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VENUE AND JURISDICTION

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IN THIS ISSUE:

This issue of the Federal Circuit review discusses procedural issues related to patent infringement lawsuits and declaratory judgment actions in federal district courts. For a lawsuit to proceed, the forum court must (1) constitute an appropriate venue for litigating the controversy, (2) have subject matter jurisdiction over the controversy, and (3) have personal jurisdiction over the defendant. These requirements are discussed in detail below.

I. VENUE

A plaintiff must bring suit for patent infringement in an appropriate venue. By statute, "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b).

Transfer of venue is governed by 28 U.S.C.§ 1404(a), which specifies that "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district court or division where it might have been brought." The Federal Circuit applies the venue law of the regional circuit. The Federal Circuit published three venue decisions in the last year, all involving motions to transfer cases out of the Eastern District of Texas and applying Fifth Circuit law.

In *In re TS Tech USA Corp.*, the Federal Circuit granted TS Tech's petition for a writ of mandamus to transfer venue to the Southern District of Ohio.

Under Fifth Circuit law, the venue may be transferred if the transferee venue is "clearly more convenient" than the venue chosen by the plaintiff, as determined by analyzing a series of "public" and "private" factors. *Id.* at 1319 (citation omitted). The private interest factors include: "(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make a trial easy, expeditious and inexpensive." *Id.* (citation omitted). The public interest factors include: "(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflicts of laws [or in] the application of foreign law." *Id.*

(citation omitted). The Federal Circuit held that the district court erred in analyzing several of the factors articulated by the Fifth Circuit.

First, the district court "gave too much weight" to the plaintiff's choice of venue, which the Fifth Circuit forbids treating as a distinct factor in a § 1404(a) analysis. *Id.* at 1320.

Second, the district court ignored the Fifth Circuit's "100-mile" rule, which specifies that the inconvenience to witnesses increases in direct relationship to the distance to be traveled when the distance between the existing and proposed venues is over 100 miles. *Id.* The district court refused to afford the inconvenience factor great weight, despite the fact that most of the witnesses were in Ohio, Michigan, and Canada and would have to travel approximately 900 miles more to attend trial in Texas than in Ohio. *Id.*

Third, the district court improperly concluded that the factor related to ease of access to proof was neutral, despite the fact that the "vast majority of physical and documentary evidence" relevant to the case was in Ohio, Michigan, or Canada. *Id.* at 1320-21.

Fourth, there was "no relevant connection between the actions giving rise to this case and the Eastern District of Texas," except that some allegedly infringing products were sold there. *Id.* at 1321. None of the companies has an office in the Eastern District of Texas, no identified witness resides in the district, no evidence is located in the district, and the "vast majority of identified witnesses, evidence, and events leading to this case involve Ohio or its neighboring state of Michigan." *Id.* The fact that allegedly infringing products were sold in the district does not weigh against transfer because such products were sold throughout the U.S. and "thus the citizens of the Eastern District of Texas have no more or less of a meaningful connection to this case than any other venue." *Id.*

On May 22, 2009, the Federal Circuit issued two opinions applying *TS Tech* and reaching different results. In *In re Genentech, Inc.*, the Federal Circuit granted Genentech's petition for a writ of mandamus to transfer venue from the Eastern District of Texas to the Northern District of California.

In *Genentech*, the Federal Circuit discussed six factors that weighed in favor of transfer, in particular the convenience of the witnesses and parties. *Id.* at *8. Genentech had identified ten witnesses within the Northern District of California and additional witnesses in other parts of California. *Id.* at *9-10. The plaintiff, Sanofi, identified six inventors in Europe and other witnesses in other parts of the U.S. *Id.* at *3. The district court held that the Northern District of California was not clearly more convenient for the witnesses because (1) Genentech failed to identify any "key witnesses" in the Northern District of California, (2) the witnesses from Europe would be more inconvenienced traveling to California than Texas, (3) the Eastern District of Texas was more centrally located for the European witnesses and other U.S. witnesses, and (4) the convenience factor should not weigh in favor of transfer unless the transferee venue is more convenient for *all* witnesses. *Id.* at *10-11.

