

IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SIMON NICHOLAS RICHMOND,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 3:14-CV-0583-K
	§	
FOREVER GIFTS, INC. (TEXAS)	§	
d/b/a FACTORY DIRECT COST,	§	
FOREVER GIFTS, INC. (CHINA), and	§	
WALGREEN CO.,	§	
	§	
Defendants.	§	

**ORDER**

Before the Court is the Defendants' Motion to Sever and to Stay the Claims Against Walgreen Co. (Doc. No. 45). After careful consideration of the motion, the response and reply, the applicable law, and the record, the Court **GRANTS** the motion. The parties are very familiar with the factual and procedural background of this case, so the Court will refrain from reproducing this information here.

In this motion, Defendants ask the Court to sever and stay Plaintiff's claims against Defendant Walgreen Company ("Walgreens") pending final resolution of Plaintiff's claims against Defendant Forever Gifts, Inc. ("Forever Gifts"). Specifically, Defendants argue that Forever Gifts, the manufacturer of the alleged infringing product, is the real party-in-interest here; Walgreens, on the other hand, as the retailer, is peripheral. Defendants then argue that if the claims are severed, the case against

Walgreens should be stayed. Plaintiff responds that his claims against Walgreens are not peripheral, and both severance and stay would cause inefficiency and would prejudice Plaintiff.

Joinder of parties in patent actions is governed by 35 U.S.C. § 299(a). Section 299(a) provides:

- (a) Joinder of accused infringers.—With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271(e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, only if—
  - (1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and
  - (2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

35 U.S.C. § 299(a). Even if these requirements are met, however, joinder is not required. *Richmond v. Lumisol Elec. Ltd.*, 3:13-CV-01944-MLC, 2014 WL 1716447, \*3 (D.N.J. Apr. 30, 2014); see *In re Nintendo Co., Ltd.*, 544 Fed.Appx. 934, 939 (Fed. Cir. 2013) (“[T]hese requirements are necessary, but not sufficient, conditions for joinder.”). So even if the requirements of § 299 are met, “joinder may still be refused ‘in the interest of avoiding prejudice and delay, ensuring judicial economy, or safeguarding

principles of fundamental fairness.” *In re Nintendo*, 934 Fed.Appx. at 939 (quoting *In re EMC Corp.*, 677 F.3d 1351, 1360 (Fed. Cir. 2012)).

Assuming without deciding that the joinder requirements of § 299(a) have been met, the Court nevertheless concludes that severance of Plaintiff’s claims against Walgreens is proper. In this case, Forever Gifts is the designer and manufacturer of the allegedly infringing product. Walgreens is the retailer of the allegedly infringing product. Courts have held that patent infringement claims against a retailer, like Walgreens, are peripheral to the claims against a manufacturer. *MGT Gaming, Inc. v. WMS Gaming, Inc.*, 978 F.Supp.2d 647, 664 (S.D.Miss. 2013). These type of “second-hand entities” had no involvement in and no essential knowledge about the alleged infringement, which begins at the design and manufacture phases. *Id.* at 665 (citing *Spread Spectrum Screening, LLC v. Eastman Kodak Co.*, No. 10 C 1101, 2010 WL 3516106, \*2-3 (N.D.Ill. Sept. 1, 2010)); see *LG Elec. Inc. v. Advance Creative Computer Corp.*, 131 F.Supp.2d 804, 811 (E.D.Va. 2001)(claims against the reseller are peripheral where the reseller did not manufacture the allegedly infringing product and would be liable only if the manufacturer was found liable for infringing).

Forever Gifts, the “upstream defendant” in this same stream of commerce patent case, is the real party in interest. It is Plaintiff’s claims against Forever Gifts, as the designer and manufacturer, that is “more likely to restore contested property rights nationwide than securing an injunction” against Walgreens, the retailer and “downstream defendant.” *MGT Gaming*, 978 F.Supp.2d at 666. Furthermore, Forever

Gifts has agreed to defend and indemnify Walgreens which courts have held establishes Forever Gifts as the “real party in interest” and Walgreens, the indemnified defendant, as peripheral. *See Richmond*, 2014 WL 1716447, at \*6 (citing *MGT Gaming*, 978 F.Supp.2d at 665-666). Therefore, the Court concludes Plaintiff’s claims against Walgreens are peripheral to its claims against Forever Gifts.

Furthermore, Walgreens can only be liable if Forever Gifts, the designer and manufacturer of the allegedly infringing product, is found to have infringed on the patent. So Plaintiff’s claims against Walgreens are likely to be resolved by the disposition of his claims against Forever Gifts. *See Toshiba Corp. v. Hynix Semiconductor, Inc.*, 3:04-CV-2391-L, 2005 WL 2415960, \*6 (N.D.Tex. Sept. 30, 2005)(Lindsay, J)(severance appropriate where adjudication of claims against manufacturer defendant would dispose of claims against severed defendants).

Plaintiff’s claims against Walgreens are peripheral to his claims against Forever Gifts, and those claims against Walgreens are likely to be resolved by the disposition of Plaintiff’s claims against Forever Gifts. Therefore, based on fairness, judicial economy and efficiency, the Court finds that severing the claims against Walgreens is appropriate. The Court also finds the claims against Walgreens should be stayed pending final resolution of Plaintiff’s claims against Forever Gifts. *See Richmond*, 2014 WL 1716447, at \*6; *Toshiba*, 2005 WL 2415960, at \*8; *see also Corry v. CFM Majestic Inc.*, 16 F.Supp.2d 660, 666 (E.D.Va. 1998)(quoting *Landis v. North America Co.*, 299 U.S. 248, 254 (1936)(“The power to stay proceedings is incidental to the power inherent in every

court to control the disposition of causes on its docket with economy of time and effort for itself, for counsel, and for litigants.”).

Accordingly, the Court **grants** Defendants’ motion and hereby **severs** Plaintiff’s claims against Walgreens **and stays** those same claims pending final disposition of Plaintiff’s claims against Forever Gifts.

**SO ORDERED.**

Signed March 18<sup>th</sup>, 2015.

  
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UNITED STATES DISTRICT JUDGE