

Hewlett-Packard Co. v. Acceleron LLC, 587 F.3d 1358 (Fed. Cir. 2009).

In this recent Federal Circuit decision, the Court explicitly admits a shift from past declaratory judgment jurisprudence by allowing reasonable inferences to be drawn from a patentee's actions for establishing the necessary intent to enforce a patent and by establishing a DJ class system where non-practicing entities have a strike against them because of their non-competitor status. Although the Court acknowledged that the test for declaratory judgment jurisdiction in patent cases is an objective one, the Court also found that implicit assertions of patent rights could be sufficient to find DJ jurisdiction.

In this case, the patentee, Acceleron, communicated with HP and identified itself as the owner of the '021 patent, which Acceleron described as relating to "blade servers," a product also made by HP. Acceleron also imposed a short deadline for a response and insisted that HP not file suit in response to its letter. HP offered not to file a DJ action for 120 days if Acceleron would likewise agree not to file suit during that time. Instead of agreeing to the mutual standstill, Acceleron responded with a new deadline for discussing the '021 patent and indicated that HP's silence would be interpreted as meaning that HP had nothing to say about the merits of the '021 patent. HP filed its DJ action before Acceleron's deadline passed.

Citing the lack of a statement of infringement, identification of specific claims, claim charts, prior pleadings or litigation history, and the identification of other licensees, the district court found that under the totality of circumstances at the time HP filed suit, litigation was too speculative a prospect to support DJ jurisdiction. However, in reversing, the Federal Circuit noted that because Acceleron is a noncompetitor patent holding company who could not engage in a meet-and-discuss inquiry with HP in the same fashion as a competitor could, Acceleron could not obtain benefits from its patents without enforcement and licensing activities. Thus, the affirmative steps of twice contacting HP directly combined with the implicit assertions of its patent rights against HP's blade servers was enough in view of the Federal Circuit to constitute a "definite and concrete" dispute between HP and Acceleron to support DJ jurisdiction.

This decision clearly further the factual standard required to demonstrate adverse legal interests in support of declaratory judgment jurisdiction. Patentees, especially nonpracticing entities, cannot now realistically even communicate with potential licensees without likely creating DJ jurisdiction in a forum chosen by the potential licensee, which most likely would not be a patentee-friendly district court. On the flip side, potential licensee targets now have additional leverage against what they view as "patent trolls," especially such targets willing to make an example of such patentees in defendant-friendly district courts. The probable result for patentees and potential licensees alike will simply be more litigation and less negotiation, thus increasing court dockets and providing job security for many attorneys along the way.

Andrew Crain, Partner, Thomas | Kayden, LLP
andrew.crain@tkhr.com