

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

_____)		
BONUTTI SKELETAL INNOVATIONS LLC,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 12-1109-GMS
)	
CONFORMIS, INC.,)	
)	
Defendant.)	
_____)		

ORDER

At Wilmington, this 14th day of November, 2013, having considered the plaintiff's complaint in the above-caption matter, the defendant's pending motion to dismiss the plaintiff's direct, induced, contributory, joint, and willful infringement claims, or alternatively to transfer to the United States District Court for the District of Massachusetts,¹ the responses and replies thereto,² and the applicable law;

¹ Regarding the motion to dismiss, ConforMIS, Inc. ("ConforMIS" or "the defendant") asserts that Bonutti Skeletal Innovations LLC ("Bonutti" or "the plaintiff")'s complaint does not plead its direct, induced, contributory, and willful infringement causes of action with sufficient specificity. (D.I. 11.) Therefore, ConforMIS argues, Bonutti's complaint should be dismissed pursuant to Federal Rule of Civil Procedure 12(b)(6). (*Id.*) Specifically, ConforMIS contends the following: (1) Bonutti's direct infringement claim is not sufficiently pled because Bonutti fails to allege that ConforMIS actually carried out each step of the method claimed in U.S. Patent No. 7,806,896 ("the '896 patent"), (*Id.* at 8); (2) Bonutti's induced infringement claim must fail because Bonutti does not allege both that ConforMIS had knowledge that the alleged acts constituted infringement of the '896 patent and that ConforMIS had the specific intent to induce another to infringe, (*Id.* at 9, 11); (3) Bonutti's contributory infringement claim must fail because Bonutti does not allege that ConforMIS had knowledge that the alleged acts constituted infringement of the '896 patent, that ConforMIS's accused products were especially made or especially adapted for use in an infringement of Bonutti's patent, and that ConforMIS's accused products have no substantial non-infringing uses, (*Id.* at 9, 10); (4) Bonutti does not sufficiently plead the elements of its joint infringement claim, which are that ConforMIS has knowingly performed certain steps of the method in the '896 patent, while inducing others to perform the remaining, and that ConforMIS directed or controlled those others' infringement, (*Id.* at 12); and (5) Bonutti does not plead facts sufficient to establish its willful infringement claim since Bonutti has not alleged that ConforMIS acted despite an objectively high likelihood that its actions constituted infringement of a valid patent and that this risk was either known or so obvious that it should have been known to ConforMIS. (*Id.* at 12).

IT IS HEREBY ORDERED that:

- (1) ConforMIS's motion to dismiss Bonutti's complaint is GRANTED-IN-PART and DENIED-IN-PART.³ The court finds that Bonutti has not sufficiently pled the required elements of its direct, induced, contributory, and joint infringement claims.⁴ The court

Regarding the motion to transfer, ConforMIS contends that transferring this action to the United States District Court for the District of Massachusetts is appropriate because: (1) ConforMIS has a "strong connection" with Massachusetts because its corporate headquarters are located there, (D.I. 11 at 15); (2) The convenience of ConforMIS and any witnesses weighs in favor of transfer to Massachusetts because ConforMIS's accused products were developed and manufactured there, (*Id.* at 15-16); (3) Bonutti will not be inconvenienced because it has already filed another suit in Massachusetts alleging infringement of the '896 patent, (*Id.*); (3) the Massachusetts courts have a strong local interest in resolving the dispute, (*Id.* at 16-17); (4) judicial economy would be best served by transfer, (*Id.* at 17-18); and (5) the first to file rule does not apply because Bonutti's complaint filed in Delaware is defective, (*Id.* at 18-19).

² See 12-cv-1109 (D.I. 13-18.)

³ In reviewing a motion to dismiss filed under Federal Rule of Civil Procedure 12(b)(6), the court must "construe the complaint in the light most favorable to the plaintiff, accept its allegations as true, and draw all reasonable inferences in favor of the plaintiff...." *In Re Bill of Lading Transm'n and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1331 (Fed. Cir. 2012). The court is not required to accept as true unwarranted factual inferences, however. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009); *In Re Bill of Lading*, 681 F.3d at 1331. In order to overcome a motion to dismiss, the plaintiff's complaint must plead "'enough factual matter' that, when taken as true, 'states a claim to relief that is plausible on its face.'" *In Re Bill of Lading*, 681 F.3d at 1331 (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). This requirement of plausibility is satisfied when "the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 556).

