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TECHNOLOGY LAW UPDATE

A report of the latest Federal Circuit updates brought to you by Preston Gates.

Lab. Corp. of Am. Holdings v. Chiron Corp.

No. 03-1572 (Fed. Cir. Sept. 30, 2004)

"[A]n injunction restraining a parallel, related patent action is immediately appealable."

On September 30, 2004, the Federal Circuit affirmed the district court's grant of LabCorp's motion to enjoin Chiron from prosecuting a parallel litigation co-pending in the U.S. District Court for the Northern District of California involving claims of infringement of U.S. Patents No. 5,712,088, No. 5,714,596, No. 5,863,719, and No. 6,074,816, which related to Hepatitis C virus detection. The Federal Circuit stated:

> Several courts of appeals, including this court and the Second, Fifth, and Tenth Circuits, have concluded that injunctions against co-pending litigation in other district courts are appealable under section 1292(a)(1). By contrast, the Third Circuit [has] held that an order barring the defendant from pursuing related litigation in a different forum is not appealable because it is in essence a venue determination that does not affect the substance of the dispute. . . . Here, the district court granted LabCorp's motion "to enjoin certain litigation currently pending in the Northern District of California." The district court's order [prohibited] Chiron from pursuing the currently pending California action. Such order is an injunction against continuing litigation. Having decided that Federal Circuit law applies, and having determined that an injunction restraining a parallel, related patent action is immediately appealable under the law of this circuit, we conclude that we have jurisdiction over the present appeal pursuant to 28 U.S.C. § 1292(a)(1). . . .
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> Chiron also presents several grounds upon which it alleges the district court abused its discretion. First, Chiron alleges that the district court abused its discretion in allowing LabCorp to file an anticipatory declaratory judgment action in an effort to forum shop in abuse of the Declaratory Judgment Act. Second, Chiron argues the district court should have respected an earlier ruling by the Northern District of California that the current California action was related to some prior litigation in that court. Third, Chiron contends that the district court abused its discretion by disregarding "the many facts militating in favor" of California as the proper forum for handling the parties' dispute, including that California "has by far the greatest connection to the events in dispute." Finally, Chiron suggests that the district court erred in its conclusion that LabCorp filed "first," even though LabCorp's complaint was filed four hours before Chiron's complaint, because the two actions were filed on the same day and consequently should be treated as filed simultaneously.
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> We agree with LabCorp that Chiron fails to point out a clear error of judgment, error of law, or clearly erroneous factual finding underlying the district court's decision to enjoin the California action. Instead, Chiron principally argues that the district court's failure to mention the Second Standstill Agreement was an error of law meriting reversal. Although Chiron relies heavily on LabCorp's alleged breach of the parties' Second Standstill Agreement, the language barring LabCorp from filing any action "until five days after the date on which this Agreement terminates" is ambiguous at best. It is hard to conclude that the district court abused its discretion in not finding that agreement to be a barrier to the action. Moreover, the alleged breach of the Second Standstill Agreement is more relevant to Chiron's motion to dismiss, stay, or transfer the Delaware action than it is to LabCorp's motion to enjoin the California action. Chiron concedes that the district court should have dismissed the Delaware action if it found a breach of the Second Standstill Agreement. However, Chiron did not appeal the denial of its motion to dismiss, stay, or transfer the Delaware action. Finally, the fact that the district court did not discuss the Second Standstill Agreement in its order granting the injunction does not necessarily mean it was not considered.

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