NOT FOR PUBLICATION

UNITED STATES DISTRICT COURT

DISTRICT OF NEW JERSEY

CURLIN MEDICAL INC., ZEVEX, INC., and MOOG INC., Plaintiffs, v. ACTA MEDICAL, LLC, et al. Defendants.	:	**Civil Action No. 16-2464 (SRC)(CLW)** **OPINION**

CHESLER, District Judge

This matter comes before the Court upon the motion filed by Defendant ACTA Medical, LLC ("ACTA")[1] to dismiss Plaintiffs' patent infringement claims pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6) [Docket Entry 37]. Plaintiffs Curlin Medical Inc. ("Curlin"), ZEVEX, Inc. ("Zevex"), and Moog Inc. ("Moog") (collectively "Plaintiffs") have opposed the motion [Docket Entry 40]. The Court has considered the parties' submissions and proceeds to rule without oral argument, pursuant to Federal Rule of Civil Procedure 78. For the reasons set forth below, the Court will deny Defendant's motion to dismiss.

[1] Although Plaintiffs named James Bruno as a Defendant in the Complaint, the parties have entered into a stipulation dismissing James Bruno from the lawsuit [Docket Entry 48]. Therefore, the Court will refer to the moving Defendant as ACTA Medical, LLC only.

I. BACKGROUND

Plaintiff Curlin is the assignee of United States Patent No. 6,164,921 ("the '921 patent") and United States Patent No. 6,371,732 ("the '732 patent"), issued on December 26, 2000, and April 16, 2002, respectively. (Compl. ¶¶ 21-26, 32-33). These patents describe and claim novel configurations for a Curvilinear Peristaltic Pump Having Insertable Tubing Assembly and a Curvilinear Peristaltic Pump. (Compl. ¶¶ 22, 24). Caregivers use both products to intravenously administer medication to patients. (Compl. ¶ 12). Curlin, along with Moog, the company that acquired Curlin in 2006, and Zevex, Curlin's wholly-owned subsidiary, contend that Defendant ACTA has infringed and continues to infringe both of Plaintiffs' patents, by making, using, selling, offering for sale, and importing medical products that it advertises as compatible with Plaintiffs' patented products. (Compl. ¶ 32).

Defendant has not yet answered the Complaint,[2] but Defendant argues in a pre-answer motion that both patents expired ten years ago because Curlin paid maintenance fees to the United States Patent & Trademark Office ("USPTO" or "PTO") as a small entity when it did not qualify for small entity status. (Mov. Br. at 2-3). Defendant suggests that Curlin lost its small entity status when it entered into two agreements with larger companies. (Mov. Br. at 3). First, according to Defendant, on November 30, 2001, Curlin entered into an agreement with B. Braun Medical Inc. ("B. Braun"), a company with more than 28,000 employees, to be the exclusive distributor of its devices. (Mov. Br. at 2-3). Second, in February 2006, Moog Inc., a company with over 7,000 employees, purchased Curlin. (Mov. Br. at 3). Defendant argues that neither B.

[2] Although Defendant James Bruno answered the Complaint [Docket Entry 28], Defendant ACTA has not answered it.

Braun nor Moog qualifies as a small entity, and thus after Curlin made agreements with the two companies, Curlin no longer qualified to pay small entity fees. (*Id.*).

Plaintiffs respond that the agreement with B. Braun was not a license to sell Curlin's patented products and the agreement did not divest Curlin of its small entity status. (Opp. at 3). But, Plaintiffs argue, even if they did pay small entity fees erroneously, they made deficiency payments in August 2016 in accordance with 37 C.F.R. §§ 1.27(g)(2) and 1.28(c) that made up for any underpayments. (Opp. at 3, 7-8). The USPTO processed Plaintiffs' deficiency payments and thus Plaintiffs argue that the USPTO excused any errors Plaintiffs may have made. (*Id.*).

Defendant responds that Plaintiffs' filings did not include necessary petitions and fees and that the USPTO's processing of Plaintiffs' payments does not necessarily mean that the USPTO considers the patents valid. (Rep. Br. at 4-5). Defendant thus argues that the patents remain unenforceable.

II. MOTION TO DISMISS UNDER RULE 12(B)(1)

Defendant argues that Plaintiff's patent infringement claims should be dismissed for lack of subject matter jurisdiction under 12(b)(1). Defendant makes a factual jurisdictional attack, arguing that this Court lacks subject matter jurisdiction over a patent infringement case when the relevant patents are invalid.