⁴ The court concludes that Bonutti's complaint does not sufficiently aver or allege its direct, induced, contributory, and joint infringement claims.

First, in order to adequately state a claim for direct infringement of method claims, the complaint must allege that the accused infringer "perform[ed] all the steps of the claimed method, either personally or through another acting under his direction or control." *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301, 1307 (Fed. Cir. 2012). Where the complaint alleges that the accused infringer personally performed all the steps of the claimed method, Form 18 of the Federal Rules of Civil Procedure provides the pleading standard by which the plaintiff's allegations are to be measured. See *Superior Indus., LLC v. Thor Global Enter. Ltd.*, 700 F.3d 1287, 1295 (Fed. Cir. 2012); *Pragmatus AV, LLC v. Yahoo! Inc.*, Civ. Action No. 11-902-LPS-CJB, 2012 U.S. Dist. LEXIS 161874, at *9-12 (D. Del. Nov. 13, 2012), *adopted by* 2013 U.S. Dist. LEXIS 73636 (D. Del. May 24, 2013). Where the complaint implicates a theory of joint infringement, and thus alleges what is known as divided infringement, however, a plaintiff must allege much more than merely the requirements of Form 18. See *Pragmatus*, 2013 U.S. Dist. LEXIS at *11. Specifically, the complaint must also plead facts sufficient to allow the court to reasonably infer that one party exercises "direction or control" such that performance of every step is attributable to the controlling party. *Id.* at *15 (explaining that where "the plaintiff affirmatively states that it intends to allege joint infringement...the plaintiff must allege sufficient

facts (pursuant to *Twombly*, *Iqbal*, and their progeny) to allow a reasonable inference that one defendant exercises ‘direction or control’ over the acts of any joint infringers.”) Contrary to Bonutti’s arguments, the Federal Circuit’s *Akamai* decision does not change the “direction or control” test. *See Akamai*, 692 F.3d at 1307 (“Because the reasoning of our decision today is not predicated on the doctrine of direct infringement, we have no occasion at this time to revisit any of those principles regarding the law of divided infringement as it applies to liability for direct infringement under 35 U.S.C. § 271(a).”)

In the instant case, Bonutti clearly asserts a joint infringement theory. (D.I. 1 at ¶¶ 17-19, 21; D.I. 13 at 12-13.) Indeed, Bonutti must assert joint infringement because, as the ‘896 patent states, the ‘896 patent is for “[a]n improved method of performing surgery on a joint in a patient’s body, such as a knee...” (D.I. 1-1 at 2.) There is no indication that ConforMIS performs surgery on patients. (D.I. 1 at ¶¶ 8-10) (Stating only that ConforMIS “creates, distributes, and otherwise makes available” its products to “surgeons and the public at large” and offers training labs for surgeons at which procedures are demonstrated on *cadavers*, not patients.) Thus, only if the complaint pleads facts from which the court can infer that ConforMIS directs or controls the surgeons’ performance of the ‘896 patent’s method can Bonutti’s direct infringement claim survive. “Direction or control” requires that there be an agency relationship between the alleged infringers or the equivalent. *See Akamai*, 692 F.3d at 1307 (“Absent an agency relationship between the actors or some equivalent...a party that does not commit all the acts necessary to constitute infringement has not been held liable for direct infringement even if the parties have arranged to ‘divide’ their acts of infringing conduct for the specific purpose of avoiding infringement liability.”) There are no allegations in the complaint that can form the basis of a reasonable inference that ConforMIS so directed or controlled the surgeons’ performance of the ‘896 patent’s steps that an agency relationship can be deemed to have existed. Thus, Bonutti’s direct infringement claim must be dismissed. *See, e.g., Desenberg v. Google, Inc.*, 392 Fed. App’x 868 (Fed. Cir. 2010) (Upholding district court’s grant of motion to dismiss because the defendant could not be a direct infringer where the method required a user’s participation in manner not directed or controlled by the defendant.)

