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7
8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION
11

12 DR. JAMES M. SWANSON, an individual,
13 Plaintiff,
14 v.
15 ALZA CORPORATION, a corporation,
16 Defendant.
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CASE NO. 4:12-cv-04579-PJH

**OPPOSITION TO ALZA
CORPORATION'S MOTION TO DISMISS
THE FIRST AMENDED COMPLAINT
PURSUANT TO FEDERAL RULES OF
CIVIL PROCEDURE 12(b)(1) & 12(b)(6)**

**DATE: February 13, 2013
TIME: 9:00 a.m.
COURTROOM: 3, 3rd Floor
JUDGE: Hon. Phyllis J. Hamilton**

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1 **I. INTRODUCTION**

2 Plaintiff, Dr. James M. Swanson ("Dr. Swanson"), is Emeritus Professor of Pediatrics at the
 3 University of California Irvine. (First Amended Complaint, "FAC" ¶ 7). Dr. Swanson began his
 4 employment with the University of California Irvine ("UC") on June 1, 1980. *Id.* Dr. Swanson
 5 brings this action under § 256 of the Patent Laws to correct inventorship on ALZA Corporation's
 6 ("ALZA's") U.S. Patent No. 6,930,129 ("the '129 patent"), entitled "Methods and Devices for
 7 Providing Prolonged Drug Therapy," U.S. Patent No. 8,163,798 ("the '798 patent"), entitled
 8 "Methods and Devices for Providing Prolonged Drug Therapy," and U.S. Patent No. 6,919,373
 9 ("the '373 patent"), entitled "Methods and Devices for Providing Prolonged Drug Therapy,"
 10 collectively "ALZA's patents." FAC ¶¶ 9-11. ALZA's patents cover the manufacture of the drug
 11 CONCERTA® for the treatment of Attention-Deficit Hyperactivity Disorder ("ADHD") in children
 12 6 years of age and older, adolescents, and adults up to age 65. FAC ¶¶ 6, 17.

13 Dr. Swanson had spent more than fifteen years engaged in the study and treatment of
 14 ADHD prior to meeting with anyone from ALZA on December 6, 1993 about this disorder. Dr.
 15 Swanson's research prior to meeting with ALZA focused on the treatment of ADHD in children,
 16 the subject matter of ALZA's patents. FAC ¶ 37. Through his research, Dr. Swanson developed
 17 procedures for monitoring the cognitive effect of stimulant medication using methylphenidate, and
 18 Dr. Swanson participated in pioneering the development of improved methods for measuring the
 19 plasma concentration of methylphenidate and its metabolite, in order to relate plasma
 20 concentrations to clinical efficacy. He also collaborated on the biochemical and genetic factors
 21 related to ADHD. *Id.* Before the December 1993 meeting at ALZA in Palo Alto, CA no one at
 22 ALZA was an expert or had much knowledge about ADHD or treatment for the disorder. FAC ¶
 23 51. At the December 1993 meeting, Dr. Swanson gave a comprehensive overview of his prior
 24 fifteen years of experience working with the treatment of children with ADHD, including his
 25 recommendations for treatment. *Id.*

26 Dr. Swanson brings this action: (a) to correct inventorship under 35 U.S.C. § 256, (b) for
 27 fraud, (c) for breach of fiduciary duty, (d) for fraudulent concealment, (e) for unfair competition, (f)
 28 to compensate Dr. Swanson for ALZA's unjust enrichment, (g) for invalidity under 35 U.S.C. § 102

(f), (h) for a declaration of unenforceability for inequitable conduct in patent procurement, (i) for a declaration of ownership of the patents at issue, and (j) for a constructive trust of the patents-in-suit. FAC ¶ 1. ALZA has moved to dismiss Dr. Swanson's FAC pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). (ALZA's Motion to Dismiss "Mot. at 1.") Dr. Swanson files this opposition to ALZA's motion to dismiss.

II. LEGAL STANDARDS

A. Subject Matter Jurisdiction under Rule 12(b)(1) of the Federal Rules of Civil Procedure.

ALZA attempts to make a "factual" Motion under Rule 12(b)(1) to dismiss Dr. Swanson's entire FAC due to a lack of subject matter jurisdiction over both the federal and state claims. Mot. at 1-2. ALZA premises its "factual" motion entirely upon the 1993 Consulting Agreement, for which it requests judicial notice. Mot. at 7, fn. 1. Dr. Swanson disputes the validity of the 1993 Consulting Agreement due to the fraudulent manner in which it was procured. FAC ¶¶ 107-158. ALZA's failure to challenge this assertion in its Motion to Dismiss casts further doubt on the validity of the 1993 Consulting Agreement. Accordingly, Dr. Swanson objects to ALZA's request for judicial notice of the 1993 Consulting Agreement and objects to its use for converting a Rule 12(b)(1) facial motion into a Rule 12(b)(1) factual motion.¹

Notwithstanding the above, Dr. Swanson agrees that once the moving party has converted a Rule 12(b)(1) motion to dismiss into a factual motion by presenting affidavits or other evidence properly brought before the court, the party opposing the motion must furnish affidavits or other evidence necessary to satisfy its burden of establishing subject matter jurisdiction. *Savage v. Glendale Union High Sch. Dist. No. 205*, 343 F.3d 1036, 1040 (9th Cir. 2003).

¹ "When taking judicial notice of adjudicative facts, the judge is required to use the procedures set forth in Fed. R. Evid. 201. 'One of the requirements of Rule 201 is procedural, namely, that the parties be given notice and an opportunity to object to the taking of judicial notice.' *United States v. Hoyts Cinemas Corp.*, 380 F.3d 558, 570 (1st Cir. 2004); *see also* Fed. R. Evid. 201(e) ('On timely request, a party is entitled to be heard on the propriety of taking judicial notice and the nature of the fact to be noticed. If the court takes judicial notice before notifying a party, the party, on request, is still entitled to be heard.')." *Am. Prairie Constr. Co. v. Hoich*, 560 F.3d 780, 797 (8th Cir. S.D. 2009).

