

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

KERR CORPORATION,

Plaintiff,

v.

3M COMPANY and DENTSPLY
INTERNATIONAL, INC.,

Defendants.

OPINION and ORDER

06-C-423-C

3M COMPANY and 3M
INNOVATIVE PROPERTIES
COMPANY,

Counterplaintiffs,

v.

KERR CORPORATION,

Counterdefendant.

In August 2006, plaintiff Kerr Corporation filed this civil action, in which it contends that defendants 3M Company and Dentsply International, Inc. have infringed Kerr's United States patent numbers 6,692,251 (the '251 patent) and 7,066,733 (the '733 patent). On

October 31, 2006, defendant 3M filed a timely-amended answer, in which it asserted a counterclaim in its own right and on behalf of its wholly owned subsidiary, 3M Innovative Properties Company, alleging that plaintiff has infringed United States Patent number 6,899,948 (the '948 patent), which is assigned to 3M Innovative Properties and licensed exclusively to 3M. Jurisdiction is present under 28 U.S.C. § 1338.

Now before the court is plaintiff's "Motion to Dismiss Count 5 of Counter-Plaintiffs' Counterclaims," in which plaintiff asks the court to dismiss the infringement counterclaim on the ground that 3M's amended answer does not allege the factual basis for 3M's standing to bring suit. Although it is true that defendant 3M's answer does not include facts from which it may be inferred that 3M has standing to bring its infringement counterclaim, the defect is not fatal. It is now undisputed that 3M holds an exclusive license to the '948 patent and therefore has standing in fact to bring its counterclaim. Although 3M did not file a formal motion for leave to amend its answer, it has submitted a proposed second amended answer that is pleaded properly. In the interests of justice and efficiency, I will accept the proposed second amended answer as the operative pleading and deny plaintiff's motion to dismiss.

Also before the court is plaintiff's "Motion for Clarification or Modification of the Pretrial Conference Order." In the pretrial conference order, the parties were ordered to exchange proposed claim constructions by December 22, 2006, and to file briefs by January

12, 2007. Anticipating that defendant 3M's infringement counterclaim might not be dismissed, plaintiff asks the court to provide it with additional time to prepare its claim constructions with respect to the '948 patent. That motion will be granted.

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

FACTS

A. Parties

Plaintiff Kerr Corporation is a Delaware corporation with its principal place of business in Orange, California. Plaintiff is the assignee of United States patent numbers 6,692,251 (the '251 patent) and 7,066,733 (the '733 patent). The inventions claimed in both patents are lights used to cure dental materials.

Defendant 3M Company is a Delaware corporation with its principal place of business in St. Paul, Minnesota. Defendant is the exclusive licensee of United States patent 6,899,948 (the '948 patent), which relates to chemical applications used in dentistry.

Counterplaintiff 3M Innovative Properties Company is a Delaware corporation with its principal place of business in St. Paul, Minnesota. It is a wholly owned subsidiary of defendant 3M and the assignee of the '948 patent.

B. Procedural History

Plaintiff filed its complaint on August 4, 2006. Defendant 3M filed its answer and counterclaims on September 27, 2006. On October 31, 2006, defendant 3M amended its answer to include an additional counterclaim for infringement of the '948 patent. Defendant 3M asserted the counterclaim in its own right and on behalf of the owner of the '948 patent, counterplaintiff 3M Innovative Properties. The amended answer does not state in what way, if any, defendant 3M has standing to sue for infringement of the '948 patent.

OPINION

Plaintiff has moved to dismiss defendant's counterclaim for infringement of the '948 patent, contending that defendant 3M's amended answer fails to plead the factual basis for 3M's standing to bring its infringement claim. Throughout its briefs, plaintiff implies that defendant 3M's amended answer was untimely because it was filed on the last day provided for doing so under the court's preliminary pretrial conference order, dkt. #7. However, as plaintiff knows well, it is a treasured precept among lawyers that a pleading filed one minute before the deadline is every bit as timely as one filed a month in advance. Defendant may not be faulted for filing its amended answer within the time designated for doing so.

