

recoverable damages period, it stated “the Court recognizes that the language of the ICA, that ‘[n]o award of damages shall be recoverable for any period *prior* to one year before the action was instituted,’ does not limit damages for the period of time *following* the filing of the action”) (emphasis added in original); *Tarlov v. Paine Webber Cashfund, Inc.*, 559 F.Supp. 429, 433 (D.Conn.1983) (stating “If *Fox* stands, the instant suit covers fees paid from May, 1979, to the close of this action”).

In sum, the cases relied on by the defendants are not, on close examination, all that helpful to them. The only case deserving precedential effect is *Daily Income*, and I conclude that the Court’s brief reference to the damages period was casual dictum, not a controlling holding. The parties here have crystallized the issue for decision in a way that does not appear to have been done in prior cases, and because the statute is plain and unambiguous, I reject the defendants’ creative reading of it.

Conclusion

For the foregoing reasons, the defendants’ motion for a protective order concerning the statutory damages period (dkt. no. 133) is DENIED.

It is SO ORDERED.



NORDICA USA CORP. Tecnica USA Corp.

v.

Jens OLE SORENSEN (an individual),
Jens Erik Sorensen (as Trustee of the
Sorensen Research and Development
Trust), and Sorensen Research and
Development Trust.

Civil No. 06-cv-091-JM.

United States District Court,
D. New Hampshire.

Feb. 23, 2007.

Background: Ski boot manufacturers brought action seeking declaratory judgment that they were not infringing patent relating to process for injecting plastic materials into mold to produce thin-walled, hollow plastic product, and that patent was invalid. Patent owners moved to dismiss or to transfer action.

Holdings: The District Court, Muirhead, United States Magistrate Judge, held that:

- (1) manufacturers’ motion for leave to conduct jurisdictional discovery was timely;
- (2) patentees were not subject to specific personal jurisdiction in New Hampshire; and
- (3) patentees were not subject to general personal jurisdiction in New Hampshire.

Motion granted in part and denied in part.

1. Constitutional Law ⇄3963, 3974

Due Process Clause requires that defendant be given adequate notice of suit against him and be subject to personal jurisdiction of forum court in order for judgment against him to be effective. U.S.C.A. Const.Amend. 14.

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2. Constitutional Law ⇔3964

Due Process Clause limits court's ability to exercise jurisdiction over out-of-state defendant to circumstances where defendant has directed his activities at forum state, so that sufficient minimum contacts with forum exist to render it both reasonable and fair to subject defendant to suit there. U.S.C.A. Const.Amend. 14.

3. Federal Courts ⇔76.5

General personal jurisdiction exists over non-resident defendant whose contacts with forum are so continuous and systematic that it is reasonable to require defendant to defend suit even if litigation is not related to those contacts.

4. Federal Courts ⇔76.10

Specific personal jurisdiction over non-resident defendant exists when contacts are only isolated and sporadic, as long as litigation results from injuries that arise from, or relate to, those contacts.

5. Federal Civil Procedure ⇔1269.1

Under First Circuit law, if defendants move to dismiss for lack of personal jurisdiction, plaintiffs may be entitled to modicum of jurisdictional discovery to establish facts that demonstrate why jurisdiction may properly be exercised over defendants. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

6. Federal Civil Procedure ⇔1269.1

Plaintiffs seeking leave to conduct jurisdictional discovery must specify type of evidence they think they will find and provide detailed descriptions of any additional pertinent avenues of inquiry that they hope to pursue. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

7. Federal Civil Procedure ⇔1269.1

Even when plaintiff has been diligent and has properly supported colorable claim for jurisdiction, district court may still conclude that jurisdictional discovery is not required and be within its discretion in

denying request. Fed.Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

8. Federal Civil Procedure ⇔1269.1

Plaintiffs' motion for leave to conduct jurisdictional discovery was timely, where request was first asserted in plaintiffs' objection to defendants' motions to dismiss for lack of personal jurisdiction. Fed. Rules Civ.Proc.Rule 12(b)(2), 28 U.S.C.A.

9. Patents ⇔288(3)

Under Federal Circuit law, to determine whether court has specific personal jurisdiction over nonresident defendants in patent action, plaintiffs must demonstrate that: (1) defendant purposefully directed its activities at residents of forum, (2) claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair.

10. Constitutional Law ⇔3965(1)

Patents ⇔288(1)

Cease-and-desist letters and other attempts to license patent, without more, are not sufficient contacts to establish specific personal jurisdiction over patentee required by Due Process Clause. U.S.C.A. Const.Amend. 14.

11. Patents ⇔288(3)

Patentees were not subject to specific personal jurisdiction in New Hampshire in action seeking declaratory judgment that manufacturers were not infringing patent, even though patentees sent cease-and-desist letter to manufacturers in New Hampshire, subsequently sought to reach licensing agreement with manufacturers, and licensed patent to companies that did business in New Hampshire, where all subsequent correspondence between parties was directed at manufacturer's counsel in locations outside of New Hampshire, patentees did not have exclusive arrangement with any company in New Hampshire, and licensees were all involved in

distinct product markets selling diverse products.

