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20 **IN THE UNITED STATES DISTRICT COURT**  
21 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
22 **(SOUTHERN DIVISION)**

23 CHROMADEx, INC., ) Case No. 16-02277-CJC  
24 Plaintiff, ) **OPPOSITION TO CHROMADEx's**  
25 v. ) **MOTION FOR PARTIAL JUDGMENT**  
26 ELYSIUM HEALTH, INC., ) **ON THE PLEADINGS**  
27 Defendant. ) Hearing Date: October 2, 2017  
Time: 1:30 p.m.  
Judge: Hon. Cormac J. Carney  
28 \_\_\_\_\_ )

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1 **I. INTRODUCTION**

2 ChromaDex’s motion for judgment on Elysium’s patent misuse counterclaim  
3 is not its first bite at this apple. This spring, the Court rejected ChromaDex’s  
4 attempt to dismiss Elysium’s patent misuse claim, holding that a case and  
5 controversy existed to support it. In an admitted attempt to circumvent that ruling,  
6 ChromaDex has amended its complaint to assert that it has “purged” the patent  
7 misuse by terminating Elysium’s trademark license, promising not to enforce it, and  
8 promising to provide Elysium a “credit,” at some indeterminate point in the future,  
9 for past royalties paid.

10 ChromaDex is mistaken in contending that its new allegations, which  
11 Elysium has denied, moot this case. ChromaDex is wrong on the facts and wrong  
12 on the law. To begin, it is ChromaDex that bears the burden of establishing that  
13 this Court lacks jurisdiction. The Supreme Court has held that a defendant  
14 attempting to moot a claim based on voluntary cessation of its illegal conduct bears  
15 a “formidable burden” of showing it is “absolutely clear” that the claim could not  
16 be expected to recur.

17 ChromaDex is also wrong when it says there no longer is any case or  
18 controversy. In seeking to divest the Court of jurisdiction, ChromaDex has failed  
19 to provide the one thing the caselaw ChromaDex itself cites requires: *a covenant*  
20 *not to sue for infringement of its patents*. Instead, it has reserved all rights to  
21 enforce the patents against Elysium. Indeed, ChromaDex has recently accused  
22 Elysium of “copying” and has stated it intends to “vigorously” defend its patent  
23 rights. Thus, it is far from “absolutely clear” that Elysium’s patent misuse claim  
24 could not be expected to recur.

25 Nor has ChromaDex mooted Elysium’s counterclaim by promising to  
26 provide a “credit” to Elysium. Under Supreme Court and Ninth Circuit law, a  
27 plaintiff must actually receive complete relief to moot its claim. ChromaDex’s  
28

1 vaguely promised future “credit” does not provide Elysium with any relief, much  
2 less complete relief.

## 3 **II. FACTS**

4 Elysium sells Basis, a dietary supplement that contains nicotinamide riboside  
5 (“NR”). First Amended Counterclaims, D.N. 31 (“FACC”) ¶ 2. ChromaDex,  
6 Elysium’s former supplier of NR, is the exclusive licensee of various patents related  
7 to NR. *See* FACC ¶ 32. ChromaDex supplied NR to Elysium under a supply  
8 agreement (the “NR Supply Agreement”). *Id.* ¶¶ 1, 53. On the same day the parties  
9 entered that agreement they entered into another agreement (the “Trademark  
10 Agreement”), which ChromaDex had required as a condition of supplying NR. *Id.*  
11 ¶¶ 1, 47-49. Under the Trademark Agreement, Elysium was required to pay  
12 royalties on sales of any product containing an ingredient supplied by ChromaDex,  
13 regardless of whether Elysium used ChromaDex’s licensed trademarks. *Id.* ¶ 56.  
14 ChromaDex’s actions misused its patents by conditioning its sale of NR (and thus  
15 access to its patents) on an agreement to license its trademarks. *Id.* ¶¶ 39, 47-52.

