

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NATIONAL FOAM, INC., BOOTS & : CIVIL ACTION
COOTS LIMITED PARTNERSHIP, and :
KENNETH BAKER :
 :
 :
 v. :
 :
 :
 WILLIAMS FIRE & HAZARD CONTROL, INC., :
 CAUSE CONSEQUENCE ANALYSIS, INC. :
 and EMERGENCY ONE, INC. : NO. 97-3105

MEMORANDUM AND ORDER

HUTTON, J.

October 28, 1997

Presently before the Court are the Defendants' Motions to Dismiss, or, Alternatively, to Stay or Transfer to the Southern District of Texas, and the Plaintiffs' opposition thereto. For the following reasons, the Defendants' Motions are **GRANTED**.

I. BACKGROUND

Plaintiff, National Foam, Inc. ("National Foam"), is a Pennsylvania corporation based in Exton, Pennsylvania. Plaintiff, Boots & Coots Limited Partnership ("Boots & Coots"), is a Colorado limited partnership with its principal place of business in Houston, Texas. Plaintiff, Kenneth Baker ("Baker"), is an individual who resides in Pottstown, Pennsylvania. The defendants in this matter are Williams Fire & Hazard Control, Inc. ("Williams") and Cause Consequence Analysis, Inc. ("CCAI"), both Texas corporations with their principal place of business in Vidor,

Texas, and Emergency One, Inc. ("Emergency One"), a Florida corporation with its principal place of business in Ocala, Florida. The parties to this suit are in the business of inventing, manufacturing, selling, delivering, using or installing fire suppression systems.

National Foam is the owner of United States Patent No. 4,436,487 (the "487 patent"), and CCAI is the owner of United States Patent No. 4,460,461 (the "461 patent"). The '487 patent, issued March 13, 1984, discloses a foam liquid concentrate supply system. The system, powered by a concentrate pump, supplies the foam liquid concentrate to one or more water pump discharge outlets. The '461 patent, issued on February 3, 1987, is titled "Foam-Applying Nozzle." The nozzle is used to apply a foam-forming liquid from a hose.

Earlier this year, Williams determined that National Foam was infringing the '461 patent through National Foam's sale of its "Gladiator" nozzle. Therefore, on March 3, 1997, Williams' attorney sent a letter to National Foam's president, demanding an "immediate confirmation . . . that National Foam will cease and desist from any such making, offering to sell and selling of such a nozzle." On March 20, 1997, National Foam's attorney responded with a letter asserting that National Foam was not infringing the '461 patent. Williams' counsel responded by letter on April 21, 1997, rejecting National Foam's position and again demanding that

National Foam cease and desist.

Meanwhile, on April 3, 1997, National Foam independently wrote its own cease and desist letter to Emergency One, claiming infringement of the '487 patent through Emergency One's use of one of Williams' products. On April 24, 1997, Williams' attorney responded in a letter denying infringement. National Foam received this letter on April 28, 1997, and filed the instant action before this Court the next day.

In its complaint, National Foam alleged that Williams and Emergency One were infringing the '487 patent in their use and sale of Williams' foam proportioning systems. National Foam also sought a declaratory judgment that, by its manufacture and sale of its "Gladiator" nozzle, it was not infringing the '461 patent. However, National Foam failed to name CCAI as a defendant, even though CCAI is the owner of the '461 patent.

On May 9, 1997, CCAI and Williams filed an action against National Foam, Boots & Coots, and Baker in the Southern District of Texas (the "Texas case"). Boots & Coots is allegedly a National Foam distributor, and Baker is a former Williams employee who now works for National Foam. CCAI and Williams alleged that: 1) National Foam and Boots & Coots infringed CCAI's '461 patent; 2) National Foam was liable for false advertising, misappropriation of trade secrets, tortious interference, and unfair competition; and 3) Baker was liable for his violation of a duty not to disclose and

for misappropriation of trade secrets. Moreover, defendant Williams sought a declaratory judgment against National Foam's patent infringement case before this Court.

On June 9, 1997, National Foam filed an amended complaint in the action before this Court. In its amended complaint, National Foam was joined by Boots & Coots and Baker. The plaintiffs sought a declaratory judgment stating their non-liability on all counts in the Texas case. Further, National Foam and Boots & Coots named CCAI as a defendant in their declaratory judgment request regarding the '461 patent. Finally, National Foam continued to allege that Williams and Emergency One infringed the '487 patent.