12. Patents ⇨288(1)

Licensees' contacts with New Hampshire could not be attributed to patentees, and thus patentees were not subject to general personal jurisdiction in New Hampshire in action seeking declaratory judgment that manufacturers were not infringing patent, even though patentees were in business of licensing technology and had entered into many licensing agreements with corporations that did business in New Hampshire, where patent covered technology that was used in manufacturing process of products but was not tangible product itself, and license agreements were not exclusive.

13. Federal Courts ⇨122

Transfer, rather than dismissal, was warranted in manufacturers' New Hampshire action seeking declaratory judgment that they were not infringing patent, even though patentees were not subject to personal jurisdiction in New Hampshire, where related patent infringement cases against other manufacturers based on very similar facts were pending in California. 28 U.S.C.A. § 1406(a); Fed.Rules Civ.Proc. Rule 12(b)(2), (3), 28 U.S.C.A.

14. Declaratory Judgment ⇨300

Inventor was not proper party defendant in manufacturers' action seeking declaratory judgment that they were not infringing patent, where inventor had assigned his interest in patent, and no longer held any ownership interest in or rights to patent.

Patents ⇨328(2)

4,935,184. Cited.

chester, NH, for Nordica USA Corp. and Tecnica USA Corp.

Elizabeth K. Rattigan, Vitt & Rattigan PLC, Norwich, VT, J. Michael Kaler, Melody A. Kramer, Kaler Law Offices, San Diego, CA, for Jens Ole Sorensen (an individual), Jens Erik Sorensen (as Trustee of the Sorensen Research and Development Trust), and Sorensen Research and Development Trust.

ORDER

MUIRHEAD, United States Magistrate Judge.

Plaintiffs Nordica USA Corp. ("Nordica") and Tecnica USA Corp. ("Tecnica") brought this action pursuant to 28 U.S.C. § 2201, seeking a declaratory judgment that they are not infringing defendants' patent and that the patent is invalid. Defendants are Jens Ole Sorensen, the inventor of the contested patent ("Ole Sorensen"), Jens Erik Sorensen, the trustee of the Sorensen Research and Development Trust ("Erik Sorensen"), and the Sorensen Research and Development Trust ("SRD Trust"), which holds the ownership interests in the patent (Erik Sorensen and the SRD Trust are jointly referred to as "SRDT" and are treated as a single entity for purposes of the pending motions). The patent is U.S. Patent 4,935,184 (the "184 patent"), which pertains to a process for injecting plastic materials into a mold to produce a thin-walled, hollow plastic product. Since December 2004, SRDT has contended plaintiffs have used the same injection molding process covered by the 184 patent to manufacture certain ski boots, and has sought to enter into a licensing agreement with plaintiffs for the use of the patented process. No agreement was reached, however, and this action commenced in March 2006.

Courtney Quinn Brooks, Jamie N. Hage, Paul Lanagan, Nixon Peabody LLP, Man-

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In lieu of answering the complaint, defendants moved to dismiss this action for lack of personal jurisdiction or to transfer the action based on improper venue, pursuant to Fed.R.Civ.P. 12(b)(2) and (3).¹ See Document nos. 8 and 9. Defendant Ole Sorensen also sought dismissal of the action against him for failure to state a claim, pursuant to Fed.R.Civ.P. 12(b)(6). See Document no. 9. A series of pleadings followed, including Plaintiff's Amended Motion for Jurisdictional Discovery. See Document no. 20. The matter is before the court on these and other related motions, which I address seriatim.

Discussion

1. Background

Plaintiffs Nordica and Tecnica are both corporations organized under the laws of New Hampshire, with their respective principal places of business in New Hampshire. Defendants are not residents of New Hampshire. Ole and Erik Sorensen reside in San Diego County, California; the SRD Trust's principal place of business is in San Diego, California. Defendants contend they have insufficient contacts with New Hampshire to enable the federal court here to exercise personal jurisdiction over them consistent with due process. Plaintiffs counter that defendants' repeated efforts to enter into a license agreement with them, at least, constitute sufficient minimum contacts to justify this court's exercise of personal jurisdiction over them.

In the complaint, plaintiffs assert personal jurisdiction over defendants is appropriate because:

1. Defendants ask the court to transfer the action to the federal district court in the Southern District of California, where a related case, *Jens Erik Sorensen as Tr. of the Sorensen Research & Dev. Trust v. Tecnica USA, Inc. & Nordica USA, Inc.*, Civ. No. 06-cv-1941 BTM CAB (S.D.Cal.Sept. 18, 2006) (the "California action"), is pending.

defendants routinely license the technology that is the subject of the '184 patent to large, multi-national corporations [in New Hampshire and] throughout the world. Further, counsel for defendants have repeatedly contacted plaintiff, both directly and through plaintiff's counsel, for the express purpose of negotiating a license agreement for the technology covered in the '184 patent and for the purpose of threatening a lawsuit against Nordica for alleged infringement of the '184 patent. . . . That is to say, defendants have, at least since 2004, solicited business in New Hampshire in the form of proposing a licensing arrangement with Nordica.²

Compl. ¶ 8. Defendants argue that even if these allegations are accepted as true, they fail to establish that defendants either (1) transacted business in New Hampshire to fall within the reach of New Hampshire's long-arm statute, see New Hampshire Rev. Stat. Ann. ("RSA") § 510:4, section I (providing for jurisdiction over non-resident persons), or (2) had sufficient contacts with New Hampshire to enable the court to exercise its jurisdiction over them consistent with the due process clause. See *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292-93, 100 S.Ct. 559, 62 L.Ed.2d 490 (1980) (discussing minimum contacts necessary to render personal jurisdiction over a nonresident consistent with "traditional notions of fair play and substantial justice" guaranteed by the due process clause).

