

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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CIVIL MINUTES - GENERAL

CASE NO.: CV 13-05980 SJO (PJWx)

DATE: January 14, 2014

Applies to All Related Cases

CV 13-06054 SJO (PJWx)

CV 13-06055 SJO (PJWx)

CV 13-06062 SJO (PJWx)

TITLE: Black Hills Media, LLC v. Pioneer Corporation, et al.

LEAD CASE - Applies to All Coordinated Actions

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PRESENT: THE HONORABLE S. JAMES OTERO, UNITED STATES DISTRICT JUDGE

Victor Paul Cruz
Courtroom Clerk

Not Present
Court Reporter

COUNSEL PRESENT FOR PLAINTIFF(S):

COUNSEL PRESENT FOR DEFENDANT(S):

Not Present

Not Present

=====

PROCEEDINGS (in chambers): ORDER GRANTING DEFENDANTS' MOTION TO DISMISS
[Docket No. 106]

This matter comes before the Court on a Motion to Dismiss ("Motion") under Federal Rule of Civil Procedure 12(b)(1) ("Rule 12(b)(1)"), filed by Defendants Pioneer Corporation and Pioneer Electronics (USA), Inc. (collectively, "Pioneer"); Yamaha Corporation of America ("Yamaha"); and Sonos Inc. ("Sonos") (collectively with Yamaha and Pioneer, "Defendants") on December 11, 2013. On December 23, 2013, Plaintiff Black Hills Media, LLC ("Plaintiff") filed an Opposition. On December 30, 2013, Defendants filed a Reply in support of the Motion. The Court found this matter suitable for disposition without oral argument. See Fed. R. Civ. P. 78(b). For the following reasons, the Court **GRANTS** Defendants' Motion.

I. FACTUAL AND PROCEDURAL HISTORY

On May 22, 2012, Plaintiff filed Complaints against Pioneer, Yamaha, and Sonos in the United States District Court for the District of Delaware.¹ In all of these cases, Plaintiff alleged that Defendants had infringed three of Plaintiff's patents: U.S. Patent Nos. 8,045,952 ("the '952 Patent"); 8,050,652 ("the '652 Patent"); and 6,985,694 ("the '694 Patent"). (Compl. ¶¶ 12, 16, 20,

¹ Plaintiff also originally filed suit against Defendant Logitech International S.A., later replaced with Logitech, LLC and Logitech, Inc. (collectively, "Logitech"). Order Granting Stip. of Dismissal, *Black Hills Media, LLC v. Logitech, Inc.*, No. 2:13-cv-06055-SJO-PJW (C.D. Cal. Nov. 29, 2012) ("Logitech Case"), ECF No. 11. For ease of reference, all citations are made to Central District of California docket numbers, even for documents originally filed in the District of Delaware.

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ECF No. 1.) Plaintiff also asserted an additional five patents against Sonos (collectively with the '952 Patent, the '652 Patent, and the '694 Patent, "First Asserted Patents"). Compl., *Black Hills Media, LLC v. Sonos, Inc.*, No. 2:13-cv-06062-SJO-PJW (C.D. Cal. May 22, 2012), ("Sonos Case"), ECF No. 1. In all three Complaints, Plaintiff stated that it "owns all of the rights and interests in" the asserted patents. (Compl. ¶ 6, Pioneer Case.) See also Compl. ¶ 6, *Black Hills Media, LLC v. Yamaha Corp. of Am.*, No. 2:13-cv-06054-SJO-PJW (C.D. Cal. May 22, 2012) ("Yamaha Case"), ECF No. 1; Compl. ¶ 6, Sonos Case (C.D. Cal. May 22, 2012), ECF No. 1.

Despite these allegations in the Complaints, Plaintiff did not in fact own all rights and interests in the First Asserted Patents on May 22, 2012, when it filed the cases. (Mot. 5-6; Notice of Chain of Title Regarding Patents-In-Suit ("Chain of Title") 2-4, ECF No. 104.) In fact, Plaintiff did not take ownership of the patents until July 23, 2012, more than two months after filing the Complaints. (Chain of Title, 2-4.) Plaintiff does not dispute these facts. (Opp'n 2, ECF No. 109.)

Having not yet served the original Complaint, Plaintiff filed amended Complaints in all three cases in September 2012 "as a matter of course" under Federal Rule of Civil Procedure 15(a) ("Rule 15(a)"). (First Am. Compl., Pioneer Case, ECF No. 3.) See also First Am. Compl., Yamaha Case (C.D. Cal. Sept. 12, 2012), ECF No. 3; First Am. Compl., Sonos Case (C.D. Cal. Sept. 11, 2012), ECF No. 3 (collectively, "FACs"). In the FACs, Plaintiff asserted three more patents against the Defendants: U.S. Patent Nos. 6,108,686 ("the '686 Patent"); 8,230,099 ("the '099 Patent"); and 8,214,873 ("the '873 Patent"). Because all three cases (and the Logitech Case) included a common core of six patents and Logitech and the other Defendants offered the same or similar affirmative defenses, the Court treated the cases as related. (Notice of Related Cases 1, ECF No. 52.)