1 In ruling on a challenge to subject matter jurisdiction, Dr. Swanson also agrees that the
 2 district court is ordinarily free to hear evidence regarding jurisdiction and to rule on that issue prior
 3 to trial, resolving factual disputes where necessary. *Augustine v. United States*, 704 F.2d 1074,
 4 1077 (9th Cir. 1983). But Dr. Swanson does not agree that in all such circumstances, as ALZA
 5 asserts "no presumptive truthfulness attaches to plaintiff's allegations." Mot. at 3. If this Court
 6 holds no evidentiary hearing on subject matter jurisdiction challenged under Rule 12(b)(1), the
 7 Court must accept as true the factual allegations in Dr. Swanson's FAC. *McLachlan v. Bell*, 261
 8 F.3d 908, 909 (9th Cir. 2001).²

9 Moreover, where the jurisdictional issue and substantive issues are so intertwined that the
 10 question of jurisdiction is dependent on the resolution of factual issues going to the merits, as is the
 11 case here, the Ninth Circuit has said that the jurisdictional determination should await a
 12 determination of the relevant facts on either a motion going to the merits or at trial. *Augustine*, 704
 13 F.2d at 1077.

14 Importantly, if the Court should decide to rule on a subject matter jurisdictional motion
 15 involving factual issues which also go to the merits, the Court should employ the standard
 16 applicable to a motion for summary judgment, as a resolution of the jurisdictional facts is akin to a
 17 decision on the merits. *Id.* Therefore, the moving party, here ALZA, should prevail only if the
 18 material jurisdictional facts are not in dispute. Unless that standard is met, the jurisdictional facts
 19 must be determined at trial by the trier of fact. *Id.*

24 ² By separate motion, Dr. Swanson requests an evidentiary hearing and discovery on ALZA's
 25 motion to dismiss under Rule 12(b)(1) for lack of subject matter jurisdiction. *See William W.*
 26 *Schwarzer et al.*, California Practice Guide: Practice Guide: Federal Civil Procedure Before
 27 Trial § 9:85.3 (The Rutter Group 2012) (if the defendant challenges subject matter jurisdiction
 28 factually, plaintiff's request for an evidentiary hearing is appropriate).

1 **B. Legal Standard under Rule 12(b)(6).**

2 Pursuant to Rule 12(b)(6) a complaint may be dismissed against a defendant for failure to
 3 state a claim upon which relief may be granted. Dismissal may be based on either the lack of a
 4 cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory.
 5 *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990); *Robertson v. Dean Witter*
 6 *Reynolds, Inc.*, 749 F.2d 530, 533-34 (9th Cir. 1984). For purposes of evaluating a motion to
 7 dismiss, the court "must presume all factual allegations of the complaint to be true and draw all
 8 reasonable inferences in favor of the nonmoving party." *Usher v. City of Los Angeles*, 828 F.2d
 9 556, 561 (9th Cir. 1987). Any existing ambiguities must be resolved in favor of the pleading.
 10 *Walling v. Beverly Enters.*, 476 F.2d 393, 396 (9th Cir. 1973).

11 A statute of limitations defense may be raised by a motion to dismiss "[i]f the running of the
 12 statute is apparent on the face of the complaint." *Jablon v. Dean Witter & Co.*, 614 F.2d 677, 682
 13 (9th Cir. 1980); *see Supermail Cargo, Inc. v. United States*, 68 F.3d 1204, 1207 (9th Cir. 1995)
 14 ("[A] complaint cannot be dismissed unless it appears beyond doubt that the plaintiff can prove no
 15 set of facts that would establish the timeliness of the claim.")

16 The complaint must plead "enough facts to state a claim [for] relief that is plausible on its
 17 face." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929
 18 (2007). A claim is plausible on its face "when the plaintiff pleads factual content that allows the
 19 court to draw the reasonable inference that the defendant is liable for the misconduct alleged."
 20 *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 1949, 173 L. Ed. 2d 868 (2009). Thus, "for a
 21 complaint to survive a motion to dismiss, the non-conclusory 'factual content,' and reasonable
 22 inferences from that content, must be plausibly suggestive of a claim entitling the plaintiff to
 23 relief." *Moss v. U.S. Secret Serv.*, 572 F.3d 962, 969 (9th Cir. 2009). Courts may dismiss a case
 24 without leave to amend if the plaintiff is unable to cure the defect by amendment. *Lopez v. Smith*,
 25 203 F.3d 1122, 1129 (9th Cir. 2000).

1 **III. ARGUMENT**

2 **A. Dr. Swanson has Standing to Sue for Correction of Inventorship**
 3 **under 35 U.S.C. § 256 (Count 1).**

4 ALZA argues first that if Dr. Swanson is correct that he should be named as an inventor on
 5 three ALZA patents (the '129, '373 and '798 patents), he agreed to assign all interest in the patents
 6 to UC or to ALZA and consequently he has no financial interest in the ownership of these patents
 7 and therefore no standing to assert his correction of ownership claim. Mot. at 4-5. For this
 8 proposition, ALZA immediately crops paragraph 8 of Dr. Swanson's FAC to exclude the portion of
 9 Dr. Swanson's allegation that in return for his assignment of his inventions to UC, Dr. Swanson
 10 was entitled to receive a royalty for his inventions. *Id.*, FAC ¶ 8.

11 Dr. Swanson's standing to bring this action under 35 U.S.C. § 256 is well-established by the
 12 teachings and holding of *Chou v. Univ. of Chi. & Arch Dev. Corp.*, 254 F.3d 1347, 1358 (Fed. Cir.
 13 2001). In *Chou*, the Federal Circuit held that a graduate student and post-doctoral research assistant
 14 at the University of Chicago's Department of Molecular Genetics and Cell Biology from 1983 to
 15 1996 had standing to sue for correction of inventorship of patents under 35 U.S.C. § 256. The
 16 Federal Circuit said that "the question whether a putative inventor who is obligated to assign her
 17 invention to another is entitled to sue for correction of inventorship under § 256 is one of first
 18 impression for the court..." *Chou*, 254 F.3d at 1358. The Court announced:

19
 20 We conclude that an expectation of ownership of a patent is not a
 21 prerequisite for a putative inventor to possess standing to sue to
 22 correct inventorship under § 256. The statute imposes no requirement
 23 of potential ownership in the patent on those seeking to invoke it. We
 24 have previously interpreted § 256 broadly as a "savings provision" to
 25 prevent patent rights from being extinguished simply because the
 26 inventors are not correctly listed. *Pannu v. Iolab Corp.*, 155 F.3d
 1344, 1349, 47 U.S.P.Q.2D (BNA) 1657, 1662 (Fed. Cir. 1998). The
 same considerations apply here. Chou should have the right to assert
 her interest, both for her own benefit and in the public interest of
 assuring correct inventorship designations on patents. The interest of
 both inventors and the public are thus served by a broad interpretation
 of the statute. *Id.*

27 Chou argued that a reputational interest alone was enough to satisfy the requirements of
 28 Article III standing. The Court said that was not implausible, opining that being considered an

1 inventor of important subject matter is a mark of success in one's field, comparable to being an
 2 author on an important scientific paper, adding that pecuniary consequences may well flow from
 3 being designated an inventor. *Id.* at 1359. But the Court declined to decide the issue because Chou
 4 had alleged a concrete financial interest in the patent. *Id.* Chou claimed that the University was
 5 obligated to provide faculty members 25% of gross royalties and up-front payments from licensing
 6 activities. *Id.* The Court found that if Chou had been deprived of an interest in proceeds from
 7 licensing the invention then she had injury in fact. The Court determined that Chou was entitled to
 8 sue for correction of inventorship under § 256.

