

DANISCO US INC v. NOVOZUMES A/S, Appeal No. 2013-1214 (Fed. Cir. March 11, 2014).
Before Lourie, Prost, and O'Malley. Appealed from N.D. Cal. (Judge Seeborg).

Background:

Danisco and Novozymes are competitors in the market for producing genetically modified enzymes, and Novozymes had already sued Danisco for patent infringement on several occasions. Novozymes sought to have an interference declared in connection with one of Danisco's allowed patent applications by amending its own pending patent application and asserting that the amended claim covered the same invention claimed by Danisco. The Examiner rejected Novozymes' interference request, and Danisco's patent application issued as a patent. On the day that Novozymes' patent application also issued as a patent, Danisco filed for declaratory judgment that its products did not infringe Novozymes' patent.

The district court dismissed the declaratory judgment action, holding that no actual case or controversy existed because Danisco filed the declaratory judgment action before Novozymes could have taken any affirmative action to enforce its rights.

Issue/Holding:

Did the district court err in dismissing Danisco's declaratory judgment action for lack of subject matter jurisdiction? Yes, reversed and remanded.

Discussion:

The Federal Circuit rejected the district court's application of a bright-line rule that conduct prior to issuance of a patent cannot give rise to a justiciable controversy, noting that it has never held that pre-issuance conduct cannot be the basis for seeking declaratory judgment or that an accusation of infringement is required to create a justiciable controversy. Instead, the question to be resolved is whether the parties have adverse legal interests and the facts show that there is a substantial controversy between the parties of sufficient immediacy to warrant the issuance of the declaratory judgment.

The Federal Circuit held that Novozymes' arguments to the USPTO that its patent claim reads on Danisco's product demonstrates that Novozyme sought its patent because it believed that Danisco's product would infringe once the patent issued. Additionally, the parties' previous disputes over patents directed to genetically modified enzymes demonstrates their adverse legal interests. Based on the totality of circumstances, the Federal Circuit held that Novozymes' pre-issuance conduct was sufficient to establish a justiciable controversy and, therefore, declaratory judgment jurisdiction.