In January 2013, Yamaha, Logitech, and Sonos filed motions to transfer the case from the District of Delaware to the Central District of California. Mot. to Transfer, Yamaha Case (Jan. 22, 2013), ECF No. 14; Mot. to Transfer, Logitech Case (Jan. 11, 2013), ECF No. 17; Mot. to Transfer, Sonos Case (Jan. 23, 2013), ECF No. 11. On August 5, 2013, the Delaware District Court granted the motions to transfer the cases to the Central District of California. Order Granting Mot. to Transfer, Yamaha Case (Aug. 5, 2013), ECF No. 31; Order Granting Mot. to Transfer, Logitech Case (Aug. 5, 2013), ECF No. 33; Order Granting Mot. to Transfer, Sonos Case (Aug. 5, 2013), ECF No. 26. The Delaware District Court *sua sponte* transferred the Pioneer case as well. (Order Transferring Case to C.D. Cal., ECF No. 21.) On September 24, 2013, the Court ordered the Pioneer Case, the Yamaha Case, the Logitech Case, and the Sonos case consolidated and permitted Plaintiff to file Second Amended Complaints in all four cases. (Minute Order, ECF No. 59.) On November 11, 2013, Plaintiff and Logitech filed a Stipulation to dismiss the Logitech

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dismissed the Logitech Case, Logitech Case (Nov. 13, 2013), ECF No. 80. On November 12, 2013, the Court held a scheduling conference and set key dates for the case, scheduling the Markman Hearing on June 23, 2014; the final day to hear dispositive motions on February 9, 2015; and the first day of trial on April 14, 2015. (ECF No. 103.) The Court also ordered Plaintiff to file proof of its chain of title to the asserted patents, which Plaintiff did on November 25, 2013. (ECF No. 104.)

On December 11, 2013, Defendants filed the instant Motion seeking to dismiss the case for lack of standing. On December 23, 2013, Plaintiff filed an Opposition. On December 30, 2013, Defendants filed a Reply in support of the Motion. (ECF No. 110.)

II. DISCUSSION

Defendants argue that Plaintiff lacks standing because it was not the owner of the patents on May 22, 2012, when the suits were originally filed. (Mot. 1.) Article III standing is a threshold jurisdictional issue that cannot be waived and can be raised at any time during the suit. See Fed. R. Civ. P. 12(h)(1), (3). To have standing to bring a suit for patent infringement, the plaintiff "must be either the patentee, a successor in title to the patentee, or an exclusive licensee of the patent at issue." *Fieldturf, Inc. v. Sw. Recreational Indus., Inc.*, 357 F.3d 1266, 1268 (Fed. Cir. 2004); see also 35 U.S.C. §§ 100(d), 281 ("A patentee shall have remedy by civil action for infringement of his patent," with patentee defined to include "not only the patentee to whom the patent was issued but also the successors in title to the patentee."). Because standing under the Patent Act involves questions "unique to patent law," Federal Circuit law governs patentee standing. *Madey v. Duke Univ.*, 307 F.3d 1351, 1358 (Fed. Cir. 2002); see also *Toshiba Corp. v. Wistron Corp.*, 270 F.R.D. 538, 540-41 (C.D. Cal. 2010).

Federal Circuit precedent makes clear that in a suit for patent infringement, "[a] court may exercise jurisdiction only if [the] plaintiff has standing to sue on the date it files suit." *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010). The burden is on the plaintiff to "demonstrate that it held enforceable title to the patent at the inception of the lawsuit." *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309 (Fed. Cir. 2003). "[I]f the original plaintiff lacked Article III initial standing, the suit must be dismissed, and the jurisdictional defect cannot be cured' after the inception of the lawsuit." *Abraxis*, 625 F.3d at 1364 (quoting *Schreiber Foods, Inc. v. Beatrice Cheese, Inc.*, 402 F.3d 1198, 1203 (Fed. Cir. 2005)).

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Plaintiff does not claim that it held enforceable title to the patents before July 23, 2012.² Nor does Plaintiff suggest that the Court had subject matter jurisdiction over these cases on May 22, 2012, when the lawsuit was first filed. (See Opp'n 2.) Rather, Plaintiff argues that by amending its original Complaint "before it was served and as of right under [Rule 15(a)], the [o]riginal Complaint became a nullity and was wholly replaced by the First Amended Complaint." (Opp'n 3.)

