracyclines of Formula (I) when R₂ is hydrogen. Consequently, a
9 person of skill in the art would not have been able to make and use the claimed invention
10 where R₂ is hydrogen. Similarly, claims 12-13 are invalid as non-enabled and lack
11 written description support under 35 U.S.C. § 112 and fail to meet the utility requirement
12 of 35 U.S.C. § 101 because in step (1) of claim 12, the starting material may be 4-
13 demethyl-daunorubicin. 4-demethyl-daunorubicin is of Formula (II), with R₁ = H and R₂ =
14 H. Again, because the R₂ is hydrogen, this process will not yield idarubicin of Formula
15 (I).

16 63. For example, claims 12-13 are also invalid as non-enabled and lack written
17 description support under 35 U.S.C. § 112 and fail to meet the utility requirement of 35
18 U.S.C. § 101 because step 3 of claim 12 is inoperable. For step 3 to work, certain
19 undisclosed compounds must participate in the reaction, but the '191 patent fails to
20 disclose this. Without disclosing this step, a person of skill in the art would not have
21 been able to make and use the claimed invention without undue experimentation.

22 64. Claim 1-13, to the extent enabled, are also invalid as obvious in view of
23 prior art, including U.S. Patent No. 5,587,495, U.S. Patent No. 5,103,029, Japanese
24 Patent No. 2002-255888, or a combination of these patents. At least one of the starting
25 materials, 4-demethyl-daunorubicin, is not novel, as conceded by the applicants during the
26 prosecution history and as disclosed, for example, in Pettit, George R., et al.,
27 Antineoplastic Agents: Structure of Carminomycin I, J. Am. Chem. Soc. (Dec. 1975) and
28 U.S. Patent No. 4,188,377.

1 65. All the claims are also invalid under 35 U.S.C. § 102(f) for failure to list the
2 correct inventors on the '191 patent. A. Itkin was not an inventor, having made no
3 contribution to the conception or reduction to practice of any claim of the '191 patent.

4 **Count VII**

5 **Declaratory Judgment of Unenforceability of the '707 Patent**

6 66. Synbias repeats and realleges the allegations contained in the preceding
7 paragraphs 1-65, inclusive, as if fully set forth herein.

8 67. A. Itkin, one of the listed inventors on all three Patents-in-Suit, actually
9 contributed nothing inventive to the '707 patent, and he knew this. Nonetheless, he listed
10 himself as one of the inventors, because he believed that as a U.S. citizen, the application
11 would more likely be granted and be granted faster than if the inventors were only non-
12 U.S. citizens. A. Itkin thus affirmatively represented to the United States Patent and
13 Trademark Office ("USPTO") under oath that he was an inventor, knowing this was
14 false.

15 68. This was a material misrepresentation because a patent must list the correct
16 inventors, and thus the Examiner would have rejected all claims if he knew the inventors
17 were not correctly disclosed.

18 69. Indeed, under 35 U.S.C. § 115, in a patent application each applicant must
19 "make oath [or declaration] that he believes himself to be the original and first inventor
20 of the process, machine, manufacture, or composition of matter, or improvement
21 therefore, for which he solicits a patent." The declaration must be executed and must
22 identify each inventor by full name. A. Itkin executed such a declaration with respect to
23 the '707 patent, even though he had no involvement in the development of the invention.
24 This defect in the declaration was material because an examiner is required to reject any
25 application having a defective declaration. *See, e.g.,* M.P.E.P. § 602.03.

26 70. Furthermore, by submitting an unmistakably false declaration claiming to
27 be an inventor, A. Itkin engaged in an affirmative act of egregious misconduct.

28 ///

71. The misrepresentation was made with intent to deceive the USPTO. The facts and circumstances indicate that this is the single most reasonable inference able to be drawn. There was no other reason for A. Itkin to falsely declare himself to be an inventor, particularly because there would have been no reason to deceive the USPTO with this falsehood unless A. Itkin believed it would affect the issuance of a patent.

72. Listing A. Itkin as an inventor on the '707 patent renders all claims of the '707 patent unenforceable due to A. Itkin's inequitable conduct.

73. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the enforceability of the '707 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

Count VIII

Declaratory Judgment of Unenforceability of the '083 Patent

74. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-73, inclusive, as if fully set forth herein.

75. A. Itkin, one of the listed inventors on all three Patents-in-Suit, actually contributed nothing inventive to the '083 patent, and he knew this. Nonetheless, he listed himself as one of the inventors, because he believed that as a U.S. citizen, the application would more likely be granted and be granted faster than if the inventors were only non-U.S. citizens. A. Itkin thus affirmatively represented to the USPTO under oath that he was an inventor, knowing this was false.

76. This was a material misrepresentation because a patent must list the correct inventors, and thus the Examiner would have rejected all claims if he knew the inventors were not correctly disclosed.

77. Indeed, under 35 U.S.C. § 115, in a patent application each applicant must "make oath [or declaration] that he believes himself to be the original and first inventor of the process, machine, manufacture, or composition of matter, or improvement therefore, for which he solicits a patent." The declaration must be executed and must identify each inventor by full name. A. Itkin executed such a declaration with respect to

1 the '083 patent, even though he had no involvement in the development of the invention.
2 This defect in the declaration was material because an examiner is required to reject any
3 application having a defective declaration. *See, e.g.*, M.P.E.P. § 602.03.

