

by JAMES JUO

# Patently CLEAR

## Jurisdiction for declaratory relief in patent controversies does not arise from mere notice by the patentee

**U**ntil recently, patentees could jawbone about how their patents cover a competitor's product without fear that the competitor would haul them into court for a declaratory judgment of noninfringement or invalidity—so long as the patentees were expressing their view in the context of negotiating a patent license. This was because courts in patent cases looked to whether a patentee's words and deeds had led to the plaintiff's "reasonable apprehension" that it was facing a patent infringement suit—the impetus for the plaintiff seeking a declaratory judgment. The Federal Circuit generally held that this requirement was not met when the patentee was offering a patent license.<sup>1</sup>

Last year, however, the U.S. Supreme Court expanded jurisdiction for initiating a declaratory judgment action involving a

patent. A "reasonable apprehension of suit" is no longer required.<sup>2</sup> A plaintiff now need only show "a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."<sup>3</sup> The Federal Circuit has also confirmed that there is no longer a safe haven for patent license negotiations,<sup>4</sup> so a patentee should tread lightly to avoid the risk of a declaratory judgment. Indeed, a substantive discussion regarding a patent's scope by the patentee could create a sufficient controversy to allow a prospective licensee to seek a declaratory judgment of patent noninfringement and/or invalidity to clear away the cloud of a patent hanging over its product.<sup>5</sup> Nevertheless, something beyond merely giving notice of a patent is required to create the necessary

"case or controversy" for declaratory judgment jurisdiction.

In *MedImmune, Inc. v. Genentech, Inc.*, the licensor made a specific demand on a licensee for payment under an existing patent license based on a newly issued patent covered by that license.<sup>6</sup> The licensee made the payment under protest and then filed suit seeking declaratory judgment that the patent was invalid. The Federal Circuit had previously ruled that there was no "reasonable apprehension of suit" to support declaratory relief because a licensor cannot sue a licensee who is making royalty payments.<sup>7</sup> The U.S. Supreme Court reversed and held that the

---

**James Juo is a partner of Fulwider Patton LLP, an intellectual property boutique in Los Angeles. He specializes in patent prosecution and litigation.**

jurisdictional requirements of a case or controversy were met by the patentee's demand for payment based on a newly issued patent covered under an existing patent license between the parties.<sup>8</sup> The coercive nature of this demand under the patent license preserves the licensor's right to challenge the legality of the claim.<sup>9</sup>

After the *MedImmune* decision, the Federal Circuit stated in *SanDisk Corporation v. STMicroelectronics, Inc.*, that "declaratory judgment jurisdiction generally will not arise merely on the basis that a party learns of the existence of a patent owned by another or even perceives such a patent to pose a risk of infringement, without some affirmative act by the patentee."<sup>10</sup> Although *SanDisk* did not define the outer boundaries of declaratory judgment jurisdiction, something more than merely approaching a prospective licensee for negotiation was required. That something more in *SanDisk* included a detailed claim chart comparing the patents with the products, which the patentee presented during the patent license negotiations.<sup>11</sup>