Thus, the issue before the Court is whether Plaintiff's amendment of the Complaint as of right under Rule 15(a) provides an exception to the Federal Circuit's rule requiring Plaintiff to have standing under the Patent Act on the day the suit was filed. It is true that the "general rule" that federal jurisdiction must exist on the date the suit is filed is "not absolute." *Schreiber*, 402 F.3d at 1203; see also *Caterpillar Inc. v. Lewis*, 519 U.S. 61, 73 (1996) (holding that post-removal dismissal of a non-diverse party cured the jurisdictional defect in a diversity case under the removal statute). However, no court has yet squarely addressed whether an amended complaint as of right supercedes the original complaint in determining whether a plaintiff has standing under the Patent Act.

Abraxis is the Federal Circuit case that comes closest to answering this question. In *Abraxis*, the Federal Circuit considered whether amending an original complaint allowed standing to be determined on the date of the amended complaint. The court, in finding that the plaintiff lacked standing to proceed with the lawsuit, held that even after an amendment, standing is determined from the date of the original complaint. *Abraxis*, 652 F.3d at 1366 n.3. Plaintiff attempts to limit the scope of *Abraxis*, arguing that it speaks only to "a very narrow set of circumstances not analogous with the facts here" that "a *nunc pro tunc* assignment cannot retroactively give a party standing." (Opp'n 7.) The Court disagrees. In deciding that a *nunc pro tunc* assignment could not retroactively confer standing on the plaintiff, the Federal Circuit ruled that standing was determined from the date of the original complaint, and not the amended complaint. Moreover, this was not "irrelevant dicta" (Opp'n 7), because the plaintiff in *Abraxis* acquired proper title to the patents four days before filing the amended complaint. Thus, had the Federal Circuit looked at the state of things on the date of the amended complaint rather than the original complaint, it would have found the plaintiff to have had standing. While *Abraxis* does not involve an

² While Plaintiff's subsidiaries may have held title to all of the asserted patents when the suits were first filed on May 22, 2012, (see Mot. 11-12), "an appropriate written assignment is necessary to transfer legal title" between a subsidiary and a parent. *Abraxis*, 625 F.3d at 1366. That Plaintiff's subsidiaries may have owned the asserted patents does not

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amendment under Rule 15(a), it nonetheless stands for the general rule that courts look to the date the original, and not amended, complaint was filed to determine standing under the Patent Act.

Plaintiff attempts to discount this holding in *Abraxis* by offering up the Supreme Court's statement in *Rockwell Int'l Corp. v. United States* that "when a plaintiff files a complaint in federal court and then voluntarily amends the complaint, courts look to the amended complaint to determine jurisdiction." 549 U.S. 457, 473-74 (2007). However, Plaintiff's analysis overlooks important distinctions between *Abraxis* and *Rockwell*. The court in *Rockwell* had jurisdiction over the original complaint when it was first filed, and the issue before the Supreme Court was whether the amended complaint divested the court of that existing jurisdiction. *Id.* at 473. The Supreme Court determined that it did so. *Id.* The opposite was true in *Abraxis*, where the court had no jurisdiction over the original complaint, and the amended complaint would therefore grant the court jurisdiction that would not otherwise exist. The Federal Circuit expressly noted this distinction in deciding not to follow *Rockwell* in a different case where the court had no jurisdiction over the original complaint. *Cent. Pines Land Co. v. United States*, 697 F.3d 1360, 1366 n.3 (Fed. Cir. 2012). Here, as in *Abraxis* and *Central Pines*, the Court has no jurisdiction over Plaintiff's original Complaint.

Plaintiff also cites to *ConnectU LLC v. Zuckerberg*, where the First Circuit based its jurisdictional analysis on an amended-as-of-right complaint when the plaintiff changed the basis of the court's jurisdiction from diversity to federal question. 522 F.3d 82, 91-96 (1st Cir. 2008). Here, Plaintiff's basis for jurisdiction has not changed. Furthermore, the First Circuit was careful to note that it did not intend to discard the time-of-filing rule, which would continue to apply, "most obviously in diversity cases . . . where heightened concerns about forum-shopping and strategic behavior offer special justifications for it." *Id.* at 92. Thus, the holding distinguishes between federal question jurisdiction, where jurisdiction is determined from the filing of the amended-as-of-right complaint, and diversity jurisdiction, where jurisdiction is determined from the filing of the original complaint. The issue of patentee standing is closer to diversity jurisdiction, as courts may have concerns about strategic filing behavior by patentees to avoid disclosing the ultimate owner of the patent. Moreover, the Federal Circuit has made clear that the time-of-filing rule applies to determining standing under the Patent Act just as it applies in the diversity context. See *Abraxis*, 625 F.3d at 1364.

Other cases cited by Plaintiff similarly fail to directly address the issue at dispute in this case. For example, Plaintiff quotes *Williams Advanced Materials, Inc. v. Target Tech. Co.*, 03-CV-00276AM, 2009 WL 3644357, at *6 (W.D.N.Y. Oct. 28, 2009), for the proposition that "[i]t is well established

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