Nevertheless, despite its timeliness, defendant 3M's amended answer leaves much to

be desired with respect to procedural formality. Rule 8(a) of the Federal Rules of Civil Procedure requires that a litigant include in all pleadings “(1) a short and plain statement of the grounds upon which the court’s jurisdiction depends.” Failure to establish standing is a jurisdictional defect. Lewis v. Casey, 518 U.S. 343, 349 n. 1 (1996); Perry v. Sheahan, 222 F.3d 309, 313 (7th Cir. 2000). Although Rule 8 does not require litigants to plead their claims with particularity, it does require them to provide adequate notice of the factual ground for the court’s exercise of jurisdiction. In a patent case, those jurisdictional facts must include the litigant’s connection to the patent it wishes to assert against an opposing party. Because defendant 3M’s amended answer does not contain any facts connecting 3M to the ‘948 patent, the counterclaim is deficient.

However, the error is not incurable. Although defendant 3M’s amended answer is deficient, the error is not fatal. In the course of briefing the motion to dismiss, plaintiff appears to have conceded that defendant 3M is the exclusive licensee of the ‘948 patent and therefore would have standing to bring suit had its answer been pleaded properly. See, e.g., Prima Tek II, L.L.C. v. A-Roo Co., 222 F.3d 1372, 1377 (Fed. Cir. 2000) (“an exclusive, territorial license is equivalent to an assignment and may therefore confer standing upon the licensee to sue for patent infringement”). Moreover, defendant 3M has submitted a proposed second amended answer, dkt. #29, Exh. I, which includes a statement explaining that defendant 3M holds an exclusive license to the ‘948 patent. Therefore, the real

question is whether the amended complaint should be adopted as the operative pleading in this case and, if so, what effect (if any) that will have on the manner in which this case progresses.

The Supreme Court has cautioned that “[t]he Federal Rules reject the approach that pleading is a game of skill in which one misstep by counsel may be decisive to the outcome and accept the principle that the purpose of pleading is to facilitate a proper decision on the merits.” Cler v. Illinois Education Ass’n, 423 F.3d 726, 729 (7th Cir. 2005) (quoting Conley v. Gibson, 355 U.S. 41, 48 (1957)); see also Frey v. Environmental Protection Agency, 270 F.3d 1129, 1132 (7th Cir. 2001) (“[U]nless the [jurisdictional] defect is clearly incurable a district court should grant the plaintiff leave to amend, allow the parties to argue the jurisdictional issue, or provide the plaintiff with the opportunity to discover the facts necessary to establish jurisdiction.”). In this case, dismissing defendant 3M’s counterclaim would glorify form over substance. Although plaintiff argues that this case has progressed “too far” to permit defendant 3M to amend its answer and litigate its infringement counterclaim, the parties have not yet construed the patents relevant to either parties’ claims in this case and trial is almost eight months away. Allowing defendant 3M to amend its counterclaim will encourage the efficient resolution of all the parties’ claims against each other, an outcome favored by the Federal Rules of Civil Procedure. See, e.g., Fed. R. Civ. P. 1 (the federal rules “shall be construed and administered to secure the just, speedy, and

inexpensive determination of every action.”).

I will grant defendant 3M leave to amend its answer and adopt its proposed second amended answer as the operative pleading in this case. Plaintiff’s motion to dismiss will be denied. However, in order to insure that plaintiff is not prejudiced by defendant 3M’s amendment, I will alter the briefing schedule to allow the parties additional time in which to prepare their claim constructions with respect to each of the three patents at issue in this lawsuit. The parties may have until January 19, 2007, to exchange terms and proposed constructions. First briefs and support must be filed and served by February 2, 2007. Responses must be filed and served by February 16, 2007. The claims construction hearing will be rescheduled for February 23, 2007, at 9:00 a.m. Each side will have 90 minutes at the hearing to present all evidence and argument.

ORDER

IT IS ORDERED that

1. Plaintiff’s motion to dismiss count 5 of defendant’s counterclaims is DENIED;
2. Defendant 3M is GRANTED leave to file its second amended answer; and
3. Plaintiff’s “Motion for Clarification or Modification of the Pretrial Conference

Order” is GRANTED. The parties may have until January 19, 2007, to exchange terms and proposed constructions. First briefs and support must be filed and served by February 2, 2007. Responses must be filed and served by February 16, 2007. The claims construction hearing will be rescheduled for February 23, 2007, at 9:00 a.m.

Entered this 19th day of December, 2006.

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