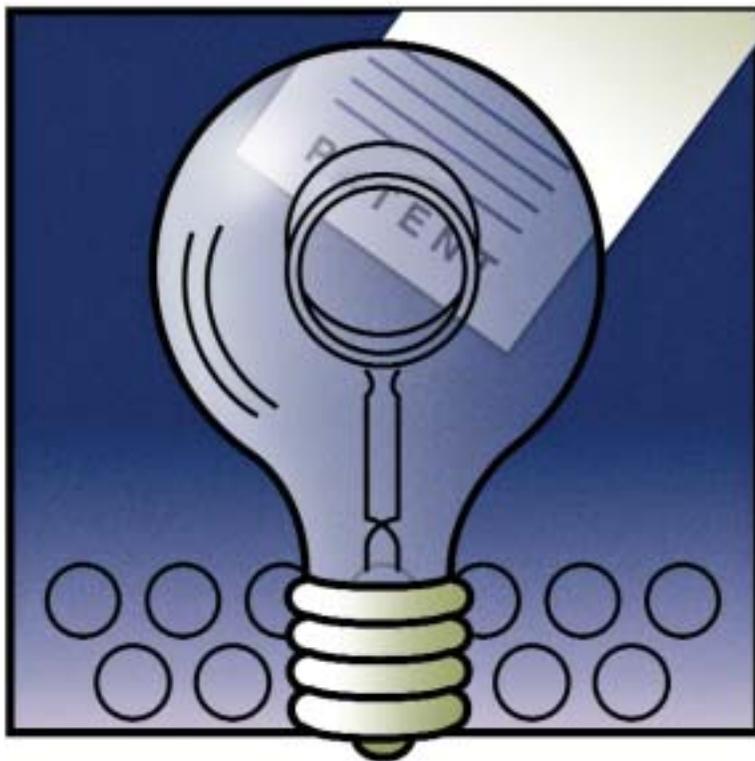
### Actual Controversy

Having abolished the safe haven for patent license negotiations, the Federal Circuit further held in *SanDisk* that a prospective licensee could unilaterally end unproductive license negotiations and immediately file for declaratory relief:<sup>12</sup> "A party to licensing negotiations is of course within its rights to terminate negotiations when it appears that they will be unproductive."<sup>13</sup> The declaratory plaintiff also will continue to have the option of later resuming license negotiations as part of settlement discussions for the litigation it initiated—provided that the declaratory plaintiff does so in good faith rather than as a bald attempt to gain negotiation leverage over the patentee.<sup>14</sup>

The Federal Circuit also suggested that the patentee and prospective licensee could have entered into a suitable confidentiality agreement establishing that the license negotiations could not be used to form the basis for a declaratory judgment action.<sup>15</sup> The concurring opinion by Judge Bryson, however, suggested that only a party that was not interested in bringing a declaratory judgment action would enter into such an agreement.<sup>16</sup> Moreover, Judge Bryson's concurrence

asserted that an actual controversy would likely exist as an inevitable result of a patent license negotiation:

If a patentee offers a license for a fee, the offer typically will be accompanied by a suggestion that the other party's conduct is within the scope of the patentee's patent rights, or it will be apparent that the patentee believes that to be the case. Offers to license a patent are not requests for gratuitous contributions to the patentee; the rationale underlying a license offer is the patentee's express or implied suggestion that the other party's current or



planned conduct falls within the scope of the patent. Therefore, it would appear that under the court's standard virtually any invitation to take a paid license relating to the prospective licensee's activities would give rise to an Article III case or controversy if the prospective licensee elects to assert that its conduct does not fall within the scope of the patent.

[A]ll the prospective licensee has to do in order to dispel any doubt [of a justiciable controversy] is to inquire of the patentee whether the patentee believes its activities are within the scope of the patent. If the patentee says "no," it will have made a damaging admission that will make it very hard ever to litigate the issue, and thus will effectively end its licensing efforts. If it says "yes" or equivocates, it will

have satisfied the court's test and will have set itself up for a declaratory judgment lawsuit.<sup>17</sup>

When the patentee has expressly identified both a patent and a product to a prospective licensee but then equivocates on whether the patent covers the product, the patentee is arguably using the patent as a "scarecrow"...in Learned Hand's phrase," which can create an actual controversy for declaratory judgment.<sup>18</sup> While declaratory judgment jurisdiction generally will not arise based on mere knowledge of a patent, once the patentee sets the stage by identifying a patent and a competitor's product, a dispute over the scope of the patent in covering the product can establish jurisdiction for a declaratory judgment lawsuit.

In another recent decision, *Sony Electronics, Inc. v. Guardian Media Technologies, Ltd.*, the Federal Circuit held that there was an actual controversy between Sony and Guardian based on unsuccessful license negotiations.<sup>19</sup> A district court, however, also has discretion to decline jurisdiction for a declaratory judgment action filed for an improper purpose. In this case, the district court did so, with the improper purpose identified as an attempt to gain negotiation leverage over the patentee.<sup>20</sup> While the pendency of declaratory judgment litigation may have adversely affected the patentee's

licensing negotiations with third parties, the Federal Circuit held in this case that there was no evidence of an improper motive for seeking declaratory judgment.<sup>21</sup>

This decision was distinguished from a prior Federal Circuit decision in *EMC Corporation v. Norand Corporation*, in which the declaratory judgment plaintiff had called the defendant the day after the suit was filed "and explained that the declaratory judgment complaint had been filed as 'merely a defensive step' and that [the declaratory plaintiff] 'would like to continue to discuss with [the patentee] all the options hopefully in a more meaningful manner over the near term.'"<sup>22</sup> Based on these affirmative statements by the declaratory plaintiff, the district court in *EMC* could appropriately exercise its discretion to decline jurisdiction over a declaratory judgment motion filed "as a tactical measure...in order to improve [the plain-

tiff's] posture in the ongoing negotiations—not a purpose that the Declaratory Judgment Act was designed to serve.”<sup>23</sup> These facts were not present in *Sony*.

