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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

ALPHA ONE TRANSPORTER, INC.,
and AMERICAN HEAVY MOVING
AND RIGGING, INC.,

Plaintiffs,

vs.

PERKINS MOTOR TRANSPORT,
INC., d/b/a PERKINS SPECIALIZED
TRANSPORTATION,

Defendant and
Third-Party Plaintiff,

vs.

TRAIL KING INDUSTRIES, INC., a
South Dakota Corporation,

Third-Party Defendant.

ALPHA ONE TRANSPORTER, INC.,
and AMERICAN HEAVY MOVING
AND RIGGING, INC.,

Plaintiffs,

vs.

Case Nos.
13-cv-2662-H-DHB
13-cv-2663-H-DHB
13-cv-2669-H-DHB

**(1) ORDER GRANTING
DEFENDANT AND THIRD-
PARTY PLAINTIFF PERKINS
MOTOR TRANSPORT INC.'S
MOTION TO DISMISS THE
COMPLAINT FOR LACK OF
JURISDICTION; GRANTING
PLAINTIFF 30 DAYS LEAVE
TO AMEND**

[Doc. No. 57]

**(2) ORDER CONTINUING
CLAIMS CONSTRUCTION
HEARING TO DECEMBER 5,
2014 AT 9:00 A.M.**

1 GOLDHOFER FAHRZEUGWERK
2 GMBH & CO., INTERMOUNTAIN
3 RIGGING AND HEAVY HAUL, and
4 BARNHART CRANE AND
5 RIGGING CO.,

Defendants.

6 ALPHA ONE TRANSPORTER, INC.,
7 and AMERICAN HEAVY MOVING
8 AND RIGGING, INC.,

Plaintiffs,

vs.

9 BRAGG COMPANIES d/b/a HEAVY
10 TRANSPORT, INC., and SCHEUERLE
11 FAHRZEUGFABRIK GMBH,

Defendants.

12 On November 6, 2013, Plaintiffs Alpha One Transporter, Inc. and American
13 Heavy Moving and Rigging, Inc. (“Alpha One”) filed a complaint against Defendant
14 and Third-Party Plaintiff Perkins Motor Transport, Inc. (“Perkins”). (Doc. No. 1.) On
15 August 7, 2014, Perkins filed a motion to dismiss Alpha One’s complaint for lack of
16 jurisdiction. (Doc. No. 57.) On September 1, 2014, Alpha One filed an opposition to
17 the motion to dismiss. (Doc. No. 59.) On September 8, 2014, Perkins filed its reply.
18 (Doc. No. 62.) On September 9, 2014, the Court submitted the motion for resolution
19 without oral argument pursuant to its discretion under Local Rule 7.1(d)(1) and
20 vacated the hearing set for September 15, 2014. (Doc. No. 63.)

21 The Court grants Perkins’ motion to dismiss without prejudice. The Court grants
22 Alpha One 30 days leave to amend to establish its standing in this action or to join
23 necessary parties to provide subject matter jurisdiction.

24 The Court further continues the claims construction hearing, currently scheduled
25 for October 31, 2014, to December 5, 2014 at 9:00 a.m.

26 Background

27 This action involves three consolidated patent infringement actions brought by
28 Plaintiffs against Defendants for infringing U.S. Patent No. 8,424,897 (“the ’897
Patent”). The abstract for the asserted patent describes a dual lane, multi-axle transport

1 vehicle for transporting or hauling heavy loads. (See Doc. No 1-2 at 1, '897 Patent,
2 Abstract.) The '897 Patent is a continuation-in-part of a provisional application filed
3 May 24, 2002, No. 60/383,554 (the "2002 Provisional"). (See id. col.1 ll.7-17.) The
4 '897 Patent claims priority to the 2002 Provisional's filing date. The Court
5 consolidated these actions for pretrial purposes on February 12, 2014. (Doc. No. 11.)
6 The parties in the consolidated action submitted their joint claim construction chart,
7 worksheet, and hearing statement on September 8, 2014. (Doc. No. 61.) Under the
8 Court's July 22, 2014 scheduling order, the parties have until September 12, 2014 to
9 complete claim construction discovery. (Doc. No. 48.)

