# Patent Litigation Alert

*Federal Circuit Limits Forum-Shopping*

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The Federal Circuit last week issued two opinions that substantially impact the tactics used in Texas-based patent litigation. In *Hewlett-Packard v. Acceleron*,* the court revisited declaratory judgment jurisdiction, finding that carefully crafted pre-suit correspondence from non-practicing entity Acceleron could not prevent a declaratory judgment action in Delaware. In another case earlier in the week, the Federal Circuit issued a rare writ of mandamus, ordering transfer of a case out of the Eastern District of Texas.

In *Hewlett-Packard*, the Federal Circuit addressed the limits of declaratory judgment jurisdiction following the Supreme Court's decision in *MedImmune*. In *MedImmune,* the Court rejected the "reasonable anticipation of litigation" standard applied by the Federal Circuit. The Federal Circuit's follow-on decision in *SanDisk* thus held that "where a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where that party contends that it has the right to engage in the accused activity without a license, an Article III case or controversy will arise." However, the facts in *SanDisk* involved extensive negotiations and meetings between the parties, including the exchange of infringement charts. In *Hewlett-Packard*, the contact between the parties was far more limited. After HP filed suit in Delaware, the district court granted Acceleron's motion to dismiss the suit for lack of subject matter jurisdiction, noting that the letters from Acceleron to HP did not include "a statement of infringement, identification of specific claims, claim charts, prior pleadings or litigation history, or the identification of other licensees." *Hewlett-Packard Co. v. Acceleron, LLC*, 601 F. Supp. 2d 581, 589 (D. Del. 2009). However, the Federal Circuit panel, led by Chief Judge Paul Michel, reversed. The court found that Acceleron's correspondence deadlines, refusal to accept a litigation standstill, and failure to request a confidentiality agreement, combined with Acceleron's status as a non-competitor patent holding company could reasonably be interpreted by HP as an implicit assertion of rights under the totality of the circumstances. The court noted that as a non-practicing entity, "without enforcement [Acceleron] receives no benefits from its patents." Moreover, the court noted that while the district court had considered Acceleron's lack of litigation history as a factor, the fact that Acceleron had obtained the patent only months before contacting HP meant that this factor should not weigh against declaratory judgment jurisdiction.

In another decision last week, the Federal Circuit raised the bar for plaintiffs seeking to litigate in a forum with no meaningful connection to the dispute. In *In re Hoffman-La Roche, Inc.*, the court granted a writ of mandamus and directed the United States District Court for the Eastern District of Texas to transfer the action to the forum where the invention had been developed and where a number of non-party witnesses were located within the court's subpoena power.

Novartis, a California company, brought an infringement action against Hoffman-La Roche and Trimeris in the Eastern District of Texas. The defendants moved to transfer the action to the Eastern District of North Carolina, as the inventors were affiliated with Duke University and the drug at issue had been developed and tested by Trimeris in a lab in North Carolina. In their initial disclosures the parties identified four potential non-party witnesses in North Carolina, one in Houston, Texas, and several others around the country. Novartis argued that because witnesses were spread around the country, and that because Novartis had sent 75,000 pages of documents to their local counsel in the Eastern District of Texas, the motion to transfer should be denied. The district court agreed, finding that the case was decentralized, that four non-party witnesses in North Carolina were not a substantial number, that the other sources of proof were nationwide, and that no other forum had a localized interest in the matter.

The Federal Circuit panel, led by Circuit Judge Arthur Gajarsa, disagreed with the district court, holding that there was a "stark contrast in relevance, convenience, and fairness between the two venues" of North Carolina and

Texas. While the Eastern District of North Carolina's interest was clear, no relevant factual connection to the Eastern District of Texas existed other than sending 75,000 pages of electronic documents to local counsel. By contrast, a local interest clearly existed in the Eastern District of North Carolina where the drug had been developed and where the "work and reputation of several individuals residing in or near that district" had been called into question.

While the *Hoffman* decision does not involve a non-practicing entity, it may make it harder for such entities to file and keep cases in the Eastern District of Texas absent a real connection to that forum. The *Hewlett-Packard* case will also make it easier for the targets of licensing efforts, including those by non-practicing entities, to file suit in other alternative forums.

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