1981 WL 48203
United States District Court,
S.D. Florida.

WING INDUSTRIES, INC., Plaintiff,
v.
Irvin KORACH, Leonard Hayet, et al., Defendants.

No. 80–3179–Civ–CA.
|
April 21, 1981.

ORDER ON MOTION TO DISMISS

***1** THIS CAUSE is before the Court on motion of defendants to dismiss the first amended complaint on the grounds that: (1) plaintiff is a foreign corporation not registered to conduct business or file suit in Florida and (2) plaintiff has failed to join an indispensable party. The Court concludes the action should be dismissed within thirty days unless plaintiff (1) demonstrates it is authorized by Florida law to maintain this action; and (2) joins the indispensable party.

1. Whether plaintiff is qualified to file an action in the Southern District of Florida?
Florida Statutes section 607.354(1) (1979) bars a foreign corporation from maintaining any action in state court unless the corporation has obtained authority to transact business in the state. Several judges in this district have concluded that section 607.354(1) is equally applicable to diversity actions brought in federal court. *See, e.g., McCollum Aviation Inc. v. Cim Associates, Inc.,* 438 F.Supp. 245 (S.D.Fla.1977); *A.T. Cross Co. v. Cross Electronics, Inc.,* No. 79–5619–Civ–EPS. Order of May 5, 1980. A foreign corporation can avoid the registration requirements of section 607.354 if: (1) "the only business it transacts in Florida is of an interstate character;" and (2) the cause of action arises under federal law or "laws in interstate traffic." *McCollum,* supra at 250 (citing *Kar Products, Inc. v. Acker,* 217 So.2d 595 (Fla. 1st D.C.A.1969)).

Both counts of the complaint arise under the laws of Florida and apparently concern intra-state transactions. Thus, this action apparently does not meet the requirements of the registration exception. Since this action does not fall within the exception to the registration requirement, plaintiff may not pursue the action without first registering to conduct business in Florida. Defendants have offered an affidavit indicating that plaintiff is not validly registered and plaintiff has not disputed the affidavit. Accordingly the action must be dismissed. However, before dismissing the action, plaintiff shall have thirty days to either prove registration in Florida or to demonstrate that this action meets the registration exception.

2. Whether Aero-flow is an indispensable party?
Generally where the validity of an assignment is disputed, the assignor is an indispensable party. See, *e.g., deVries v. Weinstein Intern. Corp.,* 80 F.R.D. 452, 456 (D.Minne.1978); *United States v. Barrett,* 315 F.Supp. 941, 946 (D.W.Va.1970); 7 Wright & Miller, *Federal Practice and Procedure* § 1613 at 130. *Accord Syms v. Castleton Industries, Inc.,* 470 F.2d 1078, 1085 (5th Cir.1972). This is so because if the assignor is not joined, the parties already present may be subjected to multiple liability. *deVries, supra.*

The validity of the assignments from defendants to Aero-flow and from Aero-flow to plaintiff certainly will be disputed in this action. The Court may conclude that defendants have interfered with plaintiff's right to the patent and award damages accordingly. If the assignment from Aero-flow to plaintiff is later found invalid, however, defendants may be subject to a second action brought by Aero flow. To avoid the possibility of subjecting defendants to multiple liability, Aero-flow should be joined if feasible.

***2** Plaintiff mistakenly relies on the principle that the transferor of title to a patent is not an indispensable party in an action for infringement of the patent. *See, e.g. Universal Winding Co. v. Gibbs Machine Co., Inc.,* 179 F.Supp. 394 (M.D.N.C.1959); *Chamber Engineering, Inc. v. Tapco Intern., Inc.,* 82 F.R.D. 33, 35 (D.Minne.1979). This is not a patent infringement action but an action to quiet title. Where there is no dispute over the validity of an assignment, there is no reason to join the assignor. Thus in an ordinary patent infringement case, the presence of the assignor is not required. Where, however, the validity of the assignment is in dispute, as here, the presence of the assignor is required for the reasons noted above.

In a somewhat similar case, *Messerschmitt–Beoklow v. Hughes Aircraft,* 483 F.Supp. 49 (S.D.N.Y.1979), plaintiff brought an action against the licensees of a patent seeking to declare the patent invalid. Defendants demonstrated that the validity of the license was in dispute and sought to dismiss the action for failure to join the owner/licensor. After noting the general principle that the licensor of a patent is not an indispensable party, the Court concluded that on these facts the owner/licensor was an indispensable party. The Court explained, "[a] finding that the owner/licensor is indispensable in this context is analogous to holdings that an assignor is indispensable in a suit against an assignee where the assignor disputes the validity of the assignment." *Id.* at 52.

As in *Messerschmidt* this case involves a dispute over the assignment of a patent. To protect the interests of all concerned, the plaintiff's assignor, Aero-flow, should be joined if feasible. Plaintiff has made no showing that joinder is not feasible. Fed.R.Civ.P. 19(b), Accordingly, this case will be dismissed unless Aero-flow is joined within thirty days.

The Court also notes that the original complaint named Irvin Korach, Leonard Hayet, Arthur S. Lippack and William Haynie as defendants but the first amended complaint names only Irvin Korach and Leonard Hayet. Each of the named parties are members of the Smith, Korach, Hayet and Haynie partnership. Generally members of a partnership are considered indispensable parties to an action involving partnership business. *See, e.g., Harrell & Sumner Contracting Co., Inc. v. Peabody Peterson Co.,* 546 F.2d 1227 (5th Cir.1977). If plaintiff wishes to pursue this action, they should be prepared to explain why Arthur Lippack and William Haynie have not been joined in the first amended complaint.

Conclusion

For the foregoing reasons it is ORDERED AND ADJUDGED:

(1) Within thirty days plaintiff shall submit proof that it is qualified to conduct business in Florida or demonstrate that the registration exception is applicable.

(2) Within thirty days plaintiff shall join Aero-flow Inc. or demonstrate that joinder is not feasible.

Failure to comply with this Order may result in dismissal without prejudice.

***3** DONE AND ORDERED.

31 Fed.R.Serv.2d 582, 213 U.S.P.Q. 886

All Citations

Not Reported in F.Supp., 1981 WL 48203, 31 Fed.R.Serv.2d 582, 213 U.S.P.Q. 886