On July 14, 1997, CCAI filed its Motion to Dismiss, or Alternatively, to Stay or to Transfer, arguing that this Court lacks personal jurisdiction over CCAI, that this Court does not have subject matter jurisdiction over certain counts, and that the first-filed rule favors maintenance of this suit in Texas. Currently, the sole issue before this Court is whether this suit should be dismissed, stayed, or transferred to the Southern District of Texas.\¹

II. DISCUSSION

¹On September 23, 1997, this Court ordered that the Plaintiffs had until October 31, 1997 to respond to the Defendants' Motion to Dismiss for Lack of Personal Jurisdiction and Subject Matter Jurisdiction, but required the Plaintiffs to respond by September 29, 1997 to the Defendants' Motion to Dismiss or, Alternatively, to Stay or to Transfer to the Southern District of Texas.

In the present motion, the defendants ask the Court either to dismiss, stay it or transfer venue to the Southern District of

Texas. Plaintiffs oppose the motion, claiming that these alternatives are all improper.

A. Counts 2, 3 and 4

In Counts 3 and 4 of the plaintiffs' complaint, National Foam and Baker seek a declaratory judgment stating their non-liability on all counts in the Texas case. In Count 2, National Foam and Boots & Coots seek a declaratory judgment declaring their non-infringement of CCAI's '461 patent. Thus, this Court must discuss the applicability of the Declaratory Judgment Act to this matter.

1. Jurisdiction Under the Declaratory Judgment Act

The Declaratory Judgment Act, 28 U.S.C. § 2201 (1994), provides that:

In a case of actual controversy within its jurisdiction ... any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.

28 U.S.C. § 2201(a) (emphasis added).

To demonstrate the presence of an actual controversy the declaratory plaintiff must show that (1) it has acted, or has made preparations to act, in a way that could constitute infringement, and (2) the patentee has created in the declaratory plaintiff a reasonable apprehension of suit for infringement. Serco Servs. Co., L.P. v. Kelley Co., Inc., 51 F.3d 1037, 1038 (Fed. Cir. 1995).

In the present case, this Court assumes the presence of an actual controversy for purposes of this motion.

However, the presence of an actual controversy, while providing authority, does not require the Court to accept jurisdiction over a declaratory judgment action. See EMC Corp. v. Norand Corp., 89 F.3d 807, 813 (Fed. Cir. 1996), cert. denied, 117 S.Ct. 789 (1997). The Act's "may" language gives the Court "unique and substantial discretion in deciding whether to declare the rights of litigants." Wilton v. Seven Falls Co., 115 S.Ct. 2137, 2143 (1995). It grants the Court leeway in which to make "a reasoned judgment whether the investment of time and resources will be worthwhile." Serco Servs., 51 F.3d at 1039. Both the Supreme Court and the Federal Circuit have emphasized recently that the Act is an enabling act that provides the courts with the power, rather than the obligation, to grant relief. See Wilton, 115 S.Ct. at 2144; EMC Corp., 89 F.3d at 813. Accordingly, the district court's decision to accept or refuse jurisdiction is reviewed under an abuse of discretion standard. EMC Corp., 89 F.3d at 813

2. Motion to Dismiss

In their motion, the defendants argue that Counts 2, 3 and 4 of this action should be dismissed in favor of the subsequently filed Texas litigation. First, the defendants state that these counts were added in their present form only after the Texas suit was filed. Thus, the defendants contend that the Southern District

of Texas should hear Counts 2, 3, and 4 of the instant matter before this Court, because the Texas suit is the "first-filed" action. Second, the defendants claim that National Foam's inadequate investigation, as evidenced by its failure to join CCAI in its original complaint, was caused by National Foam's concern with winning the "race to the courthouse." This, they claim, is an abuse of the Declaratory Judgment Act, 28 U.S.C. § 2201 (1994), which was not meant to provide a potential defendant with a means of forum-shopping.

National Foam responds that this declaratory judgment action is appropriate under the circumstances, and that the matter before this Court is the "first-filed" action. Therefore, the plaintiffs argue that the Court should continue to entertain it under the principle that in all cases of concurrent federal jurisdiction the first-filed action should take precedence.

a. The First-Filed Rule

As between a mirror-image declaratory judgment action and an affirmative patent infringement action, the general rule favors the forum of the first-filed action, whether or not it is the declaratory action. Genentech, Inc. v. Eli Lilly & Co., 998 F.2d 931, 937-38 (Fed. Cir. 1993), cert. denied, Regents of Univ. of Cal. v. Genentech, Inc., 510 U.S. 1140 (1994) (citing Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co., 342 U.S. 180 (1952)). In the

instant matter, however, the parties are in dispute over which suit constitutes the "first-filed."