4 78. Furthermore, by submitting an unmistakably false declaration claiming to
5 be an inventor, A. Itkin engaged in an affirmative act of egregious misconduct.

6 79. The misrepresentation was made with intent to deceive the USPTO. The
7 facts and circumstances indicate that this is the single most reasonable inference able to
8 be drawn. There was no other reason for A. Itkin to falsely declare himself to be an
9 inventor, particularly because there would have been no reason to deceive the USPTO
10 with this falsehood unless A. Itkin believed it would affect the issuance of a patent.

11 80. Listing A. Itkin as an inventor on the '083 patent renders all claims of the
12 '083 patent unenforceable due to A. Itkin's inequitable conduct.

13 81. Additionally, the inventors of the Patents-in-Suit were aware of Ukrainian
14 Patent No. 50928 ("the Ukrainian patent"), which discloses every step of claim 3 of the
15 '083 patent. The Ukrainian patent is a Synbias patent with two common inventors,
16 Victor Matvienko and Alexander Zabudkin. The Synbias inventors of the Patents-In-Suit
17 (Victor Matvienko, Alexey Matvyeyev and Alexander Zabudkin) disclosed the Ukrainian
18 patent to A. Itkin, who generally acted as Synbias's agent and the intermediary between
19 the Synbias inventors and patent counsel with respect to preparing and prosecuting the
20 applications for the Patents-In-Suit. A. Itkin then failed to disclose the Ukrainian patent
21 to the USPTO, however, despite knowing that it was highly material. In view of the high
22 level of materiality of the Ukrainian patent, the fact that it was a Synbias patent with two
23 common inventors, and the Synbias inventors' disclosure of this patent to A. Itkin with
24 the expectation that he would then disclose it to patent counsel and the USPTO, A. Itkin
25 withheld the Ukrainian patent with the intent to deceive the USPTO. If the Examiner had
26 been aware of the Ukrainian patent, claim 3 would have been rejected.

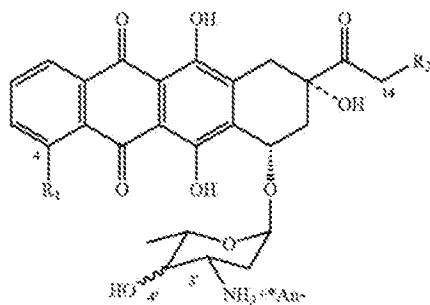
27 82. During prosecution, after a rejection of claims by the Examiner, the
28 applicants described as "novel" the halogenizing agent in the claimed process, as set forth

in a response dated December 3, 2007. However, the Ukrainian patent discloses this halogenizing agent. For at least this reason, the Ukrainian patent was not cumulative of prior art that was submitted to the USPTO.

83. The following claim chart demonstrates how each element of claim 3 of the '083 patent is met by the Ukrainian patent:

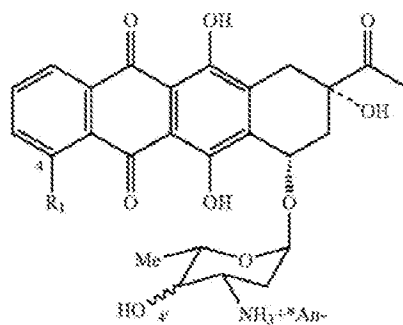
'083 Patent

3. A method of producing an anthracyclin having a formula represented by Formula (1), wherein $R_2 = \text{Hal}$, comprising:



Formula 1

(a) reacting an anthracyclin having a formula represented by Formula (5), wherein R_1 is defined as H, OH, OMe; $4''\text{-OH}$ is ax[ial] or eq[atorial]; An^- is an anion of a strong acid



Formula 5

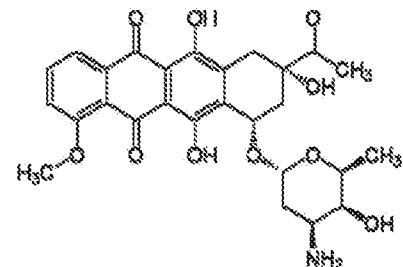
UA 50928 A
(citations to English translation)

Abstract: "formation of the 14 halogen-derivative of daunomycin."

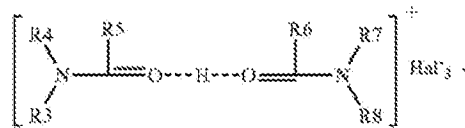
Page 3, lines 28-29: "There is formation of a 14-halogen-derivative of daunomycin, which is subjected to hydrolysis."

Page 3, lines 25-27: "Adriamycin hydrochloride is obtained by treatment of daunomycin hydrochloride with the complex halide of formula II."

Daunomycin hydrochloride (shown below without the anion) is identical to Formula (5):



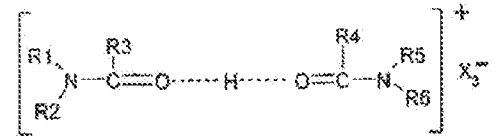
with complex halogenides having a formula represented by Formula (6), wherein $R_3-R_8=H$ or a hydrocarbon radical C_1-C_{10} , Hal = Cl, Br or I, as a halogenizing agent, and the solvent utilized for the halogenization process is an aprotic solvent comprising amides, simple ethers and their mixtures,



Formula 6

Page 3, lines 25-27: “Adriamycin hydrochloride is obtained by treatment of daunomycin hydrochloride with the complex halide of formula II.”

