UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No.: 2:24-cv-09311-JLS-E Date: July 28, 2025
Title: Win Elements LLC v. Yondr, Inc.

Present: **HONORABLE JOSEPHINE L. STATON, UNITED STATES DISTRICT JUDGE**

Kelly Davis
Deputy Clerk

N/A
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFF:
Not Present

ATTORNEYS PRESENT FOR DEFENDANT:
Not Present

PROCEEDINGS: (IN CHAMBERS) ORDER GRANTING DEFENDANT YONDR, INC.'S MOTION TO DISMISS (Doc. 57)

Before the Court is a motion to dismiss filed by Defendant Yondr, Inc. (Mot., Doc. 57; Mem., Doc. 57-1.) Plaintiffs Win Elements LLC and John Nguyen opposed, and Yondr replied. (Opp., Doc. 64; Reply, Doc. 65.) Having taken this matter under submission, and for the following reasons, the Court GRANTS Yondr's motion.

I. BACKGROUND

Yondr is the owner of United States Patent No. 12,133,078 ("the '078 Patent"), which claims a "system and apparatus for selectively limiting user control of an electronic device." (First Amended Complaint ("FAC") ¶ 10, Doc. 26.) Win Elements manufactures and sells the "Safe Pouch," a smartphone case with a magnetic locking system designed to limit smartphone use. (*Id.* ¶¶ 2, 22.) John Nguyen is one of Win Elements' members. (*Id.* ¶ 3.)

Win Elements and Nguyen (collectively, "Plaintiffs") commenced this action on October 29, 2024, and filed the FAC on December 16, 2024. (Compl., Doc. 1; FAC.) Plaintiffs seek declaratory judgment that (1) Win Elements' Smart Pouch products do not infringe the '078 Patent; (2) the '078 Patent is invalid; and (3) the '078 Patent is

unenforceable for inequitable conduct. (FAC ¶¶ 33–132.) They also request attorneys' fees and costs pursuant to 35 U.S.C. § 285. (*Id.* ¶¶ 41, 71; Prayer for Relief, FAC at 31.) As their claims arise under the Declaratory Judgment Act, 28 U.S.C. § 2201, Plaintiffs invoke the Court's federal question jurisdiction. (FAC ¶ 7.) They do not claim jurisdiction based on diversity of citizenship.[1]

On January 13, 2025, Yondr answered the FAC and asserted a counterclaim seeking declaratory judgment that Plaintiffs infringed the '078 Patent. (Counterclaim, Doc. 38.) The Court issued a Scheduling Order soon after. (Scheduling Order, Doc. 35.)

As part of their discovery disclosures, Plaintiffs produced information regarding sales and revenue for Win Elements' Safe Pouch products. (*See* Mem. at 4–5; Ex. 3 to Helm Decl. I, Doc. 57-2.) After learning of this information, Yondr, through its counsel, sent Plaintiffs an email on May 20, 2025, stating:

> In view of the *de minimis* sales of the Safe Pouch-branded phone pouches, Yondr unconditionally agrees not to sue Plaintiffs as to any existing claim of [the '078 Patent] based upon the Safe Pouch-branded phone pouches as they exist today or have existed in the past.

(Covenant, Ex. 1 to Helm Decl. I.) Yondr went on to explain that its covenant not to sue "moot[s]" Plaintiffs' declaratory judgment claims and therefore eliminates the Court's subject matter jurisdiction. (*Id.*) Yondr thus proposed that the parties jointly file a stipulation to dismiss this action. (*Id.*)

[1] Indeed, the FAC alleges that all parties are citizens of California. (*Id.* ¶¶ 2–4.)

Plaintiffs refused, prompting Yondr to move for dismissal pursuant to Federal Rule of Civil Procedure 12(h)(3) for lack of subject matter jurisdiction. (Mem. at 6.)

