IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

AGROFRESH INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 16-662-MN-SRF
	)	
MIRTECH, INC., NAZIR MIR, ESSENTIV LLC, DECCO U.S. POST-HARVEST, INC., CEREXAGRI, INC. d/b/a DECCO POST-HARVEST, and UPL, LTD.	)	**REDACTED VERSION**
	)	
Defendants.	)	

MEMORANDUM ORDER

At Wilmington this **16th** day of **November, 2018**, the court having considered plaintiff AgroFresh Inc.'s ("AgroFresh") motion for leave to file an early motion for summary judgment on assignor estoppel in the above-captioned matter (D.I. 226), IT IS HEREBY ORDERED THAT the request for leave to file a motion for summary judgment is GRANTED for the reasons set forth below.

1. Background. AgroFresh researches, develops, and sells technology for pre- and post-harvest freshness preservation of fruits, vegetables, and other produce using a synthetic, volatile gas called 1-methylcyclopropene ("1-MCP"). (D.I. 97 at 2) Dr. Nazir Mir ("Dr. Mir") is an inventor and expert in the field of post-harvest technology who has developed "1-MCP related technologies," including an invention that combines 1-MCP with an engineered film called a Modified Atmospheric Package ("MAP"). (*Id.* at 3) MirTech, Inc. ("MirTech;" together with Dr. Mir, "the MirTech defendants") is a company solely owned by Dr. Mir. (*Id.* at 2)

2. In 2009, AgroFresh and Dr. Mir began negotiations to develop technology combining AgroFresh's 1-MCP expertise and Dr. Mir's modified atmosphere package ("MAP")

technology. (*Id.* at 3) On January 1, 2010, a Consulting Services Agreement ("CSA") between Dr. Mir and AgroFresh took effect, providing that each party was to own

> any and all inventions conceived or reduced to practice in the course of Services made solely by that Party. The Parties shall jointly own, as of the date of their conception, any and all inventions conceived or reduced to practice jointly by the Parties in the course of Services. [Nevertheless,] Consultant must disclose those inventions promptly to [Dow's] Representative in writing.

(*Id.* at 4)

3. In May 2011, AgroFresh and Dr. Mir signed a Commercial Agreement and a Consulting Agreement (together, the "Agreements"), with a retroactive effective date of January 1, 2011. (*Id.* at 5) Pursuant to the Agreements, Dr. Mir agreed to provide services related to combining his MAP technology and 1-MCP, MirTech agreed to assign its proprietary interests and rights in any patent application or issued patent related to Dr. Mir's products. (*Id.*) The Agreements obligated MirTech to "promptly inform AF of any and all inventions, discoveries, improvements or other modifications which are related to the Products . . . whether patentable or not." (*Id.*)

4. In July 2013, AgroFresh and Dr. Mir executed an extension of the Consulting Agreement through December 31, 2014. (*Id.* at 8) In the fall of 2013, Dr. Mir began working on technology encapsulating 1-MCP in β-cyclodextrin, which did not involve the RipeLock combination technology covered by the Agreements. (*Id.*) Dr. Mir sought a separate agreement to cover his work on this project. (*Id.*) At a meeting on December 12, 2013, Dr. Mir made a presentation regarding the modified beta-cyclodextrin polymer, but did not represent whether the 1-MCP was encapsulated or adsorbed because Dr. Mir did not discover the use of a metal-organic framework ("MOF") to stabilize 1-MCP until the period between May 2014 and May 2015. (*Id.* at 8-9) AgroFresh was not interested in commercializing Dr. Mir's β-cyclodextrin

and 1-MCP analog concepts, but AgroFresh and Dr. Mir continued their work on the RipeLock trials and commercialization. (*Id.* at 9-10)

5. In July 2014, AgroFresh and Dr. Mir executed a second extension of the Consulting Agreement to December 31, 2015. (*Id.* at 10) Dr. Mir independently pursued various patent applications, and two patents issued to him in August and September 2014 on variants of the hydrocolloid systems presented during the December 2013 meeting. (*Id.*) Dr. Mir informed AgroFresh of his work, but AgroFresh did not express an interest in or claim ownership of this work. (*Id.*)

6. On November 30, 2014, Dr. Mir executed a letter of intent to form a strategic alliance with Decco U.S. Post-Harvest, Inc. ("Decco") for the commercialization of the TruPick™ product as embodied by the provisional patent application related to United States Patent No. 9,394,216 ("the '216 patent"). (D.I. 181, Ex. 6; D.I. 97 at 11) The '216 patent covers a complex comprising 1-MCP adsorbed into a metal coordination polymeric network ("MCPN"), kits that include the 1-MCP-MCPN complex, and methods of using the complex. ('216 patent)

