

NOT INTENDED FOR PUBLICATION IN PRINT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

ELI LILLY AND COMPANY,)	
)	
Plaintiff,)	
vs.)	NO. 1:05-cv-00872-SEB-VSS
)	
ALAN SCHREIBER,)	
ZABECOR PHARMACEUTICAL COMPANY,)	
LLC,)	
THE UNIVERSITY OF PENNSYLVANIA,)	
)	
Defendants.)	

On June 2, 2005, Dr. Schreiber and ZaBeCor, a company Dr. Schreiber founded and controls, filed a Complaint in the United States District Court for the Eastern District of Pennsylvania (the “Pennsylvania Complaint”) naming Lilly as defendant. The Pennsylvania Complaint relates to Lilly’s EVISTA® product and contains nine counts arising out of Lilly’s alleged infringement of U.S. Patent No. 5,075,321 (the “ ‘321 patent”).² More specifically, the Pennsylvania Complaint includes the following claims by ZaBeCor and Dr. Schreiber personally: a count (by ZaBeCor) alleging infringement of the ‘321 patent (Count I), a count (by Dr. Schreiber) alleging declaratory judgment as to the inventorship of U.S. Patents Nos. 5,393,763 (the “ ‘763 patent”); 5,478,847 (the “ ‘847 patent”); 5,457,117 (the “ ‘117 patent”); and 5,534,527 (the “ ‘527 patent”)(Count II), as well as counts alleging conversion (Count III), unjust enrichment (Count IV), breach of contract (Count V), statutory misappropriation of trade secrets (Count VI), fraud/constructive fraud (Count VII), fraudulent inducement (Count VIII), and accounting (Count IX). Service of the Pennsylvania Complaint was delayed, (Def.’s Resp. Brief at 2), and the Pennsylvania Complaint originally did not list Penn, the apparent owner of all of the asserted intellectual property rights, as a party. On June 17, 2005, the Pennsylvania Complaint was amended to add Penn as a defendant.

On June 9, 2005, seven days after the filing of the Pennsylvania Complaint, Lilly filed a declaratory judgment action in this court against Dr. Schreiber, ZaBeCor, and Penn (the “Indiana Complaint”). The Indiana Complaint references the Pennsylvania Complaint (See Ind. Compl.

² According to Dr. Schreiber, the ‘321 patent was assigned to the Trustees of the University of Pennsylvania (“ Penn”) and thereafter exclusively licensed to non-party CorBec Pharmaceutical Co., Inc. (“CorBec”). (Pa. Compl. at ¶¶ 22, 29.) CorBec’s rights and interests in the ‘321 patent were subsequently sublicensed to plaintiff ZaBeCor, which thereby obtained the exclusive worldwide rights and license to the ‘321 patent. (Id. at ¶ 23.)

at ¶ 2) and consists of three counts seeking the following relief: declaratory judgment that Lilly has not infringed the '321 patent and/or the '321 patent is invalid (Count I); declaratory judgment that Dr. Schreiber is neither the inventor nor co-inventor of the '763, '847, '117, or '527 patents (Count II); and a declaratory judgment that Dr. Schreiber, ZaBeCor, and/or Penn are not entitled to compensation or any other relief for any of the alleged violations of state laws or common law in the Pennsylvania Complaint (Count III).

On its face, the Indiana Complaint appears to duplicate of the previously filed Pennsylvania Complaint. Thus, Defendants have moved to dismiss the Indiana Complaint in favor of the first-filed Pennsylvania Complaint.³ Lilly contends that the Indiana Complaint should not be dismissed because the Pennsylvania Complaint is facially defective and Lilly has a pending motion to dismiss the Pennsylvania Complaint, filed pursuant to FED. R. CIV. P. 12(b)(6), or, in the alternative, to transfer that case to the Southern District of Indiana pursuant to 28 U.S.C. § 1404(a).⁴

Legal Analysis

The Federal Circuit has held that “in patent cases the general rule whereby the forum of the first-filed case is favored, unless considerations of judicial and litigant economy, and the just and effective disposition of disputes, require otherwise.” Genentech, Inc. v. Eli Lilly and Co., 998 F.2d 931, 937 (Fed. Cir. 1993) (overruled on other grounds by Wilton v. Seven Falls Co., 515 U.S. 277, 289-90 (1995)).

³ Penn subsequently joined in this motion.

⁴ Lilly maintains that in opposing its motion to dismiss the Pennsylvania Complaint, Dr. Schreiber and ZaBeCor have conceded that their causes of action arose in Indiana and are governed by Indiana law.

Applying the general rule, dismissal of the Indiana Complaint in favor of the Pennsylvania Complaint would seem appropriate. However, at this juncture, we are unable to rule on the merits of Defendants' Motion to Dismiss until we know the resolution of Lilly's motion to dismiss the Pennsylvania Complaint. As Lilly notes in its response brief: "Should that court dismiss the Pennsylvania action or transfer it to this Court, the Defendants' motion to dismiss this declaratory judgment action will be rendered moot." Pl.'s Resp. Brief at 11-12. In addition to potential mootness, there are several other prudential concerns which argue in favor of temporally staying this litigation. For example, if we dismiss the Indiana Complaint and the Pennsylvania court then dismisses the Pennsylvania Complaint, the parties will be forced to race to refile their actions and redevelop their litigation from the beginning. Such a resolution would neither serve the interests of "judicial and litigant economy" nor further the "just and effective disposition of disputes." Similarly, it would be premature to dismiss the Indiana Complaint if the Pennsylvania court determines that it must transfer the Pennsylvania action to the Southern District of Indiana. In such a case, we would anticipate consolidating the two pending actions into a single set of claims and counterclaims before this court.

Accordingly, we conclude that the prudent course is for this court to stay a ruling on Defendants' Motion to Dismiss until such a time as the pending motion to dismiss and/or transfer venue over the Pennsylvania Complaint has been resolved by that court.

Conclusion

For the reasons explained above, a ruling on Defendants' Motions to Dismiss is STAYED until resolution of the Motion to Dismiss and/or Transfer Venue relating to the

Pennsylvania Complaint which is currently pending before the Eastern District of Pennsylvania.⁵

A copy of this order shall be transmitted by the Clerk to the presiding judge in the Pennsylvania case. IT IS SO ORDERED.

Date: _____

SARAH EVANS BARKER, JUDGE
United States District Court
Southern District of Indiana

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⁵ Pursuant to our November 4, 2005, Order, consideration of Section III(C) of Defendants' Motion to Dismiss, which relates to the issue of whether the Court has personal jurisdiction over ZaBeCor, as well as Penn's separate Motion to Dismiss For Lack of Personal Jurisdiction (Dkt. # 21) is stayed until after we rule on Defendants' Motion to Dismiss.

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