Page 3, lines 18-23: “using, as halogenating agents, the complex halides of general formula II.”



Formula II

84. A. Itkin’s failure to disclose the Ukrainian patent to the USTPO renders all claims of the ‘083 patent unenforceable due to A. Itkin’s inequitable conduct.

85. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the enforceability of the ‘083 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

Count IX

Declaratory Judgment of Unenforceability of the ‘191 Patent

86. Synbias repeats and realleges the allegations contained in the preceding paragraphs 1-85, inclusive, as if fully set forth herein.

87. A. Itkin, one of the listed inventors on all three Patents-in-Suit, actually contributed nothing inventive to the ‘191 patent, and he knew this. Nonetheless, he listed himself as one of the inventors, because he believed that as a U.S. citizen, the application would more likely be granted and be granted faster than if the inventors were only non-U.S. citizens. A. Itkin thus affirmatively represented to the USPTO under oath that he was an inventor, knowing this was false.

88. This was a material misrepresentation because a patent must list the correct inventors, and thus the Examiner would have rejected all claims if he knew the inventors were not correctly disclosed.

89. Indeed, under 35 U.S.C. § 115, in a patent application each applicant must “make oath [or declaration] that he believes himself to be the original and first inventor of the process, machine, manufacture, or composition of matter, or improvement therefore, for which he solicits a patent.” The declaration must be executed and must identify each inventor by full name. A. Itkin executed such a declaration with respect to the ‘191 patent, even though he had no involvement in the development of the invention. This defect in the declaration was material because an examiner is required to reject any application having a defective declaration. *See, e.g.,* M.P.E.P. § 602.03.

90. Furthermore, by submitting an unmistakably false declaration claiming to be an inventor, A. Itkin engaged in an affirmative act of egregious misconduct.

91. The misrepresentation was made with intent to deceive the USPTO. The facts and circumstances indicate that it is the single most reasonable inference able to be drawn. There was no other reason for A. Itkin to falsely declare himself to be an inventor, particularly because there would have been no reason to deceive the USPTO with this falsehood unless A. Itkin believed it would affect the issuance of a patent.

92. Listing A. Itkin as inventor on the ‘191 patent renders all claims of the ‘191 patent unenforceable due to A. Itkin’s inequitable conduct.

93. As a consequence of the foregoing, there is an actual and justiciable controversy between Synbias and Solux over the enforceability of the ‘191 patent, with respect to which Synbias is entitled to a declaratory judgment in its favor.

Prayer for Relief

WHEREFORE, Synbias respectfully requests the following relief:

- a. The entry of judgment declaring that each of the Patents-In-Suit is invalid;
- b. The entry of judgment declaring that Synbias has not infringed any of the Patents-in-Suit;
- c. The entry of judgment declaring that each of the Patents-In-Suit are unenforceable;

///

1 d. The entry of judgment declaring this to be an exceptional case pursuant to 35
2 U.S.C. § 285 and awarding Synbias its reasonable attorneys' fees expended in bringing
3 and maintaining this action;

4 e. An award of Synbias's costs, disbursements, and other expenses; and

5 f. An award of such other costs and further relief as the Court deems just and
6 proper.

7
8 Dated: December 28, 2011

FOLEY & LARDNER LLP
DAVID J. AVENI

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11 By: /s/ David J. Aveni
12 DAVID J. AVENI
13 Attorneys for Plaintiff Synbias Pharma
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Exhibit C

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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**
10

11 SYNBIAS PHARMA,
12 Plaintiff/Counterdefendant,
13 vs.
14
15 SOLUX CORPORATION,
16 Defendant/Counterclaimant.
17
18
19

CASE NO. 11-CV-3035-H
(JMA)

**ORDER DISMISSING
SOLUX'S INFRINGEMENT
COUNTERCLAIMS FOR
LACK OF STANDING; and**

**ORDER DISMISSING CASE
FOR LACK OF SUBJECT
MATTER JURISDICTION**

[Doc. No. 40.]

20 On February 4, 2013, Synbias Pharma ("Synbias") filed a motion for summary
21 judgment on Solux Corporation's ("Solux") counterclaims of infringement of U.S.
22 Patents 7,053,191 ("the '191 patent"), 7,485,707 ("the '707 patent"), and 7,388,083
23 ("the '083 patent") (collectively "the patents-in-suit"). (Doc. No. 103.) On July 19,
24 2013, Solux filed an opposition. (Doc. No. 149.) On August 12, 2013, Synbias filed
25 a reply. (Doc. Nos. 178, 183.) The Court held a hearing on August 20, 2013. Matthew
26 Lowrie and Kevin Littman appeared for Synbias. James Sakaguchi and Neal Cohen
27 appeared for Solux.