Second, in order to establish a claim for induced infringement, the plaintiff’s complaint must plausibly allege that the patent was directly infringed. *See In Re Bill of Lading*, 681 F.3d at 1333 (“It is axiomatic that ‘there can be no inducement or contributory infringement without an underlying act of direct infringement.’”). Having sufficiently alleged direct infringement, the plaintiff must then sufficiently allege that “the alleged inducer knew of the patent, knowingly induced the infringing acts, and possessed a specific intent to encourage another’s infringement of the patent.” *Vita-mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1328 (Fed. Cir. 2009). In the instant case, Bonutti alleges in its complaint that ConforMIS knew of the ‘896 patent, (D.I. 1 at ¶¶ 11, 20), and that ConforMIS “induc[ed] surgeons, physicians, and medical professionals to use and implant...ConforMIS knee implants and/or to use ConforMIS surgical instruments in a manner that practices the method of at least one claim of the ‘896 patent”, (*Id.* at ¶ 21). Bonutti does not, however, allege at all in its complaint that ConforMIS *knowingly* induced infringement of the patents and possessed the requisite specific intent. In addition, Bonutti does not set out any facts at all that would permit the court to infer that either of those two elements is established. *See, e.g., In Re Bill of Lading*, 681 F.3d at 1323 (Explaining that the complaint must contain facts plausibly showing that the indirect infringer specifically intended the direct infringers to infringe the patent and knew that the direct infringer’s acts constituted infringement.) Consequently, Bonutti’s induced infringement claim against ConforMIS must be dismissed.

Third, in order to establish contributory infringement pursuant to 35 U.S.C. § 271(c), a patentee must demonstrate that an alleged contributory infringer has sold, offered to sell, or imported into the United States a component of an infringing product while “knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use”. Accordingly, in order to state a claim for contributory infringement, the

finds, however, that Bonutti has sufficiently pled the required elements of its willful infringement claim.⁵

plaintiff “must, among other things, plead facts that allow an inference that the components sold or offered for sale have no substantial noninfringing uses.” *In Re Bill of Lading*, 681 F.3d at 1337. The plaintiff must also establish knowledge and intent. *See, e.g., Aro Mfg. Co. v. Convertible Red Top Replacemt. Co.*, 377 U.S. 476, 488 (1964). In the instant case, Bonutti alleges that ConforMIS sold or offered for sale products that infringe the ‘896 patent. (D.I. 1 at ¶ 18.) Bonutti also alleges that ConforMIS had and continues to have knowledge of the ‘896 patent. (D.I. 1 at ¶ 20.) Bonutti does not, however, allege any specific intent or that the “knee implants and products...and/or associated instruments...products and surgical technique guides” have no other substantial noninfringing uses. Thus, like the induced infringement claim, Bonutti’s contributory infringement claim against ConforMIS must be dismissed. *See Stephenson v. Game Show Network, LLC*, 933 F. Supp. 2d 674, 681 (D. Del. 2013) (Dismissing plaintiff’s contributory infringement claim because “plaintiff does not offer any argument or facts directed to show that defendants ‘knew that the combination for which [their] component was especially designed was both patented and infringing’ or that the components ‘have no substantial non-infringing uses.’”)

Finally, joint infringement provides a basis for liability when one party performs some of the steps of a patented method and another completes the steps. *See, e.g., Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329 (Fed. Cir. 2008). In order to adequately plead joint infringement, a complaint must set forth facts from which the court may infer that one party so thoroughly controls the entire performance of the claimed method that the steps that the party does not complete are nevertheless attributable to that party. *Id.* at 1329. As discussed above, Bonutti’s allegations do not sufficiently plead the sort of control required for a joint infringement claim. *See Muniauction*, 532 F.3d at 1330 (Explaining that the “control or direction” standard for joint infringement is “satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.”); *Aeritas, LLC v. Alaska Air Group, Inc.*, 893 F. Supp. 2d 680, 686 (D. Del. 2012) (Granting motion to dismiss plaintiff’s joint infringement claim because “[t]he use of the phrase, ‘[t]o the extent that Defendant is jointly infringing...it is the mastermind of the infringement’ simply sets forth a proposition, not facts....”) (citations omitted).

