

MAXCHIEF INVESTMENTS LTD. v. WOK & PAN, IND., INC., Appeal No. 2018-1121 (Fed. Cir. November 29, 2018). Before Dyk, Reyna and Hughes. Appealed from E.D. Tenn. (Greer, J.).

Background:

Maxchief and Wok are Chinese plastic table manufacturers. Wok sued Staples, in California, alleging patent infringement.

Staples buys its tables from Meco, a Tennessee company, which is a Maxchief distributor. Maxchief subsequently filed actions for declaratory judgment of non-infringement or invalidity in the Eastern District of Tennessee.

The Tennessee district court dismissed the declaratory judgment action, finding that Wok did not have sufficient minimum contacts with Tennessee, and thus, there was no personal jurisdiction for the suit.

Issue/Holding:

Did the district court err in dismissing the declaratory judgment action based upon a lack of personal jurisdiction? No, affirmed.

Discussion:

The Federal Circuit assessed whether minimum contacts existed, and particularly whether the defendant purposefully directed its conduct to the forum state, and whether the claim arose out of or relates to defendant's contacts.

Maxchief mainly argued that because Wok sued in California and because the suit would necessarily affect Meco, located in Tennessee, and the downstream distributors and customers, personal jurisdiction exists. Maxchief argued that Wok's lawsuit against Staples in California created sufficient contacts with Tennessee because the suit sought a broad injunction against "all those in active concert" with Staples, including its distributors, one of which was Meco.

The Federal Circuit indicated that the minimum contacts prong would require some enforcement activity in the forum state by the patentee. The Federal Circuit felt that the allegation that the lawsuit may have "effects" in Tennessee was not enough; the jurisdiction must be based on intentional conduct by the defendant directed at the forum state. The fact that the requested injunction might apply to a Tennessee resident and non-party to the original action was considered too attenuated a connection to satisfy minimum contacts.

The Federal Circuit also disagreed with an argument that the minimum contacts requirement was satisfied on the basis of an infringement notice sent to Maxchief's lawyer in Tennessee. The infringement being alleged was directed to a company that does not operate in Tennessee, and thus, no minimum contacts were created. Thus, the court affirmed the decision.