The door was left open, however, for the district court to exercise its discretion to decline jurisdiction for declaratory judgment on other grounds. In remanding the case, the Federal Circuit suggested that, in deciding “whether entertaining the cases would be consistent with both the purposes of the Declaratory Judgment Act and principles of wise judicial administration,” the district court may wish to take into account that the patents-in-suit were undergoing reexamination at the request of the declaratory plaintiff, who had also requested a stay of the litigation pending the outcome of the reexamination proceedings.<sup>24</sup>

In *Micron Technology, Inc. v. MOSAID Technologies, Inc.*, MOSAID's patented DRAM technology was placed at issue based on MOSAID's activities regarding declaratory plaintiff Micron and other DRAM manufacturers.<sup>25</sup> Even though there had been a four-year interval between MOSAID's warning letters to Micron and its filing for declaratory judgment, MOSAID's behavior toward other DRAM manufacturers during that period “suggested that MOSAID would sue Micron” as well.<sup>26</sup> In particular, “after receiving several threats itself, Micron watched MOSAID sue each of the other leading DRAM manufacturers.”<sup>27</sup> MOSAID also publicly stated in its annual report that “MOSAID believes that all companies which manufacture DRAM products...use MOSAID's patented circuit technology,” and confirmed its intent to aggressively assert its IP portfolio.<sup>28</sup> The Federal Circuit concluded that, under the totality of the circumstances, the patentee's activities were sufficient to establish a substantial controversy that warranted declaratory judgment.<sup>29</sup>

### Outer Boundaries of Jurisdiction

This year, the Federal Circuit in *Prasco LLC v. Medicis Pharmaceutical Corporation* found that the outer boundaries of declaratory judgment jurisdiction were exceeded.<sup>30</sup> The declaratory plaintiff, Prasco, alleged three separate bases for declaratory judgment: 1) Medicis refused Prasco's request for a covenant not to sue under the patents-in-suit, 2) Medicis had previously sued Prasco on a different product for infringing an unrelated patent, and 3) Medicis marked its own products with the patent numbers of the patents-in-suit.<sup>31</sup>

The Federal Circuit noted that jurisdiction for declaratory judgment generally will not arise without some affirmative action by the patentee relating to the accused product, and no affirmative actions were present in this

case.<sup>32</sup> Indeed, Medicis was unaware of Prasco's product when Prasco originally filed for declaratory judgment.<sup>33</sup> The Federal Circuit held that the facts alleged by Prasco did not establish a defined, preexisting dispute between the parties.<sup>34</sup>

First, Medicis's refusal of Prasco's request for a covenant not to sue, while “one circumstance to consider in evaluating the totality of the circumstances,” was not sufficient in this case to create an actual controversy for declaratory judgment.<sup>35</sup> Medicis had declined Prasco's request for a covenant not to sue without any comment as to whether Prasco infringed the patent-in-suit.<sup>36</sup> According to the court, “A patentee has no obligation to spend the time and money to test a competitor's product nor to make a definitive determination, at the time and place of the competitor's choosing, that it will never bring an infringement suit.”<sup>37</sup> Although not discussed in the Federal Circuit's decision, other courts have also held that “[a] ‘controversy’ cannot be created by challenging a defendant to state his opinion and then disputing the defendant's conclusions.”<sup>38</sup>

Second, while “prior litigious conduct is one circumstance to be considered in assessing whether the totality of the circumstances creates an actual controversy,” Medicis's prior litigation was “one prior suit concerning different products covered by unrelated patents.”<sup>39</sup> This circumstance was “not the type of pattern of prior conduct that makes reasonable an assumption that Medicis will also take action against Prasco regarding its new product.”<sup>40</sup> The court's finding is distinguishable from the *Micron* case—in which the patentee had sued competitors of the declaratory plaintiff over the same patented technology<sup>41</sup>—as well as from *Pre-MedImmune* decisions that involved patentees who had previously filed trade secret lawsuits over the same technology.<sup>42</sup>

Third, Medicis's marking of its own product with the patent numbers of the patents-in-suit “provides little, if any evidence that [the patentee] will ever enforce its patents.”<sup>43</sup> This did not establish declaratory judgment jurisdiction because patent marking simply provides constructive notice of the patent to the public under 35 U.S.C. Section 287(a).<sup>44</sup> The ruling also is consistent with the statement in *SanDisk* that “declaratory judgment jurisdiction generally will not arise merely on the basis that a party learns of the existence of a patent owned by another.”<sup>45</sup>

Moreover, finding that patent marking is insufficient to confer jurisdiction for declaratory judgment is not inconsistent with recent Federal Circuit cases regarding declaratory judgment in which a patentee listed specific patents in regulatory filings for pharmaceuticals under the Hatch-Waxman Act. In the highly regulated pharmaceutical environ-

ment, “a manufacturer is not permitted to market a drug without FDA approval.”<sup>46</sup>