16 In December 2016, after Elysium raised issues with ChromaDex’s  
17 compliance with the parties’ agreements and sought an audit, ChromaDex abruptly  
18 terminated the NR Supply Agreement. *Id.* ¶¶ 83-84. Shortly thereafter,  
19 ChromaDex filed this lawsuit alleging, among other things, that Elysium had  
20 breached the NR Supply Agreement, D.N. 1 at Count 2, and had breached the  
21 Trademark Agreement by “refusing to pay royalties owed based on its net sales of  
22 products containing NIAGEN.” *Id.*, Count 3. Elysium counterclaimed, alleging,  
23 among other things, that ChromaDex has engaged in patent misuse. FACC, Count  
24 4.

25 In response, ChromaDex moved to dismiss, arguing that patent misuse can  
26 only be asserted as an affirmative defense and could not be the subject of a  
27 declaratory judgment action. D.N. 34. On March 7, 2017, this Court denied  
28 ChromaDex’s motion, finding that a case or controversy existed to support a

1 declaratory judgment claim because “ChromaDex seeks to enforce the royalty  
2 requirement in the parties’ Agreement, and Elysium contends that the royalty  
3 requirement is unenforceable due to patent misuse.” D.N. 44 at 17.

4 ChromaDex amended its complaint on June 17, 2017. D.N. 48. In its  
5 amended complaint, ChromaDex alleged that it “unequivocally renounces any  
6 rights to collect, charge, or obtain royalties under the Trademark License and  
7 Royalty Agreement.” *Id.* ¶ 62. ChromaDex also stated that it will provide Elysium  
8 a credit for past royalties “against the damages owed by Elysium in this case.” *Id.* ¶  
9 64. ChromaDex vaguely asserted it was taking similar actions with respect to other  
10 customers, but provided no details. *Id.* at ¶¶ 63-64. ChromaDex stated that it took  
11 these actions to “dissipate any and all alleged effects of any alleged patent misuse  
12 in the market” and “to moot Elysium’s allegation and counterclaim for a  
13 declaratory judgment that ChromaDex has misused any of its patents.” *Id.* at 65.  
14 Elysium, in its Answer, denied these allegations, and specifically denied that  
15 ChromaDex had purged its patent misuse. D.N. 51 at ¶¶ 63-65.

16 Despite the termination of the NR Supply Agreement, Elysium “intends to,  
17 and is highly confident it will continue to, supply its customers with Elysium’s lead  
18 product, Basis™, both now and in the future.” D.N. 11, Answer and  
19 Counterclaims, at 3; FACC at ¶ 2. Elysium continues to market and sell Basis on  
20 its website.<sup>1</sup>

21 In ChromaDex’s recent August 10, 2017 earnings conference call with  
22 investors, ChromaDex’s President and Chief Strategy Officer, Robert Fried,  
23 accused Elysium of “go[ing] out of their way to try to copy the ingredient [i.e. NR]  
24 and manufacture[] it who knows where and put it out in the marketplace.” In that  
25 same conference call, ChromaDex’s CEO, Frank Jaksch, stated, moments after

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26  
27 <sup>1</sup> Quina Decl., Exhibit A. As discussed in note 3, the Court may take judicial notice  
28 of this document.

1 discussing Elysium, that ChromaDex intends to “vigorously defend” ChromaDex’s  
2 “patent portfolio ... spanning the processing use and composition of nicotinamide  
3 riboside.”<sup>2</sup>

### 4 **III. ARGUMENT**

5 As this Court held six months ago, a case or controversy has existed with  
6 respect to Elysium’s patent misuse claim from the outset of this case. (D.N. 44 at  
7 17-18). ChromaDex’s second attempt to divest this Court of jurisdiction should be  
8 rejected. As the Supreme Court explained in *Already, LLC v. Nike, Inc.*, a  
9 “defendant cannot automatically moot a case simply by ending its unlawful conduct  
10 once sued.” 568 U.S. 85, 91 (2013). Otherwise, “a defendant could engage in  
11 unlawful conduct, stop when sued to have the case declared moot, then pick up  
12 where he left off, repeating this cycle until he achieves all his unlawful ends.” *Id.*  
13 To avoid such gamesmanship, under the voluntary cessation doctrine, “a defendant  
14 claiming that its voluntary compliance moots a case bears the formidable burden of  
15 showing that it is *absolutely clear the allegedly wrongful behavior could not*  
16 *reasonably be expected to recur.*” *Id.* (emphasis added). ChromaDex cannot meet  
17 this heavy burden. The issue of whether and to what extent ChromaDex can  
18 enforce its patent rights in light of its patent misuse is an issue that can reasonably  
19 be expected to recur, particularly where ChromaDex has failed to provide a  
20 covenant not to sue Elysium for patent infringement. Moreover, ChromaDex’s  
21 vague promise to provide a future “credit” for payment of past royalties to Elysium  
22 does not provide Elysium with the complete relief to which it is entitled under its  
23 counterclaim.

