

GE MEDICAL SYSTEMS

v.

ZIARATI

No. 01-57214

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

44 Fed. Appx. 90; 2002 U.S. App. LEXIS 16429 (2002)
(unpublished opinion)
(footnotes omitted)

Judges KOZINSKI, FERNANDEZ and KING.

Mokhtar Ziarati and Resonance Technology, Inc., appeal the district court's grant of summary judgment in favor of General Electric Company on its declaratory relief action to enforce an agreement regarding inventions made by Ziarati. We affirm in part, reverse in part, and remand.

(1) Ziarati and RTI first assert that the district court erred when it granted summary judgment against them on their statute of limitations defense. We agree. GE admits for purposes of summary judgment that in 1989 it knew that Ziarati had failed to assign the inventions to it and was exploiting them himself, which violated the Innovation Agreement. GE did not bring this action until 1998. Clearly, that was beyond the California four-year statute of limitations for a breach of a written contract. See Cal. Civ. Proc. Code § 337(1); *Cochran v. Cochran*, 56 Cal. App. 4th 1115, 1120, 66 Cal. Rptr. 2d 337, 340 (1997). Moreover, GE did not even make a demand for an assignment within the time provided by the statute of limitations. See *Bass v. Hueter*, 205 Cal. 284, 287, 270 P. 958, 959 (1928); *Ginther v. Tilton*, 206 Cal. App. 2d 284, 285-86, 23 Cal. Rptr. 601, 602 (1962); *Ilse v. Burgess*, 28 Cal. App. 2d 654, 657, 83 P.2d 527, 528-29 (1938); *Tisdale v. Bryant*, 38 Cal. App. 750, 757, 177 P. 510, 513 (1918). Nor does it help GE to assert that it could not demand the assignment of the patents until they issued because it is pellucid, as GE once stipulated, that the Innovation Agreement did not separately require Ziarati to assign patents; it required him to assign the inventions themselves. A patent is just one way of protecting the right to exclusive use of an invention. See, e.g., **Andrew Beckerman-Rodau, The Choice Between Patent Protection and Trade Secret Protection: A Legal and Business Decision, 84 J. Pat. & Trademark Off. Soc'y 371, 377 (2002)**. If GE lost the power to require assignment of the inventions, its ancillary right to Ziarati's aid in garnering patent protection for those inventions was also

lost.

(2) Ziarati and RTI also claim that the district court erred when it granted summary judgment against them on their laches defense. Again, we agree because the evidence would support a finding that GE inexcusably delayed making a claim against Ziarati and he was severely prejudiced. See *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 2002 U.S. App. LEXIS 10682, No. 01-55154, slip op. 7995, 8005 (9th Cir. June 4, 2002); *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 954-55 (9th Cir. 2001); *Piscioneri v. City of Ontario*, 95 Cal. App. 4th 1037, 1049-50, 116 Cal. Rptr. 2d 38, 47 (2002). Similarly, GE's knowledge and long delay, along with Ziarati's change of position in reliance thereon, might well establish an estoppel defense. See *United States v. Garan*, 12 F.3d 858, 860-61 (9th Cir. 1993); *SCE Co. v. Pub. Utils. Comm'n*, 85 Cal. App. 4th 1086, 1110, 102 Cal. Rptr. 2d 684, 701 (2000); *Jovine v. FHP, Inc.*, 64 Cal. App. 4th 1506, 1528, 76 Cal. Rptr. 2d 322, 338 (1998).

However, we agree with the district court that Ziarati and RTI have not presented clear and convincing evidence of waiver. See *Jovine*, 64 Cal. App. 4th at 1527, 76 Cal. Rptr. 2d at 338. Nor have they presented evidence of the mutual intent required for a modification or novation. See *Wade v. Diamond A Cattle Co.*, 44 Cal. App. 3d 453, 457, 118 Cal. Rptr. 695, 697 (1975); see also *Howard v. County of Amador*, 220 Cal. App. 3d 962, 977, 269 Cal. Rptr. 807, 817 (1990).

AFFIRMED as to the waiver, novation, and modification defenses, otherwise **REVERSED** and **REMANDED** for further proceedings. Ziarati and RTI shall recover their costs on appeal.