9 Like Chou, Dr. Swanson, as a condition of his employment at UC, agreed to assign all rights
 10 to his inventions to UC. Paragraph 8 of the FAC states in its entirety:

11
 12 8. On June 1, 1980, per the standard practice of most institutions
 13 of higher learning, Dr. Dr. Swanson agreed to assign all rights to his
 14 inventions to The Regents of the University of California ("The
 Regents"). In return for his assignment, Dr. Dr. Swanson was entitled
 to receive a royalty for his inventions.

15 ALZA argues that Dr. Swanson does not fall within the teachings and holding of Chou
 16 because "he does not specify if the referenced royalty entitlement was a percentage running royalty,
 17 a lump-sum royalty, or a *de minimus* payment of \$1 for all inventions." Mot. at 6. Although
 18 Dr. Swanson contends that paragraph 8 of the FAC is sufficient on its face to establish that
 19 Dr. Swanson's entitlement to receive a royalty in exchange for his inventions is a showing of a
 20 concrete financial interest sufficient to establish standing, Dr. Swanson nonetheless has attached the
 21 University Patent Agreement he executed on June 1, 1980 as further evidence of his concrete
 22 financial interest.³ See Ex. 1. to Declaration of K. Brian Bathurst in Support of Opposition to
 23 ALZA Corporation's Motion to Dismiss the First Amended Complaint ("Bathurst Decl."). That
 24 agreement expressly incorporates the University's Policy Regarding Patents. The Patent Policy
 25 entitled Dr. Swanson to 50% of the royalties and fees received by The Regents after a deduction of

26
 27 ³ Dr. Swanson respectfully requests that the Court take judicial notice of the University Patent
 28 Agreement that is attached as Ex. 1 to the Bathurst Decl.

1 15% for overhead plus a reduction for costs of protecting patent rights. *See* Bathurst Decl. ¶ 2 Ex 1.
 2 The Patent Policy is an official policy of the University, with the full force and effect of statute.
 3 *Kucharczyk v. Regents of the Univ. of Cal.*, 946 F. Supp. 1419, 1426-1427 (N.D. Cal. 1996).

4 ALZA next argues that *Larson v. Correct Craft Inc.*, 569 F.3d 1319, 1326-7 (Fed. Cir.
 5 2009) is authority for dismissal of Dr. Swanson's FAC. In *Larson*, unlike here, the putative
 6 inventor assigned all of his interest in the invention to Correct Craft. *Id.* As a result, the Court
 7 found that there was no Article III case or controversy. But, importantly here, Dr. Swanson did not
 8 assign all of his interest in his inventions to either UC or ALZA. Therefore, *Larson* is not
 9 controlling.

10 It is true that Dr. Swanson asserts that he and not UC now owns his rights to the patents-in-
 11 suit and that he has agreed to provide UC "a certain percentage of any recovery from this action" in
 12 return for his ownership of the inventorship rights. FAC ¶¶ 12-13. On October 24, 2012, as a
 13 result of a request by Dr. Swanson, UC assigned back to Dr. Swanson any invention rights he may
 14 have in the patents-in-suit in return for a percentage of any recovery from this action. *See* Bathurst
 15 Decl. ¶ 3 Ex 2.

16 ALZA also baldly asserts that because of a consulting agreement between ALZA and
 17 Dr. Swanson "[it] is thus clear that whatever inventions Swanson believes he brought to ALZA are
 18 ALZA's property if they relate to the consultancy...." Mot. at 7. ALZA apparently is contending
 19 that Dr. Swanson could have invented the inventions in the '129 patent, the '798 patent and the
 20 '373 patent prior to ever consulting with ALZA and ALZA still owns those inventions because of a
 21 subsequent consulting agreement between the parties. ALZA is apparently interpreting the
 22 consulting agreement as assigning to ALZA any inventions that Dr. Swanson conceived of prior to
 23 ever meeting with ALZA and brought to ALZA at the first meeting between the parties on
 24 December 6, 1993. FAC ¶¶ 42-46. This is contrary to the University Patent Policy described above
 25 which vests with UC, Dr. Swanson's invention rights regardless of when the inventions were
 26 conceived as a condition of his employment with the university. *See* Bathurst Decl. ¶ 2 Ex 1.
 27 Moreover, Dr. Swanson maintains that the consulting agreement was procured through fraud as
 28

1 alleged in Count 2 of the FAC and ALZA has not moved to dismiss Count 2 for any pleading
2 deficiencies under Rule 12(b)(6). Mot. at 10. FAC ¶¶ 107-123.

3 Ultimately, the subject matter jurisdictional question that ALZA has raised under Rule
4 12(b)(1) is inextricably intertwined with the merits of this case. Whether the Court has subject
5 matter jurisdiction depends upon whether Dr. Swanson can prove that he is an inventor on ALZA's
6 patents. *See Augustine*, 704 F.2d at 1077 ("Whether the court has subject matter jurisdiction
7 depends upon when Augustine's claim 'accrued'") As more fully set forth in Dr. Swanson's
8 FAC, Dr. Swanson contends that he is responsible for the conception of the inventions forming the
9 subject matter of the '129 patent, the '798 patent and the '373 patent. FAC ¶ 102. Section 256 of
10 the Patent Laws creates a private cause of action to correct inventorship in an issued patent:

11 Whenever through error a person is named in an issued patent as
12 the inventor, or through error an inventor is not named in an issued
13 patent and such error arose without any deceptive intention on his part,
14 the Director may, on application of all the parties and assignees, with
proof of the facts and such other requirements as may be imposed,
issue a certificate correcting such error.

15 The error of omitting inventors or naming persons who are not
16 inventors shall not invalidate the patent in which such error occurred if
17 it can be corrected as provided in this section. The 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. 35 U.S.C. § 256 (2006).