7. On June 30, 2016, the MirTech defendants and Decco executed an LLC agreement (the "LLC Agreement") to create a joint venture named Essentiv LLC ("Essentiv"). (D.I. 227, Ex. 1) On the same date, UPL, Ltd. ("UPL") signed a side letter (the "Side Letter") with the MirTech defendants as part of the joint venture package, indicating that UPL played a role in negotiating the joint venture. (D.I. 106 at ¶ 75; D.I. 241, Ex. 13) The following month, Decco and Essentiv issued a press release announcing the EPA registration of TruPick™. (D.I. 227, Ex. 2)

8. On August 3, 2016, AgroFresh filed a complaint against the MirTech defendants and Decco, Essentiv, and Cerexagri, Inc. d/b/a Decco Post-Harvest ("Cerexagri"). (D.I. 2 at ¶ 1)

The complaint arises out of the failed business relationship between AgroFresh and MirTech, and includes claims of ownership of the '216 patent, breach of contract, tortious conduct, and patent infringement.

9. In October 2016, the parties jointly moved to bifurcate Counts I and IV of the complaint, pertaining to ownership of the '216 patent and fraudulent inducement by the MirTech defendants. (D.I. 18) The court held a bench trial in March 2017 on the bifurcated counts, and issued an opinion outlining the findings of fact and conclusions of law on June 30, 2017. (D.I. 97) Specifically, the court concluded that all improvements to the 1-MCP technology were automatically assigned to AgroFresh, including the technology covered by the '216 patent. Moreover, the court determined that Dr. Mir fraudulently induced AgroFresh to execute an extension to the Agreements by not disclosing either the '216 patent technology or his business relationship with Decco. (*Id.* at 33-34)

10. On August 8, 2017, UPL filed a petition for *inter partes* review of the '216 patent, alleging that the '216 patent is invalid as anticipated and/or obvious. (D.I. 227, Ex. 3) On August 18, 2017, AgroFresh filed its first amended complaint, adding UPL as a defendant.[1] (D.I. 106) The first amended complaint alleges that UPL directed the Decco defendants' strategy for Decco's alleged unlawful activity, and participated in the negotiation and formation of Essentiv. (*Id.* at ¶¶ 6, 21, 57, 60)

11. On September 15, 2017, AgroFresh executed a settlement agreement with the MirTech defendants, pursuant to which the MirTech defendants admitted the allegations in the first amended complaint and agreed to the entry of a final consent judgment against them on all

[1] Collectively, this Memorandum Order will refer to Decco, Essentiv, Cerexagri, and UPL as "the Decco defendants."

counts of the original complaint and the first amended complaint. (D.I. 115 at ¶ 3; D.I. 180, Ex. C) The parties filed a joint motion for entry of a consent judgment in accordance with the settlement agreement. (D.I. 112) On September 18, 2017, the court entered a final consent judgment in favor of AgroFresh and against the MirTech defendants. (D.I. 115)

12. On September 29, 2017, the court entered a scheduling order on the remaining counts. (D.I. 122) Fact discovery closes on December 19, 2018. (*Id.* at ¶ 4(b)) Expert discovery is scheduled to be complete by May 15, 2019. (*Id.* at ¶ 4(c)(i)) The deadline for filing dispositive motions is May 15, 2019. (*Id.* at ¶ 11) A jury trial is scheduled to go forward on October 7, 2019. (*Id.* at ¶ 19)

13. **Legal standard.** AgroFresh requests leave to file an early motion for summary judgment regarding assignor estoppel. Assignor estoppel prevents a party who assigns a patent to another from later challenging the validity of the assigned patent. *See Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F.3d 1374, 1377 (Fed. Cir. 1998) (citing *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988)). This doctrine prevents the "unfairness and injustice" of permitting a party "to sell something and later to assert that what was sold is worthless." *Id.* An assignment contains an "implicit representation by the assignor that the patent rights that he is assigning (presumably for value) are not worthless." *Id.*

14. "A determination whether assignor estoppel applies in a particular case requires a balancing of the equities between the parties." *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1579 (Fed. Cir. 1993). Nevertheless,

> [d]ue to the intrinsic unfairness in allowing an assignor to challenge the validity of the patent it assigned, the implicit representation of validity contained in an assignment of a patent for value raises the presumption that an estoppel will apply. Without exceptional circumstances (such as an express reservation by the assignor of the right to challenge the validity of the patent or an express waiver by the assignee of the right to assert assignor estoppel), one who assigns a patent

> surrenders with that assignment the right to later challenge the validity of the assigned patent.

Mentor, 150 F.3d at 1378.

15. Assignor estoppel also prevents parties in privity with an estopped assignor, such as a corporation founded by the assignor, from challenging the validity of the patent. *See Diamond Sci. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988). "Privity, like the doctrine of assignor estoppel itself, is determined upon a balance of equities." *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903 F.2d 789, 793 (Fed. Cir. 1990). To establish privity, the Federal Circuit has identified eight factors for consideration:

> (1) the assignor's leadership role at the new employer, (2) the assignor's ownership stake in the defendant company; (3) whether the defendant company changed course from manufacturing non-infringing goods to infringing activity after the inventor was hired; (4) the assignor's role in the infringing activities; (5) whether the inventor was hired to start the infringing operations; (6) whether the decision to manufacture the infringing product was made partly by the inventor; (7) whether the defendant company began manufacturing the accused product shortly after hiring the assignor; and (8) whether the inventor was in charge of the infringing operation.

MAG Aerospace Indus., Inc. v. B/E Aerospace, Inc., 816 F.3d 1374, 1380 (Fed. Cir. 2016). The closer the relationship between the inventor and the defendant company, the more the equities will favor applying the doctrine to the defendant company. *Shamrock Technologies*, 903 F.2d at 793.

16. **Analysis.** AgroFresh's motion for leave to file an early motion for summary judgment on the issue of assignor estoppel is granted. The court concludes that permitting early summary judgment on this limited issue could potentially eliminate the invalidity issues surrounding the '216 patent, thereby promoting judicial efficiency, without adversely impacting remaining issues requiring additional fact and expert discovery.

17. The Decco defendants contend that AgroFresh has not adequately shown privity between the MirTech defendants and UPL, and UPL will retain the ability to challenge the validity of the '216 patent even if assignor estoppel applies to the remaining Decco defendants. (D.I. 237 at ¶¶ 19-20) According to the Decco defendants, AgroFresh has not established how each Decco defendant is in privity with the MirTech defendants. (*Id.* at ¶¶ 16-18) In reply, AgroFresh alleges that UPL's Side Letter agreement with the MirTech defendants establishes UPL's indirect privity with the MirTech defendants. (D.I. 240 at 2-5)

18. While the court declines to reach the merits of AgroFresh's proposed motion for summary judgment on assignor estoppel at this stage, the record before the court supports the possibility that privity may exist between the MirTech defendants and each Decco defendant. The parties do not appear to dispute that privity exists between the MirTech defendants and Decco, Essentiv, and Cerexagri. (D.I. 237 at 6-7) (specifically identifying only UPL as lacking privity with the MirTech defendants). [redacted] Whether the Side Letter is sufficient to affirmatively establish indirect privity[2] between UPL and the MirTech defendants is a matter reserved for the District Judge following briefing on the motion for summary judgment.

[2] The Federal Circuit has held that privity between the inventor and the defendant need not be direct. *See Intel Corp. v. U.S. Int'l Comm'n*, 946 F.2d 821, 838 (Fed. Cir. 1991) (concluding that the district court did not adequately consider the role the inventor played in creating the joint venture between the defendant companies to mutually develop the allegedly infringing designs and processes).

19. The Decco defendants further allege that the fairness considerations in the present case are distinguishable from those before the Federal Circuit in *Intel Corp. v. U.S. International Trade Commission* and *Diamond Scientific v. Ambico, Inc.* because, unlike in those cases, the MirTech defendants were forced to assign the rights to the '216 patent to AgroFresh by court order. (D.I. 237 at 5) Moreover, the Decco defendants assert that the MirTech defendants abandoned any potential benefit flowing from a challenge to the '216 patent's validity by agreeing to the final consent judgment establishing their liability for willful patent infringement. (*Id.*) AgroFresh contends that the Decco defendants and the MirTech defendants made a joint effort to misappropriate the technology of the '216 patent. (D.I. 240 at 5-6)

20. Again, a dispositive analysis of unfairness and injustice under the doctrine of assignor estoppel is reserved for the District Judge upon consideration of the motion for summary judgment. For purposes of the pending motion for leave to file, the court concludes that the efficiencies to be gained by the potential elimination of the '216 patent invalidity defenses are substantial, and the factual record before the court does not foreclose the possibility that summary judgment could be granted. Specifically, the Decco defendants' assertion that the court's June 30, 2017 Opinion forced the MirTech defendants to assign the rights to the '216 patent to AgroFresh is undercut by the fact that Dr. Mir received $300,000 per year and other consideration from AgroFresh for rights to the technology developed by Dr. Mir under the Agreements. (D.I. 97 at 6) In addition, while the MirTech defendants conceded liability in the final consent judgment, the record suggests that the Decco defendants collaborated with the MirTech defendants to develop the technology of the '216 patent. (D.I. 97 at 11-15)

21. Third, the Decco defendants argue that early summary judgment is not appropriate for the issue of assignor estoppel because the Patent Trial and Appeal Board

