

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

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AFFYMETRIX, INC. and GREGORY L. KIRK,

Plaintiffs,

v.

ILLUMINA, INC.,

Defendant.

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OPINION and ORDER

11-cv-184-bbc

Plaintiffs Affymetrix, Inc. and Gregory L. Kirk brought this action under 35 U.S.C. § 256 to correct U.S. Patents Nos. 7,510,841 and 7,612,020 to add Kirk as one of the inventors. Section 256 "provides a cause of action to interested parties to have the inventorship of a patent changed to reflect the true inventors of the subject matter claimed in the patent." Fina Oil & Chemical v. Ewen, 123 F.3d 1466, 1471 (Fed. Cir. 1997).

While defendant Illumina, Inc.'s motion to dismiss and plaintiff's motion for a hearing to determine inventorship were pending, I administratively closed the case pending the resolution of Illumina, Inc. v. Affymetrix, Inc., Case Nos. 2011-1145 and 2011-1146 (Fed. Cir.), because that appeal had the potential to resolve the issue of inventorship. Now that the Court of Appeals for the Federal Circuit has decided the appeal without addressing

the inventorship issue, plaintiffs have moved to reopen the case and have renewed their motion for a hearing. Defendant does not oppose the motion to reopen, but it renews its request to dismiss the case for failure to state a claim upon which relief may be granted under Fed. R. Civ. P. 12(b)(6). In the alternative, it asks for an opportunity to conduct discovery in advance of the hearing. I am granting the motion to reopen, denying Illumina's motion to dismiss and setting the case for a hearing. With respect to defendant Illumina's request for discovery, I conclude that it would be futile for Illumina to pursue a laches defense, but I will direct plaintiffs to provide any agreements between them that they have not yet produced.

## OPINION

### A. Motion to Dismiss

The question presented by defendant's motion to dismiss is whether plaintiffs lost their one and only chance to seek correction of the '841 and '020 patents in Illumina, Inc. v. Affymetrix, Inc., 09-cv-277-bbc and 09-cv-655-bbc (W.D. Wis.). Those cases were brought by Illumina and against Affymetrix for patent infringement. Affymetrix sought dismissal on several grounds, two of which are relevant to Illumina's motion: (1) the patents were invalid under 35 U.S.C. § 102(f) because the inventors listed on the patents "did not [themselves] invent the subject matter sought to be patented"; and (2) Illumina lacked

standing to sue under the patents because it had failed to join Kirk, who Affymetrix alleged was an inventor of the patents.

In an order dated November 23, 2010, I concluded that “an unnamed inventor is not relevant to the standing analysis until the patent has been corrected,” but that Affymetrix could seek a correction under § 256. Case No. 09-cv-277-bbc, dkt. #208. However, I never decided whether Affymetrix was entitled to a correction under § 256 or whether the patent was invalid under § 102(f) because I granted Affymetrix’s motion for summary judgment on the ground of noninfringement. At the same time, I told Affymetrix that it and Kirk were “free to bring a standalone claim under § 256 in a separate case if they wish.” Case No. 09-cv-277-bbc, dkt. #221, at 7.

In arguing that plaintiffs Affymetrix and Kirk have forever waived their right to assert a claim under § 256, Illumina relies on the common law doctrine of claim preclusion (otherwise known as *res judicata*) as well as Fed. R. Civ. P. 13(a), which governs compulsory counterclaims. In particular, Illumina argues that plaintiffs should be barred from seeking to correct the patent because they never asserted a counterclaim under § 256 in the previous cases, even though such a claim arose out of the same facts as Affymetrix’s defense and counterclaim under § 102(f). Although Kirk was not a party to the previous cases, Illumina argues that he is barred as well because he was in privity with Affymetrix.