18 *Pei-Herng Hor v. Ching-Wu Chu*, 2012 U.S. App. LEXIS 23387, 6-7 (Fed. Cir. Nov. 14,
19 2012). If Dr. Swanson is able to prove by clear and convincing evidence that he conceived of the
20 ALZA inventions, he has a right to a Court ordered correction of these patents under § 256 of the
21 Patent Laws and there is a corresponding concrete financial benefit that flows from that
22 determination of inventorship. Dr. Swanson has standing to sue pursuant to § 256 for correction of
23 inventorship under Article III of the Constitution and applicable case law.

24
25 **B. Dr. Swanson has Standing to Sue for a Declaration of Patent Invalidity
and Unenforceability (Counts 7-8).**

26 ALZA argues that Count 7 concerning Dr. Swanson's allegations that the Court should
27 invalidate the '129 patent, the '798 patent and the '373 patent for failure to list the proper inventors
28 and Count 8 concerning Dr. Swanson's allegations that the Court should declare the patents

1 unenforceable for inequitable conduct should be dismissed because both counts depend on
2 Dr. Swanson's inventorship status and should be dismissed because he lacks standing to bring an
3 inventorship claim. As demonstrated above, Dr. Swanson has standing under § 256 to bring this
4 action to correct inventorship or at a minimum such determination should await fact finding on the
5 merits. Second, ALZA argues that Dr. Swanson has no legal interest in a determination that the
6 patents are invalid or unenforceable and therefore no standing to bring these claims. Mot. at 8.

7 Dr. Swanson only became aware of the claims of the '129 patent at his April 12, 2011
8 deposition in ALZA's case against Kremers Urban, LLC, Case No. 10-23-LPS, filed on January 8,
9 2010 in the District of Delaware ("Kremers Litigation"). FAC ¶ 32. Prior to this, Dr. Swanson had
10 no knowledge of the '129 patent. Dr. Swanson was never consulted about the '129 patent or
11 interviewed about his unique contributions to the inventions contained in the '129 patent. As of the
12 time of his April 12, 2011 deposition, Dr. Swanson had no knowledge of the claims of the '373 and
13 '798 patents, nor did he have knowledge of the claims of any of the underlying provisional patent
14 applications. FAC ¶ 32.

15 Dr. Swanson was surprised when he found out after his April 12, 2011 deposition that six of
16 the named inventors on the '129 patent, including Andrew C. Lam, who was key to modifying the
17 OROS® osmotic pump technology, which Dr. Swanson thought was the basis for the patent, were
18 removed from the '129 patent. When Dr. Swanson heard that the primary claim of the '129 patent
19 was based on achieving a "substantially ascending methylphenidate plasma drug concentration" and
20 not about the drug delivery technology, Dr. Swanson realized that his own ideas from the first
21 meeting at ALZA in Palo Alto, CA about the methylphenidate concentrations after multiple doses
22 were the important bases for the '129 patent—not the way of achieving the drug delivery by a
23 modification to the OROS® device. FAC ¶ 33.

24 As of April 12, 2011, Dr. Swanson had a substantial controversy with ALZA, having
25 adverse legal interests since ALZA was continuously engaged in litigations on patents, where
26 Dr. Swanson's inventorship was at issue, and had pending litigation in Delaware on the '129 where
27 Dr. Swanson's inventorship was already at issue. Dr. Swanson subsequently retained the
28 undersigned counsel and counsel wrote a demand letter to Johnson & Johnson, ALZA's parent

1 corporation, on Dr. Swanson's behalf on August 29, 2012 demanding that ALZA correct the
 2 inventorship on the '129 patent and on related patents to include Dr. Swanson as one of the named
 3 inventors immediately. *See* Bathurst Decl. ¶ 4 Ex 3. ALZA did not respond to Dr. Swanson's letter
 4 demanding a correction in inventorship.

5 ALZA cites *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (U.S. 2007) for authority
 6 that there is no declaratory judgment jurisdiction to invalidate the patents or hold that they are
 7 unenforceable in the context of an action under § 256 to correct inventorship. Mot. at 8. In
 8 *MedImmune*, the Supreme Court said,

9 Our decisions have required that the dispute be "definite and concrete,
 10 touching the legal relations of parties having adverse legal interests";
 11 and that it be "real and substantial" and "admi[t] of specific relief
 12 through a decree of a conclusive character, as distinguished from an
 13 opinion advising what the law would be upon a hypothetical state of
 14 facts." *Id.*, at 240-241, 57 S. Ct. 461, 81 L. Ed. 617. In *Maryland*
 15 *Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273, 61 S. Ct.
 510, 85 L. Ed. 826 (1941), we summarized as follows: "Basically, the
 question in each case is whether the facts alleged, under all the
 circumstances, show that there is a substantial controversy, between
 parties having adverse legal interests, of sufficient immediacy and
 reality to warrant the issuance of a declaratory judgment." *Id.*

16 The Federal Circuit has characterized the Supreme Court's rejection of the Federal Circuit's
 17 prior "reasonable apprehension" test as actually broadening the scope of injuries-in-fact which meet
 18 the "actual case and controversy" requirements of Article III and therefore the Declaratory
 19 Judgment Act. *See Teva Pharm. USA Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1339 (Fed.
 20 Cir. 2007) (stating that under the old standard, the district court held that plaintiff "had failed to
 21 establish the type of injury-in-fact" that the Federal Circuit had previously required, *i.e.*, a
 22 reasonable apprehension of imminent suit). As of April 12, 2011, Dr. Swanson was already
 23 involved in the litigation between ALZA and Kremers as a third party putative inventor and
 24 exposed to injury in fact if the court determined that he was not an inventor. There was in fact a
 25 pending substantial controversy between the parties having adverse legal interests of sufficient
 26 immediacy and reality to warrant the issuance of a declaratory judgment meeting the jurisdictional
 27 requirements of *MedImmune*. Dr. Swanson should not have to be required to stand on the sidelines
 28 while ALZA and Kremers and later other party litigants determine his inventorship rights and the

1 validity and enforceability of the ALZA patents where he can prove he is the inventor by clear and
2 convincing evidence.

3 The cases cited by ALZA are all distinguishable from Dr. Swanson's controversy with
4 ALZA. In *Sensitron, Inc. v. Wallace*, 504 F. Supp. 2d 1180 (D. Utah 2007), the strongest case
5 supporting ALZA's position, there was no ongoing suit between parties where inventorship of the
6 plaintiff and putative inventor was at issue, as is the case here. In addition, the court in *Sensitron*
7 pointed out that there was no identifiable actual or imminent injury caused by the defendant that
8 could be redressed by judicial relief. Here Dr. Swanson's inventorship rights were being
9 adjudicated in the context of the Kremers Litigation when Dr. Swanson filed his suit against ALZA.