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26 <sup>2</sup> See Quina Decl., Exhibit B at 7, 18 (ChromaDex August 10, 2017 earnings call  
27 transcript). As discussed in note 5 Court may also take judicial notice of this  
28 document.



1           **A. ChromaDex Has Not Met Its Burden Of Showing That Elysium’s**  
2           **Patent Misuse Claim Could Not Reasonably Be Expected To**  
3           **Recur**

4           Courts have provided a clear roadmap for defendants seeking to moot a  
5           declaratory judgment claim challenging the validity or enforceability of their patent  
6           rights: they must provide an irrevocable covenant not to sue *for infringement* of  
7           the patent. *See Already*, 568 U.S. at 92-93; *Revolution Eyewear, Inc. v. Aspex*  
8           *Eyewear, Inc.*, 556 F.3d 1294, 1296-97, 1300 (Fed. Cir. 2009). Ironically, the cases  
9           cited by ChromaDex in support of its motion expressly so hold. *E.g. Dow Jones &*  
10          *Co. v. Ablaise Ltd.*, 606 F.3d 1338, 1346 (Fed. Cir. 2010) (“[A] covenant not to sue  
11          *for patent infringement* divests the trial court of subject matter jurisdiction....”)  
12          (emphasis added). *Accord* ChromaDex’s Br. at 7-8 (citing cases involving  
13          covenants not to sue for patent infringement). It is undisputed that ChromaDex has  
14          not provided Elysium with a covenant not to sue for patent infringement. Instead,  
15          ChromaDex says it has “renounced” its right to collect royalties pursuant to the  
16          unlawful Trademark Agreement. This does not resolve the issues regarding the  
17          enforceability of ChromaDex’s patent rights raised by Elysium’s counterclaim.  
18          Were ChromaDex to sue Elysium for patent infringement – an action that  
19          ChromaDex continues to preserve and implicitly threaten – the very issues of  
20          enforceability that Elysium raises in its counterclaims will recur.

21          The reason courts require a covenant not to sue for infringement to moot a  
22          claim seeking a declaratory judgment of patent invalidity or unenforceability is  
23          obvious. If the defendant has reserved a right to enforce its patent against the  
24          plaintiff, the issues raised by the declaratory judgment claim can “reasonably be  
25          expected to recur.” *See Already*, 568 U.S. at 91. For this reason, a covenant not to  
26          sue for infringement must be broad and unconditional in order to guarantee that no  
27          recurrence will occur and the case truly is moot. In *Already* the Supreme Court  
28          found that the patent holder’s covenant not to sue for infringement “suffices to meet  
the burden imposed by the voluntary cessation test.” *Id.* at 93. The Court

1 continued: “The covenant is unconditional and irrevocable. Beyond simply  
2 prohibiting Nike from filing suit, it prohibits Nike from making any claim *or* any  
3 demand. It reaches beyond [plaintiff] to protect [plaintiff’s] distributors and  
4 customers. And it covers not just current or previous designs, but any colorable  
5 imitations.” *Id.*

6 Similarly, in *Revolution Eyewear*, the Federal Circuit reversed a district  
7 court’s dismissal of a declaratory judgment claim where the covenant not to sue  
8 was limited to activities prior to the motion to dismiss. *Id.* at 1296-97. Plaintiff  
9 Revolution, the Federal Circuit explained, “offered no covenant on the current  
10 products, stating that it is not obligated to ‘repudiate suit for future infringement.’  
11 We agree that such is its right. However, by retaining that right, Revolution  
12 preserved this controversy at a level of sufficient immediacy and reality to allow  
13 Aspex to pursue its declaratory judgment counterclaims.” *Id.* at 1300. Likewise,  
14 ChromaDex’s promise not to sue for breach of the trademark license did not  
15 encompass a covenant not to sue for patent infringement. By retaining the right to  
16 bring a claim for infringement, ChromaDex’s limited promise does not extinguish  
17 the case and controversy here.