28 ///

Background¹

This is a patent infringement action involving patents that claim inventions relating to methods of producing anthracycline antibiotics—compounds that are used as first-line chemotherapy drugs for treating a range of cancers. (Doc. No. 46 ¶4.) Synbias is a Ukrainian company that manufactures and produces various active pharmaceutical ingredients, including anthracycline antibiotics. (Doc. No. 77-7 ¶5.) The patents-in-suit list three Synbias employees as inventors: Victor Matvienko; Alexey Matvyeyev; and Alexander Zabudkin (collectively "The Synbias Inventors"). (Doc. No. 1, Exs. A-C.) The fourth listed inventor is Aleksandr Itkin ("A. Itkin"), an executive of Solux. (*Id.*)

On June 16, 2011, Synbias filed a lawsuit in California Superior Court in San Diego County against Solux and two of its executives, Dmitry Itkin ("D. Itkin") and his brother A. Itkin, alleging causes of action, among others, of breach of contract, fraud, and breach of fiduciary duty. (Doc. No. 209-30 ("State Second Amend. Compl." or "State SAC") ¶¶47-59.) A central issue in the state action is whether Solux owns the patents-in-suit. The patents-in-suit list Solux as the owner by assignment, (Doc. No. 1, Exs. A-C,) but Synbias alleges that Solux fraudulently induced the Synbias inventors to assign their rights to Solux. (State SAC ¶¶56-59.)

On December 29, 2011, Synbias filed a complaint in this Court seeking a declaratory judgment of non-infringement of the patents-in-suit and a declaratory judgment that the patents-in-suit are invalid and unenforceable. (Doc. No. 1 ("Compl.")) On March 26, 2012, the Court denied Solux's motion to dismiss the declaratory judgment claims for lack of jurisdiction. (Doc. No. 17.) Thereafter, Solux filed an answer and asserted infringement counterclaims. (Doc. No. 19.)

On November 7, 2012, Solux filed a motion for partial summary judgment, arguing that Synbias either is estopped under the doctrine of assignor estoppel or lacks standing to assert its declaratory judgment claims that the patents-in-suit are invalid and

¹For general background on the parties and the patents-in-suit, see the Court's order denying Solux's motion for partial summary judgment. (Doc. No. 99 at pp. 2-5.)

unenforceable. (Doc. No. 40.) On January 17, 2013, the Court denied Solux's motion for partial summary judgment "without prejudice to Solux renewing its motion after the development of a more complete record." (Doc. No. 99 at p. 11.) In opposing the partial summary judgment motion, Synbias asserted that it was at least a co-owner of the patents-in-suit, and Solux's failure to join Synbias in its counterclaims deprived Solux of standing to assert its infringement counterclaims. (Doc. No. 77 at p. 16); see Israel Bio-Engineering Project v. Amgen, Inc., 475 F.3d 1256, 1264 (Fed. Cir. 2007) ("Where one co-owner possesses an undivided part of the entire patent, that joint owner must join all the other co-owners to establish standing."). The Court declined to *sua sponte* grant Synbias summary judgment on Solux's infringement counterclaims, but the Court permitted Synbias to file a summary judgment motion. (Doc. No. 99.) Additionally, the Court ordered the parties to show cause why the case should not be dismissed for lack of subject matter jurisdiction given Synbias' position that it is at least a co-owner of the patents-in-suit. (*Id.*)

Synbias filed its summary judgment motion on February 4, 2013. (Doc. No. 103.) On February 15, 2013, the Court granted the parties' joint request to extend the deadline for Solux to file its opposition to June 7, 2013, to allow Solux to conduct discovery. (Doc. No. 110.) On May 15, 2013, the Court again extended the deadline for Solux to file its opposition to accommodate Solux's discovery requests. (Doc. No. 118.) On July 19, 2013, Solux filed a timely opposition.²

Discussion

I. Subject Matter Jurisdiction

"Federal courts are of courts of limited jurisdiction. They possess only that power authorized by Constitution and statute." Kokkonen v. Guardian Life Ins. Co. of America, 511 U.S. 375, 377 (1994). "Subject-matter jurisdiction can never be waived or forfeited." Gonzalez v. Thaler, 132 S. Ct. 641, 648 (2012) (noting that an objection

²The Court grants Synbias' motion to file its proposed memorandum decision under seal. (Doc. No. 219)

1 to a court's subject matter jurisdiction "may be resurrected at any point in the litigation,
 2 and a valid objection may lead a court midway through briefing to dismiss a complaint
 3 in its entirety"). A dispute is presumed to lie "outside this limited jurisdiction, and the
 4 burden of establishing the contrary rests upon the party asserting jurisdiction."
 5 Kokkonen, 511 U.S. at 377 (internal citations omitted); Lanza v. Ashcroft, 389 F.3d
 6 917, 930 (9th Cir. 2004) ("There is a general presumption against federal court review,
 7 and the burden of establishing the contrary rests on the party asserting jurisdiction.").
 8 Additionally, federal courts "have an independent obligation to determine whether
 9 subject-matter jurisdiction exists, even in the absence of a challenge from any party."
 10 Arbaugh v. Y&H Corp., 546 U.S. 500, 514 (2006). "[W]hen a federal court concludes
 11 that it lacks subject-matter jurisdiction, the court must dismiss the complaint in its
 12 entirety." Id.

13 "If subject-matter jurisdiction turns on contested facts, the trial judge may be
 14 authorized to review the evidence and resolve the dispute on her own." Arbaugh, 546
 15 U.S. at 514; Robinson v. United States, 586 F.3d 683, 685 (9th Cir. 2009); see also
 16 Cedars-Sinai Medical Center v. Watkins, 11 F.3d 1573, 1583-84 (Fed. Cir. 1993). "If,
 17 however, a decision of the jurisdictional issue requires a ruling on the underlying
 18 substantive merits of the case, the decision should await a determination of the merits
 19 either by the district court on a summary judgment motion or by the fact finder at the
 20 trial." 5B C. Wright & A. Miller, Federal Practice and Procedure § 1350 (3d ed. 2004);
 21 Safe Air for Everyone v. Meyer, 373 F.3d 1035, 1039 (9th Cir. 2004).