10 Second, in *FMC Corp. v. Guthery*, 2009 U.S. Dist. LEXIS 32950, 20-21 (D.N.J. Apr. 17,
11 2009), the underlying § 256 action was dismissed because of the laches defense and an inventorship
12 dispute involving the putative inventor was not ongoing as was the case here when Dr. Swanson
13 filed his first complaint.

14 Third, in *Maxwell v. Stanley Works*, 2006 U.S. Dist. LEXIS 98913, 9-10 (M.D. Tenn. July
15 11, 2006), again the plaintiff putative inventor was not involved as a third party in an ongoing
16 patent infringement suit where his inventorship rights were being adjudicated. In addition, this case
17 predates the Supreme Court's decision in *MedImmune* where the Court rejected the "reasonable
18 apprehension" test and broadened the scope of injuries-in-fact which meet the "actual controversy"
19 requirements of Article III.

20 Although the Federal Circuit has not directly ruled on the question presented here,
21 Dr. Swanson contends that the discussion in *Stark v. Advanced Magnetics*, 119 F.3d 1551, 1555-
22 1556 (Fed. Cir. 1997) is most instructive for the Court to date. In *Stark*, the Court noted that its
23 reading of the statute is not likely to allow an avowedly deceptive inventive entity to correct a
24 misjoinder without any penalty for its deception. The Court said that this hypothetical situation
25 would call on a court to determine whether the listed inventive entity committed inequitable
26 conduct in filing a false oath. See 35 U.S.C. § 115 (requiring that an applicant for a patent "shall
27 make oath that he believes himself to be the original and first inventor"); *Burroughs Wellcome Co.*
28 *v. Barr Lab., Inc.*, 40 F.3d 1223, 1227 (Fed. Cir. 1994) (patent may be unenforceable for

inequitable conduct when any co-inventors are omitted with deceptive intent). *MedImmune* is not contrary in broadening the scope of injuries-in-fact that are actionable. *MedImmune*, 549 U.S. at 127. ("Basically, the question in each case is whether the facts alleged, under all of the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.").

At a minimum, a jurisdictional determination should await a factual determination of inventorship on the merits since the fact finder may ultimately decide that Dr. Swanson is: (a) the sole inventor on ALZA's patents, (b) a co-inventor on ALZA's patents, or (c) not an inventor on ALZA's patents but the patents are invalid and unenforceable because of Dr. Swanson's prior work and ALZA's concealment of that work from the Patent Office.⁴

C. ALZA Does Not Challenge Dr. Swanson's Fraud Claim (Count 2).

ALZA has not moved to dismiss Count 2 under Rule 12(b)(6), therefore the court "must presume all factual allegations of [Count 2 of] the complaint to be true and draw all reasonable inferences in favor of the nonmoving party." *Usher* 828 F.2d at 561.

D. Legal Precedent Supports Dr. Swanson's Breach of Fiduciary Duty Claim Against ALZA (Count 3).

Dr. Swanson agrees that to state a claim for breach of fiduciary duty, the FAC must allege sufficient facts that, if true, show: the existence of a fiduciary relationship, its breach, and damage proximately caused by that breach. *Roberts v. Lomanto*, 112 Cal. App. 4th 1553, 1562 (2003).

Dr. Swanson properly alleges all three of the required elements for breach of fiduciary duty. First, Dr. Swanson pleads that ALZA, through its counsel, owed him a fiduciary duty. *See, e.g.*, FAC ¶ 160, ALZA and counsel represented Dr. Swanson in Kremers Litigation, FAC ¶ 161, ALZA and counsel filed objections on Dr. Swanson's behalf, FAC ¶ 162, ALZA and counsel had

⁴ A plaintiff is generally entitled to plead alternative or multiple theories of recovery on the basis of the same conduct on the part of the defendant. *See* Fed. R. Civ. P. 8(d)(2) ("A party may set out [two] or more statements of a claim or defense alternatively or hypothetically, either in a single count or defense or in separate ones."). *MB Fin. Group, Inc. v. United States Postal Serv.*, 545 F.3d 814, 819 (9th Cir. Cal. 2008).

1 knowledge of Dr. Swanson's putative inventorship status and had a duty to investigate, FAC ¶ 163,
 2 ALZA and counsel had a duty to advise Dr. Swanson about ownership rights, advise him about
 3 potential conflict with ALZA, and to seek separate counsel, FAC ¶ 164, ALZA and counsel owed
 4 Dr. Swanson duties of loyalty, candor, due care and duty to act in Dr. Swanson's best interests.
 5 Second, Dr. Swanson properly pleads that ALZA, through its counsel, breached their duties. *See*,
 6 *e.g.*, FAC ¶ 165, ALZA and counsel breached duties owed Dr. Swanson. Third, Dr. Swanson also
 7 properly pleads that ALZA, through its counsel, proximately caused Dr. Swanson damages through
 8 their breach. *See, e.g.*, FAC ¶¶ 166-167, Dr. Swanson's damages of being denied benefits of his
 9 invention.

10 Numerous legal authorities support the existence of a fiduciary duty between ALZA and
 11 Dr. Swanson, because as a matter of law, ALZA is responsible for the actions and/or inactions of its
 12 attorneys. *See, e.g., O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, 449 Fed. Appx. 923, 930
 13 (Fed. Cir. 2011) *citing Link v. Wabash R.R.*, 370 U.S. 626, 633-34, 82 S. Ct. 1386, 8 L. Ed. 2d 734
 14 (1962) "...the finding that BiTEK was acting through its counsel comports with the well-settled
 15 principle that a client is responsible for its attorney's conduct in the courtroom;" *Pomeroy v. United*
 16 *States*, 39 Fed. Cl. 205, 209-210 (Fed. Cir. 1997), *citing Pioneer Inv. Services Co. v. Brunswick*
 17 *Assoc. Ltd. Partnership*, 507 U.S. 380, 396, 123 L. Ed. 2d 74, 113 S. Ct. 1489 (1993), "It also is
 18 well settled that a person is bound by the consequences of the conduct of his or her counsel,
 19 including both the acts and omissions of counsel;" *United States v. 8136 S. Dobson St.*, 125 F.3d
 20 1076, 1084 (7th Cir. Ill. 1997) *citing Tolliver v. Northrop Corp.*, 786 F.2d 316, 319 (7th Cir. 1986),
 21 "Holding the client responsible for the lawyer's deeds ensures that both clients and lawyers take
 22 care to comply;" *Brown v. Federation of State Med. Bds. of the United States*, 1986 U.S. Dist.
 23 LEXIS 26154 (N.D. Ill. Apr. 29, 1986), "Not only is a client responsible for filings he has
 24 personally signed, but as we stated in our Opinion of May 31, 1985, at 20, a client is also
 25 responsible for his attorney's filings;" and *Neal v. Xerox Corp.*, 991 F. Supp. 494, 500 (E.D. Va.
 26 1998), "In our system of justice, clients are bound by their counsel's knowledge and actions. Our
 27 courts could not process cases otherwise."
 28