⁵ Regarding willful infringement, at the pleading stage, the complaint must state two things. First, the complaint must plead that the alleged infringer had pre-suit knowledge of the patent and of the risk of infringement. *See Sentry Protection Prods. Inc. v. Eagle Mfg. Co.*, 400 F.3d 910, 918 (Fed. Cir. 2005); *Netgear Inc. v. Ruckus Wireless Inc.*, Civ. No. 10-999-SLR, 2013 U.S. Dist. LEXIS 35686, at *3-4 (D. Del. Mar. 14, 2013). Second, the complaint must plead facts that give rise to “at least a showing of objective recklessness” on the part of the alleged infringer to the risk of infringement. *In Re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007). The court concludes that Bonutti has adequately pled both elements of a willful infringement claim. In its complaint, Bonutti alleges that ConforMIS had pre-filing knowledge of the ‘896 patent “as a result of the activities of ConforMIS in the field of knee implants”, (D.I. 1 at ¶¶ 11, 20), and ConforMIS does not deny this, (D.I. 11 at 12-13). Bonutti also alleges that ConforMIS sold infringing products to its clients and instructed its clients in their use of these infringing products. (D.I. 1 at ¶¶ 18, 19, 21.) Accepting these allegations as true and drawing all reasonable inferences in favor of Bonutti, the court can infer from these allegations that, inasmuch as ConforMIS knew of the patent and was experienced in the field of knee implants, then: (1) ConforMIS also knew of the risk that the clients it was teaching to use its products might be indeed using its products and thereby infringing the patent; (2) In continuing its activities despite this risk, ConforMIS was objectively reckless to the risk of infringement. *See Fairchild Semiconductor Corp. v. Power Integrations, Inc.*, 935 F. Supp. 2d 772, 2013 U.S. Dist. LEXIS 45370, *14-15 (D. Del. 2013)

- (2) Bonutti is granted leave to amend the complaint in order to correct the pleading deficiencies regarding the direct, induced, contributory, and joint infringement claims dismissed by this order.
- (3) ConforMIS's motion to transfer to the United States District Court for the District of Massachusetts is DENIED.⁶ The court finds that ConforMIS has not met its burden of demonstrating that the interests of justice and convenience favor transfer.⁷

(concluding that the plaintiff had adequately stated a willful infringement claim because the plaintiff alleged that the defendant persisted despite the defendant's knowledge of both the patent and the direct infringement by its customers).

⁶ Where the convenience of the parties and witnesses as well as the interests of justice are best served by transfer, a district court may transfer any civil action to another district where this action may have been brought. *See* 28 U.S.C. § 1404(a). Accordingly, in order to resolve a motion to transfer, the court undertakes a two-step inquiry. The court begins by determining "whether the action could have been brought in the proposed transferee venue" and then the court decides "whether transfer to a different forum would best serve the interests of justice and convenience." *Smart Audio Techs., L.L.C. v. Apple, Inc.*, 910 F. Supp. 2d 718, 724 (D. Del. 2012). Regarding the second step, the Third Circuit has instructed district courts to look to the various private and public interests protected by Section 1404(a) rather than to any "definitive formula." *Jumara v. State Farm Ins. Co.*, 55 F.3d 873, 879 (3d Cir. 1995). The private interests may include the parties' preferences, whether the claim arose elsewhere, the parties' convenience, the witnesses' convenience where the witnesses "may actually be unavailable for trial in one of the fora", and the location of books and records. *Id.* The public interests may include, among other things, practical considerations that could affect the ease with which the trial could be conducted, the local interest in deciding local controversies at home, and the public policies of the fora. *Id.* at 879-80 (citations omitted). At each step, the defendant has the burden to demonstrate that a transfer is appropriate. *Id.* "[U]nless the balance of convenience of the parties is strongly in favor of the defendant, the plaintiff's choice of forum should prevail." *Shutte v. Armco Steel Corp.*, 431 F.2d 22, 25 (3d Cir. 1970).

