



February 8, 2013

Federal Circuit Potential for Indirect Infringement Liability Provides a Justiciable Controversy for Declaratory Judgment Jurisdiction**Intellectual Property Client Alert**

This Alert provides only general information and should not be relied upon as legal advice. This Alert may be considered attorney advertising under court and bar rules in certain jurisdictions.

For more information, contact your Patton Boggs LLP attorney or the authors listed below.

Scott A. Chambers, Ph.D.
schambers@pattonboggs.com

Richard J. Oparil
roparil@pattonboggs.com

Kevin M. Bell
kbell@pattonboggs.com

B. Dell Chism
dchism@pattonboggs.com

WWW.PATTONBOGGS.COM

In *Arkema Inc. v. Honeywell Int'l, Inc.*, the Federal Circuit reversed a District Court's finding of no justiciable controversy under Article III for a declaratory judgment suit over indirect infringement liability. Arkema brought the suit because it and Honeywell were two competitors in the automobile refrigerant market. In reversing the District Court, the Federal Circuit provides guidance for a party to seek declaratory relief.

For a federal court to have jurisdiction, there must be an "actual case or controversy" between the parties; federal courts may not issue purely advisory opinions. The Supreme Court in *MedImmune, Inc. v. Genentech, Inc.* ([here](#)), explained that the test of "when an action for declaratory judgment presents a justiciable controversy is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment."

In *Arkema Inc.*, the patents-in-suit owned by Honeywell were for methods of using refrigerant in automobile cooling systems. Arkema filed a declaratory judgment action, asking the U.S. District Court for the Eastern District of Pennsylvania to decide that Arkema would not be liable for indirect infringement by selling refrigerant to automobile manufacturers. The District Court, however, found that there was no justiciable controversy between Arkema and Honeywell.

On appeal, the Federal Circuit reversed and remanded, opining that this case was a "quintessential example" of an actual case or controversy that warranted declaratory relief. In addressing the District Court decision, the Federal Circuit clarified several determinative factors in finding a justiciable controversy. The Court held that evidence of actual direct infringement is not necessary when seeking declaratory judgment of no indirect infringement. Because Honeywell had brought infringement claims in other cases asserting patents related closely to the patents-in-suit, there were sufficient affirmative acts by Honeywell to demonstrate jurisdiction for the declaratory judgment suit.

While the District Court held that "Arkema had not satisfied the 'reality' requirement" and required Arkema to provide specific planned activities by Arkema's customers, the Federal Circuit stated that such requirements by the District Court were too restrictive. The Court ruled that "[t]his is not a situation in which there is uncertainty about whether...[Arkema's]...product is going to be used" in a potentially infringing manner and that the parties' contentions remove uncertainty that Arkema's customers will use Arkema's product. Therefore, preparatory acts leading to potential indirect infringement were sufficiently immediate, notwithstanding that direct infringement was unlikely to occur within the next year.

A copy of the Federal Circuit decision can be found [here](#).

This Alert provides only general information and should not be relied upon as legal advice. This Alert may also be considered attorney advertising under court and bar rules in certain jurisdictions.