Specifically, defendants make three arguments in support of their position.

2. Tecnica USA Corp. was added as a plaintiff on October 5, 2006, when an Amended Complaint was filed. See Document no. 26. The same allegation of personal jurisdiction is made in the Amended Complaint. See *id.* ¶ 9. The bracketed language, to include New Hampshire, was added in the Amended Complaint.

First, they distinguish between the three defendants, clarifying that the cited correspondence on which plaintiffs rely to invoke personal jurisdiction came only from the attorney for SRDT, who was not representing Ole Sorensen, and that Ole Sorensen has had no contacts whatsoever with New Hampshire, through counsel, an agent, or otherwise. Ole Sorensen sold and assigned all his rights in the patent to the SRD Trust on December 31, 2002, and is neither a beneficiary nor trustee of that trust. *See* Ole Sorensen Aff. ¶¶ 9 and 10 (document no. 9.2). Ole Sorensen seeks to have this action against him dismissed, since he has no patent rights and has not asserted any infringement claim against plaintiffs. *See* Fed.R.Civ.P. 12(b)(6). He also argues that because he has had no contact in any way with New Hampshire, neither its long-arm statute nor the due process clause requirement of minimum contacts with the forum can be satisfied, precluding this court from exercising personal jurisdiction over him. *See* Fed. R.Civ.P. 12(b)(2).

Second, SRDT argues that only the initial letter, written by its counsel on December 2, 2004 to Nordica's chief executive officer, Andy Knittle, requesting Nordica cease and desist its allegedly infringing manufacturing operations, was sent to New Hampshire. SRDT claims that all further correspondence between the parties was directed at Nordica's counsel in locations outside of New Hampshire, including Boston, Massachusetts, Washington, D.C. and Montreal, Quebec. SRDT contends that the initial infringement letter and subsequent offers to enter into a licensing agreement did not rise to the level of transacting business in New Hampshire to invoke its long-arm statute. It also maintains that the mailing of a single cease and desist letter in a patent case does not constitute the requisite minimum contacts with the state to subject a

defendant to personal jurisdiction in that forum.

Third, both Ole Sorensen and SRDT argue that even if personal jurisdiction could be exercised over them, New Hampshire is the wrong venue for this action under 28 U.S.C. § 1391(b), again because they have insufficient contacts with the state. They further argue that plaintiff bears the burden of proving otherwise. Defendants request this action be transferred to the United States District Court for the Southern District of California, under the authority provided courts in 28 U.S.C. § 1406(a) (allowing court "in the interest of justice" to transfer case to a district in which it could have been brought).

Plaintiffs respond that personal jurisdiction may properly be exercised over defendants based either on specific or general jurisdiction, or based on a "stream of commerce" theory of jurisdiction. Plaintiffs argue defendants are in the business of licensing their technology, which subjects them to jurisdiction wherever the licensed technology is being used. They assert first that defendants' contact with Nordica alleging Nordica was infringing the '184 patent gives rise to specific jurisdiction. Next plaintiffs contend that the SRD Trust, as well as several other corporate entities which defendants have created, have licensed technology with many corporations that either are located or are doing business in New Hampshire, which shows defendants' systematic and continuous contacts with New Hampshire for purposes of general jurisdiction. Finally, plaintiffs argue that the licensees who either have their principal place of business in New Hampshire or are doing business in New Hampshire by selling products which incorporate the licensed technology demonstrate that defendants have put the '184 patent in the "stream of commerce" here.

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For all these reasons, plaintiffs maintain that it is reasonable and fair for defendants to be subject to suit in this court. To the extent they have not made a prima facie case of personal jurisdiction, plaintiffs seek additional discovery to demonstrate it exists. Because the requested discovery may bolster plaintiffs' jurisdiction claim, I address that motion first before turning to defendants' motions to dismiss.

2. Plaintiffs' Amended Motion for Jurisdictional Discovery (document no. 20), and Plaintiffs' Addendum to Motion for Jurisdictional Discovery (document no. 34)

a. Minimum Contacts Requirement

[1,2] The due process clause requires that a defendant be given adequate notice of a suit against him and be subject to the personal jurisdiction of the forum court in order for a judgment against him to be effective. *See World-Wide Volkswagen*, 444 U.S. at 291, 100 S.Ct. 559 (describing due process limits on judicial power). It limits a court's ability to exercise jurisdiction over an out-of-state defendant to circumstances where the defendant has directed his activities at the forum state, so that sufficient "minimum contacts" with the forum exist to render it both reasonable and fair to subject the defendant to suit there. *See id.* at 291-92, 100 S.Ct. 559 (citing *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316, 66 S.Ct. 154, 90 L.Ed. 95 (1945)). Personal jurisdiction may be either "general" or "specific," depending on the type of contact with the forum. *See Trintec Indus. v. Pedre Promotional Prods.*, 395 F.3d 1275, 1279 (Fed.Cir.2005) (citing authority).

