

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CHROMADEX, INC. and TRUSTEES
OF DARTMOUTH COLLEGE,

Plaintiffs,

v.

ELYSIUM HEALTH, INC.,

Defendant.

Civil Action No. 18-1434-CFC

**PLAINTIFFS' REPLY BRIEF IN SUPPORT OF THEIR
MOTION TO LIFT STAY**

Dated: November 22, 2019

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I. INTRODUCTION

Elysium's opposition to Plaintiffs' motion to lift the stay ignores clear legal precedent, mischaracterizes the parallel proceedings, and does not even attempt to address the facts raised in Plaintiffs' opening brief. Trial in the California Litigation has been postponed indefinitely, with a trial date to be set only after the California court resolves the issues raised on summary judgment. Maintaining the stay in this case until a trial has been conducted in California would result in a far longer stay than contemplated when Elysium's motion to stay was granted. Moreover, even if Elysium were successful in California in its contention that the Trademark License and Royalty Agreement constituted patent misuse—which now appears even less likely given the California court's October 9 order—Supreme Court and Federal Circuit precedent makes clear that Elysium's success would serve only to limit damages until any such misuse was purged, and would not render the patent unenforceable for all time.

Similarly, it is speculative at best to assume the Federal Circuit will accept Elysium's arguments in its appeal of the IPR proceedings, which are based on a claim construction that has already been rejected multiple times. Maintaining the stay on such speculative grounds when the Federal Circuit has not even scheduled oral argument would again result in a stay far longer than originally contemplated. Further, Plaintiffs' infringement claims as to the '807 patent will remain in any

event, because that appeal will not determine the validity of the '807 patent, notwithstanding Elysium's conclusory and incorrect assertions to the contrary. Thus, this case—which was filed more than 14 months ago—will still proceed in full as to at least one of the two asserted patents. Maintaining the stay until after some as-yet-undetermined date will only further prejudice Plaintiffs. Accordingly, Plaintiffs respectfully request that the stay, which was “a close call” when it was entered and the duration was relatively brief and certain, be lifted. (D.I. 32, Ex. A at 26:23.)

II. ARGUMENT

A. Elysium Mischaracterizes the State of the California Litigation

Elysium incorrectly contends that nothing has changed in the California Litigation that would merit lifting the stay.

As an initial matter, by Elysium's own admission, what was at the time contemplated to be only a six-month stay has now been extended by an undetermined amount of time in light of the California court's decision to set a trial date only after supplemental summary judgment briefing is complete and the parties' summary judgment motions are resolved. (Opp. Br. at 6.)

Additionally, contrary to Elysium's assertions, the California court did express skepticism about the merits of Elysium's patent misuse claim. The California court stated in relevant part:

Since the [Counterclaims] were filed, ChromaDex terminated any provisions requiring customers to use ChromaDex's trademarks, and refunded or (in Elysium's case) covenanted to refund any royalties its customers paid (the "Purge"). ChromaDex made clear that the Purge was 'not an admission of any wrongdoing,' but rather was 'intended to prophylactically and completely eliminate issues in this and any other dispute related to ChromaDex's patents by purging any and all unlawful conduct with respect to all allegations by Elysium of patent misuse.' (citation omitted) The parties do not address the Purge in their summary judgment briefing. **The Court has questions regarding what relief, if any, Elysium now seeks and can seek on that claim.**

(Ex. L¹ at 8–9 (emphasis added, citations omitted).)

As the California court acknowledged, ChromaDex took significant steps to ensure any misuse was purged. In May 2017, ChromaDex renounced its right to collect any royalties owed under the Trademark License and Royalty Agreement. (Op. Br. at 8-9.) ChromaDex further agreed to refund or credit all past royalty payments made under the agreement to purge any alleged misuse that had occurred through its deferred payment accommodation to Elysium. (*Id.*) ChromaDex has similarly terminated any provisions requiring other customers to use ChromaDex's trademarks, and refunded any royalties those customers had already paid. (*Id.*) These steps to purge any possible misuse were completed more than two years ago, which is a more than sufficient period of time after the cessation of any potential

¹ Unless otherwise indicated, citations to "Ex. ___" refer to the exhibits attached to the Kraman Declaration at D.I. 30.

misuse to effect purge. *See, e.g., Preformed Line Prod. Co. v. Fanner Mfg. Co.*, 328 F.2d 265, 279 (6th Cir. 1964) (upholding district court’s finding that the passage of one year and five months from the date of cessation was sufficient to effect a purge). Thus, the California court correctly expressed skepticism as to the validity of Elysium’s counterclaim in light of ChromaDex’s purge.

Elysium suggests the Court’s stated skepticism is merely a “request for clarification as to the relief Elysium was seeking” (Opp. Br. at 13-14), but this is belied by the plain language of the California court’s order, which as shown above questions whether Elysium can seek *any* relief on its patent misuse claim. (Ex. L at 8-10.) Accordingly, based on the California court’s stated skepticism of Elysium’s patent misuse defense, simplification of the issues in this case is now less likely than it was when the stay was entered.

Notably, the California court’s skepticism is well founded, and consistent with Supreme Court and Federal Circuit precedent establishing that patent misuse only serves to temporarily limit the period during which a patent can be enforced, and cannot permanently render a patent unenforceable. *See, e.g., U.S. Gypsum Co. v. Nat’l Gypsum Co.*, 352 U.S. 457, 465 (1957); *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998). Indeed, courts have *never* applied patent misuse to permanently deprive a patent owner of the right to enforce its patent, and Elysium cites to no authority to the contrary. The law is clear that “the successful

assertion of patent misuse may render a patent unenforceable until the misconduct can be purged; it does not render the patent unenforceable for all time.” *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1025 (Fed. Cir. 2008). Thus, even if Elysium’s patent misuse defense is eventually successful, it may limit the damages period for infringement, but it will not eliminate Plaintiffs’ infringement claims.

