

ALLIED MINERAL PRODUCTS, INC. v. OSMI, INC. Appeal No. 2016-2641 (Fed. Cir. September 13, 2017). Before Moore, Reyna, and Stoll. Appealed from S.D. Fla. (Judge Marra).

Background:

Stellar, a defendant in this declaratory judgment action, has both Mexican and United States patents. Allied manufactures the relevant products, which it sells to two distributors in Mexico, and also separately sells in the United States. Stellar sent notice letters to the two distributors alleging infringement of Stellar's Mexican patent. Allied responded to Stellar's notice on behalf of the two distributors and identified itself as the manufacturer of the product. Stellar never responded to Allied's letter. Stellar then filed an infringement action against the two distributors in Mexico.

As a result, Allied filed a declaratory judgment action in the Southern District of Florida arguing that Allied did not infringe Stellar's U.S. patent. The district court dismissed the complaint for lack of subject matter jurisdiction.

Issue/Holding:

Did the district court err in its dismissal for lack of subject matter jurisdiction? No, affirmed.

Discussion:

A case under the Declaratory Judgment Act requires "a case of actual controversy" and some affirmative act by the patentee.

The Federal Court concluded that based on the totality of the circumstances there was no substantial controversy of sufficient immediacy and reality to confer declaratory judgment jurisdiction. The Federal Court reasoned that Stellar did not direct any actions toward Allied, Stellar sent notice letters to the two distributors in Mexico, sued the two distributors in Mexico, never responded to Allied's letter, and had never taken any legal action in the U.S. based on the patent. Therefore, Allied failed to establish that there was an actual controversy regarding the U.S. patent.

Although Allied argued that its only options are to either keep selling the products in the U.S. knowing that it will be a target of an infringement suit or to cease selling the products it believes that it has a right to sell, the Federal Court ruled that fear of a future infringement suit is insufficient to confer subject matter jurisdiction.