A potential threshold question involves the proper choice of law. Generally, regional

circuit law applies to “issues not unique to patent law.” i4i Ltd. Partnership v. Microsoft Corp., 589 F.3d 1246, 1256-57 (Fed. Cir. 2009). Illumina ignores the choice of law issue in its opening brief, citing primarily to cases from the Seventh Circuit, but also relying on Federal Circuit cases for its argument under Rule 13. In their opposition brief, plaintiffs drop a footnote in which they say that “regional circuit law (and not Federal Circuit law) applies to the issue of res judicata presented in this case,” citing two cases in which the Court of Appeals for the Federal Circuit applied regional circuit law to resolve a question of claim preclusion. Epic Metals Corp. v. H.H. Robertson Co., 870 F.2d 1574, 1576 (Fed. Cir. 1989); Hartley v. Mentor Corp., 869 F.2d 1469, 1471 n.1 (Fed. Cir. 1989). Plts.’ Br., dkt. #27, at 7 n.4. In its reply brief, Illumina challenges this view, citing Nystrom v. Trex Co., 580 F.3d 1281, 1285 (Fed. Cir. 2009), and Foster v. Hallco Manufacturing Co., 947 F.2d 469, 475 (Fed. Cir. 1991), as cases in which the court has applied Federal Circuit law to issues involving claim preclusion.

It seems that both sides are correct. Sometimes the Court of Appeals for the Federal Circuit applies its own law to claim preclusion and sometimes it applies regional circuit law, often with the little discussion regarding the reasons for the choice. However, it is unnecessary to resolve the issue in this case. The only potential difference identified by the parties between Seventh Circuit and Federal Circuit law relevant to Illumina’s motion relates to the application of Rule 13. Regardless whether I apply Seventh Circuit or Federal Circuit

law with respect to that issue, the result of this motion is the same.

1. Claim preclusion

I will consider Illumina's claim preclusion argument first. "Claim preclusion generally refers to the effect of a prior judgment in foreclosing successive litigation of the very same claim, whether or not relitigation of the claim raises the same issues as the earlier suit." New Hampshire v. Maine, 532 U.S. 742, 748 (2001). Plaintiffs do not deny that their claim under § 256 is the "same claim" as their counterclaim under § 102(f) from the previous cases, so I do not consider that issue. However, plaintiffs argue that a claim is not barred if the court in the previous case dismissed the claim as moot, DiGiore v. Ryan, 172 F.3d 454, 466 (7th Cir. 1999), overruled on other grounds by Whetsel v. Network Property Services, LLC, 246 F.3d 897 (7th Cir. 2001); Pujol v. Shearson/American Express, Inc., 829 F.2d 1201, 1209 n.1 (1st Cir. 1987), or if the court expressly reserved the party's right to bring the claim at a later time. Central States, Southeast and Southwest Areas Pension Fund v. Hunt Truck Lines, Inc., 296 F.3d 624, 629 (7th Cir. 2002) (citing Restatement (Second) of Judgments § 26(b)(1) (1982)).

Illumina does not argue that the Court of Appeals for the Federal Circuit would reject these exceptions as a general matter. Further, Illumina acknowledges that this court declined to resolve the correction issue in the previous cases on mootness grounds and expressly

reserved plaintiffs' right to bring a separate action under § 256. Nevertheless, Illumina argues that the exceptions should not apply because Affymetrix never formally amended its answer in the previous cases to include a counterclaim under § 256. In other words, Illumina suggests that I should view the previous cases as if Affymetrix never raised § 256 despite an opportunity to do so.

That is an overly technical view of the prior proceedings. Although it is true that plaintiffs did not seek to amend their answer to include a counterclaim under § 256, I see no reason to distinguish between a "claim" and a "motion" brought under § 256 for the purpose of this case. Larson v. Correct Craft, Inc., 569 F.3d 1319, 1325 (Fed. Cir. 2009) ("[W]e have treated requests for declaratory relief relating to inventorship as functional equivalents of actions formally brought pursuant to § 256."). Further, this court concluded that Affymetrix did not have to amend its answer to seek relief under § 256 in the previous cases; a motion was sufficient. It would be unfair to allow plaintiffs to rely on that ruling and this court's statement that they were free to bring a separate claim and then deny them an opportunity to do so.

The bottom line is that Affymetrix sought correction of the patent under § 256 in the previous cases, but was denied a ruling for reasons unrelated to the merits of that claim. It should not be barred from raising that claim simply because neither this court nor the court of appeals found it necessary to reach the claim in order to resolve the previous cases.

I note a further reason to hesitate in applying claim preclusion to plaintiffs' § 256 claim. Presumably, Illumina would agree that Affymetrix is not precluded from raising a § 102(f) defense in a subsequent case because Affymetrix did assert a counterclaim on that issue in the previous cases and that counterclaim was dismissed as moot. Because the Court of Appeals for the Federal Circuit has held that a court should not invalidate a patent under § 102(f) unless correction under § 256 is not a viable option, Pannu v. Iolab Corp., 155 F.3d 1344, 1348 (Fed. Cir. 1998), siding with Illumina on this issue would undermine the holding of Pannu or lead to the bizarre result that would permit Affymetrix to invalidate the patents under § 102(f), but not to save them through correction under § 256. Allowing plaintiffs' claim to proceed avoids this problem.