22 To assert its infringement counterclaims, Solux must plead and prove sole patent
 23 ownership. Hall v. Bed Bath & Beyond, Inc., 705 F.3d 1357, 1362 (Fed. Cir. 2013)
 24 (noting that to plead a patent infringement claim, a patentee must "(1) allege ownership
 25 of the patent, (2) name each defendant, (3) cite the patent that is allegedly infringed, (4)
 26 state the means by which the defendant allegedly infringes, and (5) point to the sections
 27 of the patent law invoked."); Phonometrics, Inc. v. Hospitality Franchise Systems, Inc.,
 28 203 F.3d 790, 794 (2000). If Solux is not the sole owner, the Court must dismiss the

1 counterclaims for lack of standing. Israel Bio-Engineering, 475 F.3d at 1264. With
2 these principles in mind, the Court turns to the summary judgment motion.

3 **II. Summary Judgment**

4 “Under Rule 56(c), summary judgment is proper ‘if the pleadings, depositions,
5 answers to interrogatories, and admissions on file, together with the affidavits, if any,
6 show that there is no genuine issue as to any material fact and that the moving party is
7 entitled to a judgment as a matter of law.’” Celotex Corp. v. Catrett, 477 U.S. 317, 322
8 (1986) (quoting Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247 (1986)). As to
9 materiality, “[o]nly disputes over facts that might affect the outcome of the suit under
10 the governing law will properly preclude the entry of summary judgment.” Anderson,
11 477 U.S. at 248. At the summary judgment stage, the judge’s function is not to weigh
12 the evidence and determine the truth of the matter but to determine whether there is a
13 genuine issue for trial. Id. at 249. In making a determination on summary judgment,
14 the evidence of the nonmovant is to be believed, and all reasonable inferences are to be
15 drawn in his favor. McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1348 (Fed. Cir.
16 2001); Rockwell Int’l Corp. v. United States, 147 F.3d 1358, 1362 (Fed. Cir. 1998).
17 The court resolves pure questions of law on a summary judgment motion, however.
18 See, e.g., Medina v. Cram, 252 F.3d 1124, 1127 (10th Cir. 2001); Faust v. U.S., 101
19 F.3d 675, 678-79 (Fed. Cir. 1996).

20 A party seeking summary judgment bears the initial burden of establishing the
21 absence of a genuine issue of material fact. Celotex, 477 U.S. at 323. The moving
22 party can satisfy this burden in two ways: (1) by presenting evidence that negates an
23 essential element of the nonmoving party’s case; or (2) by demonstrating that the
24 nonmoving party failed to establish an essential element of the nonmoving party’s case
25 on which the nonmoving party bears the burden of proving at trial. Id. at 322-23.
26 “Disputes over irrelevant or unnecessary facts will not preclude a grant of summary
27 judgment.” T.W. Elec. Serv., Inc. v. Pacific Elec. Contractors Ass’n, 809 F.2d 626, 630
28 (9th Cir. 1987). Once the moving party establishes the absence of genuine issues of

1 material fact, the burden shifts to the nonmoving party to set forth facts showing that
2 a genuine issue of disputed fact remains. Celotex, 477 U.S. at 322. “The ‘opponent
3 must do more than simply show that there is some metaphysical doubt as to the material
4 fact.’” Kennedy v. Allied Mut. Ins. Co., 952 F.2d 262, 265-66 (9th Cir. 1991) (citing
5 Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986)).

6 **A. Patent Ownership**

7 Patent ownership “is a question of who owns legal title to the subject matter
8 claimed in a patent.” Beech Aircraft Corp. v. EDO Corp., 990 F.2d 1237, 1248 (Fed.
9 Cir. 1993). “State statutory and common law have long been recognized as governing
10 the ownership of patent property.” DDB Techs., L.L.C. v. MLB Advanced Media, L.P.,
11 517 F.3d 1284, 1296 (Fed. Cir. 2008); see also Jim Arnold Corp. v. Hydrotech Sys.,
12 Inc., 109 F.3d 1567, 1572 (Fed. Cir. 1997) (“[T]he question of who owns the patent
13 right and on what terms typically is a question exclusively for state courts.”). Similarly,
14 the law of a foreign jurisdiction may determine ownership of the subject matter claimed
15 in a U.S. patent. See Akazawa v. Link New Tech. Int’l, Inc., 520 F.3d 1354, 1357 (Fed.
16 Cir. 2008) (applying Japanese law to determine intestate ownership of a patent because
17 the inventor was a Japanese resident at the time of his death); Int’l Nutrition Co. v.
18 Horphag Research Ltd., 257 F.3d 1324, 1329 (Fed. Cir. 2001) (concluding that the
19 district court did not abuse its discretion in granting comity to a French court’s
20 determination that an assignment of a U.S. patent was invalid under French law). While
21 state or foreign law generally governs the issue of patent ownership, “‘the question of
22 whether a patent assignment clause creates an automatic assignment or merely an
23 obligation to assign is intimately bound up with the question of standing in patent
24 cases,’ and therefore [courts] have treated it as a matter of federal law.’” Sky Techs.
25 LLC v. SAP AG, 576 F.3d 1374, 1379 (Fed. Cir. 2009) ((quoting DDB Techs., 517
26 F.3d at 1290)).