18 ChromaDex falsely asserts that Elysium’s patent misuse claim involves only  
19 a controversy over the enforceability of ChromaDex’s unlawful licensing practices.  
20 As this Court recognized in its order denying ChromaDex’s first attempt to dismiss  
21 the patent misuse claim: “the Supreme Court [in *MedImmune*] held that ‘the  
22 question in each case [for declaratory relief] is whether the facts alleged, under all  
23 the circumstances, show that there is a substantial controversy, between parties  
24 having adverse legal interests, of sufficient immediacy and reality to warrant the  
25 issuance of a declaratory judgment.” (D.N. 44 at 17 *quoting MedImmune, Inc. v.*  
26 *Genentech, Inc.*, 549 U.S. 118, 127 (2007)).

27 As alleged in the counterclaims, Elysium “sells a dietary supplement, Basis,  
28 that combines nicotinamide riboside... and pterostilbene.” (D.N. 31 at ¶ 2).

1 Elysium has affirmatively asserted in its pleadings that “Elysium intends to, and is  
2 highly confident it will continue to, supply its customers with Elysium’s lead  
3 product, Basis™, both now and in the future.” (D.N. 11 at 3.) Elysium continues  
4 to market and sell Basis on its website, a fact about which this Court may take  
5 judicial notice.<sup>3</sup>

6 The facts of this case are similar to *MedImmune*. In *MedImmune*, a licensee  
7 brought a declaratory judgment challenging the validity of a patent it had licensed.  
8 549 U.S. at 121-22. The Supreme Court held that there was a justiciable  
9 controversy between the licensor and licensee as to whether the licensee could  
10 continue its activity in the absence of the license, even if the license had not yet  
11 been terminated. *See Id.* at 133-134. As the Supreme Court explained, a “rule that  
12 a plaintiff must destroy a large building, bet the farm, or (as here) risk treble  
13 damages and the loss of 80 percent of its business before seeking a declaration of its  
14 actively contested legal rights finds no support in Article III.” *Id.*

15 This case, as in *MedImmune*, involves a declaratory judgment plaintiff’s  
16 request for a determination of its right to continue engaging in its activities in the  
17 absence of a license. The counterclaims assert that ChromaDex has exclusively  
18 licensed several patents relating to nicotinamide riboside. *Id.* at ¶ 5, 32.  
19 ChromaDex supplied Elysium with nicotinamide riboside under the NR Supply  
20 Agreement which, effectively, made Elysium ChromaDex’s licensee. *Id.* at ¶¶ 3,  
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23 <sup>3</sup> *See* Quina Decl., Exhibit A (print outs from Elysium’s website at <https://www.elysiumhealth.com/basis> and <https://www.elysiumhealth.com/product-plan>). As  
24 this Court has explained, “It is not uncommon for courts to take judicial notice of  
25 factual information found on the world wide web.” *Turner v. Samsung Telecoms.*  
26 *Am., LLC*, 2013 U.S. Dist. LEXIS 198631 at \*4 (C.D. Cal. Nov 4, 2013). *Accord*  
27 *Wimble v. Aetna Life Ins. Co.*, 375 F. Supp. 2d 956, 965-66 (C.D. Cal. 2005)  
28 (taking judicial notice of web site printouts).

1 5.<sup>4</sup> After Elysium raised issues with ChromaDex’s compliance with the parties’  
2 agreements and sought an audit, ChromaDex abruptly terminated the NR Supply  
3 Agreement, attempting to pressure Elysium by withdrawing its supply and the  
4 license that came with it. (*Id.* ¶ 84.). By doing so, ChromaDex threatened Elysium  
5 with potential patent liability if Elysium continues to sell Basis.

