

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

THIRD WAVE TECHNOLOGIES, INC.,

Plaintiff,

v.

STRATAGENE CORPORATION,

Defendant.

OPINION AND
ORDER

04-C-680-C

On June 22, 2005, defendant Stratagene Corporation filed a motion to dismiss for lack of standing, alleging that plaintiff Third Wave Technologies, Inc., lacks standing to bring a patent infringement claim against it because it does not own U.S. Patent Nos. 6,090,543 and 6,348,314 ('543 patent and '314 patent). Defendant argued that under the Bayh-Dole Act, 35 U.S.C. §§ 200-212, the University of Wisconsin or the federal government is the rightful owner of both patents. I denied defendant's motion to dismiss on the ground that it was filed in violation of Magistrate Judge Crocker's order of May 10, 2005, barring defendant from filing dispositive motions prior to trial.

After I denied defendant's motion to dismiss, defendant made a second attempt to

raise its lack of standing argument. On July 7, 2005, defendant filed a motion for leave to file a second amended answer and counterclaim. I denied that motion in an order dated July 11, 2005. Also, I advised defendant that it would have an opportunity to present its allegations regarding the valid ownership of the patents at trial.

Because ownership of the '543 and '314 patents (the patents-in-suit) was still disputed for purposes of subject matter jurisdiction, the parties agreed during the final pre-trial conference on August 11, 2005 that the court would resolve the ownership issue on an expedited briefing schedule. Plaintiff made an oral motion to establish subject matter jurisdiction. After reviewing submissions from both parties, I conclude that plaintiff has standing to bring a patent infringement claim against defendant and that this court has subject matter jurisdiction over this case.

From the parties' submissions, I find the following facts to be material and undisputed.

FACTS

James E. Dahlberg is an emeritus professor at the University of Wisconsin and the former director of a research laboratory in the university's Department of Biomolecular Chemistry . Until 1994, the university employed Mary Ann Brow and Victor Lyamichev as research assistants in Dalhberg's laboratory.

In early 1993, Dahlberg and two others founded plaintiff Third Wave Technologies, Inc. Brow began working for plaintiff part-time while maintaining a part-time position at the university. In 1994, both Brow and Lyamichev became full-time employees of plaintiff.

From its inception through 1996, plaintiff worked to identify useful applications and commercial products beyond the basic research conducted in the Dahlberg laboratory. On January 24, 1996, plaintiff filed a patent application which resulted in U.S. Patent Nos. 6,090,543 and 6,348,314 ('543 patent and '314 patent). These two patents list James R. Prudent, Jeff G. Hall, Victor I. Lyamichev, Mary Ann Brow and James E. Dahlberg as the inventors of the subject matter disclosed therein.

DISCUSSION

A plaintiff in a patent infringement action must own the patent-in-suit; otherwise it lacks standing to sue. Lans v. Digital Equipment Corp., 252 F.3d 1320, 1328 (Fed. Cir. 2001). Even though this matter is presently before the court on a motion by plaintiff to establish subject matter jurisdiction, it was defendant's allegation that plaintiff does not own the '543 and '314 patents that gave rise to plaintiff's motion. Accordingly, it is defendant's burden to prove that plaintiff does not own the patents-in-suit and therefore lacks standing to sue.

A patentee has presumptive title to an invention. Beech Aircraft Corp. v. EDO Corp.,

990 F.2d 1237, 1248 (Fed. Cir. 1993); Arachnid, Inc. v. Merit Indus., Inc., 939 F.2d 1574, 1578 (Fed. Cir. 1991) (“The entity to whom the grant of a patent is made by the PTO holds the ‘legal title’ to the patent.”). Moreover, the issuance of a patent is prima facie proof of its validity, making it the burden of the party asserting the invalidity of a patent to prove it. Lannom Manufacturing Co., Inc. v. United States Intern. Trade Commission, 799 F.2d 1572, 1579 (Fed. Cir. 1986); see also 35 U.S.C. § 282 (once patents are issued by United States Patent and Trademark Office, they are presumed to be valid; burden of establishing invalidity rests on party asserting it).

Defendant’s position is that the substance of the patents-in-suit was invented by Brow and Lyamichev while they were employed by the university in the laboratory run by Dahlberg. Defendant argues that because the federal government provided partial funding for that early laboratory research, which constitutes the material disclosed in the patents-in-suit, the Bayh-Dole Act dictates that the inventions belong either to the university or the federal government. Defendant concludes that plaintiff is not entitled to the patents-in-suit and therefore lacks standing to sue.

In their briefs, both plaintiff and defendant offer a host of arguments to support their position that plaintiff does or does not own the patents-in-suit. However, there is only one fact that could have helped defendant establish that plaintiff does not have valid title to the patents-in-suit. It is well established that an invention does not exist until conception, which

“is complete only when the idea is so clearly defined in the inventor’s mind that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation.” Burroughs Wellcome Co. v. Barr Labs., Inc., 40 F.3d 1223, 1228 (Fed. Cir. 1994). Moreover, “the inventor must recognize and appreciate the invention for there to be reduction to practice.” Cooper v. Goldfarb, 240 F.3d 1370, 1382 (Fed. Cir. 2001). In order for an experiment to constitute a reduction to practice, the inventor must have appreciated the invention at the time of the experiment. Id. If defendant had proved that conception of the methods disclosed in the patents-in-suit occurred in the course of Brow and Lyamichev’s research at the Dahlberg laboratory, it could have met its burden of proving that plaintiff did not validly own the patents-in-suit (although even then, plaintiff could have obtained ownership of the patents-in-suit by assignment from a rightful prior owner).

The evidence offered by defendant did not prove that the patented invention occurred at the Dahlberg laboratory. Defendant offered copies of pages from Brow’s and Lyamichev’s laboratory notebooks, highlighting various diagrams and notes that were identical to some of the material submitted in the applications for the patents-in-suit. This information was not new to this court and does not prove that the inventions date back to the Dahlberg laboratory. Rather, it just shows that research at the Dahlberg laboratory provided some of the building blocks that the inventors later built upon in order to arrive at the inventions

patented in the patents-in-suit. I have already provided a detailed discussion of this history of the patented methods in the August 4, 2005 Opinion and Order. Dkt. #98, at 19-21.

Defendant's tactic in opposing plaintiff's motion was to point out laboratory work and show that it was included in the allegedly new invention submitted to the Patent and Trademark Office in 1996. Defendant has it backwards. What it needed to do was to start with the essential claims in the patents-in-suit and show that each element of the claims was conceived of a few years earlier in the Dahlberg laboratory. In this case, that would have meant showing that the Dahlberg laboratory work had already identified the specific overlap cleavage structure for the detection of target nucleic acid sequences that is disclosed in the patented invention. Defendant did not do that. It showed similar drawings and similar vocabulary but did not proffer any evidence that the specific requirements and methods of the patents-in-suit had already been conceived of by the inventors at the Dahlberg laboratory. Therefore, defendant has not met its burden of showing that plaintiff does not own the patents-in-suit.

ORDER

IT IS ORDERED that plaintiff's motion to establish subject matter jurisdiction is GRANTED.

Entered this 2nd day of September, 2005.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge