

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. SACV 16-02277-CJC(DFMx)

Date: September 26, 2017

Title: CHROMADDEX, INC. V. ELYSIUM HEALTH, INC.

PRESENT:

HONORABLE CORMAC J. CARNEY, UNITED STATES DISTRICT JUDGE

Melissa Kunig
Deputy Clerk

N/A
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFF: ATTORNEYS PRESENT FOR DEFENDANT:

None Present

None Present

**PROCEEDINGS: (IN CHAMBERS) ORDER DENYING WITHOUT PREJUDICE
PLAINTIFF'S MOTION FOR PARTIAL JUDGMENT ON THE PLEADINGS**

Having read and considered the papers presented by the parties, the Court finds this matter appropriate for disposition without a hearing. *See* Fed. R. Civ. P. 78; Local Rule 7-15. Accordingly, the hearing set for October 2, 2017, at 1:30 p.m. is hereby vacated and off calendar.

ChromaDex initiated this lawsuit on December 29, 2016, seeking breach of contract damages, including damages for unpaid royalties under the parties' Trademark License and Royalty Agreement ("TLRA"). (Dkt. 1 [Complaint]; Dkt. 26 [First Amended Complaint].) In response, Elysium filed counterclaims for, *inter alia*, declaratory judgment of patent misuse. (Dkt. 11; Dkt. 31). Elysium alleges in its patent misuse counterclaim that ChromaDex's "tying of access to its patent rights to a royalty bearing trademark license impermissibly broadens the scope of those patent rights." (Dkt. 31 [First Amended Counterclaims, hereinafter "CC"] ¶ 113.)

On March 20, 2017, ChromaDex moved to dismiss, among other claims, Elysium's counterclaim for declaratory judgment of patent misuse. (*See generally* Dkt. 34.) On May 10, 2017, the Court denied ChromaDex's motion to dismiss Elysium's declaratory judgment of patent misuse counterclaim. (Dkt. 44 at 16–19.) Following the Court's May 10, 2017, order, ChromaDex filed a Second Amended Complaint on May

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24, 2017, (Dkt. 45), and then the operative Third Amended Complaint on June 7, 2017, (Dkt. 48 [“TAC”]).

In its TAC, ChromaDex removed its cause of action for damages under the TLRA. (*See generally* TAC.) Further, ChromaDex states that: (1) ChromaDex “has already terminated the [TLRA] on February 2, 2017 and further, hereby unequivocally renounces any right to collect, charge, or obtain royalties under the [TLRA] with Elysium,” (TAC ¶ 62); (2) ChromaDex sent notice of the termination to Elysium, “[a]ccordingly, the allegedly offending terms of the [TLRA] as alleged by Elysium are no longer of any operative effect,” (*id.*); and (3) ChromaDex “will provide a credit to Elysium for all past royalties against the damages owed by Elysium in this case, including for failure to pay for product purchased,” (*id.* ¶ 64). Notwithstanding these statements, Elysium has maintained its counterclaim for declaratory judgment of patent misuse. (CC ¶¶ 111-115.)

ChromaDex now moves for partial judgment on the pleadings and requests dismissal of Elysium’s patent misuse counterclaim. (*See generally* Dkt. 56 [“Mot.”].) ChromaDex claims that the representations it makes in the TAC about the TLRA render moot Elysium’s claim for declaratory judgment of patent misuse. (Mot. at 5.) ChromaDex asserts that because it has now abandoned its claim for damages under the TLRA, and Elysium’s patent misuse counterclaim is an affirmative defense to that claim, the Court no longer has subject matter jurisdiction over Elysium’s counterclaim. (*Id.*)

Elysium has not filed an amended patent misuse counterclaim since ChromaDex removed its cause of action for damages under the TLRA. As currently pled, the counterclaim does not clarify whether Elysium seeks any relief beyond ChromaDex’s covenant not to sue for royalties under the TLRA. Accordingly, ChromaDex’s motion is **DENIED WITHOUT PREJUDICE** and Elysium is **DIRECTED** to file an amended counterclaim by **October 11, 2017**.

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Initials of Deputy Clerk MKU