6 ChromaDex’s actions are precisely the “scare-the-customer-and-run tactics”  
7 repeatedly deplored by the Federal Circuit. *See Arrowhead Indus. Water v.*  
8 *Ecolochem, Inc.*, 846 F.2d 731, 734-35 (patent owner may not “engage[] in a *danse*  
9 *macabre*, brandishing a Damoclean threat with a sheathed sword.”) (Fed. Cir. 1988)  
10 *overruled in part on other grounds MedImmune*, 549 U.S. at 133-34 (2007). *See*  
11 *also Revolution Eyewear*, 556 F.3d at 1299. The Declaratory Judgment Act is  
12 designed to overcome these tactics, which “infect the competitive environment of  
13 the business community with uncertainty and insecurity.” *Arrowhead*, 846 F.2d at  
14 735.

15 Under the totality of the circumstances, there is a real and immediate  
16 controversy between the parties, just as there was in *MedImmune*. *See MedImmune*,  
17 549 U.S. at 133-34. Elysium is not “restricted to an *in terrorem* choice between the  
18 incurrence of a growing potential liability for patent infringement and abandonment  
19 of [its] enterprises; [it] could clear the air by suing for a judgment that would settle  
20 the conflict....” *Arrowhead*, 846 F.2d at 735. *See also MioTox LLC v. Allergan,*  
21 *Inc.*, 2015 U.S. Dist. LEXIS 58896 at \*\*13-14 (C.D. Cal. May 5, 2015) (court had  
22 jurisdiction over declaratory judgment counterclaim alleging invalidity and patent  
23

24 \_\_\_\_\_  
25 <sup>4</sup> It is well-settled that a licensed manufacturer who then supplies product to third  
26 parties pursuant to the manufacturer’s license grants an implied license to its  
27 customers to use that product for all purposes. *See Zenith Elecs. Corp. v. PDI*  
28 *Comm’n. Sys. Inc.*, 522 F.3d 1348, 1360-62 (Fed. Cir. 2008); *Jacobs v. Nintendo*  
*of Am., Inc.*, 370 F.3d 1097, 1099- 1102 (Fed. Cir. 2004).

1 misuse because patentee signaled possibility of termination of license by bringing  
2 the breach of contract claim that initiated the litigation).

3 Cases cited by ChromaDex involving speculative activities by the declaratory  
4 judgment plaintiff are easily distinguishable. In *Benitec Australia, Ltd. v.*  
5 *Nucleonics, Inc.*, the plaintiff would not sell the product for years, “if ever.” 495  
6 F.3d 1340, 1346 (Fed. Cir. 2007). Similarly in *ExcelStor*, the plaintiff presented no  
7 facts about its activities, as ChromaDex notes in its brief. ChromaDex Br. at 8;  
8 *ExcelStor Tech., Inc. v. Papst Licensing GmbH*, 2010 U.S. Dist. LEXIS 62409 at  
9 \*\*15-16 (N.D. Cal. June 22, 2010). By contrast, as noted above, Elysium is selling  
10 and continues to sell Basis.

11 The facts of this case go beyond even *Revolution Eyewear*; there, the  
12 declaratory judgment plaintiff had not even resumed sales of its product, but the  
13 Federal Circuit nevertheless found jurisdiction. 556 F.3d at 1298-99. As in  
14 *Revolution Eyewear*, Elysium’s activities involve “specific merchandise that was  
15 previously produced and sold” by the declaratory judgment plaintiff. *Id.* at 1299.  
16 The case is thus, “of larger substance than merely a would-be competitor seeking to  
17 test the waters by way of an advisory judicial opinion on an adverse patent.” *Id.*

