IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

UNIVERSITY OF MASSACHUSETTS MEDICAL SCHOOL and CARMEL LABORATORIES, LLC,	)	
Plaintiffs,	)	
v.	)	Civil Action No. 17-868-CFC-SRF
L'ORÉAL S.A. and L'ORÉAL USA, INC.,	)	
Defendants.	)	

REPORT AND RECOMMENDATION

I. INTRODUCTION

Presently before the court in this patent infringement action are the following motions: (1) the motion to dismiss the complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, filed by defendant L'Oréal USA, Inc. ("L'Oréal USA") (D.I. 15); and (2) the motion to dismiss the complaint pursuant to Rules 12(b)(2) and 12(b)(6), filed by defendant L'Oréal S.A. (together with L'Oréal USA, "L'Oréal" or "defendants") (D.I. 23). For the following reasons, I recommend that the court deny the Rule 12(b)(6) motions to dismiss of L'Oréal USA and L'Oréal S.A., and grant L'Oréal S.A.'s Rule 12(b)(2) motion to dismiss.

II. BACKGROUND

A. Patents-In-Suit

On July 23, 2002, the United States Patent and Trademark Office issued United States Patent No. 6,423,327 ("the '327 patent"), entitled "Treatment of Skin with Adenosine or Adenosine Analog." The '327 patent was filed on September 28, 2000 and is a continuation of Application No. 09/179,006, which was filed on October 26, 1998 and is now abandoned. The patent lists as inventors James G. Dobson, Jr. and Michael F. Ethier ("inventors"), and identifies

University of Massachusetts as the assignee. Carmel Laboratories, LLC ("Carmel Labs") is the exclusive licensee of the '327 patent. (D.I. 13 at ¶ 36) The '327 patent describes methods for improving the condition of unbroken, mammalian skin by applying adenosine "in an amount effective to enhance the condition of the skin without increasing dermal cell proliferation, wherein the adenosine concentration applied to the dermal cells is 10^{-4} M to 10^{-7} M." ('327 patent, col. 10:18-26)

United States Patent No. 6,645,513 ("the '513 patent") (together with the '327 patent, the "patents-in-suit") was filed on June 28, 2002 and issued on November 11, 2003. The '513 patent is a continuation of the '327 patent. The '513 and '327 patents share the same title, abstract, inventors, specification, assignee, and exclusive licensee.

Claims 1 and 9 of the '513 and '327 patents ("the asserted claims") are also identical except for the claimed concentrations of adenosine applied to the dermal cells. Specifically, the '327 patent claims an adenosine concentration of 10^{-4} M to 10^{-7} M, ('327 patent, col. 10:25-26), and the '513 patent claims a concentration of 10^{-3} M to 10^{-7} M, ('513 patent, col. 10:25-26).

B. Parties

University of Massachusetts Medical School is a public institution of higher education in Massachusetts. (D.I. 13 at ¶ 1). University of Massachusetts is identified as the assignee of the patents-in-suit. ('327 patent, Assignee; '513 patent, Assignee)

Carmel Labs (together with University of Massachusetts Medical School, "plaintiffs") is a for-profit Massachusetts limited liability company founded and wholly-owned by Teresian Carmelites, Inc. ("Teresian Carmelites"). (D.I. 13 at ¶ 3) Teresian Carmelites is a Massachusetts non-profit religious organization dedicated to prayer and service to the poor and marginalized. (*Id.* at ¶¶ 2, 14) Carmel Labs' profits financially sustain Teresian Carmelites and fund its

charitable endeavors. (*Id.* at ¶ 15) Carmel Labs is purportedly the exclusive licensee of the patents-in-suit for all cosmetic applications, and has been since 2008. (*Id.* at ¶ 15) Using the patented adenosine technology, Carmel Labs developed "Easeamine," an anti-aging face cream that it released for sale in 2009. (*Id.* at ¶ 16)

L'Oréal USA is a wholly-owned subsidiary of L'Oréal S.A., a French corporation headquartered in France. (*Id.* at ¶¶ 5, 7) L'Oréal USA is Delaware corporation with its principal place of business in New York, New York. (*Id.* at ¶ 6) L'Oréal USA develops and manufactures hair care, skin care, cosmetics, and fragrances distributed globally. (*Id.* at ¶ 18) Plaintiffs accuse eighteen L'Oréal brands of selling infringing products, including but not limited to the following brands with products containing adenosine: Biotherm; The Body Shop; Carita; Decleor; Garnier; Giorgio Armani; Helena Rubinstein; IT Cosmetics; Kiehl's; L'Oréal Paris; La Roche-Posay; Lancôme; Maybelline; Roger&Gallet; Sanoflore; Shu Uemura; Vichy; and Yves Saint Laurent (the "Unnamed Accused Products"). (*Id.* at ¶ 31) However, the only product identified by name in the First Amended Complaint is L'Oréal Paris' RevitaLift Triple Power Deep-Acting Moisturizer (together with the Unnamed Accused Products, the "Accused Products"). (*Id.* at ¶ 34)

