

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CHROMADEx, INC. and TRUSTEES
OF DARTMOUTH COLLEGE,

Plaintiffs,

v.

ELYSIUM HEALTH, INC.,

Defendant.

C.A. No. 18-1434-CFC

MOTION FOR LEAVE TO AMEND COMPLAINT

Plaintiffs ChromaDex, Inc. (“ChromaDex”) and Trustees of Dartmouth College (“Dartmouth”) respectfully request leave to file a First Amended Complaint against Defendant Elysium Health, Inc. (“Elysium”). The Proposed First Amended Complaint is attached as Exhibit A and a redline comparison with the original Complaint is attached as Exhibit B. Through their Proposed First Amended Complaint, Plaintiffs merely seek to add as a plaintiff Healthspan Research, LLC, a ChromaDex affiliate and an exclusive licensee of the patents-in-suit. Pursuant to Local Rule 7.1.1, the parties held a meet and confer after which Elysium confirmed that it would oppose this motion.

I. NATURE AND STAGE OF PROCEEDINGS

Plaintiffs filed this action on September 17, 2018, alleging that Defendant has and continues to willfully infringe U.S. Patent No. 8,197,807 and No. 8,383,086 (collectively, the “patents-in-suit”). The case was stayed on June 19,

2019, and the stay was subsequently lifted on February 4, 2020. The Court held a scheduling conference on March 10, 2020. The schedule entered by the Court sets the deadline to amend pleadings for July 10, 2020, the close of fact discovery for January 8, 2021, and trial for September 27, 2021.

II. RELEVANT BACKGROUND

ChromaDex and Dartmouth signed an Exclusive License Agreement in July 2012 giving ChromaDex and its “Subsidiaries” certain exclusive rights to make, use, and sell products covered by the patents-in-suit. Ex. C at 2. On March 12, 2017, ChromaDex Corporation (Plaintiff ChromaDex’s parent) acquired Healthspan Research, LLC (“Healthspan”). As noted in Plaintiffs’ original Complaint, Healthspan is a ChromaDex affiliate that sells TRU NIAGEN[®] (a product embodying the patents-in-suit and sold under an exclusive license to those patents) directly to consumers. D.I. 1, ¶ 8. When Healthspan became an affiliate of ChromaDex in 2017, ChromaDex and Dartmouth treated Healthspan as a licensed “Subsidiary” under the original Exclusive License Agreement.

In September 2019, Dartmouth and ChromaDex signed a Restated and Amended Exclusive License Agreement, effective as of March 13, 2017, to clarify that ChromaDex’s “Affiliates,” rather than just “Subsidiaries,” were exclusive licensees to the patents-in-suit. Ex. D at 2. The Restated and Amended Exclusive License Agreement included a schedule of “Affiliates” that specifically identifies

Healthspan. *Id.* at 12. Contemporaneously, ChromaDex and Dartmouth entered into a Side Letter Agreement confirming their mutual treatment of Healthspan as an exclusive licensee since its first sale of TRU NIAGEN[®] on March 13, 2017, and that the Restated and Amended Exclusive License Agreement conformed the text of the original Exclusive License Agreement to reflect the actual corporate relationship of ChromaDex and Healthspan. Ex. E at 1-2.

III. LEGAL STANDARD

Rule 15(a) of the Federal Rules of Civil Procedure provides that leave to amend should be “freely give[n] ... when justice so requires,” Fed. R. Civ. P. 15(a)(2), and “this mandate is to be heeded,” *Foman v. Davis*, 371 U.S. 178, 182 (1962). Regional circuit law governs whether to grant leave to amend. *See Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1318 (Fed. Cir. 2009). Under Supreme Court and Third Circuit precedent, leave to amend should be granted absent a showing of “undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of the allowance of the amendment, futility of amendment, etc.” *Foman*, 371 U.S. at 182; *In re Burlington Coat Factory Sec. Litig.*, 114 F.3d 1410, 1434 (3d Cir. 1997).

IV. ARGUMENT

The Court should grant this motion for leave to amend in light of the liberal

standard for amending pleadings and because Plaintiffs’ proposed amendments are not futile, not prejudicial, and otherwise comply with the requirements for amending pleadings.

A. The Proposed Amendment Is Not Futile.

The only substantive amendment to the proposed First Amended Complaint is the addition of Healthspan as a plaintiff. The proposed amendment is not futile because Healthspan is unquestionably an exclusive licensee of the patents-in-suit and thus has standing as a co-plaintiff to enforce those patents here.

The Restated and Amended Exclusive License Agreement provides as follows:

Dartmouth hereby grants to [ChromaDex, Inc.] and its Affiliates an exclusive, royalty-bearing license under Dartmouth Patent Rights to make, have made, use, and/or sell Licensed Products in the Field in the Territory subject to any rights which may be required to be granted to the Government of the United States of America pursuant to 35 U.S.C. §§200-211.

Ex. D at 2 (emphasis in original). It also gives ChromaDex “and its Affiliates” the right to commence infringement proceedings in their own names. *Id.* at 8.