Federal Rule of Civil Procedure 12(b)(1) permits the dismissal of a complaint for lack of subject matter jurisdiction at any point during the case. *Mortensen v. First Fed. Sav. & Loan Ass'n*, 549 F.2d 884, 891 (3d Cir. 1977). Rule 12(b)(1) challenges may be either facial or factual attacks on the Court's subject matter jurisdiction. *Id.* "A motion to dismiss on the basis of Fed. R. Civ. P. 12(b)(1) for lack of subject matter jurisdiction made prior to the filing of the defendant's answer is a facial challenge to the complaint." *Bennett v. City of Atl. City*, 288 F.

Supp. 2d 675, 678 (D.N.J. 2003) (citing *Mortensen*, 549 F.2d at 891). In fact, the Third Circuit's recent cases suggest that only facial attacks, and not factual attacks, can be brought in a motion to dismiss before an answer is filed. *Smalls v. Jacoby & Meyers, LLP*, No. CV 15-6559, 2016 WL 354749, at *2 (D.N.J. Jan. 26, 2016) (denying a motion to dismiss for lack of subject matter jurisdiction because defendants made a procedurally improper factual attack before they filed an answer) (citing *Constitution Party of Pennsylvania v. Aichele*, 757 F.3d 347, 358 (3d Cir. 2014) ("The Commonwealth filed the attack before it filed any answer to the Complaint or otherwise presented competing facts. Its motion was therefore, by definition, a facial attack.") (citing *Mortensen*, 549 F.2d at 892 n.17); *Askew v. Trustees of Gen. Assembly of Church of the Lord Jesus Christ of the Apostolic Faith Inc.*, 684 F.3d 413, 417 (3d Cir. 2012) ("A Rule 12(b)(1) standing challenge may attack the complaint facially or may attack the factual basis for standing. As the defendants had not answered and the parties had not engaged in discovery, the first motion to dismiss was facial.") (citing *Mortensen*, 549 F.2d at 891); *see also, e.g., Moore v. Angie's List*, 118 F. Supp. 3d 802, 806 (E.D. Pa. 2015) ("Such an evaluation [a factual attack] may occur at any stage of the proceeding, but only once the defendant has filed an answer.") (citing *Mortensen*); *Edelglass v. New Jersey*, No. 14-760, 2015 WL 225810, at *5 (D.N.J. Jan. 16, 2015) ("A factual attack may be made at any time after the answer has been filed.") (citing *Mortensen*, 549 F.2d at 892 n.17).[3]

[3] One Third Circuit case, *Berardi v. Swanson Memorial Lodge No. 48 of the Fraternal Order of Police*, 920 F.2d 198 (3d Cir. 1990), holds that defendants can bring a facial or factual attack before filing an answer. The Third Circuit's more recent cases, however, do not support this assertion. *Smalls v. Jacoby & Meyers*, 2016 WL 354749, at *2.

A facial challenge asserts that the Complaint does not allege sufficient grounds to establish subject matter jurisdiction or that there is a legal bar to the court hearing the case, such as sovereign immunity. *Bennett v. City of Atl. City*, 288 F. Supp. 2d at 679-80. When reviewing a facial challenge under Rule 12(b)(1), Rule 12(b)(6)'s standards apply – requiring that the Court must accept all factual allegations in the Complaint as true, and that the Court may only consider the Complaint and documents referenced in or attached to the Complaint. *Gould Elecs., Inc. v. United States*, 220 F.3d 169, 176 (3d Cir. 2000).

When the 12(b)(1) motion is "factual," in that it challenges the facts underpinning the Court's jurisdiction, the Court may "consider and weigh evidence outside the pleading and properly place[ ] the burden of establishing jurisdiction" on the plaintiff. *U.S. ex rel. Atkinson v. PA. Shipbuilding Co.*, 473 F.3d 506, 514 (3d Cir. 2007). The Court may not place any "presumption of truthfulness" on a plaintiff's allegations in the Complaint when analyzing a factual attack under Rule 12(b)(1). *CNA v. United States*, 535 F.3d 132, 139 (3d Cir. 2008). The plaintiff bears the burden to prove that subject matter jurisdiction exists over a complaint once it has been challenged. *Mortensen*, 549 F.2d at 891. "Dismissal for lack of subject-matter jurisdiction because of the inadequacy of the federal claim is proper only when the claim is so insubstantial, implausible, foreclosed by prior decisions of [the Supreme Court], or otherwise completely devoid of merit as not to involve a federal controversy." *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 89 (1998) (internal quotation marks omitted).

Here, Defendant brings a pre-answer motion to dismiss for lack of subject matter jurisdiction and thus it should be treated as a facial attack. This facial challenge fails, however, because the Complaint adequately establishes subject matter jurisdiction. Under 28 U.S.C. § 1338(a), federal district courts have exclusive original subject matter jurisdiction over any civil

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.