C. Facts

Dr. James G. Dobson, Jr., the former Chairman of the Department of Physiology at University of Massachusetts Medical School, and his colleague, Dr. Michael Ethier, discovered that topical application of adenosine to dermal cells in specified concentrations can enhance the condition of the skin without increasing dermal cell proliferation. (*Id.* at ¶ 10) Their discoveries are embodied in the '327 and '513 patents. (*Id.* at ¶ 11) Drs. Dobson and Ethier assigned their intellectual property rights to University of Massachusetts. (*Id.* at ¶ 4)

Teresian Carmelites learned of the adenosine technology Drs. Dobson and Ethier developed through its relationship with Dr. Dobson, and negotiated a license for the technology. (*Id.* at ¶ 15) Since 2008, Carmel Labs has been the exclusive licensee of the patents-in-suit for all cosmetic applications. (*Id.*) After securing a license to the patents-in-suit, Carmel Labs used the patented adenosine technology to develop an anti-aging face cream called "Easeamine," which was released for sale in 2009. (*Id.* at ¶¶ 15-16)

L'Oréal has cited to the '327 and '513 patents in several of its own issued patents and at least one now-abandoned application. (*Id.* at ¶¶ 20-22, Exs. 7-10) In fall of 2003, an agent of L'Oréal contacted Dr. Dobson to discuss the patents-in-suit, but failed to obtain a license. (*Id.* at ¶ 23) Following this conversation, L'Oréal began creating, marketing, and selling the Accused Products. (*Id.* at ¶ 24) On October 15, 2010, L'Oréal publicly announced the upcoming launch of its new Youth Code line of skin care containing adenosine. (*Id.* at ¶ 25; Ex. 5) In March 2015, the president of Teresian Carmelites and Carmel Labs sent a letter to L'Oréal's CEO stating his belief that L'Oréal's products infringe the patents-in-suit, and affirming that Carmel Labs is the exclusive licensee of the patents-in-suit. (*Id.* at ¶ 30)

D. Procedural History

On June 30, 2017, University of Massachusetts Medical School and Carmel Labs filed the present action against L'Oréal U.S.A and L'Oréal S.A., asserting causes of action for the alleged infringement of the '327 and '513 patents. (D.I. 1) On August 4, 2017, L'Oréal U.S.A filed its motion to dismiss plaintiffs' complaint, pursuant to Rules 8(a)(2) and 12(b)(6). (D.I. 7) Plaintiffs subsequently filed their First Amended Complaint ("FAC") on August 18, 2017. (D.I. 13) In response, L'Oréal USA filed its motion to dismiss the FAC on August 23, 2017, alleging that the causes of action failed to state a claim under Rule 12(b)(6). (D.I. 15) L'Oréal S.A.

followed suit on October 16, 2017, filing a motion to dismiss for lack of personal jurisdiction and failure to state a claim upon which relief can be granted. (D.I. 23)

III. LEGAL STANDARDS

A. Failure to State a Claim

Rule 12(b)(6) permits a party to move to dismiss a complaint for failure to state a claim upon which relief can be granted. Fed. R. Civ. P. 12(b)(6). When considering a Rule 12(b)(6) motion to dismiss, the court must accept as true all factual allegations in the complaint and view them in the light most favorable to the plaintiff. *Umland v. Planco Fin. Servs.*, 542 F.3d 59, 64 (3d Cir. 2008).

To state a claim upon which relief can be granted pursuant to Rule 12(b)(6), a complaint must contain a "short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). Although detailed factual allegations are not required, the complaint must set forth sufficient factual matter, accepted as true, to "state a claim to relief that is plausible on its face." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007); *see also Ashcroft v. Iqbal*, 556 U.S. 662, 663 (2009). A claim is facially plausible when the factual allegations allow the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. *Iqbal*, 556 U.S. at 663; *Twombly*, 550 U.S. at 555-56.

When determining whether dismissal is appropriate, the court must take three steps.[1] *See Santiago v. Warminster Twp.*, 629 F.3d 121, 130 (3d Cir. 2010). First, the court must identify the elements of the claim. *Iqbal*, 556 U.S. at 675. Second, the court must identify and reject

[1] Although *Iqbal* describes the analysis as a "two-pronged approach," the Supreme Court observed that it is often necessary to "begin by taking note of the elements a plaintiff must plead to state a claim." 556 U.S. at 675, 679. For this reason, the Third Circuit has adopted a three-pronged approach. *See Santiago v. Warminster Twp.*, 629 F.3d 121, 130 n.7 (3d Cir. 2010); *Malleus v. George*, 641 F.3d 560, 563 (3d Cir. 2011).

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