As a result, it cannot be seriously disputed that “Healthspan Research, LLC”—which is identified on a schedule of ChromaDex’s “Affiliates” in the agreement, *id.* at 12—is an exclusive licensee. Healthspan therefore has standing to prosecute this suit as a co-plaintiff. *See Novartis AG v. Actavis, Inc.*, 243 F. Supp. 3d 534, 539 (D. Del. 2017) (“[E]xclusive licensees—those parties who ‘hold

exclusionary rights and interests created by the patent statutes, but not all substantial rights to the patent’—have constitutional standing.” (quoting *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340 (Fed. Cir. 2007)); *see also Morrow*, 499 F.3d at 1340 (“Parties that hold the exclusionary rights are often identified as exclusive licensees, because the grant of an exclusive license to make, use, or sell the patented invention carries with it the right to prevent others from practicing the invention.”).

B. The Proposed Amendment Would Not Unduly Prejudice Defendant.

Defendant bears the burden of proving that Plaintiffs’ proposed amendment would cause actual prejudice. *See Pegasus Dev. Corp. v. DirecTV, Inc.*, C.A. No. 00-1020 (GMS), 2002 WL 598457, at *2 (D. Del. Apr. 18, 2002). In particular, Defendant must show that it will be unfairly disadvantaged or deprived of the opportunity to present facts or evidence that could have been presented had the amendment been made earlier. *Bechtel v. Robinson*, 886 F.2d 644, 652 (3d Cir. 1989); *CenterForce Techs., Inc. v. Austin Logistics Inc.*, C.A. No. 99-243 (MMS), 2000 WL 652943, at *6 (D. Del. Mar. 10, 2000).

Here, Defendant would not suffer prejudice—undue or otherwise—from Plaintiffs’ proposed amendment. The deadline for amendments to the pleadings is not until July 10, 2020, D.I. 40 at 21—more than two months from now. The end of fact discovery is not until January 8, 2021. *Id.* In other patent cases, the District

of Delaware has held that “[t]he fact that the Motion [to amend] was filed within th[e] deadline [for amending pleadings] ... strongly supports a conclusion that the amendment was not untimely filed (and, relatedly, that its filing will not work to unfairly prejudice [the defendant]).” *Invensas Corp. v. Renesas Elecs. Corp.*, C.A. No. 11-448 (GMS)(CJB), 2013 WL 1776112, at *3 (D. Del. Apr. 24, 2013) (finding “minimal” prejudice where the motion for leave was filed while “[t]he discovery period in the case is still ongoing”); *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, C.A. No. 11-54 (SLR), 2012 WL 2365905, at *2 (D. Del. June 21, 2012) (granting plaintiff leave to amend answer to counterclaims because “[t]he instant motion to amend was filed timely and, therefore, there can be no unfair prejudice to defendant”).

Plaintiffs’ proposed amendment also cannot prejudice Defendant because it does not change any of Plaintiffs’ underlying theories of the case. *See Invensas Corp.*, 2013 WL 1776112, at *3 (finding at most minimal prejudice because, *inter alia*, “the proposed amendment adds no new theories of liability”); *Inline Connection Corp. v. AOL Time Warner Inc.*, 237 F.R.D. 361, 369 (D. Del. 2006) (finding no prejudice where the amendment did not substantially change the underlying theory of the case). In short, there is no credible claim of prejudice here.

C. Plaintiffs Did Not Unduly Delay and Are Not Acting in Bad Faith or with a Dilatory Motive in Seeking Leave to Amend.

“Well-established precedent in the Third Circuit dictates that delay, in and of itself, is an insufficient basis for denial of a motion to amend.” *Procter & Gamble Co. v. Nabisco Brands, Inc.*, 125 F.R.D. 405, 408 (D. Del. 1987) (footnote omitted). To justify denying leave to amend, the delay must be “undue.” *Adams v. Gould, Inc.*, 739 F.2d 858, 868 (3d Cir. 1984).

No undue delay exists here because Plaintiffs filed the present motion more than two months before the deadline for amending the pleadings. D.I. 40 at 12; *see E.I. Du Pont De Nemours & Co. v. Heraeus Precious Metals N. Am. Conshohocken LLC*, C.A. No. 11-773 (SLR), 2013 WL 4047648, at *1 (D. Del. Aug. 8, 2013) (plaintiff’s motion for leave to amend “is timely in light of the Scheduling Order’s deadline for filing pleading amendments”). Moreover, the Restated and Amended Exclusive License Agreement was signed in September 2019, while the case was stayed. Following the Court’s lifting of the stay on February 4, 2020, Plaintiffs’ counsel contacted Defendants’ counsel on March 9, 2020, in advance of the scheduling conference regarding a proposed stipulation to add Healthspan as a plaintiff. Ex. F at 3-5. Negotiations ultimately failed, and on April 20, counsel for Defendant suggested that Plaintiffs file a motion for leave to amend. *Id.* at 1. Plaintiffs thereafter promptly filed this motion on April 24. As a result, it cannot be reasonably argued that Plaintiffs are seeking leave to amend in

bad faith or with a dilatory motive.

V. CONCLUSION

For these reasons, Plaintiffs respectfully request that the Court grant the instant motion for leave to file the attached proposed First Amended Complaint.

Dated: April 24, 2020

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