10 In its motion to dismiss the complaint under Federal Rule of Civil Procedure
11 12(b)(1), Defendant Perkins asserts that Alpha One lacks standing to assert a claim for
12 infringement of the '897 Patent because one of the named inventors, James McGhie
13 ("McGhie"), has not assigned his rights in the '897 Patent to Alpha One and is not a
14 party to the litigation. (Doc. No. 57-1.) Alpha One responds that McGhie's prior
15 assignment of the 2002 Provisional also establishes ownership of the patent-in-suit.
16 (Doc. No. 59.)

17 Discussion

18 **I. Legal Standard for Motion to Dismiss for Lack of Standing**

19 Federal courts are courts of limited jurisdiction. United States v. Mark, 530 F.3d
20 799, 810 (9th Cir. 2008). "Without jurisdiction the court cannot proceed at all in any
21 cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only
22 function remaining to the court is that of announcing the fact and dismissing the
23 cause." Steel Co. v. Citizens for a Better Env't, 523 U.S. 83, 94 (1998) (quoting Ex
24 parte McCardle, 7 Wall. 506, 514, 19 L.Ed. 264 (1868)); Union Pac. R. Co. v. Bhd. of
25 Locomotive Engineers & Trainmen Gen. Comm. of Adjustment, Cent. Region, 558
26 U.S. 67, 84 (2009).

27 "A court may exercise jurisdiction only if a plaintiff has standing to sue on the
28 date it files suit." Abraxis Bioscience, Inc. v. Navinta LLC, 625 F.3d 1359, 1364 (Fed.

1 Cir. 2010) (citing Keene Corp. v. United States, 508 U.S. 200, 207 (1993)). In a patent
2 infringement action, “the plaintiff must demonstrate that it held enforceable title to the
3 patent at the inception of the lawsuit’ to assert standing.” Abraxis, 625 F.3d at 1364
4 (quoting Paradise Creations, Inc. v. UV Sales, Inc., 315 F.3d 1304, 1309-310 (Fed. Cir.
5 2003)). “If the original plaintiff lacked Article III initial standing, the suit must be
6 dismissed, and the jurisdictional defect cannot be cured’ after the inception of the
7 lawsuit.” Abraxis, 625 F.3d at 1364 (quoting Schreiber Foods, Inc. v. Beatrice Cheese,
8 Inc., 402 F.3d 1198, 1203 (Fed. Cir. 2005)).

9 The burden of establishing federal jurisdiction is on the party invoking federal
10 jurisdiction. DaimlerChrysler v. Cuno, 547 U.S. 332, 342 (2006). In the context of a
11 patent infringement suit, this means that the plaintiff has “the burden to show necessary
12 ownership rights to support standing to sue.” Abbott Point of Care Inc. v. Epocal, Inc.,
13 666 F.3d 1299, 1302 (Fed. Cir. 2012) (citing Fieldturf, Inc. v. Southwest Recreational
14 Indus., Inc., 357 F.3d 1266, 1269 (Fed. Cir. 2004)), reh’g denied (Feb. 29, 2012).