Finally, even if Affymetrix could be barred from raising a claim under § 256, that would not mean that Kirk would also be barred. In Taylor v. Sturgell, 554 U.S. 880, 893-95 (2008), the Supreme Court identified six circumstances under which claim preclusion may apply to a nonparty. Illumina invokes only one of them: "a party bound by a judgment may not avoid its preclusive force by relitigating through a proxy." Id. at 895. However, it fails to acknowledge the limited nature of this exception:

[C]ourts should be cautious about finding preclusion on this basis. A mere whiff of "tactical maneuvering" will not suffice; instead, principles of agency law are suggestive. They indicate that preclusion is appropriate only if the putative agent's conduct of the suit is subject to the control of the party who is bound by the prior adjudication.

Id. at 906.

Illumina develops little argument that Kirk is an agent of Affymetrix beyond saying that “Affymetrix is clearly ‘behind’ Kirk’s inventorship claim,” Dft.’s Br., dkt. #19, at 14, and it fails to explain how I could make a finding of agency without conducting any discovery into the nature of the relationship between plaintiffs. In any event, because I have concluded that claim preclusion does not apply to Affymetrix, I need not decide whether Affymetrix and Kirk were in privity during the previous litigation.

## 2. Rule 13

Alternatively, Illumina relies on Fed. R. Civ. P. 13(a)(1):

A pleading must state as a counterclaim any claim that—at the time of its service—the pleader has against an opposing party if the claim: (A) arises out of the transaction or occurrence that is the subject matter of the opposing party's claim; and (B) does not require adding another party over whom the court cannot acquire jurisdiction.

As both sides acknowledge, the Court of Appeals for the Seventh Circuit has refused to give Rule 13(a) any independent force in deciding whether a particular claim is barred, concluding instead that Rule 13 is subsumed within the doctrine of claim preclusion. Allan Block Corp. v. County Materials Corp., 512 F.3d 912, 917 (7th Cir. 2008) (“All Rule 13(a) does is command that certain claims be pleaded as counterclaims. It does not specify the consequences of failing to do so. Those consequences are given by the doctrine of res



judicata, including its exceptions.”). The Court of Appeals for the Federal Circuit seems to take a different view. Polymer Industrial Products Co. v. Bridgestone/Firestone, Inc., 347 F.3d 935, 936 (Fed. Cir. 2003) (“Although not explicit in the text of Rule 13(a), a party that does not assert its compulsory counterclaim in the first proceeding has waived its right to bring the counterclaim and is forever barred from asserting that claim in future litigation.”).

Even if I assume that Rule 13 bars claims that the doctrine of claim preclusion would permit, Illumina fails to show how Rule 13 applies to plaintiffs’ claim under § 256. Rule 13 requires a party to assert a counterclaim if it “arises out of the transaction or occurrence that is the subject matter of *the opposing party's claim*.” However, Illumina’s theory is that plaintiffs’ claim for correction of the patent arises out of the same facts as Affymetrix’s own defense under § 102(f), not one of Illumina’s claims. Illumina’s only claims in the previous cases were for infringement. Because there is no overlap between the facts or law in proving infringement and the facts or law for obtaining a correction of a patent under § 256, there is no plausible argument that Rule 13 required Affymetrix to assert a counterclaim under § 256 in the context of the previous cases. Further, Illumina cites no authority for the proposition that Rule 13 may bind those who were not parties to the original case, which again raises the question whether ruling in favor of Illumina on this issue would have any effect on a claim brought by Kirk. Because I conclude that the plain language of Rule 13 does not apply to Affymetrix’s claim, I need not resolve that issue.