1 Importantly, ALZA's Motion to Dismiss misleadingly characterizes that "...ALZA **offered**
 2 to provide representation for Swanson in responding to discovery in a case relating to ALZA's
 3 Concerta® product," and Dr. Swanson "...does not allege that he placed any special confidence in
 4 ALZA (or, for that matter, ALZA's counsel) to give him legal advice concerning his alleged
 5 inventions..." Mot. at 12 (emphasis added). In fact, ALZA and ALZA's counsel represented
 6 Dr. Swanson, Dr. Swanson placed his confidence in ALZA and ALZA's counsel, and
 7 Dr. Swanson's FAC pleads as much. *See, e.g.*, FAC ¶ 161, "ALZA, Sidley and Ashby asserted that
 8 they represented Dr. Swanson," and "...filed objections on his behalf and delayed Dr. Swanson's
 9 deposition for as long as possible" and "[a]t this time, Dr. Swanson agreed to their representation
 10 and placed his trust and confidence in their representation."

11
 12 **E. Dr. Swanson's FAC Properly Pleads His Fraudulent Concealment Claim
 Against ALZA (Count 4).**

13 ALZA challenges Dr. Swanson's fraudulent concealment claim for failing to allege that
 14 ALZA had a duty to disclose information about prosecution of the patents-in-suit to Dr. Swanson.
 15 Mot. at 14. In fact, Dr. Swanson's FAC properly pleads ALZA's duty to disclose information about
 16 prosecution of the patents-in-suit to Dr. Swanson.

17 Dr. Swanson agrees with ALZA that the duty to disclose can arise in four different ways: (1)
 18 through a fiduciary relationship between the parties; (2) if the defendant has exclusive knowledge
 19 of material facts unknown to the plaintiff; (3) if the defendant actively conceals a material fact from
 20 the plaintiff; or (4) if the defendant makes a partial representation to the plaintiff while suppressing
 21 other material facts. *See LiMandri v. Judkins*, 52 Cal. App. 4th 326, 336 (1997). Dr. Swanson's
 22 FAC satisfies all four of the above-specified elements for pleading ALZA's duty to disclose
 23 information about prosecution of the patents-in-suit to Dr. Swanson.

24 First, Dr. Swanson pleads a fiduciary relationship between the parties. *See* FAC ¶¶ 205-
 25 208. Second, Dr. Swanson pleads ALZA's exclusive knowledge of material facts unknown to
 26 Dr. Swanson. *See* FAC ¶¶ 177-200. Third, Dr. Swanson pleads that ALZA actively concealed
 27 material facts from Dr. Swanson. *See* FAC ¶¶ 199-208. Fourth, Dr. Swanson also pleads that
 28 ALZA made a partial representation to Dr. Swanson while suppressing other material facts. *See*

1 FAC ¶ 64. Consequently, Dr. Swanson's fraudulent concealment claim sufficiently alleges that
2 ALZA had a duty to disclose information about prosecution of the patents-in-suit to Dr. Swanson.

3 ALZA mistakenly asserts that a person cannot deceive another by withholding public
4 information.⁵ Contrary to ALZA's assertion, a person can deceive another by withholding public
5 information. In *General Bedding Corp. v. Echevarria, et al.*, 947 F.2d 1395 (1991), the Ninth
6 Circuit acknowledged that "[i]ssuance of a patent and recordation in the Patent Office constitute
7 notice to the world of its existence," but supported the appellant's argument that "knowledge of the
8 patent does not constitute constructive notice of appellant's claims against the defendants." *Id.* at
9 1397-98. In deciding *General Bedding*, the Ninth Circuit stated, "[t]he plaintiff is deemed to have
10 had constructive knowledge if it had enough information to warrant an investigation which, if
11 reasonably diligent, would have led to discovery of the fraud." *Id.* at 1398. In deciding whether the
12 plaintiff in that case had constructive knowledge under this standard, the Ninth Circuit held,
13 "[b]ecause there are two reasonable inferences that can be made, there is a genuine issue of material
14 fact regarding constructive notice. Therefore, summary judgment was inappropriate." *Id.* at 1399.

15 Because ALZA brings its Motion to Dismiss Dr. Swanson's fraudulent concealment claim
16 under Rule 12(b)(6), the court "must presume all factual allegations of the complaint be true and
17 draw all reasonable inferences in favor of the nonmoving party." *Usher*, 828 F.2d at 561.
18 Accordingly, dismissal of Dr. Swanson's claim is also inappropriate, as Dr. Swanson pleads, for
19 among other reasons, that "Dr. Swanson only became aware of the claims of the '129 patent at his
20 April 12, 2011 deposition in the Kremers Litigation." *See* FAC ¶ 197.

21 *General Bedding* also supports the finding that Dr. Swanson's claims for ALZA's illegal
22 actions prior to publication of the patents-in-suit are not barred by the statute of limitations. In
23 *General Bedding*, the Ninth Circuit reversed the lower court's dismissal of a fraud claim due to the
24 lapsing of the three-year statute of limitations, stating that, "[t]he rule is that the plaintiff must plead

25
26 ⁵ Importantly, one of the authorities cited by ALZA states, "Given the incredible number of
27 patents filed yearly, the Court will not charge Guthery with notice of his claim due to the mere
28 issuance of the '676 Patent in 1997." *FMC Corp. v. Guthery*, 2009 U.S. Dist. LEXIS 32950
(D.N.J. Apr. 17, 2009).

1 and prove the facts showing: (a) Lack of knowledge. (b) Lack of means of obtaining knowledge (in
 2 the exercise of reasonable diligence the facts could not have been discovered at an earlier date). (c)
 3 How and when he did actually discover the fraud or mistake.” *General Bedding*, 947 F.2d at 1397.
 4 In the present case, Dr. Swanson FAC ¶ 197 satisfies the standards for (a) lack of knowledge; and
 5 (c) how and when he did actually discover the fraud or mistake. With respect to (b) lack of means
 6 of obtaining knowledge (in the exercise of reasonable diligence the facts could not have been
 7 discovered at an earlier date), Dr. Swanson’s FAC ¶¶ 191-196 and ¶¶ 200-208 more than
 8 adequately satisfy this standard.