For example, in *Teva Pharmaceuticals USA, Inc. v. Novartis Pharmaceuticals Corporation*, the patentee Novartis had listed five patents in the FDA's Orange Book in connection with its Famvir drug.<sup>47</sup> The court noted, “By so doing, Novartis represent[ed] that ‘a claim of patent infringement could reasonably be asserted if a person not licensed by the owner engaged in the manufacture, use or sale’ of generic famciclovir covered by the claims of its listed Famvir® patents.”<sup>48</sup> The declaratory plaintiff Teva had filed an Abbreviated New Drug Application (ANDA) under the Hatch-Waxman Act and certified that its drug did not infringe any of the five patents Novartis listed in its Orange Book listing.<sup>49</sup> Novartis filed a patent infringement suit against Teva based on one of the five patents listed in the Orange Book.<sup>50</sup> In response, Teva brought a declaratory judgment action regarding the other four patents Novartis had listed in the Orange Book to establish “patent certainty.”<sup>51</sup>

The Federal Circuit held that Novartis's selective patent suit created “uncertainty as to Teva's legal rights under its ANDA.”<sup>52</sup> Furthermore, “[t]he legislative history of the ANDA declaratory judgment amendment explicitly states that the ‘uncertainty’ caused by a brand-name company when it chooses to sue on only selective patents submitted in a single ANDA is an injury sufficient to support a justiciable controversy.”<sup>53</sup> In view of these circumstances, “Teva's injuries are traceable to Novartis' conduct and those injuries can be redressed by a favorable judicial decision,” so there was jurisdiction for declaratory relief.<sup>54</sup>

Similarly, in *Caraco Pharmaceutical Laboratories, Ltd. v. Forest Laboratories, Inc.*, the patentee Forest listed its patents in the FDA's Orange Book, and the declaratory plaintiff Caraco submitted an ANDA.<sup>55</sup> The patentee unilaterally granted a covenant not to sue on certain patents listed in the FDA's Orange Book, and “in the ordinary infringement context,...a covenant not to sue allows the recipient to enter the marketplace.”<sup>56</sup> Under the Hatch-Waxman Act, however, Caraco still could not enter the generic drug market, even with Forest's covenant not to sue, because Caraco could only obtain FDA approval after the expiration of the relevant patents listed in the Orange Book, or by obtaining a judgment that those patents are invalid or not infringed.<sup>57</sup> Because Caraco's ANDA could be delayed under the Hatch-Waxman Act, this created “an independent barrier to the drug market that deprives Caraco of an economic opportunity to compete,” and “the creation of such barriers to compete satisfies the cau-

sation requirement of Article III standing.”<sup>58</sup>

While affirmative acts under the Hatch-Waxman regulatory regime can create barriers to competition in the pharmaceutical drug market that can justify jurisdiction for declaratory judgment, the public notice function of patent marking creates no such barrier to entry. Even if a competitor perceives a risk of infringement upon learning of an adversely held patent, declaratory judgment jurisdiction generally will not arise merely on that basis alone.

### Affirmative Act

Under the totality of the circumstances, one of the threshold issues in determining declaratory judgment jurisdiction remains whether there has been an affirmative act by the patentee that creates an actual controversy of sufficient immediacy and reality. The requisite affirmative act need not be much, but it should be something more than a mere notice letter informing a competitor of a patent.

A recent district court decision, *Geospan Corporation v. Pictometry International Corporation*, is illustrative. Pictometry sent a letter to Geospan stating that “it seems that the GEOVISTA oblique imagery products may incorporate the technology covered by this patent.... We would appreciate it if you would review the attached patent and let us know specifically how your oblique imagery products and services differ from the patented technology.”<sup>59</sup> A week later, Geospan said it was seeking input from its attorney and would “provide a detailed response as soon as possible.”<sup>60</sup> A month later, having not received any further communication from Geospan, Pictometry sent another letter requesting that “the promised ‘detailed response’” be provided within two weeks.<sup>61</sup> Ten days later, Geospan filed suit against Pictometry for declaratory judgment of noninfringement and invalidity.<sup>62</sup> The district court held that there was no jurisdiction for declaratory judgment because “Pictometry’s letter to Geospan was a means of gathering information regarding potential infringement, not an assertion of an already determined legal interest adverse to Geospan.”<sup>63</sup>

Pictometry’s letter arguably did little more than provide notice of the patent, so it is akin to the situation in *Prasco* involving patent marking, in which there was no actual controversy. Also, the circumstances in *Pictometry* did not involve “the recipient of an invitation to take a patent license [who] elects to dispute the need for a license and then to sue the patentee,”<sup>64</sup> because Geospan elected to sue the patentee instead of first engaging Pictometry in a debate over whether the patent covered Geospan’s product.

