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Federal Circuit Patent Bulletin: *Allied Mineral Prods., Inc. v. OSMI, Inc.*

September 20, 2017

"[For purposes of declaratory judgment jurisdiction, without more, the plaintiff's] fear of a future infringement suit is insufficient to confer jurisdiction."

On September 13, 2017, in *Allied Mineral Prods., Inc. v. OSMI, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Moore,* Reyna, Stoll) affirmed the district court's dismissal of Allied's suit seeking a declaratory judgment of noninfringement, invalidity and unenforceability of U.S. Patent No. 7,503,974, which related to cementitious material. The Federal Circuit stated:

The Declaratory Judgment Act requires "a case of actual controversy." There is no bright-line rule for whether a dispute satisfies this requirement, although the Supreme Court has [stated] that the dispute be definite and concrete, touching the legal relations of parties having adverse legal interests; and that it be real and substantial and admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts . . . . Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. . . .

The totality of the circumstances in this case does not rise to the level of a case of actual controversy. Declaratory judgment jurisdiction requires some affirmative act by the patentee. Stellar has not directed any actions towards Allied, nor has it litigated or threatened litigation in the United States or on its '974 patent. All of Stellar's conduct has been directed towards Allied's customers Ferro and

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Pyrotek, unrelated Mexican entities, and that contact was limited to Stellar's Mexican Patent and potentially infringing acts in Mexico. Stellar sent notice letters to the customers alone, and although Allied responded on behalf of its customers, Stellar never responded to Allied's letter. Stellar then sued only the customers, not the manufacturer. Stellar also limited its actions to Mexico. Stellar filed suit in Mexico, suing for infringement of a Mexican patent under Mexican laws. It has not threatened or alleged infringement of the '974 patent in the United States, much less filed suit. Stellar took no actions directed at Allied, no actions with regard to its '974 patent, and no actions under U.S. patent laws. . . . [T]here have been no veiled threats of litigation or even any direct communication from Stellar to Allied. There are no allegations that Stellar has a history of litigating its patents in the United States. In light of this precedent, the district court correctly held that it lacked jurisdiction to hear the case. . . .

Allied does not allege in the complaint that it is obligated to indemnify Ferro and Pyrotek against allegations of infringement of the Mexican Patent. Nor have there been any infringement allegations against either company in the United States or any infringement allegations involving any U.S. patent. . . . Stellar has not implicitly accused Allied of infringing the '974 patent in the United States based on its customers' direct infringement of the Mexican Patent in Mexico.

Allied argues it has been forced into an unwinnable business position; it can either continue to sell products in the United States knowing it may be the target of an infringement suit, or it can cease selling products it believes it has a right to sell. But we have held that the fear of a future infringement suit is insufficient to confer jurisdiction. . . . Allied's fear alone does not give the district court jurisdiction. Considering the totality of the circumstances, we agree with the district court that there is not a substantial controversy of sufficient immediacy and reality to confer declaratory judgment jurisdiction.