⁷ ConforMIS asserts that the instant action could have been brought in Massachusetts, (D.I. 11 at 15), and Bonutti does not deny this, (D.I. 13 at 13-20). Thus, the court proceeds to weighing the *Jumara* factors as part of the second step of the two-step analysis detailed above.

The court begins its inquiry with the private interest factors. First, regarding the parties' choice of forum, ConforMIS's choice of the state where its headquarters are located is a legitimate option. *See, e.g., McKee v. Petsmart, Inc.*, C.A. No. 12-1117-SLR-MPT, 2013 U.S. Dist. LEXIS 38185, at *13 (D. Del. Mar. 20, 2013). In addition, when the plaintiff chooses to file suit in a district where it is incorporated, but not physically located, its preference is "entitled to less than the paramount consideration" that is ordinarily due. *See Linex Techs., Inc. v. Hewlett-Packard Co.*, Civ. Action No. 11-400-GMS, 2013 U.S. Dist. LEXIS 1924, *10 (D. Del. Jan. 7, 2013) (citing *In re Link A Media Devices Corp.*, 662 F.3d 1221, 1223 (Fed. Cir. 2011)). Nevertheless, it is well established that "in ruling on defendants' motion, the plaintiff's choice of venue should not be lightly disturbed." *Jumara*, 55 F.3d at 879; *see also Shutte*, 431 F.2d at 25 ("It is black letter law that a plaintiff's

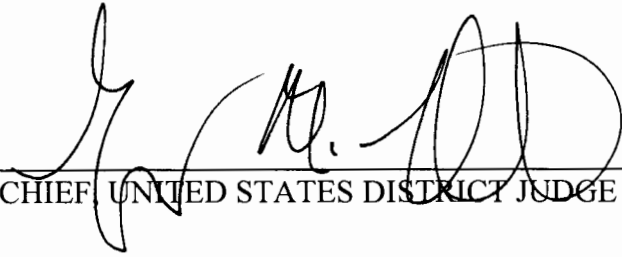
choice of a proper forum is a paramount consideration in any determination of a transfer request....”). Thus, the court declines to elevate ConforMIS’s choice of venue over Bonutti’s and finds that the parties’ preference factor is neutral.

Second, regarding whether the claim arose elsewhere, “as a matter of law, a claim for patent infringement arises wherever someone has committed acts of infringement, to wit, ‘makes uses offers to sell, or sells any patented invention’ without authority.” *Collectis S.A. v. Precision Biosciences, Inc.*, 858 F. Supp. 2d 376, 381 (D. Del. 2012) (quoting 35 U.S.C. § 271(a)). Here, ConforMIS claims that the accused products were developed, manufactured and assembled in Massachusetts. (D.I. 11 at 15.) As ConforMIS aptly observes, infringement claims do have deeper roots in the forum where the accused products were developed. *See, e.g., Smart Audio*, 910 F. Supp. 2d at 730. ConforMIS does not deny, however, that its operations and the sales of the accused products are national in scope. In particular, ConforMIS is notably silent on whether it sells or markets its accused products at its place of business in Delaware. Where the defendant in a patent infringement action operates on a national level, the infringement can be viewed as occurring in all districts. *Id.* Thus, this factor slightly weighs against transfer.

Third, regarding the convenience of the parties, the court considers: “(1) the parties’ physical location; (2) the associated logistical and operational costs to the parties’ employees in traveling to Delaware (as opposed to the proposed transferee district) for litigation purposes; and (3) the relative ability of each party to bear these costs in light of its size and financial wherewithal.” *Smart Audio*, 910 F. Supp. 2d at 731 (citation omitted). ConforMIS asserts that its “likely witnesses documents, and evidence relating to the development, manufacture, marketing, and sales of its products are located in Massachusetts.” (D.I. 11 at 15.) ConforMIS also claims that Dr. Bonutti should have no trouble at all traveling to Massachusetts since his business address is located in Illinois. (D.I. 11 at 15.) Bonutti, in turn, calls into question the speculative nature of ConforMIS’s assertions, since “ConforMIS relies only on copies of website pages included as exhibits in its brief, which are not evidence”. (D.I. 13 at 18.) Neither party provides any specific details regarding costs likely to be incurred in traveling to Delaware or their relative ability to bear these costs. Ultimately, the court finds that this factor is neutral. ConforMIS’s “decision to incorporate in Delaware suggest[s] that the inconvenience of litigating here is somewhat less than the court would ordinarily presume it to be.” *Linex Techs.*, 2013 U.S. Dist. LEXIS 1924, at *15. At the same time, Bonutti has filed suit in Massachusetts, (D.I. 11 at 16; D.I. 13 at 20), suggesting that there would be little inconvenience to it in litigating there.