Had Geospan engaged Pictometry in such a debate, even an equivocal answer to an

inquiry as to whether Pictometry believed Geospan’s activities to be within the scope of the patent could have been sufficient to establish an actual controversy for declaratory judgment according to Judge Bryson’s concurring opinion in *SanDisk*.<sup>65</sup> On the other hand, Pictometry could have argued that since its letter had requested information from Geospan to resolve the question of potential infringement, a refusal to take a definitive position until it received additional information should not create an actual controversy. Notwithstanding Judge Bryson’s concurring opinion in *SanDisk*, this hypothetical seems to present a close question on jurisdiction for declaratory judgment.

While patentees traditionally have jawboned about how a patent covers a competitor’s products to encourage license negotiations, this approach leaves the patentee vulnerable to a declaratory judgment action later if a license agreement is not consummated. Therefore, a patentee should defer this tactic until after the parties enter into a suitable confidentiality agreement under *SanDisk*. An incentive for the prospective licensee to enter into such an agreement could be that the prospective licensee may otherwise have few options to directly address the patent should the patentee effectively avoid substantive discussion of the patent in connection with the prospective licensee’s commercial activities—especially if the patentee only gives notice of the patent without linking it to a specific product of the prospective licensee.

The prospective licensee could have a patent attorney review the patent and give an independent opinion on its scope in relation to the prospective licensee’s products. The stronger the patent (or the more profitable the product potentially at risk), the more likely the prospective licensee will agree to a *SanDisk* confidentiality agreement in order to negotiate for the certainty that a license may provide.<sup>66</sup> As a practical matter, whether a patentee will be able to obtain a suitable confidentiality agreement depends on the relative bargaining power of the parties. ■

<sup>1</sup> See *Shell Oil Co. v. Amoco Corp.*, 970 F. 2d 885, 888 (Fed. Cir. 1992) (no reasonable apprehension because the alleged “charges” of infringement were merely jawboning, which typically occurs in licensing negotiations); see also *Phillips Plastics Corp. v. Kato Hatsujou Kabushiki Kaisha*, 57 F. 3d 1051, 1054 (Fed. Cir. 1995) (patentee may offer a patent license without opening itself up to expensive litigation).

<sup>2</sup> *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764, 771 (2007); see also *CAT Tech. LLC v. TubeMaster, Inc.*, 528 F. 3d 871, 880 (Fed. Cir. 2008) (“MedImmune articulated a ‘more lenient legal standard’ for the availability of declaratory judgment relief in patent cases.”) (citation omitted).

<sup>3</sup> *MedImmune*, 127 S. Ct. at 771 (citation omitted); see also *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F. 3d 1329, 1339 (Fed. Cir. 2008) (*MedImmune* “did not change the bedrock rule that a case or controversy

## HONORABLE LAWRENCE W. CRISPO (RETIRED)



Mediator

Arbitrator

Referee

213-926-6665

www.judgecrispo.com

## Seeking an Experienced Arbitrator/Mediator?

STEVEN  
RICHARD  
SAUER, ESQ.



COUNSELOR AT LAW • SINCE 1974

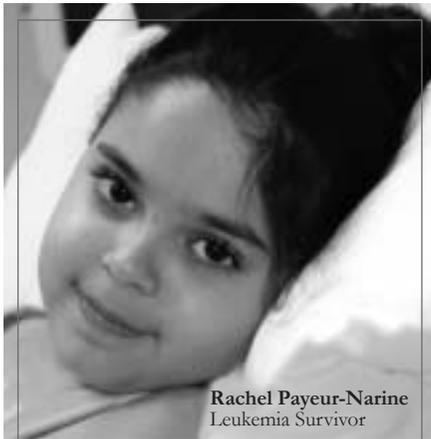
“He is truly a master  
in his art.”

6,000  
Settled over ~~5,000~~ Federal &  
State Litigated Cases

323.933.6833 TELEPHONE

arbitr@aol.com E-MAIL

4929 WILSHIRE BOULEVARD, SUITE 740  
LOS ANGELES, CALIFORNIA 90010



Rachel Payeur-Narine  
Leukemia Survivor

### A Legacy From Your Client Can Help Us Find The Cure.

In 1964, 3 percent of children with acute lymphocytic leukemia lived five years. Today, more than 87 percent survive.

Many research programs that made this possible were funded by people who included the Society in their estate plan.

For information about bequests, contact us at 888.773.9958 or [llsplannedgiving@lls.org](mailto:llsplannedgiving@lls.org).