B. Contrary to Elysium’s Assertions, the Federal Circuit Appeal Cannot Resolve Plaintiffs’ Infringement Claims

Citing nothing, Elysium also erroneously asserts that if the Federal Circuit reverses the PTAB’s decision in the IPR proceeding for the ’086 patent, this case will terminate. (Opp. Br. at 12.) Elysium appears to suggest that because the construction of the term “isolated” is at issue for both the ’086 patent and the ’807 patent, the validity of one patent necessarily rises and falls with the other. (*Id.* at 12, 20-21.) This argument should be afforded no weight. Indeed, the PTAB has already rejected Elysium’s IPR petition for the ’807 patent. (Opp. Br. at 11.) Moreover, Elysium does not explain how it believes an appeal to the Federal Circuit on an IPR proceeding relating to one patent could invalidate different claims of a different patent. Even if Elysium were to succeed in the Federal Circuit appeal as to the ’086 patent, the validity of the separate claims of the ’807 patent would still remain to be litigated in this case.

As such, Elysium’s pending appeal of a final PTAB decision denying institution of review for one of the asserted patents should not weigh in favor of

maintaining the stay where claims regarding a different patent will remain regardless of the outcome of the appeal. Judges in this District regularly decline to stay cases at all in such circumstances. *See, e.g., President & Fellows of Harvard Coll. v. Micron Tech., Inc.*, No. 17-1729-LPS-SRF, Order, D.I. 213 (D. Del. Jan. 8, 2018); *Plastic Omnium Advanced Innovation & Research v. Donghee Am., Inc.*, No. 16-187-LPS, Oral Order, D.I. 196 (D. Del. Oct. 27, 2017); *Toshiba Samsung Storage Tech. Korea Corp. v. LG Elecs., Inc.*, 193 F. Supp. 3d 345, 349 (D. Del. 2016); *Courtesy Prod., L.L.C. v. Hamilton Beach Brands, Inc.*, No. 13-2012-SLR-SRF, 2015 WL 5145526, at *1-2 (D. Del. Sept. 1, 2015). And while the Court identified at the hearing the existence of a cross-appeal of certain claims of the '086 patent as a potential future basis to maintain the stay, as Elysium notes, Dartmouth has now dismissed that cross-appeal. (Opp. Br. at 10.)

Moreover, it is merely wishful thinking for Elysium to assume that the Federal Circuit will reverse the PTAB's decision, given that the same claim construction Elysium advances on appeal has already been rejected multiple times. (*Id.* at 9-12). Additionally, there is no clarity as to when oral argument will be scheduled in the appeal—let alone when a decision may issue. Elysium suggests argument may be scheduled for as early as two months from now, but to date the Federal Circuit has simply asked for any scheduling conflicts in the first half of 2020. (*Id.* at 11.) Thus, if oral argument were not scheduled until the end of that

window, a decision from the Federal Circuit would not issue for many months at the earliest.

Accordingly, for the foregoing reasons the Federal Circuit appeal should not serve as the basis for extending the stay in this case.

C. The Stay, Which Is Now of Indeterminate Length, Continues to Materially Prejudice ChromaDex

As explained in Plaintiffs' opening brief, the prejudice to Plaintiffs has significantly increased, and the facts underlying that prejudice have finally been made public through the California Litigation. Elysium has made good on its intention to leverage ChromaDex's efforts in the NR market to advance its own product, and continues to implement its stated plan to "destroy [ChromaDex]!" (Op. Br. at 4.) As explained in further detail in Plaintiffs' opening brief, Elysium ordered a very large quantity of NR from ChromaDex with no intention of paying, and to this day has not paid a single cent for it. (*Id.* at 4-5.) Elysium tried and failed to disparage ChromaDex to Dartmouth and to ChromaDex's NR manufacturer. (*Id.* at 5.) Elysium continues to directly compete with ChromaDex in the NR space. (*Id.* at 14-15.) Plaintiffs continue to suffer significant prejudice from Elysium's actions, which is only compounded by the delay in adjudicating their claims of Elysium's ongoing and willful infringement of the asserted patents.

Tellingly, while Elysium labels Plaintiffs' recitation of facts as "false and misleading" (Opp. Br. at 3-4), Elysium nevertheless fails to refute a single

statement, let alone demonstrate any statement is false or misleading. In fact, Elysium does not even attempt to address the facts raised in Plaintiffs' opening brief. Elysium seeks to dismiss them as not relevant, but Elysium overlooks that these facts are directly relevant to the substantially increased prejudice to Plaintiffs arising from the changed circumstances since the stay was entered. (Op. Br. at 13-18.) Accordingly, an increased duration of the stay significantly increases the prejudice to Plaintiffs, and this factor weighs more heavily against a stay now than it did when the stay was entered.

III. CONCLUSION

For the foregoing reasons and those stated in the Opening Brief, Plaintiffs respectfully request that the Court lift the stay granted on June 19, 2019 (D.I. 27) and schedule a case management conference at the Court's earliest convenience.

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WORD COUNT CERTIFICATION

The undersigned counsel hereby certifies that Plaintiffs' Reply Brief in support of their Motion to Lift Stay contains 1,864 words (exclusive of the title, caption, and signature block) in Times New Roman 14-point font.

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CERTIFICATE OF SERVICE

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