The Federal Circuit held that the district court's analysis of the convenience factor was erroneous. First, Genentech was not required to show that certain witnesses were "key witnesses" at this point in the

litigation. *Id.* at *11. Second, the 100-mile rule should not be "rigidly applied" to reach the result here, because the European witnesses "will be required to travel a significant distance no matter where they testify." *Id.* at *12. Third, the district court was incorrect to consider the geographic "centrality" of the Eastern District of Texas as a venue when none of the witnesses resided in the venue. *Id.* at *14. Fourth, the district court erred in holding that the inconvenience factor is merely neutral if the transferee venue is not convenient for all witnesses. *Id.* at *15.

In *In re Volkswagen of Am., Inc.*, the Federal Circuit denied Volkswagen's petition to transfer venue from the Eastern District of Texas to the Eastern District of Michigan. The patent holder had filed two suits in the Eastern District of Texas against a total of thirty foreign and U.S. companies. *Id.* at 1350. The Federal Circuit found that "multiple lawsuits involving the same issues is a paramount consideration when determining whether a transfer is in the interests of justice." *Id.* at 1351. Although the two lawsuits might not involve exactly the same issues, there would be "significant overlap and a familiarity with patents could preserve time and resources." *Id.* Because the district court's denial of the transfer motion was based on judicial economy, the Federal Circuit denied Volkswagen's petition. *Id.* at 1351-52.

Cases discussed:
In re TS Tech USA Corp., 551 F.3d 1315 (Fed. Cir. 2008).
In re Genentech, Inc., 2009 U.S. App. LEXIS 10882 (Fed. Cir. May 22, 2009).
In re Volkswagen of Am., Inc., 566 F.3d 1349 (Fed. Cir. 2009).

II. Subject Matter Jurisdiction

A. Subject Matter Jurisdiction In Infringement Lawsuits

The subject matter jurisdiction of federal district courts over patent infringement lawsuits is well-established and non-controversial. The Patent Act defines acts that constitute patent infringement and authorizes a patent holder to bring a civil action for infringement. 35 U.S.C. §§ 271, 281. The patent holder may seek injunctive relief and monetary damages. 35 U.S.C. §§ 283-84. In general, federal district courts have jurisdiction to hear cases "arising under" the laws of the United States. 28 U.S.C. § 1331. Specifically, federal district courts have exclusive jurisdiction over state courts to hear cases arising under the patent laws. 28 U.S.C. § 1338(a).

B. Subject Matter Jurisdiction In Declaratory Judgment Actions

Jurisdictional difficulties may arise when a potential infringer brings an action for a declaratory judgment of noninfringement or patent invalidity. Article III, § 2 of the U.S. Constitution limits the jurisdiction of federal courts to "Cases" and "Controversies." That case-or-controversy limitation is embodied in the Declaratory Judgment Act, which specifies that, "[i]n a case of *actual controversy* within its jurisdiction . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration . . . ." 28 U.S.C. § 2201 (emphasis added).

The Supreme Court has held that a case or controversy exists if "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) (citation and internal quotation omitted). In the past year, the Federal Circuit issued three decisions applying *Medimmune*.

In *Prasco, LLC v. Medicis Pharm. Corp.*, the Federal Circuit affirmed the district court's decision to dismiss for lack of declaratory judgment jurisdiction. Medicis sells a benzoyl peroxide cleansing product, TRIAZ®, that it marks with four patent numbers. Shortly before Prasco started selling a competing generic product, it filed a complaint for declaratory judgment that its product would not infringe Medicis' four patents. After Medicis moved to dismiss the initial complaint, Prasco started selling its product and requested a covenant not to sue from Medicis. Medicis did not sign the covenant, and Prasco amended its complaint to include these new facts. The district court granted Medicis' motion to dismiss for lack of jurisdiction.