18 Moreover, ChromaDex, just weeks ago in its earnings call, the transcript of  
19 which is published online, accused Elysium of “copy[ing]” ChromaDex’s  
20 “ingredient and manufacture[] it who knows where and put it out in the  
21 marketplace” and stated, moments after discussing Elysium, that ChromaDex  
22 intends to “vigorously defend” its “global patent portfolio of 16 patents and  
23 applications spanning the processing use and composition of nicotinamide  
24 riboside.”<sup>5</sup> In the face of these accusations and the accompanying saber-rattling,

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25  
26 <sup>5</sup> See Exhibit B (ChromaDex earnings call transcript) at 7, 18 available at  
27 <https://seekingalpha.com/article/4097810-chromadexs-cdxc-ceo-frank-jaksch-q2-2017-results-earnings-call-transcript?part=single>. The Court may also take judicial  
28 notice of this document. See *In re Energy Recovery Sec. Litig.*, 2016 U.S. Dist.  
(continued on next page...)

1 ChromaDex is disingenuous in telling this Court there is no “claim or controversy”  
2 regarding the enforceability of its patents.

3 **B. ChromaDex Has Not Provided Elysium With The Complete Relief**  
4 **To Which It Is Entitled Under Its Patent Misuse Claim**

5 ChromaDex’s limited promises not to enforce its unlawful trademark license  
6 and to provide a “credit” against monies allegedly owned by Elysium at some  
7 indeterminate time in the future also fail to moot this case because they do not  
8 provide Elysium with complete relief under its counterclaim.

9 ChromaDex’s assertion that its promises moot this case conflates the merits  
10 of Elysium’s patent misuse claim with its justiciability. A patentee guilty of misuse  
11 is unable to enforce its patents unless and until the illegal practice has been  
12 abandoned and all of its consequences have fully dissipated. *Morton Salt Co. v.*  
13 *G.S. Suppiger Co.*, 314 U.S. 488, 493 (1942). Elysium has expressly denied  
14 ChromaDex’s allegations that it has purged its misuse, and as the non-moving party  
15 Elysium’s denials must be taken as true. *Fleming v. Pickard*, 581 F.3d 922, 925  
16 (9th Cir. 2009) (in deciding a motion for judgment on the pleadings, court must  
17 take the facts alleged by the nonmoving party as true and must construe the facts  
18 “in the light most favorable to the non-moving party”). In its motion, ChromaDex  
19 simply assumes success on its claim that it has purged its patent misuse as the  
20 predicate of its argument that there is no longer any case or controversy.  
21 ChromaDex has it backwards. Under the pleadings, taken in the light most  
22 favorable to Elysium, ChromaDex has not purged its patent misuse and it has not  
23 mooted the counterclaim.

24  
25  
26 LEXIS, at \*6-7 (N.D. Cal. Jan. 27, 2016) (“transcripts of conference earnings calls  
27 are judicially noticeable because they are matters of public record”); *Bielousov v.*  
28 *Gopro, Inc.*, 2017 U.S. Dist. LEXIS 117223, at \*9 (N.D. Cal. July 26, 2017) (taking  
judicial notice of statements in earning call transcripts). *See also, supra*, note 3.

1 Further, even if the Court could treat ChromaDex’s allegations as true and  
2 draw inferences in ChromaDex’s favor, Elysium’s counterclaim still would not be  
3 moot. At most, ChromaDex has promised to “credit” Elysium for royalties  
4 previously paid under the unlawful trademark license, to be applied to any future  
5 judgment obtained by ChromaDex in this case. But Elysium has denied  
6 ChromaDex’s allegations and there may be no judgment for ChromaDex at the  
7 conclusion of this case. Moreover, Elysium has not accepted the offered credit, and  
8 the Supreme Court has been clear that “an unaccepted settlement offer or offer of  
9 judgment does not moot a plaintiff’s case.” *Campbell-Ewald Co. v. Gomez*, 136 S.  
10 Ct. 663, 672 (2016). “A case becomes moot... only when it is impossible for a  
11 court to grant any effectual relief what-ever to the prevailing party.” *Id.* at 669.