[3,4] General jurisdiction exists over a defendant whose contacts with the forum are so " 'continuous and systematic' ", *see id.* (quotation omitted), that it is " 'reasonable . . . to require the corporation to defend the suit' " even if the litigation is not

related to those contacts. *See World-Wide Volkswagen*, 444 U.S. at 292, 100 S.Ct. 559 (quoting *Int'l Shoe*, 326 U.S. at 317, 66 S.Ct. 154). Specific jurisdiction exists when the contacts are only "isolated and sporadic," as long as the litigation results from injuries that arise from or relate to those contacts. *See Trintec Indus. v. Hubbell Lighting, Inc.*, 232 F.3d 1369, 1375 (Fed.Cir.2000) (quoting *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472-72, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985)). Under either circumstance, defendant is deemed to have " 'fair warning that a particular activity may subject [it] to the jurisdiction of a foreign sovereign.' " *Burger King*, 471 U.S. at 472, 105 S.Ct. 2174 (quoting *Shaffer v. Heitner*, 433 U.S. 186, 218, 97 S.Ct. 2569, 53 L.Ed.2d 683 (1977)). Plaintiffs argue here that the requested discovery will show defendants' contacts with New Hampshire give rise to both specific and general jurisdiction.

b. Standard of Review

[5] Although the issue of personal jurisdiction is guided by the law of the Federal Circuit rather than the First Circuit, *see Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1361 (Fed. Cir.2006), *reh'g and reh'g en banc den.*, 2006 U.S.App. LEXIS 14551 (Fed.Cir. May 30, 2006) (explaining that a declaratory judgment action for non-infringement is "intimately related to patent law" and therefore is governed by Federal Circuit law), plaintiffs' discovery request is resolved following the law of the First Circuit. *See Commissariat A L'Energie Atomique v. Chi Mei Optoelectronics Corp.*, 395 F.3d 1315, 1322 (Fed.Cir.2005) (citing authority). Under First Circuit law, if defendants move to dismiss for lack of personal jurisdiction, plaintiffs may be entitled to a "modicum of jurisdictional discovery" to establish facts that demonstrate

why jurisdiction may properly be exercised over defendants. See *Negron-Torres v. Verizon Commc'ns. Inc.*, 478 F.3d 19, 27 (1st Cir.2007); see also Fed.R.Civ.P. 12(b)(2). Plaintiffs now seek precisely such information. See Document Nos. 20 and 34. As a preliminary matter, plaintiffs also filed a “Motion for Leave to File a Reply Memorandum,” see document no. 24, which is granted, and the materials submitted therein are considered in resolving the pending discovery motions (the three documents related to plaintiffs’ request for jurisdictional discovery, document nos. 20, 24 and 34, are hereinafter jointly referred as one “motion”).

[6, 7] It is within the trial court’s discretion whether or not to grant plaintiffs’ motion for jurisdictional discovery. See *U.S. v. Swiss Am. Bank, Ltd.*, 274 F.3d 610, 625 (1st Cir.2001) (explaining the district court’s broad discretion). The motion must be “timely and properly supported,” must proffer a “colorable claim” for jurisdiction, and must “present facts to the court which show why jurisdiction would be found if discovery were permitted.” *Id.* at 625, 626. Plaintiffs must specify the type of evidence they think they will find and provide detailed descriptions of any “‘additional pertinent avenues of inquiry’ that [they] hope[] to pursue.” *Id.* at 626 (quoting *Whittaker Corp. v. United Air-*

craft Corp., 482 F.2d 1079, 1086 (1st Cir. 1973)). “Failure to allege specific contacts, relevant to establishing personal jurisdiction, in a jurisdictional discovery request can be fatal to that request.” *Id.* (citing *Crocker v. Hilton Int’l Barbados, Ltd.*, 976 F.2d 797, 801 (1st Cir.1992)). Finally, even when a plaintiff has been diligent and has properly supported a colorable claim for jurisdiction, the district court may still conclude that discovery is not required and be within its discretion in denying the request. See *id.* at 625–26.

With these guiding principles in mind, I turn to the three bases for jurisdiction plaintiffs have alleged to determine whether their motion for jurisdictional discovery proffers facts that demonstrate, or describes “pertinent avenues of inquiry” that will lead to facts that will demonstrate, the requisite minimum contacts with New Hampshire to allow this court to exercise personal jurisdiction over defendants consistent with the due process clause.³ In making that assessment, I must apply Federal Circuit law. See *Commissariat A L’Energie Atomique*, 395 F.3d at 1323 (determining relevance of requested discovery in a patent infringement case based on Federal Circuit law).