Standing requires (1) a concrete injury-in-fact that is actual or imminent, (2) is fairly traceable to the defendant's conduct, and (3) redressable by a favourable decision. *See id.* at 1338. Without "an injury-in-fact fairly traceable to the patentee, there can be no immediate and real controversy." *Id.* The Federal Circuit rejected Prasco's argument that its "paralyzing uncertainty" whether Medicis would sue it for patent infringement constituted an actual harm. Any uncertainty was not paralyzing because Prasco had launched its product while the lawsuit was pending. The basis for injury in most justiciable controversies is not fear, but a "restraint on the free exploitation of non-infringing goods." *Id.* at 1339 (citation and internal quotation omitted). Here, Medicis had not tried to bar Prasco from the market, and Prasco was selling its product. Although the court understood Prasco's "desire to have a definitive answer on whether its products infringe [Medicis'] patents," advisory opinions are impermissible. *Id.* at 1341.

In *Janssen Pharmaceutica, N. V. v. Apotex, Inc*, the Federal Circuit affirmed the district court's decision granting Janssen's motion to dismiss for lack of declaratory judgment jurisdiction. This case presents an unusual fact pattern. Janssen listed three patents in the Orange Book for its drug, Risperdal® Oral Solution. One of the patents, the '663 patent, had been found infringed, valid, and enforceable in a prior trial against a different company, and the Federal Circuit had affirmed that judgment. The '663 patent was set to expire six years before Janssen's other two patents (the '425 and '587 patents). Teva was the first company to file an Abbreviated New Drug Application ("ANDA") regarding Risperdal.

Teva filed Paragraph IV certifications for the '425 and '587 patents, and a Paragraph III certification for the '663 patent. (In a "Paragraph IV" certification, the ANDA filer certifies that the listed patent is invalid or will not be not infringed by the manufacture, use, or sale of the ANDA product. In a "Paragraph III" certification, the ANDA filer certifies that the listed patent will expire on a certain date, and the FDA will not approve the ANDA until after expiration. *See* 21 U.S.C. § 355(j)(2)(A)(vii).)

Because Janssen did not sue Teva on the '425 and '587 patents, the FDA can approve Teva's drug upon the expiration of the '663 patent. *Id.* at 1358. Teva's 180-day exclusivity period would then be triggered by either (1) Teva launching its product or (2) a final court judgment that both the '425 and '587 patents are invalid or not infringed (even if that judgment came before the expiration of the '663 patent).

Apotex filed a later ANDA with Paragraph IV certifications on all three patents. Janssen sued Apotex for infringing the '663 patent, but not the '425 or '587 patents. Apotex counterclaimed for a declaratory judgment of non-infringement of the '425 and '587 patents. Janssen moved to dismiss those counterclaims because there was no case or controversy. Janssen subsequently gave Apotex a covenant not to sue on the '425 and '587 patents, and Apotex stipulated to infringement, validity, and enforceability of the '663 patent based on the Federal Circuit's decision in the prior case. The district court granted Janssen's motion on the '425 and '587 patents and dismissed the case.

On appeal Apotex argued that there was a controversy, and it was being harmed, because (1) it could trigger Teva's exclusivity period before the expiration of the '663 patent (and thus Apotex could launch its product sooner) only if Apotex obtained a judgment of invalidity or non-infringement for both the '425 and '587 patents, and (2) in the absence of a judgment, Apotex's approval would be delayed indefinitely if Teva did not trigger its own 180-day exclusivity period by launching its own product. *Id.* at 1361-62.

With respect to Apotex's first argument, Teva was unable to launch until the '663 patent expired because it filed a Paragraph III certification. And even if Apotex successfully invalidated the '425 and '587 patents, Apotex could not obtain FDA approval until the '663 patent expires because Apotex stipulated to the infringement and validity of the '663 patent. Thus, the court reasoned that Apotex was blocked from the market by a valid patent – not a potentially invalid patent.