II. LEGAL STANDARD

Federal Rule of Civil Procedure 12(h)(3) requires a court to dismiss an action when it appears, "at any time" in the proceedings, that subject matter jurisdiction is lacking. Fed. R. Civ. P. 12(h)(3). The party invoking federal jurisdiction bears the burden of establishing that the case lies within the court's limited jurisdiction. *Kokkonen v. Guardian Life Ins. Co. of America*, 511 U.S. 375, 377 (1994).

In declaratory judgment actions, the existence of subject matter jurisdiction turns on "whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genentech, Inc.,* 549 U.S. 118, 127 (2007) (internal quotation marks omitted). This controversy "must be extant at all stages of review, not merely at the time the complaint is filed." *Steffel v. Thompson,* 415 U.S. 452, 460 n. 10 (1974). If events overtake the controversy that supplied jurisdiction at the outset, the case becomes moot and jurisdiction ceases. *See, e.g., id.* at 459–60; *see also Golden v. Zwickler,* 394 U.S. 103, 108–10 (1969).

III. ANALYSIS

Yondr argues that its covenant not to sue over the '078 Patent moots Plaintiffs' declaratory judgment claims, thereby divesting the Court of jurisdiction over those claims. (Mem. at 8–12.) Yondr is correct.

A covenant not to sue can deprive a court of subject matter jurisdiction under the Declaratory Judgment Act. *See Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d

Be Smarter EX1025-003

1340, 1343–44 (Fed. Cir. 2007); *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1058 (Fed. Cir. 1995). Whether a covenant not to sue will in fact divest this Court of jurisdiction "depends on what is covered by the covenant." *Revolution Eyeware, Inc. v. Aspex Eyewear, Inc.*, 556 F.3d 1294, 1297 (Fed. Cir. 2009). "[T]he Federal Circuit has made clear that a covenant not to sue that covers both past and future manufacture and sale of an allegedly infringing product is sufficient to divest a court of jurisdiction to hear a case in which a patent is asserted against products covered by the covenant." *Audionics Sys., Inc. v. AAMP of Florida, Inc.*, 2015 WL 12712288, at *8 (C.D. July 10, 2015) (collecting cases).

Here, Yondr specifically covenanted "not to sue Plaintiffs as to any existing claim of [the '078 Patent] based upon the Safe Pouch-branded phone pouches as they exist today or have existed in the past." (Ex. 1 to Helm Decl. I.) This covenant not to sue eliminates the threat of suit for trademark infringement on the basis of past, present, and future production and sale of both previous and existing Smart Pouch products. That is sufficient to moot this action and require dismissal for lack of subject matter jurisdiction. *See, e.g.*, *Dow Jones & Co. v. Ablaise Ltd*., 606 F.3d 1338, 1345–49 (Fed. Cir. 2010) (holding that covenant not to sue for infringement of patent based on "manufacture, importation, use, sale and/or offer for sale of currently existing products or use of methods" was sufficient to divest court of subject matter jurisdiction over a declaratory judgment claim seeking invalidity of patent); *Crossbow Tech., Inc. v. YH Tech.,* 531 F. Supp. 2d 1117, 1121–25 (N.D. Cal. 2007) (finding covenant not to sue for infringement of patent based on "manufacture, development, design, marketing, licensing, distributing, offering for sale, or selling the [allegedly infringing products] as they exist today or have existed in the past" eliminated court's jurisdiction over declaratory judgment claims); *Fulton v. Genea Energy Partners*, 2014 WL 12597588, at *2 (C.D. Cal. Feb. 25, 2014) (finding covenant not to sue for "any claim that the [allegedly infringing] product, as it currently exists, has infringed or currently infringes the existing '245 patent" eliminated court's jurisdiction over declaratory judgment claims).

Plaintiffs offer two arguments to rebut this conclusion, neither of which is availing.