12 Indeed, in *Chen v. Allstate Ins. Co.*, the case was not moot even after the  
13 defendant agreed to an injunction and deposited the claimed damages in a third-  
14 party escrow account – steps far more drastic than ChromaDex’s vaguely-promised  
15 “credit.” 819 F.3d 1136, 1144 (9th Cir. 2016). The Ninth Circuit held the case was  
16 not moot because “a claim becomes moot when a plaintiff *actually receives*  
17 complete relief on that claim, not merely when the relief is offered or tendered.” *Id.*  
18 at 1138, 1144 (emphasis original). Here, Elysium has not actually received  
19 complete relief. ChromaDex has not actually repaid any of the past royalties,  
20 promising only to provide a “credit” someday; ChromaDex has not paid Elysium  
21 interest to compensate it for the time value of the royalty payments; ChromaDex  
22 has not established that it has provided relief to its other licensees who were  
23 victimized by its unlawful practices; and ChromaDex has not provided other relief,  
24 such as Elysium’s costs and attorneys’ fees. *See Luman v. NAC Mktg. Co., LLC*,  
25 2017 U.S. Dist. LEXIS 125498, at \*8) (E.D. Cal. Aug. 8, 2017) (“[Defendant] has  
26 not agreed to the injunctive relief [plaintiff] requests, paid his attorneys’ fees, or  
27 reimbursed his litigation related costs... Accordingly, defendant has not afforded  
28 plaintiff complete relief and plaintiff’s claims are therefore not moot.”).

1 ChromaDex’s promised credit, “far from providing [ChromaDex] the relief sought  
2 in [its] complaint” gives Elysium “nary a penny.” *Campbell-Ewald*, 136 S. Ct. at  
3 671, n. 5.

4 ChromaDex’s argument in response – that a party seeking a declaration of  
5 patent misuse is categorically barred from monetary relief – is incorrect. The  
6 Federal Circuit in *B. Braun Med., Inc. v. Abbott Labs.*, 124 F.3d 1419 (Fed. Cir.  
7 1997) did not hold that declaratory judgment plaintiffs could never obtain monetary  
8 relief, as ChromaDex asserts. In fact, the Federal Circuit held the opposite: in  
9 appropriate circumstances, a plaintiff can obtain monetary relief incident to a patent  
10 misuse declaratory judgment claim. As the court explained, “if the district court  
11 enters a declaratory judgment claim that the patent is unenforceable due to misuse,  
12 it *could* then exercise its discretion to hold a hearing to allow [the plaintiff] to state  
13 a substantive claim upon which it is entitled to recover damages.” *Id.* at 1428  
14 (emphasis original). Such a claim can sound, for example, under the law of  
15 contract. *Id.* at n. 5 (“a party in Abbott’s position might be entitled to damages  
16 under... breach of contract theory”).

17 A monetary remedy sounding in the law of contract and restitution is  
18 available here. Under California law – which expressly governs ChromaDex’s  
19 unlawful trademark license (D.N. 1, Ex. D at § 15.2) – a party that paid unlawful  
20 royalties due to patent misuse under a contract may recover them by way of  
21 restitution. *Finnegan v. Spiegl Farms, Inc.*, 234 Cal. App. 2d 408, 412 (Cal Ct.  
22 App. 1965).<sup>6</sup> Elysium, if it proves its patent misuse claim (as this Court must  
23

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24 <sup>6</sup> *Finnegan* involved a patent licensee’s counterclaim seeking recovery of royalties  
25 paid after the licensed patents had expired. *Id.* at 409-10. A licensor’s collection of  
26 royalties for use of the patent after patent expiration is a form of patent misuse.  
27 *Brulotte v. Thys Co.* 379 U.S. 29, 30-33 (1964). The California Court of Appeal,  
28 reversing the trial court, ordered the unlawful post-expiration royalties be repaid by  
the licensor under a theory of restitution. *Finnegan*, 234 Cal. App. 2d at 412.



1 assume it can) is entitled to a hearing to determine its remedy under California's  
2 law of restitution.

3 **IV. CONCLUSION**

4 For the foregoing reasons, Elysium respectfully requests that ChromaDex's  
5 motion for partial judgment on the pleadings be denied.

6 Dated: September 11, 2017                      Respectfully submitted,  
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