15 When resolving a factual challenge to standing, a court must first evaluate
16 whether the disputed jurisdictional facts are intertwined with the merits of the case.
17 DDB Tech., LLC. v. MLB Advanced Media, L.P., 517 F.3d 1284, 1291 (Fed. Cir.
18 2008). If the jurisdictional issues and the merits of the case are distinct, dismissal on
19 jurisdictional grounds is appropriate. Id. But if the jurisdictional facts and the facts
20 underlying the substantive claim are intertwined, the issue must await summary
21 judgment proceedings or a trial on the merits. Id. In resolving a factual attack on
22 subject matter jurisdiction, “[t]he court need not presume the truthfulness of the
23 plaintiff’s allegations.” Safe Air for Everyone v. Meyer, 373 F.3d 1035, 1039 (9th Cir.
24 2004) (citing White v. Lee, 227 F.3d 1214, 1242 (9th Cir. 2000)). And where a motion
25 to dismiss is brought under Federal Rule of Civil Procedure 12(b)(1), “a party opposing
26 the motion bears the burden of establishing jurisdiction.” Seoul Laser Dieboard Sys.
27 Co., Ltd. v. Serviform, S.r.l., 957 F. Supp. 2d 1189, 1193 (S.D. Cal. 2013).

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1 II. Analysis

2 In its motion to dismiss, Perkins asserts that McGhie is a co-inventor of the '897
3 Patent and that he did not assign his rights to Alpha One, depriving the latter of
4 standing in this case. (See Doc. No. 57-1). In its opposition, Alpha One does not
5 dispute McGhie's inventor status but argues that McGhie's prior assignment of rights
6 in the 2002 provisional patent application ("2002 Assignment") provides Alpha One
7 ownership of the '897 Patent. (See Doc. No. 59, citing Exhibit 6 to Perkins' motion
8 to dismiss [Doc. No. 57-4].)

9 In DDB Technologies, the Federal Circuit considered whether disputed
10 jurisdictional facts regarding an employment agreement were intertwined with the
11 substantive merits of a patent infringement case. 517 F.3d at 1291. The Federal Circuit
12 ruled that the dispute over the employment agreement, which depended in part on state
13 contract law and in part on Federal Circuit law concerning assignments, was not
14 intertwined with the substantive infringement claims, and therefore that dismissal on
15 jurisdictional grounds was appropriate. Id. at 1291.

16 Likewise, Perkins and Alpha One dispute jurisdictional facts regarding the
17 ownership of the '897 Patent and specifically whether McGhie assigned his interest to
18 Alpha One. (Doc. Nos. 57-1 and 59.) These disputed jurisdictional facts are not
19 intertwined with the substantive claims that give rise to federal jurisdiction. See DDB
20 Tech., 517 F.3d at 1291. Consequently, Alpha One bears the burden to show it
21 possessed the necessary ownership rights to support its standing to sue on the '897
22 Patent. See Abbott, 666 F.3d at 1302.

23 The '897 Patent lists both James Sutton and McGhie as inventors. (Exhibit 1 to
24 Perkins' motion to dismiss, Doc. No. 57-3). The parties do not dispute that McGhie
25 is a co-owner of the patent and "[t]he inventors as named in an issued patent are
26 presumed to be correct." Nartron Corp. v. Schukra U.S.A. Inc., 558 F.3d 1352, 1356
27 (Fed. Cir. 2009) (quoting Hess v. Advanced Cardiovascular Sys., Inc., 106 F.3d 976,
28 980 (Fed. Cir. 1997)). Accordingly, the issue is whether McGhie assigned his rights

1 in the '897 Patent to Alpha One.