[8] Before proceeding to that substantive analysis, I will address defendants’

3. Whether or not plaintiffs have presented a “colorable claim” of personal jurisdiction over defendants involves a two-step inquiry, looking first at New Hampshire’s long-arm statute, and second at the limits of the due process clause. See *Trintec Indus.*, 395 F.3d at 1279 (explaining how personal jurisdiction is determined in a patent infringement case); see also *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1358 (Fed. Cir.1998) (describing test for exercise of personal jurisdiction over a non-consenting, out-of-state defendant). Under New Hampshire law, the reach of the long-arm statute is co-extensive with constitutional due process requirements, see *Vt. Wholesale Bldg. Prods. v.*

J.W. Jones Lumber Co., — N.H. —, — — —, 914 A.2d 818, 821–22 (2006) (state’s long-arm statute permits jurisdiction to the extent permissible under the federal due process clause), causing the long-arm analysis to collapse into the due process analysis and rendering them one and the same. See *Trintec Indus.*, 395 F.3d at 1279 (the question becomes whether an exercise of personal jurisdiction would offend due process); *Red Wing Shoe*, 148 F.3d at 1358 (same). Accordingly, the parties here correctly argue only whether defendants have the requisite minimum contacts with New Hampshire to satisfy the due process clause.

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argument that the discovery motion should be dismissed as untimely. Since the request for jurisdictional discovery was made before any ruling on the motions to dismiss, in fact it was first asserted in their objection to the motions to dismiss, and because plaintiffs bear the burden of proving personal jurisdiction when defendants file a motion to dismiss, I find plaintiffs have diligently sought the discovery and decline to deny the motion on this basis. *See id.* (reversing denial of discovery where plaintiff did not fully brief the issue but requested discovery in its opposition to the motion to dismiss and reiterated that request both at oral argument and in a motion for reconsideration); *cf. Barrett v. Lombardi*, 239 F.3d 23, 28 (1st Cir.2001) (affirming denial of jurisdictional discovery where not sought until after adverse judgment entered).

c. Specific Jurisdiction

Plaintiffs first claim this court has specific jurisdiction over defendants based on defendants' contacts with them relating to their allegedly infringing use of the '184 patent. Plaintiffs argue the cease-and-desist letters combined with defendants' "exclusive and/or ongoing relationships with licensees or distributors doing business in the state," give rise to specific jurisdiction. *See* Document no. 20 at 6; *see also* Document no. 24 at 5. Plaintiffs assert that some licensing agreements of which they already are aware contain confidentiality and indemnity provisions. They now seek disclosure of all defendants' license agreements to determine the extent to which defendants exert control over the operations of these licensees to establish defendants' contacts with New Hampshire. In support of their argument, plaintiffs cite *Breckenridge Pharm.*, 444 F.3d at 1361, *Genetic Implant Sys. v. Core-Vent Corp.*, 123 F.3d 1455, 1457–59 (Fed.Cir.1997), and *Akro Corp. v. Luker*, 45 F.3d 1541, 1542–43 (Fed.Cir.1995).

[9] To determine whether this court has specific jurisdiction over defendants, plaintiffs must demonstrate that "(1) the defendant purposefully directed its activities at residents of the forum, (2) the claim arises out of or relates to those activities, and (3) assertion of personal jurisdiction is reasonable and fair." *Breckenridge Pharm.*, 444 F.3d at 1361–62. Only if plaintiffs meet their burden of proving the first two elements does the burden then shift to defendants to prove the third element. *See id.* (referring to the five factor test of reasonableness set forth in *Burger King*, 471 U.S. at 476–77, 105 S.Ct. 2174); *see also Silent Drive, Inc. v. Strong Indust.*, 326 F.3d 1194, 1202 (Fed.Cir.2003) (explaining the first two prongs relate to the minimum contacts inquiry while the third factor corresponds with the fair play and substantial justice requirement). Plaintiffs have failed to meet even the "colorable claim" threshold for specific jurisdiction, however, and their argument for jurisdictional discovery to make a prima facie showing is patently unpersuasive.

[10, 11] It is well-settled that cease-and-desist letters and other attempts to license the patent at issue, "without more" are not sufficient contacts to satisfy the due process clause. *See Breckenridge Pharm.*, 444 F.3d at 1363–66 (surveying Federal Circuit law regarding cease-and-desist letters); *see also Red Wing Shoe*, 148 F.3d at 1360–61 (explaining how letters regarding possible infringement may be substantially related to the cause of action but subjecting a defendant to suit for merely protecting his patent rights is contrary to "fair play and substantial justice"). Accordingly, none of SRDT's correspondence, by letter, email or telephone, with Nordica can give rise to specific jurisdiction. Apparently recognizing this flaw in their jurisdictional argument, plaintiffs seek discovery of licensing agreements to

provide the requisite “other activities” directed at the forum and done in conjunction with the cease-and-desist letters which together can constitute “minimum contacts” to comport with due process. *See Breckenridge Pharm.*, 444 F.3d at 1366.