9
 10 **F. Dr. Swanson’s Unfair Competition Claim is Supported by California
 Law (Count 5).**

11 The unfair competition law (UCL) creates a cause of action for business practices that are:
 12 (1) unlawful, (2) unfair, or (3) fraudulent. Cal. Bus. & Profs. Code § 17200. Its coverage has been
 13 described as "sweeping," and its standard for wrongful business conduct is "intentionally broad."
 14 *In re First Alliance Mortg. Co.*, 471 F.3d 977, 995 (9th Cir. 2006). Each "prong" of the UCL
 15 provides a separate and distinct theory of liability. *Lozano v. AT & T Wireless Servs., Inc.*, 504
 16 F.3d 718, 731 (9th Cir. 2007). ALZA is correct that to assert a UCL claim, a private plaintiff needs
 17 to have "suffered injury in fact and . . . lost money or property as a result of the unfair competition."
 18 *Rubio v. Capital One Bank*, 613 F.3d 1195, 1203 (9th Cir. 2010) (quoting Cal. Bus. & Prof. Code
 19 § 17204). *See In re iPhone Application Litig.*, 844 F. Supp. 2d 1040 (N.D. Cal. 2012).

20 ALZA argues incorrectly that Dr. Swanson has made no allegation in his unfair competition
 21 claim that he lost any money or property as a result of the complained-of activity. ALZA points the
 22 Court to the FAC ¶¶ 210-214 for the contention that Dr. Swanson has not lost money as a result of
 23 ALZA’s conduct in not naming Dr. Swanson as an inventor. First, paragraph 210 incorporates by
 24 reference and realleges all other allegations of the FAC as though set forth in their entirety. FAC
 25 ¶ 210. Paragraph 8 of the FAC states that “Dr. Swanson was entitled to receive a royalty for his
 26 inventions.” FAC ¶ 8. Paragraphs 212-213 of the FAC allege that ALZA has harmed consumers,
 27 the people of the State of California and The Regents of the University of California by “denying
 28 The Regents the benefit of receiving compensation from ALZA in return for the exclusive rights to

1 Dr. Swanson's inventions for which The Regents were the proper assignee." FAC ¶¶ 212-213. As
 2 discussed above in the context of Dr. Swanson's standing to sue for correction of inventorship,
 3 Dr. Swanson was entitled to a royalty for that assignment of inventorship rights under the
 4 university's patent policy. *See* Bathurst Decl. ¶ 2 Ex 1. Consequently, Dr. Swanson has lost money
 5 and suffered "injury in fact" as a result of ALZA's unfair competition thereby establishing his
 6 standing under Article III of the Constitution. *See Rubio* 613 F.3d at 1203-4.

7 **G. ALZA Concedes that California Case Law Supports Dr. Swanson's Unjust**
 8 **Enrichment Claim (Count 6).**

9 First, ALZA argues that Dr. Swanson's unjust enrichment claim was dismissed with
 10 prejudice when the Court previously entered an order dismissing Dr. Swanson's first complaint
 11 after Dr. Swanson filed a notice of non-opposition and consequently res judicata bars reassertion of
 12 this claim. (Mot. at 17, fn 4). (Dkt. Nos. 29 notice of non-opposition and 30 order dismissing First
 13 Compl.). The Court's dismissal after a notice of non-opposition was on its face *without* prejudice
 14 and Dr. Swanson's unfettered right to file a FAC thereafter is well recognized to be within the
 15 Federal Rules of Civil Procedure. Within the statutory time frame, a party may amend its pleading
 16 once "as a matter of course." FRCP 15(a)(1). Rule 15(a)(1) provides that: A party may amend its
 17 pleading once as a matter of course within: (A) 21 days after serving it, or (B) if the pleading is one
 18 to which a responsive pleading is required, 21 days after service of a responsive pleading or 21 days
 19 after service of a motion under Rule 12(b), (e), or (f), whichever is earlier. *See Lobato v. Bank of*
 20 *Am.*, 2010 U.S. Dist. LEXIS 42950, 2-3 (N.D. Cal. May 3, 2010. Defendants filed their motion to
 21 dismiss plaintiff's complaint under Rule 12(b)(6) on October 24, 2012 (Dkt. No. 8). Plaintiff filed
 22 his statement of non-opposition and first amended complaint within the time required by the rule,
 23 on November 2, 2012, and November 14, 2012, respectively (Dkt. Nos. 29, 31). Plaintiff therefore
 24 may amend his complaint as a matter of course. *Id.* Next, ALZA argues that the claim should be
 25 dismissed because the growing weight of authority holds that unjust enrichment is not a cause of
 26 action in California, although ALZA concedes that other California courts have found a cause of
 27 action for unjust enrichment. Mot. at 17-18. ALZA cites counter authority supporting a cause of
 28 action for unjust enrichment including *Hirsch v. Bank of America*, 107 Cal. App. 4th 708, 722 (Cal.

1 App. 1st Dist. 2003). In *Hirsch*, the court in recognizing such a cause of action, said: “a person is
 2 enriched if he or she receives a benefit at another's expense.” *Id.* See also, *Shum v. Intel Corp.*, 630
 3 F. Supp. 2d 1063, 1079 (unjust enrichment claim not preempted where theory of recovery was
 4 based on a discrete transaction allegedly tainted by misrepresentation of sole inventorship of
 5 patent). In another California case recognizing such an unjust enrichment cause of action, *County*
 6 *of San Bernardino v. Walsh*, 158 Cal. App. 4th 533, 542-543 (Cal. App. 2d Dist. 2007), the court
 7 said that disgorgement of profits was particularly applicable in cases dealing with breach of a
 8 fiduciary duty, and is a logical extension of the principle that fiduciaries cannot profit by a breach
 9 of their duty. That is exactly the case presented here. ALZA through its attorneys breached its
 10 fiduciary duty owed to Dr. Swanson by failing to advise Dr. Swanson of his inventorship rights and
 11 ALZA should not be able to be unjustly enriched and profit by such conduct.