2 Alpha One asserts that the 2002 Assignment also assigns Alpha One the patent-
3 in-suit. (Doc. No. 59.) McGhie assigned his rights to the 2002 Provisional in writing
4 in May 2002 via an Assignment Accompanying Application. (Exhibit 6 to Perkins'
5 motion to dismiss, Doc. No. 57-4.) That assignment, the 2002 Assignment, provides
6 Alpha One with, in pertinent part: "the full and exclusive right, title, and interest in and
7 to said invention, in and to said application, and in and to any Letters Patent to be
8 granted and issued thereon" (Id.) Alpha One does not allege that McGhie
9 assigned to Alpha One his rights in the '897 Patent, issued in April 2013. Instead,
10 Alpha One argues that the 2002 Assignment covers the '897 Patent. But the '897
11 Patent is only a continuation-in-part of the earlier inventions. (See Doc. 57-1 at 2-3
12 and Doc. 59 at 2.) And a continuation-in-part application includes "new matter."
13 PowerOasis v. T-Mobile USA, Inc., 522 F.3d 1299, 1304 n.3 (Fed. Cir. 2008); Transco
14 Prods. Inc. v. Performance Contracting, Inc., 38 F.3d 551, 555 (Fed. Cir. 1994) (citing
15 the Manual of Patent Examining Procedure ["MPEP"] § 201.08 and noting that a
16 continuation-in-part application includes "added matter not present in that earlier
17 application").¹ Accordingly, the '897 Patent is not the same "invention" that was
18 assigned in the 2002 Assignment. Because the '897 Patent derived from a
19 continuation-in-part application, and because the 2002 Assignment is only for the "said
20 invention" described in the 2002 Provisional, the 2002 Assignment does give Alpha
21 One ownership of the '897 Patent.

22 Alpha One argues that under MHL Tek, LLC v. Nissan Motor Co., 655 F.3d
23 1266 (Fed. Cir. 2011), the "applicable test" for determining the scope of an assignment
24 is "whether the inventions claimed in the patent-in-suit were 'inventions and
25 discoveries' set forth in the parent application." (Doc. No. 59 at 3-4.) But MHL Tek
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27 ¹ Though the the MPEP is not binding law, Regents of Univ. of New Mexico v. Knight,
28 321 F.3d 1111, 1121 (Fed. Cir. 2003), the Court finds it persuasive in interpreting the scope
of the assignment. Notably, Alpha One does not provide any authority suggesting that an
assignment carries forward under these circumstances.

1 did not establish a generally applicable legal standard. In MHL Tek, the court
2 considered an assignment provision which expressly assigned “inventions and
3 discoveries in [the Parent Application].” Id. at 1275. Accordingly, MHL Tek teaches
4 that the proper inquiry is the scope of the assignment. Here, the 2002 Assignment
5 assigns only “said invention, in and to said application” (Exhibit 6 to Perkins’
6 motion to dismiss, Doc. No. 57-4.) The ’897 Patent is only a continuation-in-part of
7 the 2002 Provisional. As such, the ’897 Patent is not clearly within the scope of the
8 2002 Assignment. Accordingly, Alpha One has not established that the 2002
9 Assignment provides it with ownership of the ’897 Patent.

10 Alpha One’s argument that McGhie is “contractually obligated . . . to assign to
11 AHM his rights in the invention” is also unavailing and does not establish standing.
12 (Doc. No. 59 at 7.) McGhie, at best, has only an obligation to assign Alpha One his
13 rights. (See id.) An obligation to assign rights does not create a present right in the
14 potential assignee and does not establish standing. See DDB Tech., 517 F.3d at 1290.

15 On this record, Alpha One has not met its burden to show the necessary
16 ownership rights to support standing to sue on the ’897 Patent. Accordingly, the Court
17 grants Perkins’ motion to dismiss Alpha One’s complaint for infringement of the ’897
18 Patent without prejudice, and grants Alpha One 30 days leave to amend.

19 Conclusion

20 For the foregoing reasons, the Court grants Perkins’ motion to dismiss the
21 complaint for infringement of the ’897 Patent without prejudice and grants Alpha
22 One 30 days leave to amend to establish subject matter jurisdiction.

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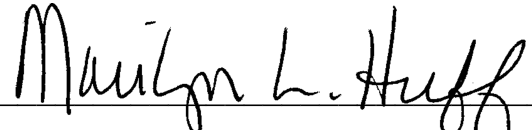
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1 The Court further continues the claims construction hearing, currently
2 scheduled for October 31, 2014 to December 5, 2014 at 9:00 a.m.

3 **IT IS SO ORDERED.**

4 DATED: September 11, 2014

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6 MARILYN L. HUFF, District Judge
7 UNITED STATES DISTRICT COURT
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