## FORENSIC CONSTRUCTION DEFECT & ENGINEERING, INC.

A PROFESSIONAL CORPORATION

### Forensic Analysis & Investigation of:

- Construction Defects
- Structural, Civil, Environmental, Industrial Engineering & Issues for All Types of Structures and Buildings
- Regulatory Compliances & Building Codes



This Corporation can also provide expert witness in the areas of Malpractice Litigation or Real Estate transactions.

### MASSIE MUNROE, M.S., P.E. PRESIDENT & CEO • EXPERT WITNESS

Tel: 213-632-1310  
Fax: 213-632-5299

E-mail: [massie@ConstructionDefect.us](mailto:massie@ConstructionDefect.us)  
[www.ConstructionDefect.us](http://www.ConstructionDefect.us)

must be based on a real and immediate injury or threat of future injury that is *caused by the defendants.*" (emphasis in original)).

<sup>4</sup> SanDisk Corp. v. STMicroelecs., Inc., 480 F. 3d 1372, 1384 (Fed. Cir. 2007).

<sup>5</sup> See Minnesota Mining & Mfg. Co. v. Norton Co., 929 F. 2d 670, 673 (Fed. Cir. 1991) ("In promulgating the Declaratory Judgment Act, Congress intended to prevent avoidable damages from being incurred by a person uncertain of his rights and threatened with damage by delayed adjudication."); Arrowhead Indus. Water Inc. v. Ecolochem, Inc., 846 F. 2d 731, 735 (Fed. Cir. 1988) (Absent declaratory judgment, a party is "helpless and immobile so long as the patent owner refuse[s] to grasp the nettle and sue.").

<sup>6</sup> MedImmune, 127 S. Ct. at 768.

<sup>7</sup> MedImmune, Inc. v. Genentech, Inc., 427 F. 3d 958, 964 (Fed. Cir. 2005).

<sup>8</sup> MedImmune, 127 S. Ct. at 768.

<sup>9</sup> *Id.*; see also Adenta GmbH v. American Orthodontics Corp., 501 F. 3d 1364, 1370 (Fed. Cir. 2007) (declaratory judgment available for licensee who disputed obligation to pay patent royalties).

<sup>10</sup> SanDisk Corp. v. STMicroelecs., Inc., 480 F. 3d 1372, 1380-81 (Fed. Cir. 2007).

<sup>11</sup> *Id.* at 1382.

<sup>12</sup> *Id.* ("SanDisk need not 'bet the farm,' so to speak, and risk a suit for infringement by cutting off licensing discussions and continuing in the identified activity before seeking a declaration of its legal rights.").

<sup>13</sup> *Id.* at 1382 n.3.

<sup>14</sup> See EMC Corp. v. Norand Corp., 89 F. 3d 807, 815 (Fed. Cir. 1996).

<sup>15</sup> SanDisk, 480 F. 3d at 1375 n.1. This type of agreement is also sometimes referred to as a stand-still agreement. See Ronald A. Bleeker & Michael V. O'Shaughnessy, *One Year after MedImmune—The Impact on Patent Licensing and Negotiation*, 17 FED. CIR. B.J. 401, 412 (2008).

<sup>16</sup> SanDisk, 480 F. 3d at 1385 n.1 (Bryson, J., concurring) ("A party that contemplates bringing a declaratory judgment action or at least keeping that option open would have no incentive to enter into such an agreement.").

<sup>17</sup> *Id.* at 1384-85 (Bryson, J., concurring).

<sup>18</sup> See Cardinal Chem. Co. v. Morton Int'l, 508 U.S. 83, 95 (1993) ("Merely the desire to avoid the threat of a 'scarecrow' patent...may therefore be sufficient to establish jurisdiction under the Declaratory Judgment Act.").

<sup>19</sup> Sony Elecs., Inc., v. Guardian Media Techs., Ltd., 497 F. 3d 1271, 1285-86 (Fed. Cir. 2007) (The parties' adverse positions taken during the license negotiations made this dispute "manifestly susceptible of judicial determination." (citation omitted)).

<sup>20</sup> *Id.* at 1289; see also Wilton v. Seven Falls Co., 515 U.S. 277, 288 (1995) (A district court has discretion to accept jurisdiction for declaratory judgment, subject to "considerations of practicality and wise judicial administration.").

<sup>21</sup> Sony, 497 F. 3d at 1289.

<sup>22</sup> *Id.* (quoting EMC Corp. v. Norand Corp., 89 F. 3d 807, 815 (Fed. Cir. 1996)).

<sup>23</sup> *Id.* (quoting EMC, 89 F. 3d at 815).

<sup>24</sup> *Id.*; cf. Tempco Elec. Heater Corp. v. Omega Eng'g, Inc., 819 F. 2d 746, 750 (7th Cir. 1987) ("The wholesome purpose of declaratory acts would be aborted by its use as an instrument of procedural fencing either to secure delay or to choose a forum." (citation omitted)).