("PTAB") should first be permitted to render its final written decision on the validity of the '216 patent prior to consideration of the assignor estoppel issue. (D.I. 237 at 8-9) According to the Decco defendants, the PTAB's decision may alter the parties' respective assessments on whether bringing or challenging a summary judgment motion based on assignor estoppel is worthwhile. (*Id.*) However, AgroFresh notes that the PTAB does not recognize the defense of assignor estoppel, and a dispositive determination by this court on the issue of assignor estoppel would promote greater efficiencies prior to the PTAB's issuance of a final decision in the IPR proceedings. (D.I. 240 at 6)

22. The court concludes that the interests of judicial economy would be best served by dispositively addressing the issue of assignor estoppel prior to the PTAB's issuance of a final written decision on UPL's IPR petition regarding the alleged invalidity of the '216 patent under 35 U.S.C. §§ 102 and 103. Specifically, if the court determines that assignor estoppel extends to UPL in this instance, UPL's validity challenges in the IPR proceeding would be nullified due to the estoppel effect of the doctrine. The precedential decision by the PTAB in *Athena Automation Ltd. v. Husky Injection Molding Systems Ltd.*, IPR2013-00290, Paper 18 (P.T.A.B. Oct. 25, 2013) confirms that the PTAB does not evaluate the equitable doctrine of assignor estoppel due to the statutory mandate in 35 U.S.C. § 311(a) permitting any person who is not the owner of a patent to file an IPR petition. (D.I. 240, Ex. A at 13) Consequently, the issue of assignor estoppel is uniquely within the jurisdiction of this court. A decision in AgroFresh's favor may impact the viability of the pending IPR proceeding,[3] and would eliminate the invalidity defenses regarding the '216 patent from the litigation.

[3] The Federal Circuit has held that "a bar preventing particular petitioners from challenging a patent does not impact the Board's invalidation authority, for '[t]he Board may still invalidate a claim challenged in a time-barred petition via a[nother] properly-filed petition from another

23. Finally, the Decco defendants contend that AgroFresh should be limited to the single summary judgment motion on assignor estoppel if the court concludes that early summary judgment is appropriate in this instance. (D.I. 237 at 9) In support of this position, the Decco defendants rely on a one-page order in *FastVDO LLC v. Autodesk Inc.*, C.A. No. 12-1412-RGA et seq. (D. Del. Dec. 30, 2013). (D.I. 237, Ex. 2)

24. The court concludes that the order in *FastVDO* does not support the Decco defendants' contention, and the request to restrict the filing of future motions for summary judgment in accordance with the operative scheduling order is therefore denied. In *FastVDO*, the defendants requested permission to file an early motion for summary judgment of noninfringement. (C.A. No. 12-1412-RGA, D.I. 28 at 1) In the order granting the requested relief, the court prohibited the defendants "from filing any further summary judgment motion arguing any non-infringement theory." (D.I. 237, Ex. 2) In contrast, there is no suggestion in the present case that AgroFresh would renew its motion for summary judgment on May 15, 2019 if the court were to deny the early motion for summary judgment on assignor estoppel. Moreover, the Decco defendants cite no authority supporting the position that permitting an early motion for summary judgment on one discrete issue may bar the moving party from filing subsequent motions for summary judgment on other issues.

25. **Conclusion.** In view of the foregoing analysis, AgroFresh's request for leave to file an early motion for summary judgment regarding assignor estoppel is granted.

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petition.'" *Husky Injection Molding Sys. Ltd. v. Athena Automation Ltd.*, 838 F.3d 1236, 1247 (Fed. Cir. 2016) (quoting *Achates Reference Publ'g, Inc. v. Apple Inc.*, 803 F.3d 652, 657 (Fed. Cir. 2015)). If the court concludes that UPL cannot properly challenge the validity of the '216 patent under the doctrine of assignor estoppel, there is no evidence that another petition filed by a proper petitioner exists for consideration by the PTAB.

26. Given that the court has relied upon material that technically remains under seal, the court is releasing this Memorandum Order under seal, pending review by the parties. In the unlikely event that the parties believe that certain material in this Memorandum Order should be redacted, the parties should jointly submit a proposed redacted version by no later than **November 26, 2018**. The court will subsequently issue a publicly available version of its Memorandum Order.

27. This Memorandum Order is filed pursuant to 28 U.S.C. § 636(b)(1)(A), Fed. R. Civ. P. 72(a), and D. Del. LR 72.1(a)(2). The parties may serve and file specific written objections within fourteen (14) days after being served with a copy of this Memorandum Order. Fed. R. Civ. P. 72(a). The objections and responses to the objections are limited to ten (10) pages each.

28. The parties are directed to the court's Standing Order For Objections Filed Under Fed. R. Civ. P. 72, dated October 9, 2013, a copy of which is available on the court's website, www.ded.uscourts.gov.

Sherry R. Fallon
United States Magistrate Judge