The cases plaintiffs rely on to support their position that they are entitled to “close examination of the license agreement” are inapposite. *Id.* In each of those cases, the patentee had an exclusive arrangement with its licensee or distributor. *See id.* (exclusive license with company that conducted business in forum); *see Genetic Implant Sys.*, 123 F.3d at 1457 (exclusive distribution agreement); *see also Akro*, 45 F.3d at 1542–43 (exclusive license agreement).

Where a defendant-licensor has a relationship with an *exclusive* licensee headquartered or doing business in the forum state, the inquiry requires close examination of the license agreement. In particular, our case law requires that the license agreement contemplate a relationship beyond royalty or cross-licensing payment, such as granting both parties the right to litigate infringement cases or granting the licensor the right to exercise control over the licensee’s sales or marketing activities.

Breckenridge Pharm., 444 F.3d at 1366 (emphasis added). While plaintiffs argue they can only discover the scope of defendants’ obligations in New Hampshire if they are allowed to examine the license agreements, the premise of the “close examination” inquiry is an exclusive arrangement. Based on the motion for jurisdictional discovery alone, defendants clearly do not have any exclusive arrangement with any company in New Hampshire.

To the contrary, based on the submissions before the court, defendants have licensed the technology covered by the ‘184 patent to several different companies engaged in very diverse business activities.

As alleged, SRDT has licensed the ‘184 patent to at least the following companies, all of which are doing business in New Hampshire: Atomic Ski USA, *see* Document no. 12.3, Aff. of Jamie N. Hage, ¶ 21; DaimlerChrysler AG, *see id.* ¶¶ 24 and 28; Garmin International, Garmin USA, Inc., and The Stanley Works, *see id.* ¶¶ 29–31. The fact that SRDT and Ole Sorensen have licensed the ‘184 patent to at least these five companies which do business in New Hampshire, and which are all involved in distinct product markets, selling diverse products, wholly undermines plaintiffs’ contention that defendants “purposefully directed” their activities at New Hampshire by creating some type of exclusive licensee or distributor relationship to market the ‘184 patent here. *See Red Wing Shoe*, 148 F.3d at 1362 (explaining how the patentee/licensor’s, not the licensee’s, contacts with the forum is the critical inquiry). Defendants simply have not made any exclusive arrangement for the use of the patented technology here, which has been the basis for finding specific jurisdiction under Federal Circuit law. *See Breckenridge Pharm.*, 444 F.3d at 1366. It is “ ‘the exclusivity of [the] license agreement . . . [that] created continuing obligations’ between the patentee and the forum and ‘eliminated any possibility of [the patentee’s] entering into any type of licensing arrangement’ with the declaratory judgment plaintiff.” *Red Wing Shoe*, 148 F.3d at 1362 (quoting *Akro*, 45 F.3d at 1546, where the declaratory judgment plaintiff was a competitor with the defendant patentee’s exclusive licensee).

Additional evidence of other licensing agreements with more companies would further undercut plaintiffs’ argument for specific jurisdiction. The exclusivity of the licensing arrangement shows how the defendant/patentee/licensor “purposefully direct[s] activities at [the forum] within the meaning of the due process inquiry.”

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Breckenridge Pharm., 444 F.3d at 1365; *cf. Red Wing Shoe*, 148 F.3d at 1361–62 (no personal jurisdiction where patentee had multiple license agreements). Because plaintiffs motion for jurisdictional discovery seeks to discover potentially innumerable licensing agreements with unknown companies, they have failed to allege specific contacts that would show that defendants purposefully directed their activities at New Hampshire for purposes of establishing specific jurisdiction. *See Swiss Am. Bank*, 274 F.3d at 626 (failure to allege specific contacts relevant to establishing personal jurisdiction justifies denying the discovery request). Plaintiffs have failed to make a colorable claim for specific jurisdiction and their argument for jurisdictional discovery simply founders on the facts.

d. General Jurisdiction

Plaintiffs next seek to establish general jurisdiction over defendants, asserting that defendants are in the business of licensing technology and have created “systematic and continuous” contacts with New Hampshire by entering into so many licensing agreements with corporations which do business here. As part of their general jurisdiction argument, plaintiffs also contend that personal jurisdiction exists in the forum because defendants have put the ’184 patent into the “stream of commerce” here through the sales activities of their several licensees. Plaintiffs list at least 12 large, multi-national corporations which employ the technology covered by the ’184 patent to manufacture products which are sold throughout New Hampshire. *See* Document no. 12.1 at 11 and 18 (listing companies). Plaintiffs also identify several “related companies” that involve either the defendants or the ’184 patent, arguing the licensing agreements of these related companies will further demonstrate defendants’ systematic and continuous contacts with New Hampshire. *See* Document no.

20 at 7; *see also* Document no. 12.1 at 8 and 17–18. Plaintiffs request unredacted copies of these several licensing agreements, to determine the scope of the indemnity and confidentiality provisions and discover any additional ongoing obligations in the licensing relationships. *See* Document no. 24 at 5.