<sup>25</sup> Micron Tech., Inc. v. MOSAID Techs., Inc., 518 F. 3d 897, 901 (Fed. Cir. 2008).

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at 899.

<sup>29</sup> *Id.* at 902.

<sup>30</sup> Prasco, LLC v. Medicis Pharm. Corp., 537 F. 3d



## Anita Rae Shapiro

SUPERIOR COURT COMMISSIONER, RET.

### PRIVATE DISPUTE RESOLUTION

PROBATE, CIVIL, FAMILY LAW  
PROBATE EXPERT WITNESS

TEL/FAX: (714) 529-0415 CELL/PAGER: (714) 606-2649  
E-MAIL: [PrivateJudge@adr-shapiro.com](mailto:PrivateJudge@adr-shapiro.com)  
<http://adr-shapiro.com>

## Elder Law & Nursing Home Abuse & Neglect

Law Offices of Steven Peck is seeking association or referrals for:

- 1) Nursing Home Abuse & Neglect (Dehydration, Bedsores, Falls, Death)
- 2) Financial Abuse (Real Estate, Theft, Undue Influence)
- 3) Trust & Probate Litigation (Will Contests, Trusts, Beneficiaries)
- 4) Catastrophic Injury (Brain, Spinal Cord, Aviation, Auto, etc.)

27 years of experience

TOLL FREE 866.999.9085 LOCAL 818.908.0509

[www.californiaeldercarelaw.com](http://www.californiaeldercarelaw.com) • [www.premierlegal.org](http://www.premierlegal.org) • [info@premierlegal.org](mailto:info@premierlegal.org)

WE PAY REFERRAL FEES PURSUANT TO THE RULES OF THE STATE BAR OF CALIFORNIA

1329, 1333 (Fed. Cir. 2008).

<sup>31</sup> *Id.* at 1334.

<sup>32</sup> *Id.* at 1340.

<sup>33</sup> *Id.* at 1334.

<sup>34</sup> *Id.* at 1340.

<sup>35</sup> *Id.* at 1341. Even though Medicis's refusal to give a covenant not to sue occurred after Prasco had filed for declaratory judgment, Prasco subsequently alleged these facts in a later-filed Amended Complaint. *Id.* at 1337. The district court dismissed Prasco's declaratory judgment action for lack of jurisdiction based on the facts alleged in the later-filed complaint, and the Federal Circuit held that "it is the facts alleged in this complaint that form the basis for our review." *Id.*

<sup>36</sup> *Id.* at 1341 ("[T]he patentee's silence does not alone make an infringement action or other interference with the plaintiff's business imminent.").

<sup>37</sup> *Id.*

<sup>38</sup> International Soc'y for Krishna Consciousness, Inc. v. Reber, 454 F. Supp. 1385, 1388 (C.D. Cal. 1978).

<sup>39</sup> Prasco, 537 F. 3d at 1341.

<sup>40</sup> *Id.*

<sup>41</sup> Micron Tech., Inc. v. MOSAID Techs., Inc., 518 F. 3d 897, 901 (Fed. Cir. 2008).

<sup>42</sup> See Vanguard Research, Inc. v. PEAT, Inc., 304 F. 3d 1249, 1255 (Fed. Cir. 2002) (subject matter jurisdiction for declaratory judgment when the patentee filed a separate suit "for, among other things, misappropriation of trade secrets regarding the same technology in the same district court"); Goodyear Tire & Rubber Co. v. Releasomers, Inc., 824 F. 2d 953, 956 (Fed. Cir. 1987) ("By suing Goodyear in state court for the same technology as is now covered by the patents, Releasomers has engaged in a course of conduct that shows a willingness to protect that technology.").

<sup>43</sup> Prasco, LLC v. Medicis Pharm. Corp., 537 F. 3d 1329, 1340 (Fed. Cir. 2008).

<sup>44</sup> *Id.*

<sup>45</sup> SanDisk Corp. v. STMicroelecs., Inc., 480 F. 3d 1372, 1380-81 (Fed. Cir. 2007); see also Capo, Inc. v. Dioptrics Med. Prods. Inc., 387 F. 3d 1352, 1355 (Fed. Cir. 2004) (To establish declaratory judgment jurisdiction, "[m]ore is needed than knowledge of...an adversely held patent.").

<sup>46</sup> Prasco, 537 F. 3d at 1338 n.7.

<sup>47</sup> Teva Pharm. USA, Inc. v. Novartis Pharm. Corp., 482 F. 3d 1330, 1334 (Fed. Cir. 2007).