### 3. Right to a jury trial

Finally, Illumina says that “allowing plaintiffs’ § 256 claims to proceed would deny Illumina its Seventh Amendment right to a jury trial on inventorship.” Dft.’s Br., dkt. #19, at 17. However, the parties agree that it is the court and not a jury that decides a request for correction. 35 U.S.C. § 256 (“[T]he court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Director shall issue a certificate accordingly.”). Illumina clarifies in its reply brief that its argument under the Seventh Amendment rested on the possibility that the Court of Appeals for the Federal Circuit would remand the previous cases to resolve Affymetrix’s § 102(f) defense, which would be a question for a jury. A court cannot decide a motion under § 256 if it requires resolution of facts in common with a claim or defense that would be tried by the jury. Shum v. Intel Corp., 499 F.3d 1272, 1277 (Fed Cir. 2007). It was for this reason that I stayed this case until the appeal of the previous cases was resolved. Now that the court of appeals has affirmed the judgment of this court without remanding the § 102(f) counterclaim, Illumina’s Seventh Amendment argument is moot.

### B. Motion for a Hearing

In the event that the court denies its motion to dismiss, Illumina asks for the opportunity to conduct discovery on two issues before the court holds a hearing. First, it

says it wants to explore the date that Kirk had notice of his claim for the purpose of a potential laches defense. In particular, it believes that Kirk may have known about the inventions since 2001, but did not claim to be one of the inventors until 2009, when the previous lawsuits were filed.

Illumina requested discovery on laches in the previous cases, but I denied the request on the ground that

“the laches period [under § 256] does not accrue until each patent issues, even if the patents are interrelated.” Stark v. Advanced Magnetics, Inc., 29 F.3d 1570, 1576 (Fed. Cir. 1994). The patents in this case were issued in 2009. Because a presumption of laches does not apply unless the inventor waited more than six years to make a claim, Serdarevic v. Advanced Medical Optics, Inc., 532 F.3d 1352, 1358 (Fed Cir. 2008), it is difficult to conceive of any basis for a laches defense.

Case No. 09-cv-277-bbc, dkt. #208, at 10. In a footnote, Illumina suggests that the language in Stark is no longer controlling because “it was decided when pending patent applications were secret and the party challenging inventorship lacked actual knowledge.” Dft.’s Br., dkt. #23, at 3 n.2 (citing Board of Trustees of the Leland Stanford Junior Univ. v. Roche Molecular Systems, Inc., 583 F.3d 832, 847-48 (Fed. Cir. 2009).) I agree with plaintiffs that I need not parse the language of Roche to determine its effect on Stark because Roche had nothing to do with laches under § 256; rather, the court was deciding a statute of limitations defense under California law for ownership of an invention. Further, because the court of appeals has held that a claim under § 256 cannot be brought until the

patent issues, HIF Bio, Inc. v. Yung Shin Pharmaceuticals Industries Co., Ltd., 600 F.3d 1347, 1354 (Fed. Cir. 2010), it would make no sense to measure the laches period before that time. Accordingly, I adhere to my conclusion that it would be futile to allow Illumina to conduct discovery on a potential laches defense.

Second, Illumina requests discovery “regarding any agreements and arrangements between [plaintiffs] that were not discovered during the prior litigation.” Dft.’s Br., dkt. #53, at 3. Illumina says that an agreement “could be relevant to Kirk’s bias as a witness, especially if it includes a monetary incentive.” The probative value of any such agreement is likely to be limited, particularly because it is already established that Kirk sold to Affymetrix whatever rights he has to the ‘841 and ‘020 patents. Case No. 09-cv-277-bbc, dkt. #86, exh. A. However, because any evidence of bias may be relevant to credibility, Marcus & Millichap Inv. Services of Chicago, Inc. v. Sekulovski, 639 F.3d 301, 307-08 (7th Cir. 2011), I will grant this request. Because of the discrete nature of the request, it is unnecessary to delay the case any further to allow plaintiffs to comply. Instead, I will give plaintiffs an opportunity to provide any agreements that have not yet been produced.

## ORDER

IT IS ORDERED that

1. The motion to reopen filed by plaintiffs Affymetrix, Inc. and Gregory L. Kirk, dkt.

#48, is GRANTED.

2. Defendant Illumina, Inc.'s motion to dismiss, dkt. #18, is DENIED.

3. Plaintiff's motion for a hearing, dkt. ##3 and 49, is GRANTED. A scheduling conference will be held before the magistrate judge on February 9, 2012 at 2:30 p.m to set dates for a court trial, the filing of trial briefs and any other necessary deadlines.

4. Plaintiffs may have until February 15, 2012, to provide defendant any agreements between plaintiffs that have not yet been produced.

Entered this 26th day of January, 2012.

BY THE COURT:

/s/

BARBARA B. CRABB

District Judge