

Avocent Huntsville Corp. v. Aten International Co.

No. 07-1553, Fed. Cir. (Newman, Schall, Linn*)

While exclusive licensing agreements and other undertakings that impose enforcement obligations on a patentee or its licensee reflect the kind of “other activities” that support specific personal jurisdiction in a declaratory judgment action, the defendant patentee’s own commercialization activity does not.

On December 16, 2008, the Federal Circuit affirmed the district court’s dismissal of Avocent’s declaratory judgment suit for noninfringement and invalidity of U.S. Patents No. 6,957,287 and No. 7,035,112, which related to keyboard-video-mouse switches, due to the lack of personal jurisdiction over the Taiwanese patentee Aten. The Federal Circuit stated:

[A declaratory judgment] claim neither directly arises out of nor relates to the making, using, offering to sell, selling, or importing of arguably infringing products in the forum, but instead arises out of or relates to the activities of the defendant patentee in enforcing the patent or patents in suit. The relevant inquiry for specific personal jurisdiction purposes then becomes to what extent has the defendant patentee “purposefully directed [such enforcement activities] at residents of the forum,” and the extent to which the declaratory judgment claim “arises out of or relates to those activities.” This inquiry necessarily places greater forum State.”

In many patent declaratory judgment actions, the alleged injury arises out of the threat of infringement as communicated in an “infringement letter,” and the patentee may have little contact with the forum beyond this letter. While such letters themselves might be expected to support an assertion of specific jurisdiction over the patentee because “the letters are ‘purposefully directed’ at the forum and the declaratory judgment action ‘arises out of’ the letters,” we have held that, based on “policy considerations unique to the patent context,” “letters threatening suit for patent infringement sent to the alleged infringer by themselves ‘do not suffice to create personal jurisdiction.’” This is “because to exercise jurisdiction in such a situation would not ‘comport with fair play and substantial justice.’” “Principles of fair play and substantial justice afford a patentee sufficient latitude to inform others of its patent rights without subjecting itself to jurisdiction in a foreign forum. A patentee should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement. Grounding personal jurisdiction on such contacts alone would not comport with principles of fairness.” Thus, “[f]or the exercise of personal jurisdiction to comport with fair play and substantial justice, there must be ‘other activities’ directed at the forum and related to the cause of action besides the letters threatening an infringement suit.”

Because declaratory judgment actions raise non-infringement, invalidity, and/or unenforceability issues central to enforcement of the patents in question, we have looked beyond the “arises out of” inquiry and have found jurisdiction where

such “other activities” in some identifiable way “relate to” enforcement of those patents in the forum. . . . While “the plaintiff need not be the forum resident toward whom any, much less all, of the defendant’s relevant activities were purposefully directed,” [the] defendant [must] have engaged in “other activities” that relate to the enforcement or the defense of the validity of the relevant patents. Examples of these “other activities” include initiating judicial or extra-judicial patent enforcement within the forum, or entering into an exclusive license agreement or other undertaking which imposes enforcement obligations with a party residing or regularly doing business in the forum.

While exclusive licensing agreements and other undertakings that impose enforcement obligations on a patentee or its licensee reflect the kind of “other activities” that support specific personal jurisdiction in a declaratory judgment action, the defendant patentee’s own commercialization activity does not. What the patentee makes, uses, offers to sell, sells, or imports is of no real relevance to the enforcement or defense of a patent, because “the federal patent laws do not create any affirmative right to make, use, or sell anything.” “The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent.”

[A] defendant patentee’s mere acts of making, using, offering to sell, selling, or importing products—whether covered by the relevant patent(s) or not—do not, in the jurisdictional sense, relate in any material way to the patent right that is at the center of any declaratory judgment claim for non-infringement, invalidity, and/or unenforceability. [S]uch sales do not constitute such “other activities” as will support a claim of specific personal jurisdiction over a defendant patentee. While such activities may in the aggregate justify the exercise of general jurisdiction over the patentee, they do not establish a basis for specific jurisdiction in this context. However, [if] the defendant patentee purposefully directs activities at the forum which relate in some material way to the enforcement or the defense of the patent, those activities may suffice to support specific jurisdiction. For example, when the patentee enters into an exclusive license or other obligation relating to the exploitation of the patent by such licensee or contracting party in the forum, the patentee’s contractual undertaking may impose certain obligations to enforce the patent against infringers. By such conduct, the patentee may be said to purposefully avail itself of the forum and to engage in activity that relates to the validity and enforceability of the patent.

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