<sup>48</sup> *Id.* at 1341 (citing 21 U.S.C. §355(b)(1)).

<sup>49</sup> *Id.* at 1334.

<sup>50</sup> *Id.* at 1334-35.

<sup>51</sup> *Id.* at 1335.

<sup>52</sup> *Id.* at 1345.

<sup>53</sup> *Id.* (citing 149 CONG. REC. S15885 (Nov. 25, 2003)).

<sup>54</sup> *Id.* at 1346.

<sup>55</sup> Caraco Pharm. Labs., Ltd. v. Forest Labs., Inc., 527 F. 3d 1278, 1290 (Fed. Cir. 2008).

<sup>56</sup> *Id.* at 1296.

<sup>57</sup> *Id.* at 1296-97.

<sup>58</sup> *Id.* at 1293.

<sup>59</sup> Geospan Corp. v. Pictometry Int'l Corp., No. 08-cv-816, slip op. at 2 (D. Minn. Aug. 7, 2008).

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Id.*

<sup>63</sup> *Id.* at 6.

<sup>64</sup> SanDisk Corp. v. STMicroelecs., Inc., 480 F. 3d 1372, 1385 (Fed. Cir. 2007) (Bryson, J., concurring).

<sup>65</sup> See *id.*

<sup>66</sup> Even without a confidentiality agreement, the costs of patent litigation may deter a competitor from rushing out to file for declaratory judgment. According to the American Intellectual Property Law Association (AIPLA), even for a patent matter valued at less than \$1 million, the average cost of litigation through trial is about \$767,000. AIPLA Report of the Economic Survey 2007, at I-90.

## Take advantage of YOUR Lawyer Referral Service!

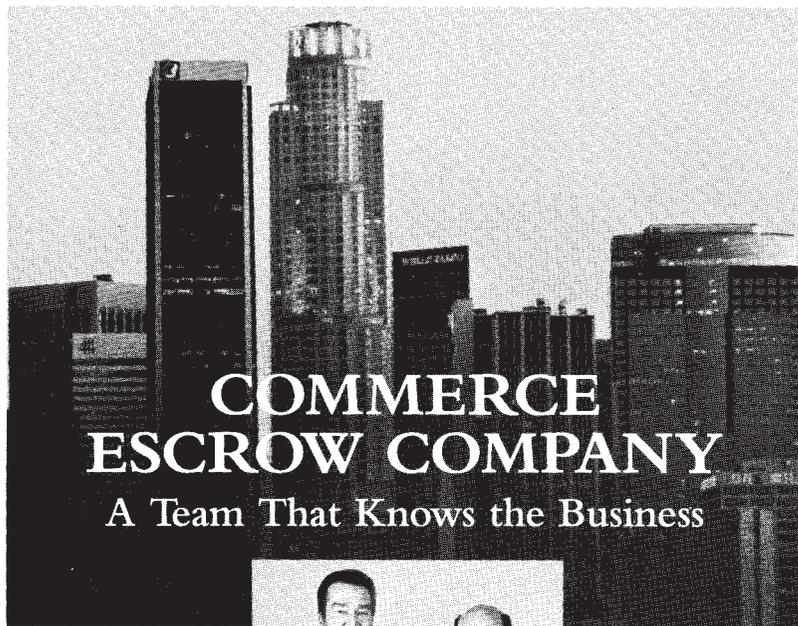
Join the LRIS for a cost-effective way to increase your client base.

Call the LRIS for FREE Attorney-to-Attorney referrals.

For Over 60 Years

**LRIS**  
LAWYER REFERRAL

Telephone **213/243-1525** • [www.smartlaw.org](http://www.smartlaw.org)



Phil Graf and Mark Minsky lead teams of people with long and successful experience in all aspects of the escrow business.

Often, a thorough understanding of the tangled web of real property complexities may be a decisive factor in a successful transaction.

Commerce Escrow teams command an intricate understanding of the figures, interpretations, inclusions, contracts and financial, civic, state, city and county codes that permeate escrow and title transactions. These include commercial, industrial,



Phil Graf  
President

Mark Minsky  
Vice President

developer site acquisitions, single and multi-family, business opportunity, and stock transfer escrows.

Before beginning Commerce Escrow in 1980, Graf

and Minsky were executives at Title Insurance and Trust Company. Graf, and later Minsky, served as Vice President and Manager of Escrow Operations in Los Angeles County.

Since its founding, Commerce Escrow continues to grow with its client base expanding throughout California and beyond.



### Commerce Escrow Company

1545 Wilshire Blvd. / Suite 600 / Los Angeles, CA 90017

213-484-0855 • 310-284-5700 • 888-732-6723

<http://www.comescrow.com>