With respect to Apotex's second argument, Teva could indefinitely delay Apotex's market entry if Teva did not launch its own product and thus trigger the 180-day exclusivity period. But because a controversy must be "definite and concrete" and "real and substantial" to find jurisdiction, the court held that "a possible delay in the future of a first Paragraph IV ANDA filer in launching its generic product does not give rise to declaratory judgment jurisdiction." *Id.* at 1363 (citation and internal quotation omitted). Accordingly, the Federal Circuit affirmed the district court's dismissal of the case.

In *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.*, the Federal Circuit reversed the district court's dismissal of Aspex's declaratory judgment counterclaims. Revolution sued Aspex for infringement of a patent related to magnetically-attached auxiliary eyeglasses. Aspex counterclaimed for a declaratory judgment of non-infringement, invalidity, and unenforceability. Soon thereafter, Aspex discontinued selling the accused eyewear. After sparring in the district court, Revolution offered Aspex a covenant not to sue for infringement based on any activities *before* the dismissal of the case. Revolution then moved to dismiss for lack of jurisdiction, and the district court granted the motion. *Id.* at 1296.

On appeal Aspex argued that an actual controversy existed because the covenant only applied to past infringement and Aspex intended to reintroduce its eyewear into the market. Generally, a mere interest in marketing a product patented by another, without more, does not create a definite and concrete legal conflict. Here, however, the court found that Aspex already had in storage a quantity of the product that it sold before and wanted to sell again. In turn, Revolution stated that it would return to court if Aspex reentered the market. *Id.* at 1299. The court held that, by retaining the right to sue in the future, Revolution had "preserved this controversy at a level of sufficient immediacy and reality" and reversed the district court's dismissal of Aspex's counterclaims. *Id.* at 1300 (citation and internal quotation omitted).

Cases discussed:
Medimmune, Inc. v. Genentech, Inc., 549 U.S. 118 (2007).
Janssen Pharmaceutica, N.V. v. Apotex, Inc., 540 F.3d 1353 (Fed. Cir. 2008).
Prasco, LLC v. Medicis Pharm. Corp., 537 F.3d 1329 (Fed. Cir. 2008).
Revolution Eyewear, Inc. v. Aspex Eyewear, Inc., 556 F.3d 1294 (Fed. Cir. 2009).

III. Personal Jurisdiction

A. Personal Jurisdiction In Infringement Lawsuits

In a patent infringement lawsuit, the forum court must determine whether it has personal jurisdiction over an alleged infringer of the plaintiff's patent. *See Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. de Equip. Medico*. Due process requires that the defendant have certain "minimum contacts" with the forum state "such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice." *Id.* at 1296 (citation and internal quotation omitted).

Depending upon the nature and number of the defendant's contacts with the state, the court can exercise *general* or *specific* jurisdiction over the defendant. For a business entity to be subject to general jurisdiction, it must "maintain *continuous and systematic* general business contacts with the forum, even when the cause of action has no relation to those contacts." *Id.* at 1297 (emphasis added, citation and internal quotation omitted). With respect to specific jurisdiction, the Federal Circuit considers "whether (1) the defendant purposefully directed its activities at residents of the forum, (2) the claim arises out of or relates to the defendant's activities within the forum, and (3) assertion of personal jurisdiction is reasonable and fair." *Id.*

In cases involving a foreign defendant, it can be difficult to prove that the defendant had the requisite contacts with the forum state. If the plaintiff is able to show, however, that a defendant who is not subject to personal jurisdiction in any one state had a requisite level of contacts with the United States, *as a whole*, then the defendant can be haled into court in the forum state. Federal Rule of Civil Procedure 4(k)(2) serves as a federal "long-arm statute" and "allows a district court to exercise personal jurisdiction over a foreign defendant whose contacts with the United States, but not with the forum state, satisfy due process." *Id.* at 1296.