12 **H. Dr. Swanson is Legally Entitled to a Declaration of Ownership (Count 9).**

13 ALZA argues that Dr. Swanson’s *ownership* claim is preempted by federal law based on
 14 *University of Colo. Found., Inc. v. American Cyanamid Co.*, 196 F.3d 1366, 1372 (Fed. Cir. 1999).
 15 Dr. Swanson agrees that “the federal Patent Act leaves no room for states to supplement the
 16 national standard for inventorship.” *Id.* But, that is not what this case or Count 9 is solely directed
 17 to. Paragraph 268 of the FAC alleges that Dr. Swanson is entitled to a declaration that as between
 18 Dr. Swanson and ALZA, Dr. Swanson is at least a legal and equitable co-owner of the ’129 patent,
 19 the ’798 patent, and the ’373 patent and to an order that ALZA must execute any necessary
 20 documents to confirm formally Dr. Swanson’s ownership of the ’129 patent, the ’798 patent, and
 21 the ’373 patent. There is a genuine dispute between the parties over ownership of these patents as a
 22 result of the terms of the consulting agreement between Dr. Swanson and ALZA executed on
 23 December 1, 1993 and the Patent Agreement Dr. Swanson executed with The Regents on June 1,
 24 1980, which raises state law statutory and contract questions. FAC ¶¶ 8, 107-111. See *Kucharczyk*,
 25 946 F.Supp. at 1426-1427 (the Patent Policy is an official policy of the University, with the full
 26 force and effect of statute). ALZA admits as much in referencing the dispute over the agreements
 27 in its introduction to its motion to dismiss. Mot. at 1.
 28

1 In *Bd. of Trs. of the Leland Stanford Junior Univ. v. Roche Molecular Sys.*, 583 F.3d 832,
 2 841 (Fed. Cir. 2009) the Federal Circuit said: "[T]he question of who owns the patent rights and on
 3 what terms typically is a question exclusively for state courts." *Jim Arnold Corp. v. Hydrotech*
 4 *Sys.*, 109 F.3d 1567, 1572 (Fed. Cir. 1997); *see also MyMail, Ltd. v. Am. Online, Inc.*, 476 F.3d
 5 1372, 1376 (Fed. Cir. 2007). However, the Federal Circuit went on to point out that this rule has
 6 exceptions: the question of whether contractual language effects a present assignment of patent
 7 rights, or an agreement to assign rights in the future, is resolved by Federal Circuit law. "Although
 8 state law governs the interpretation of contracts generally, the question of whether a patent
 9 assignment clause creates an automatic assignment or merely an obligation to assign is intimately
 10 bound up with the question of standing in patent cases. We have accordingly treated it as a matter
 11 of federal law." *DDB Techs., L.L.C. v. MLB Advanced Media, L.P.*, 517 F.3d 1284, 1290 (Fed. Cir.
 12 2008) (citations omitted).⁶ Here, the interplay between the 1993 consulting agreement and the
 13 University's patent policy involves more than simply whether there was an assignment and will
 14 ultimately require the Court and the fact finder to resolve issues of inventorship under federal patent
 15 law as well as issues involving state statutory and contract law.

16 **I. Dr. Swanson's Constructive Trust Claim is a Proper Remedy for the**
 17 **Wrongfully Held Patents (Count 10).**

18 ALZA argues that Dr. Swanson's constructive trust claim must be dismissed if this Court
 19 dismisses the underlying fraud and fraudulent concealment claims. First, ALZA has not even
 20 moved to dismiss Count 2 (Fraud) under Rule 12(b)(6) and Dr. Swanson has alleged Count 2 with
 21 sufficient particularity to overcome any deficiencies in pleading on its face. FAC ¶¶ 107-158. To
 22 satisfy Rule 9(b), a pleading alleging fraud must identify "the who, what, when, where, and how of
 23 the misconduct charged" as well as "what is false and misleading about [the purported fraudulent]
 24 statement, and why it is false." *Ebeid ex rel. United States v. Lungwitz*, 616 F.3d 993, 998 (9th Cir.
 25

26 ⁶ *Bd. of Trs. v. Roche Molecular Sys.*, 131 S. Ct. 2188, 2194 (U.S. 2011) is not contrary.
 27 "Because the Federal Circuit's interpretation of the relevant assignment agreements is not an
 28 issue on which we granted certiorari, we have no occasion to pass on the validity of the lower
 court's construction of those agreements." *Id.* at 2194, n2.

2010). Dr. Swanson has pled with the necessary particularity his fraud claim. FAC ¶¶ 107-158.
 Dr. Swanson has similarly pled with particularity his fraudulent concealment claims to survive
 ALZA's motion to dismiss. FAC ¶¶ 168-209.

In addition, as pointed out above in opposition to ALZA's motion to dismiss Count 9 related
 to a declaration of ownership, this case is not solely about Dr. Swanson's inventorship rights and
 there is no preemption of all applicable state statutory law and state contract law.

A constructive trust is an equitable remedy that compels the transfer of wrongfully held
 property to its rightful owner. *Mattel, Inc. v. MGA Entm't, Inc.*, 616 F.3d 904, 908-909 (9th Cir.
 Cal. 2010); *Communist Party of U.S. v. 522 Valencia, Inc.*, 35 Cal. App. 4th 980, 41 Cal. Rptr. 2d
 618, 623 (Cal. Ct. App. 1995); *see also* Cal. Civ. Code § 2223 ("One who wrongfully detains a
 thing is an involuntary trustee thereof, for the benefit of the owner.") Dr. Swanson has alleged
 sufficient facts to show: (1) the existence of a res (the ALZA patents); (2) the right to that res
 (Dr. Swanson can prove he is the rightful inventor and owner); and (3) the wrongful acquisition or
 detention of the res by ALZA. *See Communist Party*, 41 Cal. Rptr. 2d at 623-24. As stated
 previously, for purposes of evaluating a motion to dismiss under Rule 12(b)(6), the court "must
 presume all factual allegations of the complaint to be true and draw all reasonable inferences in
 favor of the nonmoving party." *Usher*, 828 F.2d at 561. Any existing ambiguities must be resolved
 in favor of the pleading. *Walling*, 476 F.2d at 396. ALZA is not entitled to dismissal of Count 10
 for failure to state a claim.

IV. CONCLUSION

Based on the foregoing analysis, ALZA's motion to dismiss should be denied.

Dated: December 28, 2012

CARR & FERRELL LLP

By: /s/ Gerald P. Dodson
 GERALD P. DODSON
 K. BRIAN BATHURST

Attorneys for Plaintiff
 DR. JAMES M. SWANSON

Christine Blaufus

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Filer: James M. Swanson
Document Number: 49

Docket Text:

RESPONSE (re [45] Corrected MOTION to Dismiss The Amended Complaint) filed by James M. Swanson. (Dodson, Gerald) (Filed on 12/28/2012)

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