

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH
CENTRAL DIVISION

NEXMED HOLDINGS, INC., Plaintiff, vs. BETA TECHNOLOGIES, INC. and CHESTER HEATH, Defendants.	ORDER Case No. 2:06-CV-1014-TC-DN
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The court directs supplemental briefing from the parties on the issue of whether NexMed Holdings, Inc., holds legal title to U.S. Patent No. 5,133,352 (the ‘352 patent). Patents are “assignable in law by an instrument in writing.” 35 U.S.C. § 261; see also Sky Techs. LLC v. SAP AG, 576 F.3d 1374, 1380 (Fed. Cir. 2009) (holding “that if assignment is the method of transfer of patent ownership, it must be done in writing”). “If a party lacks title to a patent, that party ‘has no standing to bring an infringement action’ under that patent.” Lans v. Digital Equip. Corp., 252 F.3d 1320, 1328 (Fed. Cir. 2001). “Absence of [legal title ownership] is . . . grounds for dismissal of the suit.” 8 Donald S. Chisum, Chisum on Patents § 21.03[2][f](2007).

Defendants provided the court with the Asset Purchase Agreement between sellers Dr. Peter Lathrop and Mr. Steven Johnston to buyer Target Capital, Inc. This agreement appears to contemplate the assignment of the ‘352 patent at a future date after the conditions of the agreement had been fulfilled. As part of closing on the agreement, Dr. Lathrop and Mr. Johnston promised to “execute bills of sale or other documents transferring complete and unencumbered

ownership of the [‘352 patent] to Target at the closing.” (Dec. Chester Heath in Support of Mot. Summary Judgment Re: (1) Induced and Direct Infringement, (2) Prosecution History Estoppel, (3) Non-Ownership of Patent, (4) Public Use Invalidity, (5) Non-Usefulness Invalidity, (6) Fraud on the USPO, and (7) Failure to Join Inventor, Ex. Q at 7). According to Mr. Johnston’s deposition testimony, this transfer never took place. (Mem. Opp’n PI’s Mot. Summary Judgment Regarding Defs.’ Second Affirmative Defense, Ex. VII at 23:6-8). The assignment of the ‘352 patent from NexMed, Inc., to NexMed Holdings, Inc., stated that Dr. Lathrop and Mr. Johnston transferred the patent to Target Capital, Inc., but the assignment makes no reference to any written document that effected such a transfer. (Dec. Chester Heath, Ex. W.)

Based on the above evidence, the court is concerned that NexMed Holdings, Inc. does not hold legal title to patent ‘352. The court directs the parties to submit briefs with case law, analysis, and any supplemental materials that would be helpful to determine whether NexMed Holdings, Inc., has standing to sue Beta Technologies, Inc., and Chester Heath for infringement. Parties have two weeks from the date of this order to submit their briefs.

DATED this 16 day of February, 2010.

BY THE COURT:

A handwritten signature in black ink that reads "Tena Campbell". The signature is written in a cursive, flowing style.

TENA CAMPBELL
United States District Judge