[12] Plaintiffs have failed to demonstrate how any of these other licensing relationships would assist in establishing personal jurisdiction over defendants if discovery of them were permitted. *See Swiss Am. Bank*, 274 F.3d at 626 (requiring detailed descriptions of the types of contacts expected to be found). Plaintiffs focus on the numerous products sold in New Hampshire, which implement the technology covered by the ’184 patent, as the basis for establishing general jurisdiction over defendants. Yet the sales of products that are made by companies using the licensed technology are not contacts which can be attributed to defendants. Plaintiffs argue these licensing agreements will provide evidence of the pervasive and extensive contacts with New Hampshire that are needed to give rise to general jurisdiction, but that argument does not withstand analysis.

First, as discussed above, plaintiffs do not, nor could they in good faith based on the submissions before the court, argue that those license agreements are exclusive or somehow create an agency relationship in which the multiple licensees are acting on defendants’ behalf, so that the sales can somehow be attributable to defendants. Plaintiffs, in fact, represent that several brand name products of at least 12 multinational corporations allegedly utilize the ’184 patent technology, including such diverse products as vehicles, navigation and communication equipment, consumer and industrial tools, and ski boots. *See* Document no. 12.1 at 11–12. The diversity

of those products demonstrates how the '184 patent covers technology that is used in the manufacturing process of products but is not a tangible product itself.

Second, the “product” sold in the license agreements is a “covenant not to sue.” *Red Wing Shoe*, 148 F.3d at 1362 (declining to find licensees as “distribution channels”). Plaintiffs simply are giving their licensees the right to use the patented technology without the risk of being sued for that use. *See id.* (distinguishing a license agreement from a shoe). Since the “covenant not to sue,” which is the product defendants are selling, is not a product sold in the stream of commerce, the plaintiffs’ reliance on that theory of jurisdiction is misplaced. *See id.* To the extent defendants’ licensees sell products that have been manufactured using the injection mold process covered by the '184 patent, it is the licensees’ products, not defendants’ products, that are in New Hampshire’s stream of commerce. *See id.* (patentee/licensor had no control over its licensee’s sales activities).

Third, the fact that the identified licensees may have extensive contacts with New Hampshire cannot be attributed to defendants for purposes of establishing defendants’ contacts with the forum. *See id.* at 1361. “In simple terms, doing business with a company that does business in [New Hampshire] is not the same as doing business in [New Hampshire]. Indeed, . . . the Supreme Court has made clear that contacts resulting from the ‘unilateral activity of another party or third person’ are not attributable to a defendant.” *Id.* (quoting *Burger King*, 471 U.S. at 475, 105 S.Ct. 2174).

Fourth, the existence of defendants’ “related companies” and their licensing activity is wholly irrelevant to whether or not SRDT and Ole Sorensen have had systematic and continuous contacts with New Hampshire. The related companies are

distinct legal entities, whose individual contacts with New Hampshire are relevant only to its possible jurisdiction over those companies. *See Negron-Torres*, at 26 (upholding corporate form to protect a parent corporation from jurisdiction in the forum where its subsidiary does business); *see also Fiacco v. Sigma Alpha Epsilon Fraternity*, No. Civ. 1:05-145-GZS, 2006 WL 890686, at *8 (D.Me. March 31, 2006) (“even close affiliation” between in-state and out-of-state corporations does not justify jurisdiction over out-of-state company based on in-state company’s contacts). “There is a presumption of corporate separateness,” *Negron-Torres*, at 26, and nothing in the pleadings before me indicates any basis for assuming otherwise.

Finally, plaintiffs suggest the revenue generated from the licensing agreements is discoverable, because that revenue has enabled defendants to propagate their business of licensing technology (through both the SRD Trust and the related companies) and, thereby, to create pervasive contacts with New Hampshire. *See* Document no. 24 at 7-8. In support of this argument, plaintiffs cite *Genetic Implant*, 123 F.3d at 1458 and *LSI Indus.*, 232 F.3d at 1375. Again those cases are inapposite. The revenue generated from sales in both those cases was pertinent to the discovery analysis because the sales were directly attributable to the defendants. *See id.* at 1375 (finding millions of dollars of sales through a broad distribution network created continuous and systematic contacts); *see also Genetic Implant*, 123 F.3d at 1458 (exclusive distributor sold a substantial dollar amount of defendant’s dental implant product through the market network defendant had created). By contrast, even if the licensing agreements provided for royalty income to defendants, the receipt of that revenue is a “financial benefit[] accruing to the defendant from a collateral relation to the forum.” *World-Wide*

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Volkswagen, 444 U.S. at 299, 100 S.Ct. 559. Accordingly, any financial benefit defendants derive from the license agreements is irrelevant to the jurisdictional inquiry. *See Red Wing Shoe*, 148 F.3d at 1362 (declining to find contact with the forum based on royalty income to patentee/licensor).

Plaintiffs want unredacted copies of any and all license agreements entered into by defendants and all of the related companies, involving the '184 patent as well as innumerable other patents issued to Ole Sorensen. That request amounts to little more than a fishing expedition. Plaintiffs have failed to persuade me how those licensing agreements will better establish defendants' systematic and continuous contacts with New Hampshire to justify this court's exercise of personal jurisdiction over defendants for a cause of action unrelated to those contacts. That is a difficult showing, which plaintiffs simply have not made.