First, Plaintiffs contend that Yondr's covenant is inadequate because it "does not extend protection to Plaintiffs' affiliates, distributors, customers, or end-users … who may purchase, distribute, or use" Win Elements' products. (Opp. at 5.) But Yondr has repeatedly clarified that its covenant *does* extend to downstream users of Win Elements' products. In an email sent to Plaintiffs on June 1, 2025, three days before the instant motion was filed, Yondr's counsel expressly stated: "Yondr makes clear the covenant not to sue on the covenanted claims extends to downstream distributors, affiliates and customers of the Win Elements covenanted products[.]" (Ex. 4 to Helm Decl. I.) Yondr's counsel reiterated this point in an email sent to Plaintiffs on June 5, 2025. (*See* Ex. 5 to Helm Decl. II, Doc. 65-1.) And in both Yondr's opening and reply briefs, Yondr confirms that its covenant "extends to downstream distributors, affiliates and customers of the Win Elements covenanted products." (Mem. at 9; Reply at 1.) Contrary to Plaintiffs' suggestion otherwise, Yondr's representations in its emails to Plaintiffs and in its filings with the Court constitute legally binding commitments that deprive the Court of jurisdiction. *See Benitec*, 495 F.3d at 1343, 1347–48 (finding covenant not to sue in "appellee's brief" sufficient to divest the court of subject matter jurisdiction); *see also Koki Holdings Am. Ltd. v. Int'l Trade Comm'n*, 2024 WL 3964284, at *2–3 (Fed. Cir. Aug. 28, 2024) (dismissing appeal for lack of jurisdiction based on counsel's statement "[a]t oral argument" that it would not sue alleged infringer for its original or modified products). Thus, Yondr is bound—both now and in the future—by its promise that its covenant not to sue extends to downstream users of Win Elements' products.

Second, Plaintiffs argue that Yondr's covenant does not divest the Court of jurisdiction to "adjudicate Plaintiffs' request for attorneys' fees [under 35 U.S.C. § 285]" and to "consider the factual predicates supporting that request, including [Yondr's]

inequitable conduct." (Opp. at 10.) Section 285 provides that in patent litigation, "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." 35 U.S.C. § 285. The Federal Circuit has repeatedly explained that when a covenant not to sue divests the court of jurisdiction over infringement-related claims, the court retains jurisdiction to rule on a request for attorneys' fees under Section 285. *See Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1242 (Fed. Cir. 2008); *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1033 n. 1 (Fed. Cir. 2006). The court's jurisdiction under Section 285 "encompasse[s] the jurisdiction to make findings of inequitable conduct" and to hold "patents that are otherwise no longer in suit … unenforceable for inequitable conduct."[2] *Monsanto*, 514 F.3d at 1242–43. However, this Court agrees with those courts that have concluded that a request for attorneys' fees under Section 285 "does not provide an independent jurisdictional hook" for Plaintiffs' declaratory judgment claims. *Panasonic Corp. v. Getac Tech. Corp.*, 2022 WL 1599634, at *3 (C.D. Cal. Feb. 28, 2022).

In sum, Yondr's covenant not to sue divests the Court of jurisdiction over Plaintiffs' declaratory judgment claims of noninfringement, invalidity, and unenforceability as to the '078 Patent. As a result, the Court also lacks jurisdiction over Yondr's declaratory judgment counterclaim of infringement as to the '078 Patent. But the Court retains jurisdiction to rule on Plaintiffs' request for attorneys' fees under Section 285.

[2] Yondr argues that Plaintiffs are precluded from relying on their allegations of inequitable conduct in any future attorneys' fees motion because Plaintiffs "never pled that their declaratory judgment claim for inequitable conduct was a basis for an exceptional case determination." (Reply at 6.) Yondr also proffers several reasons as to why it believes this case does not qualify as "exceptional" under Section 285. (*Id.* at 7–8.) Because these arguments concern a hypothetical motion for attorneys' fees, and Plaintiffs have not yet had an opportunity to respond, the Court finds it premature to address these issues at this time.

Be Smarter EX1025-006

IV. CONCLUSION

For the above reasons, Yondr's motion is GRANTED. Plaintiffs' declaratory judgment claims and Yondr's declaratory judgment counterclaim are DISMISSED WITH PREJUDICE. All pending dates and hearings in this case are VACATED. Yondr is to prepare and file a proposed judgment within **five (5) days**.

Initials of Deputy Clerk: kd