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1 **1. Assignment from the Inventors**

2 Solux is listed as the owner by assignment of the patents-in-suit. (Doc. No. 1,
3 Exs. A-C.) As a matter of U.S. patent law, it is permissible for inventors to assign their
4 patent rights in inventions to third parties. See, e.g., Board of Trustees of Leland
5 Stanford Junior University v. Roche Molecular Sys., Inc., 583 F.3d 832, 842 (2009).
6 Yet, an assignment may be invalid under the law of the particular jurisdiction governing
7 patent ownership. See Horphag Research, 257 F.3d at 1327, 1329-31 (enforcing a
8 French court judgment invalidating an assignment of patent rights because unilateral
9 assignment of jointly held patent rights was contrary to French law); Jim Arnold Corp.
10 v. Hydrotech Systems, Inc., 108 F.3d 1567, 1577 (Fed. Cir. 1997) (noting that an
11 assignment of patent rights may be null and void "under a provision of applicable state
12 law").

13 **i. Initial Ownership**

14 Synbias argues that its employees, the Synbias inventors, were not collectively
15 the sole owners of the inventions claimed in the patents-in-suit at the time they
16 purportedly assigned their rights to Synbias. The Court agrees. The parties do not
17 dispute that the patented subject matter was created by the Synbias inventors, while they
18 were employees of Synbias, and while working in Synbias' facilities in the Ukraine.
19 Solux's expert agrees with Synbias that Ukraine law governs initial ownership of the
20 inventions. (Doc. No. 148 ("Paliashvili Decl.") ¶6 ("[T]he intellectual property rights
21 to the inventions described and claimed in the [patents-in-suit] . . . are governed by
22 Ukraine law.")) As such, the Court applies Ukraine law to determine initial ownership
23 of the patents-in-suit.³ Akazawa v. Link New Tech. Int'l, Inc., 520 F.3d at 1357.

24 Inventions that arise out of an employment relationship between an inventor

27 ³ Rule 44.1 of the Federal Rules of Civil Procedure provides that in determining
28 foreign law a "court may consider any relevant material or source, including testimony,
whether or not submitted by a party or admissible under the Federal Rules of Evidence.
The court's determination must be treated as a ruling on a question of law."

employee and his employer are “service inventions” under Ukrainian law.⁴ (Doc. No. 62 (“Butler Decl.”) ¶¶5-6.) Article 429 of the Ukrainian Civil Code governs initial ownership of the intellectual property rights of a service invention. (*Id.* ¶17.) Under Article 429, initial ownership of a service invention is determined by the employment contract, and in the absence of such a contract, the employer and the inventor jointly hold the intellectual property rights. (*Id.* ¶18.) Synbias submitted copies of employment agreements between Synbias and the inventors which provide that Synbias is the initial owner of the inventions, and the inventors state in their declarations and in their depositions that they signed the agreements in 2001, prior to the purported assignments to Solux. (Doc. No. 70 (“Zabudkin Decl.”) ¶¶8-9, Exs. 1-3; Doc. No. 170-2, Ex. G.) Solux argues that these agreements are without effect because they were recently created by Synbias for purposes of this litigation. Solux provides minimal support for this assertion. In any event, the parties’ factual dispute is not material under Ukrainian law, since even if Synbias failed to execute proper employment agreements with the inventors, Synbias was initially at least a co-owner of the patented subject matter under Article 429. (Butler Decl. ¶18.)

ii. Assignment under Article 9

The parties dispute whether ownership later passed from Synbias to the inventors under Article 9 of the Ukrainian Patent Law. Article 9(2) requires employee inventors to provide written notification to their employer “disclosing the essence of the invention (or utility model) sufficiently clearly and fully.” (Butler Decl. ¶11.) Once the employee inventor provides written notice, the employer must decide to file for a patent, transfer patent rights to another, or preserve the invention as confidential. (*Id.* (“Article 9(3)”).) If the employer fails to choose any of these three options within four months of receiving written notice, patent rights in the invention automatically pass to the employee owners. (*Id.*)

⁴Solux’s expert agrees that “the contributions of the Synbias Inventors to the Inventions were ‘service inventions.’” (Paliashvili Decl. ¶8.)

1 Synbias argues that ownership of the patents-in-suit did not pass to the inventors
2 because it never received written notification. (Doc. No. 70 ("Zabudkin Decl.") ¶14.)
3 Zabudkin and Matvienko both state in their declarations that they did not provide
4 Synbias with written notice as required under Article 9.⁵ (Doc. No. 68 ("Matvienko
5 Decl.") ¶14; Zabudkin Decl. ¶14.)

