
František Hrabel, CEO of Coda Development, purportedly developed self-inflating tire (SIT) technology. In 2008, at the request of General Motors, Goodyear Tire contacted Coda, requesting a meeting to discuss and commercialize the technology. Before the meeting, the parties signed a nondisclosure agreement (NDA). The parties met twice in 2009, and during the second meeting, Goodyear representatives examined and photographed a functional prototype of Coda's SIT. Goodyear then stopped communicating with Coda but secretly filed for, and obtained, a patent on an SIT. Coda learned of the Goodyear patent through a retired Goodyear employee in 2012. Between 2012 and 2015, 11 additional patents were issued to Goodyear,
covering various components and devices for an SIT. None of these Goodyear patents named Hrabel as an inventor.

Coda sued to correct inventorship on the 12 Goodyear patents and for trade secret misappropriation. Goodyear moved to dismiss under FRCP 12(b)(6), arguing that Coda failed to plead facts supporting Hrabel’s conception of the claimed inventions. It further asserted that Coda’s misappropriation claim was time-barred. Coda opposed. In its response, Goodyear first referenced a 2008 article by Hrabel and argued that the article publicly disclosed everything that Coda asserted to be novel, proprietary and confidential. The district found that the Hrabel article was “judicially noticeable” as a “public-record fact” and denied Coda’s motion to strike. It further denied Coda’s request for leave to file sur-reply to address the Hrabel article.

Turning to Goodyear’s motion to dismiss, the district court determined that Coda had not plausibly demonstrated that Hrabel was a sole inventor or even a joint inventor on the Goodyear patents. The district court also dismissed Coda’s trade secret misappropriation claim as time-barred. Coda moved to amend the judgment under FRCP 59(e) and also for leave to file an amended complaint with additional factual details. The district court praised Coda’s amended complaint for its “amazing clarity” but denied both post-judgment motions, finding that the new facts should have been included in the original complaint. Coda appealed.

Construing the original complaint in the light most favorable to Coda, the Federal Circuit found that the facts pled made the correction of inventorship claims plausible. The Court also concluded that the district court’s reliance on materials outside the pleadings when granting the motion to dismiss, without converting that motion into a summary judgment motion, was procedurally erroneous because it denied Coda a reasonable opportunity to present all pertinent evidence. The Court also explained that since there was a reasonable dispute as to issues associated with the Hrabel article (such as scope of its disclosure compared to the scope of what proprietary technology was allegedly misappropriated), taking judicial notice of the article and relying on it to dispose of a FRCP 12(b)(6) motion was improper.

The Federal Circuit further concluded that dismissal of the trade secret misappropriation claim as time-barred during the pleading stage was improper given the fact-intensive nature of this inquiry. The Court also remarked that the district court should have freely afforded Coda an opportunity to amend its complaint and that its refusal to do so was “troubling.”

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