Fourth, as far as the location of books and records factor is concerned, the court has acknowledged that “[i]n patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer to that location.” *Smart Audio*, 910 F. Supp. 2d at 732 (citation omitted). ConforMIS recites that its document and evidence are located in Massachusetts, (D.I. 11 at 15), but has not elaborated on which records in particular are located in Massachusetts, whether they are electronic or can be made electronic, or how difficult would be transporting that evidence to Delaware. Nonetheless, taking as true ConforMIS’s assertion that the records are located at its headquarters, this factor weighs very slightly in favor of transfer. The court “cannot simply ignore the location of the relevant books and records.” *Id.* (citing *In Re Link_A_Media*, 662 F.3d at 1224).

In all, the private interest factors do not incline the court towards or against transfer. Having considered the private interest factors, the court proceeds to weigh the public interest factors. First, ConforMIS contends that the local interests of Massachusetts strongly favor transfer because the accused products were developed there and ConforMIS’ headquarters are there. The court is unconvinced by ConforMIS’s argument. The action here is more appropriately characterized as implicating a national controversy since patents are governed by federal law and the action concerns a product presumably available throughout the United States. *See Helicos*, 858 F. Supp. 2d at 375 (“[P]atent litigation does not constitute a local controversy in most cases. Patent cases



CHIEF, UNITED STATES DISTRICT JUDGE

implicate constitutionally protected property rights. The resolution of patent cases is governed by federal law reviewed by courts of national (as opposed to regional) stature. Moreover, to characterize patent litigation as ‘local’ undermines the appearance of neutrality that federal courts were establish to provide and flies in the face of the national (if not global) markets that are affected by the outcome of these cases.”); *TriStrata Tech., Inc. v. Emulgen Labs, Inc.*, 537 F. Supp. 2d 635, 643 (D. Del. 2009) (Explaining that patent issues usually “do not give rise to a local controversy or implicate local interests.”). Therefore, the court finds the local interest factor to be neutral.

Second, regarding judicial economy, ConforMIS contends that the existence of its later-filed action in Massachusetts favors transfer. That action was filed on February 25, 2013, which is the same day on which ConforMIS filed its motion to transfer with this court. Considering the timing of ConforMIS’s Massachusetts suit, the court finds Bonutti’s assertion that ConforMIS “manufactured that case to bootstrap its arguments here”, (D.I. 13 at 19), to be credible. The court is not convinced that ConforMIS should be able to use a conveniently-timed suit as a magnet to drag the instant action to Massachusetts. Furthermore, the court is unconvinced by ConforMIS’s arguments based on the existence of non-patent claims that it has raised in its Massachusetts suit. (D.I. 11 at 18 (“The presence of these breach-of-contract, misappropriation, misrepresentation and unfair trade practice claims in Massachusetts further warrants transfer.”)) Bonutti is not party to any of the breach of contract, misappropriation, misrepresentation, and unfair trade practice claims in the Massachusetts action. (D.I. 11 at 17.) Moreover, as Bonutti observes, (D.I. 13 at 20), there are also three other actions involving the ‘896 patent that are pending before this court and filed before ConforMIS’s Massachusetts suit. Thus, the same considerations of judicial economy that ConforMIS raises weigh equally, if not much more, in favor of this court retaining the instant action and providing consistent adjudication of the claims relating to the ‘896 patent.

Ultimately, when considered as a whole, neither the private interest factors nor the public interest factors militate in favor of granting ConforMIS’s motion to transfer.