6 Solux does not argue that the inventors provided written notice to other
7 executives or directors of Synbias. Rather, Solux argues that Alexandr Zabudkin, as
8 Synbias's executive director, was high enough within Synbias such that his knowledge
9 constituted proper notice on behalf of Synbias. The Court disagrees. The Supreme
10 Court of Ukraine recently held that an inventor cannot properly notify himself given the
11 obvious conflict of interest. (Butler Decl. ¶24, Ex. 29 ("Rivneazot Decision").) Solux's
12 expert notes that the Rivneazot decision dealt with proper notice under an employment
13 contract, not proper notice under Article 9. (Paliashvili Decl. ¶46.) Yet, Synbias
14 submitted employment agreements in which the Synbias inventors agreed to provide
15 written notice to Synbias of their inventions so that Synbias could take appropriate
16 action. (See Zabudkin Decl. Ex. 3 (Appendix No. 2 to Company Order No. 10, signed
17 by Zabudkin) ("If the research is successful, the Employee [Zabudkin] shall give the
18 Employer [Synbias] notification in writing about the Invention created and attach a
19 comprehensive description of the invention that is sufficient for the purposes of
20 registration.") Under the agreements, notice to an inventor would plainly be
21 insufficient. (Butler Decl. ¶24.)

22 Additionally, the Court is not persuaded that the conflict-of-interest analysis
23 employed by the Ukrainian Supreme Court only applies in the context of notice under
24 an employment agreement. Article 9 provides that ownership of patent rights in a
25 service invention automatically passes from an employer to the inventor if the employer
26 fails to take certain actions. (Butler Decl. ¶11.) If notice to an inventor were sufficient,
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28 ⁵The third inventor, Matvyeyev, passed away in 2012. (Doc. No. 170 at p. 21.)

1 the inventor could simply wait out the clock until he possessed full ownership based on
 2 his own inaction. The conflict-of-interest is immediately apparent from the face of
 3 Article 9. Thus, written notice to the inventors fails either under the employment
 4 agreements or under Article 9. The record does not reveal any writing purporting to
 5 assign Synbias' ownership rights to the inventors, and under either U.S. or Ukrainian
 6 law, assignments of patent interests must be in writing. Sky Techs., 576 F.3d at 1379;
 7 (Butler Decl. ¶59.) Accordingly, Synbias remained at least a co-owner of the patents-
 8 in-suit.

9 **2. Ownership under the EXP Contract**

10 Solux argues that, even if Synbias partially owned patent rights in the claimed
 11 inventions, Synbias assigned its rights to Solux pursuant to a development contract. (D.
 12 Itkin Decl., Ex. 1 (“the EXP Contract”).) The Court disagrees. The EXP contract only
 13 assigned “know-how,” not patent rights.⁶ (Id.) Under the EXP contract, Solux agreed
 14 to pay Synbias \$150,000 to develop new manufacturing methods for doxorubicin
 15 hydrochloride, epirubicin hydrochloride, and idarubicin hydrochloride—chemical
 16 compounds described in the patents-in-suit.⁷ (Id.) Article 7.2 grants Solux “property
 17 right[s] to Manufacturing Method of chemical substances developed under the present
 18 contract.” (Id.) Yet, Article 7.1 defines the “Manufacturing Method of chemical
 19 substances [as] intellectual product - ‘know-how.’” (Id.) Additionally, Article 7.3
 20 provides Solux with “the right to make any actions following [sic] from rights of
 21 possession, using and the order [sic] Manufacturing Method of chemical substances
 22

23 ⁶ Because Article 11.3 provides that the arbitration of disputes is governed by the
 24 law of the Ukraine, the Court applies Ukrainian law in interpreting the EXP Contract.
 25 See Hilgraeve Corp. v. Symantec Corp., 265 F.3d 1336, 1340, 1344-45 (Fed. Cir. 2001)
 26 (applying Ontario law in interpreting an agreement transferring “know-how” and
 technical expertise). Under Ukrainian law, the contract language governs the
 relationship of the parties, and extrinsic evidence is inadmissible to contradict
 unambiguous contract terms. (3d Littman Decl., Ex. 44 (“Paliashvili Deposition”).)

27 ⁷ The parties submitted different versions of the EXP contract, each claiming that
 28 their version is the effective agreement. This dispute is not material as the text of
 Article 7 (limiting the property transferred to “know-how”) and Article 9 (requiring
 confidentiality) is identical in either party's version.

(‘know-how’).” (Id.) Like in U.S. law, “know-how” is a property interest distinct from patent rights under Ukrainian law. (Paliashvili Decl. ¶18 (“Article 1 of the Law of Ukraine No. 1560-XII ‘On Investment Activity’ . . . states know-how is ‘technical, technological, and other knowledge, but not patented.’”) Further, the EXP contract would be internally inconsistent if it transferred patent rights as Article 9 prohibits both Solux and Synbias from disclosing the manufacturing methods developed under the contract to third parties. (D. Itkin Decl., Ex. 1.) Subject to certain exceptions not applicable here, U.S. patent applications are generally published by the PTO. See 35 U.S.C. § 122. Accordingly, the EXP contract did not effect a transfer of patent rights from Synbias to Solux.

3. Judicial Estoppel

In the state litigation, Solux filed a notice of removal. Synbias filed a motion to remand arguing that it lacked standing to assert its sole federal claim of correction of inventorship under 35 U.S.C. § 256 because it lacked legal ownership of the patents-in-suit. (Case No. 11-cv-1625, Doc. No. 6.) Solux now argues that Synbias is estopped in this case from asserting that it is at least a co-owner based on arguments in the prior case before another judge of this Court.