Accordingly, I conclude that plaintiffs' motion for jurisdictional discovery (documents no. 20, 24 and 34) is denied.

3. Defendants' Motions to Dismiss or Transfer for Lack of Personal Jurisdiction and Improper Venue Pursuant to Fed.R.Civ.P. 12(b)(2) and (3) and Failure to State a Claim for Relief Pursuant to Fed. R.Civ.P. 12(b)(2)(6) (document nos. 8 and 9)

[13] Since plaintiffs have failed to make even a colorable claim for jurisdiction to justify the pursuit of jurisdictional discovery, it readily follows that they also have not made a prima facie showing that personal jurisdiction over defendants exists to overcome defendants' motions to dismiss. *See Silent Drive*, 326 F.3d at 1201 (stating deferential standard of review at motion to dismiss stage before discovery). Rather than grant defendants'

motions to dismiss for lack of personal jurisdiction, however, I find it more judicially economical to transfer this matter to the United States District Court for the Southern District of California where several related cases, including the California action, are pending. *See* 28 U.S.C. § 1406(a); *see also Trintec Indus.*, 395 F.3d at 1280 ("venue in a patent action against a corporate defendant exists wherever there is personal jurisdiction"). Based on very similar facts, but involving Head USA, Inc. rather than Nordica or Tecnica, the United States District Court for the District of Connecticut transferred an action alleging infringement of the '184 patent to the Southern District of California. *See Head USA, Inc. v. Sorensen*, No. 3:06cv983 (MRK), 2006 WL 3703646, at *5 (D.Conn. Dec. 13, 2006). I adopt the reasoning of the court in *Head* and order this action be transferred to the United States District Court for the Southern District of California. *See id.*

[14] Defendant Ole Sorensen also moved to dismiss the action against him for failure to state a claim. *See* Fed. R.Civ.P. 12(b)(6). Even generously construing the allegations in the complaint as true and indulging all reasonable inferences in plaintiffs' favor as I am required to do at this preliminary stage of review, *see Silent Drive*, 326 F.3d at 1201, plaintiffs have not stated a claim against Ole Sorensen. Plaintiffs' dispute is with the validity of the '184 patent. Based on the undisputed facts submitted, Ole Sorensen no longer holds any ownership interest in or rights to the '184 patent; and neither he nor his counsel was involved in communicating the alleged infringement or seeking enforcement of the '184 patent through a negotiated license agreement. There simply is no actual or substantial controversy between Ole Sorensen and plaintiffs which might be resolved in this

declaratory judgment action. *See MedImmune, Inc. v. Genentech, Inc.*, — U.S. —, 127 S.Ct. 764, 777–78, 166 L.Ed.2d 604 (2007) (discussing Article III’s case and controversy requirement for purposes of determining when a licensee can seek declaratory judgment that a patent is invalid). Because there is no justiciable controversy between plaintiffs and Ole Sorensen, Ole Sorensen’s motion to dismiss for failure to state a claim against him is granted. *See* Fed.R.Civ.P. 12(b)(6).

Accordingly, I deny as moot SRDT’s motion to dismiss for lack of personal jurisdiction and grant SRDT’s motion to transfer this action to the United States District Court for the District of Southern California (document no. 8). *See* Fed. R.Civ.P. 12(b)(2) and (3). I also grant Ole Sorensen’s motion to dismiss for failure to state a claim (document no. 9).

4. Remaining Pending Motions (documents no. 28 and 37)

Two final issues remain. First, plaintiffs moved for leave to file a “Reply Memorandum of Law to Defendants’ Opposition to Plaintiffs’ Addendum for Jurisdictional Discovery” (document no. 37), which motion is denied. The court has been provided with ample material to make a thorough assessment of the arguments pertaining to the issue of personal jurisdiction and the evidence in support thereof. Further pleading on the subject is not necessary. Second, plaintiffs filed a “Motion for Entry of Default Judgement” (document no. 28). In light of the decision to transfer this matter to United States District Court for the Southern District of California, this motion is denied as moot.

Conclusion

As explained in detail above, the pending motions are disposed of as follows:

Document no. 8—granted in part, to transfer the action, and denied in part, as moot;

Document no. 9—granted;

Document no. 24—granted;

Documents no. 20 and 34—denied;

Document no. 28—denied as moot;

Document no. 37—denied.

The Clerk is directed to transfer this case to the United States District Court for the Southern District of California and to close this file.

SO ORDERED.



Roberto CRUZ–MARTINEZ and Damaris Fuentes–Rodriguez, on behalf of their minor daughter, Adriana Cruz Fuentes Plaintiff,

v.

HOSPITAL HERMANOS MELENDEZ, INC. et als. Defendants.

No. CIV.05 1328 PG.

United States District Court,
D. Puerto Rico.

Feb. 20, 2007.

Background: Infant patient and her parents brought medical malpractice action to recover for permanent neurological damage patient sustained at time of her birth. Physician moved to dismiss.

Holding: The District Court, Perez–Gimeñez, J., held that plaintiffs were domiciled in Florida, rather than Puerto Rico, for diversity purposes.

Motion denied.