Synthes is the first Federal Circuit decision to address Rule 4(k)(2). The Federal Circuit held that the California district court could exercise specific jurisdiction over the defendant, a Brazilian company, because the defendant had "purposefully directed its activities at parties in the United States," particularly by bringing allegedly infringing products into the United States, displaying them at a trade show, and trying to generate interest in the products among the trade show attendees. *Id.* at 1297-98.

B. Personal Jurisdiction In Declaratory Judgment Actions

Personal jurisdiction can be more complicated in declaratory judgment actions, in which the forum court must determine whether it has personal jurisdiction over the defendant patent holder.

In *Campbell Pet Co. v. Miale*, the Federal Circuit addressed jurisdiction over a U.S. patent holder that sent notice letters to an alleged infringer in the forum state. The Federal Circuit has previously held that "without more, a patentee's act of sending letters to another state claiming infringement and threatening litigation is not sufficient to confer personal jurisdiction in that state." *Id.* at 885. In *Campbell Pet*, however, the patent holder also attended a convention at which the patent holder (1) attempted to have the plaintiff's products removed from the show and (2) told the plaintiff's customers that the products were infringing. *Id.* at 886. Because those attempts at "extra-judicial patent enforcement" went beyond informing the plaintiff of the allegations of infringement, the court had specific jurisdiction over the defendant. *Id.*

In *Avocent Huntsville Corp. v. Aten Int'l Co.*, the Federal Circuit addressed the jurisdiction of a U.S. district court over a Taiwanese owner of two U.S. patents. The key issue in *Avocent* was whether sales of a patent holders' products in the forum state can be sufficient to establish specific jurisdiction over the patent holder in a declaratory judgment action.

As noted above, a patent holder must perform other activities besides sending a notice letter to purposefully avail itself of the forum state and be subject to specific jurisdiction. In *Avocent*, the plaintiff argued that the defendant should be subject to specific jurisdiction in the forum state because its products were available for sale there. The Federal Circuit held, however, that the only relevant contacts in a declaratory judgment action "are those that relate in some material way to the enforcement or defense of the patents at issue." *Id.* at 1338. The majority concluded that the defendant was not subject to specific jurisdiction, despite the fact that its products were sold in the forum state, because those sales did not relate to the defendant's enforcement of the patent at issue. *Id.* Judge Newman dissented. *Id.* at 1341.

In *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, the Federal Circuit again addressed personal jurisdiction over a foreign patent holder in a declaratory judgment action. The majority held that the district court could not exercise jurisdiction over the defendant, despite the fact that the defendant (1) engaged in licensing negotiations with the plaintiff in the state; (2) entered into "about ten" non-exclusive licenses with residents of the state; (3) entered into a collaborative joint venture agreement with a resident of the state; (4) attended conferences in the state; (5) sold products in the state; and (6) published an advertisement on a website that was accessible in the forum state. *Id.* at 1014-1016.

Judge Newman again dissented, arguing that the majority's opinion unduly restricts the ability of U.S. parties to access federal courts when a U.S. patent is owned by a foreign entity. *See id.* at 1024. She noted that this is an issue of "economic significance," given that 50.3% of the patents granted in 2008 were to foreign patent holders. *Id.* at 1028.

Cases discussed:
Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. de Equip. Medico, 563 F.3d 1285 (Fed. Cir. 2009).
Campbell Pet Co. v. Miale, 542 F.3d 879 (Fed. Cir. 2008).
Avocent Huntsville Corp. v. Aten Int'l Co., 552 F.3d 1324 (Fed. Cir. 2008), *cert. denied Avocent Huntsville Corp. v. Aten Int'l Co.*, 2009 U.S. LEXIS 4479 (June 15, 2009).
Autogenomics, Inc. v. Oxford Gene Tech. Ltd., 566 F.3d 1012 (Fed. Cir. 2009).

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