“Judicial estoppel is an equitable doctrine that prevents a litigant from ‘perverting’ the judicial process by, after urging and prevailing on a particular position in one litigation, urging a contrary position in a subsequent proceeding—or at a later phase of the same proceeding—against one who relied on the earlier position.” Sandisk Corp. v. Memorex Prods., 415 F.3d 1278, 1290 (Fed. Cir. 2005); see Hamilton v. State Farm Fire & Cas. Co., 270 F.3d 778, 782 (9th Cir. 2001). The Supreme Court has identified three factors to guide the court’s decision to apply judicial estoppel: (1) the party’s later position must be clearly inconsistent with the earlier position; (2) the party must have succeeded in persuading a court to adopt the earlier position in the earlier proceeding, such that it would create the perception that either the first or second court was misled; and (3) the courts consider whether the party seeking to assert an

1 inconsistent position would derive an unfair advantage or impose an unfair detriment
2 on the opposing party if not estopped. New Hampshire v. Maine, 532 U.S. 742, 750-51
3 (2001). In addition, the Ninth Circuit “has restricted the application of judicial estoppel
4 to cases where the court relied on, or ‘accepted,’ the party’s previous inconsistent
5 position.” Hamilton, 270 F.3d at 783. But, the Supreme Court has noted that these
6 factors “do not establish inflexible prerequisites or an exhaustive formula for
7 determining the applicability of judicial estoppel. Additional considerations may
8 inform the doctrine’s application in specific factual contexts.” New Hampshire, 532
9 U.S. at 751. “It is within the trial court’s discretion to invoke judicial estoppel and
10 preclude an argument.” Sandisk, 415 F.3d at 1290; see also New Hampshire, 532 U.S.
11 at 750 (“[J]udicial estoppel ‘is an equitable doctrine invoked by a court at its
12 discretion.’”).

13 Here, Synbias is not estopped from asserting an ownership interest. In its motion
14 to remand, Synbias claimed that it was a beneficial owner. (Doc. No. 6-1 at p. 7
15 (Synbias "claims beneficial ownership of [the patents-in-suit].") Additionally, Synbias'
16 position—that Solux is not a sole owner—is not inconsistent with its prior position of
17 beneficial ownership. Further, the Court granted Solux over five months to conduct
18 discovery to oppose Synbias' motion, and the Court requested briefing on the
19 jurisdictional issue. Moreover, estoppel is an equitable doctrine. As such, the Court
20 concludes that application of estoppel in this context is inappropriate since it would
21 confer patent jurisdiction in federal court where it does not exist. Israel Bio-
22 Engineering, 475 F.3d at 1264; see also Kokkonen, 511 U.S. at 377 (“Federal courts are
23 of courts of limited jurisdiction. They possess only that power authorized by
24 Constitution and statute.”) As such, the Court exercises its discretion and determines
25 that application of judicial estoppel is not warranted.

26 In sum, Synbias was at least a co-owner of the inventions under Ukrainian law
27 and its ownership interests did not pass to the inventors prior to the purported
28 assignments. Additionally, Solux did not obtain an assignment from Synbias under the

1 EXP contract. As such, the Court dismisses Solux's counterclaims for lack of standing.
2 Israel Bio-Engineering, 475 F.3d at 1264.

3 **III. Declaratory Judgment Claims**

4 Dismissal of Solux's counterclaims leaves Synbias' declaratory claims as the only
5 remaining claims in this litigation. Federal courts have subject matter jurisdiction over
6 claims for declaratory relief as long as "the dispute [is] definite and concrete, touching
7 the legal relations of parties have adverse legal interests." MedImmune, Inc. v.
8 Genentech, Inc., 549 U.S. 118, 127 (2007) (quotations omitted). "An 'adverse legal
9 interest' requires a dispute as to a legal right—for example, an underlying legal cause of
10 action that the declaratory defendant could have brought or threatened to bring." Arris
11 Grp., 639 F.3d at 1374; see also Microchip Tech. Inc. v. Chamberlain Grp., Inc., 441
12 F.3d 936, 943 (Fed. Cir. 2006) ("Without an underlying legal cause of action, any
13 adverse economic interest that the declaratory plaintiff may have against the declaratory
14 defendant is not a legally cognizable interest sufficient to confer declaratory judgment
15 jurisdiction."). Here, the legal cause of action underlying Synbias' declaratory claims
16 was Solux's claim for patent infringement. (Doc. No. 19.) As Solux lacks standing to
17 assert infringement, there is no underlying legal cause of action that Solux could have
18 brought or threatened to bring. Arris Grp., 639 F.3d at 1374. As such, this Court lacks
19 subject matter jurisdiction over Synbias' declaratory claims because the parties no
20 longer have adverse legal interests. Accordingly, the Court dismisses Synbias'
21 complaint in its entirety. Arbaugh v. Y&H Corp., 546 U.S. at 514.

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Conclusion

For the foregoing reasons, the Court dismisses Solux's counterclaims for lack of standing, Israel Bio-Engineering, 475 F.3d at 1264, and dismisses Synbias' complaint for lack of subject matter jurisdiction. Arbaugh v. Y&H Corp., 546 U.S. at 514. As such, the parties may proceed with their state court action to resolve their business disputes, involving allegations of breach of contract, breach of fiduciary duty, and fraud. (State SAC ¶¶47-59; D. Itkin Decl. ¶7 (contending that Solux and Synbias entered into a joint venture); 11-cv-1625, Doc. No. 6-1 at p. 2 (claiming that Solux was Synbias' agent).)

IT IS SO ORDERED.

Dated: August 30, 2013


MARILYN L. HUFF, District Judge
UNITED STATES DISTRICT COURT