

Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.

No. 08-1050, Fed. Cir. (Newman,* Schall, Moore)

MedImmune “did not change the Federal Circuit’s established rule [under Super Sack] that ‘the actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.’”

On February 13, 2009, the Federal Circuit reversed and remanded the district court’s dismissal for lack of declaratory judgment jurisdiction over Aspex’s counterclaims for non-infringement, invalidity, and unenforceability of U.S. Patent No. 6,550,913 , which related to magnetically-attached auxiliary eyeglasses. The Federal Circuit stated:

Revolution, Aspex, and the district court all understood that Revolution’s covenant does not protect Aspex from suit should Aspex embark on future marketing of its bottom-mounted eyewear products. Aspex states that this fact alone distinguishes the holding in Super Sack, where the covenant not to sue applied to the products as they existed at the time of the suit, even if the products were made and sold in the future. In Super Sack this court deemed it “speculative” as to whether any unknown future products of potentially changed structure would be sufficiently at risk of infringement, to warrant present prosecution of declaratory charges of invalidity. In contrast, Aspex states that it does not intend to change its design, and that the Revolution covenant does not extend to future sales of products of the same structure. We agree that this is a critical distinction from Super Sack

The district court discussed the ruling in MedImmune, and remarked that Super Sack had not been overruled to the extent that it established that a covenant not to sue in the future for products made, used, or sold in the past removes actual controversy in the present. The district court observed that the Court in MedImmune “did not change the Federal Circuit’s established rule that ‘the actual controversy must be extant at all stages of review, not merely at the time the complaint is filed,’” citing Super Sack. We agree that this rule was not changed, and indeed is shared by declaratory actions generally. . . .

Whether a covenant not to sue will divest the trial court of jurisdiction depends on what is covered by the covenant. [In contrast to prior cases in which] the continuing activities were not subject to an infringement suit, either because of a covenant that extended to future production and sale of the same products that were the subject of the infringement suit [or] because of a statutory exemption[,] Revolution’s covenant did not extend to future sales of the same product as was previously sold. . . . Revolution’s proposition that for a justiciable controversy to exist, Aspex must reinstitute manufacture and sale of the accused bottom-mounted magnetic eyewear before it can test the patent, and risk being held a willful infringer subject to treble damages if the test fails, raises a question for which MedImmune counsels thoughtful review of the entirety of the circumstances.

Aspex maintains that it has the right to make and sell the disputed eyewear products because the '913 patent is invalid or unenforceable. The planned activity is not speculative. Indeed, it appears that Aspex already has in storage a quantity of the product that it sold before and wishes to sell again. In turn, Revolution states that it will return to court if Aspex reenters this market with these products. The dispute is "definite and concrete," for it pertains to the '913 patent as applied to the specific merchandise that was previously produced and sold by Aspex and that Aspex wishes to reintroduce to the market. The dispute is "real and substantial," as evidenced by the lengthy litigation and the limited covenant. The issue "touch[es] the legal relations of parties having adverse legal interests," for it affects whether Aspex can return to this market without risking treble damages should the challenge eventually fail, and the dispute is amenable to "specific relief through a decree of a conclusive character" because the resolution of the counterclaims for validity and enforceability of the '913 patent will conclusively determine the issue. . . . This case is of larger substance than merely a would-be competitor seeking to test the waters by way of an advisory judicial opinion on an adverse patent, as Revolution suggests. These parties are already in infringement litigation initiated by the patentee, the case has been pending since 2003, and already has produced a summary judgment of invalidity (which was later vacated by this court); the patentee filed its covenant in 2007, after four years of litigation, on the eve of trial of the question of enforceability. Throughout this period the accused eyewear were removed from the market by Aspex, and would not be shielded by the covenant should it be returned to the market, as Aspex states is its intention. Aspex states, and Revolution agreed at the argument of this appeal, that it is reasonable to believe that Revolution will again file suit should Aspex return to this market with the same product as it previously sold. . . . Aspex's declaratory action is not a request for an "advisory opinion" sought by a would-be future competitor; it meets the MedImmune requirement of "sufficient immediacy and reality," when the entirety of the circumstances are considered.

[Revolution states] that it is not obligated to "repudiate suit for future infringement." We agree that such is its right. However, by retaining that right, Revolution preserved this controversy at a level of "sufficient immediacy and reality" to allow Aspex to pursue its declaratory judgment counterclaims. [W]e conclude that there is an actual controversy within the meaning of the Declaratory Judgment Act. The district court erred in holding that Revolution's covenant not to sue for past infringement ousted the court of jurisdiction of Aspex's counterclaims, in the circumstances of this case.

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