(1) Count 2

As explained above, when National Foam initially filed its complaint seeking declaratory relief regarding the '461 patent, it failed to name CCAI as a defendant. CCAI, as the patent owner, is a necessary and indispensable party to the patent infringement action concerning the '461 patent. Suprex Corp. v. Lee Scientific, Inc., 660 F. Supp. 89, 93 (W.D. Pa. 1987). After CCAI filed its patent infringement action against National Foam in Texas, National Foam amended its complaint to include CCAI as a defendant in its declaratory judgment request.

CCAI now argues that because it was a necessary and indispensable party, the Texas case should be considered the "first-filed" because it was the first to include CCAI as a party. Further, CCAI contends that when a party is added through an amended complaint, the date of the amendment, rather than the date of the initial complaint, controls for first to file priority. Thus, CCAI reasons that the Texas action, filed prior to the amended complaint before this Court, is the first filed suit. The plaintiffs disagree, arguing that the date the complaint was originally filed with this Court controls. Thus, the issue before this Court is whether National Foam's amended pleading relates back to its initial filing of April 29, 1997.

The "first-filed rule, as its name indicates, is premised upon a priority of filing the complaint." Peregrine Corp. v. Peregrine Indus., Inc., 769 F. Supp. 169, 172 (E.D. Pa. 1991). However, when an amendment to the complaint adds a party, the priority is unclear. Although "the date of the amendment seems to be controlling when the amendment adds a party," 8 Donald S. Chisum, Chisum on Patents, § 21.02[4][b] at 21-206 (emphasis added), this assumption "is open to question." Ronson Art Metal Works, Inc. v. Brown & Bigelow, Inc., 105 F. Supp. 169, 173 n. 4 (S.D.N.Y.), aff'd, 199 F.2d 760 (2d Cir. 1952).\²

Few courts have fully considered this issue in the context of a patent infringement case. The United States District Court for the Northern District of California discussed the applicability of Federal Rule of Civil Procedure 15(c)(2) to the first to file rule, but it recognized that:

The Federal Circuit has yet to discuss the applicability of the relation back doctrine to patent infringement claims.

. . . .

[However, m]any of the cases dealing with relation back focus on whether fair notice was given to the opposing party. This interpretation agrees with the meaning underlying the intent of Rule 15.

²"This rule was assumed in the Kerotest case." 8 Donald S. Chisum, Chisum on Patents, § 21.02[4][b] at 21-206 n. 12 (citing Kerotest Mfg. Co., 342 U.S. 180).

Applied Vision Inc. v. Optical Coating Lab., Inc., No. CIV.A.97-1233, 1997 WL 601425, at *3-4 (N.D. Cal. Sept. 23, 1997) (finding Rule 15(c)(2) applicable to the first-to-file analysis).

In Optima, Inc. v. Republic Indus., Inc., No. CIV.A.94-3919, 1995 WL 72430 (E.D. La. Feb. 21, 1995), the United States District Court for the Eastern District of Louisiana confronted the issue of whether the relation back doctrine applied to the first to file rule, when a plaintiff amended its complaint in order to add a party. Id. at *1. In Optima, Inc., the plaintiff repeatedly spoke with the president of and counsel to Republic Industries, Inc. ("Republic") concerning the plaintiff's belief that Republic was infringing the plaintiff's patent. Id. When the parties were unable to amicably settle their dispute, the plaintiff filed a complaint in the United States District Court for the Eastern District of Louisiana and served Republic's president. Id. However, the plaintiff mistakenly named "Dor-O-Matic," the trade name used by Republic, as the defendant. Id. By the time the plaintiff amended its complaint two weeks later, adding Republic as a defendant, Republic had filed a declaratory judgment action in the Northern District of Illinois. Id.

The Optima, Inc. court held that the plaintiff "was the first to file because its amended complaint relates back to the date of the original complaint." Id. (citing Fed. R. Civ. P. 15(c)). The court reasoned that because the plaintiff had corresponded with

Republic's president and counsel regarding the allegedly infringed patent before filing suit and served its original complaint on Republic's president, Republic "should have known that 'but for a mistake concerning the identity of the proper party, the initial complaint would have been brought against it.'" Id. (quoting Fed. R. Civ. P. 15(c)). Further, the court stated that the plaintiff's "prompt amendment of its complaint has prevented any prejudice to Republic, and [the plaintiff] served the amended complaint within the required time under Rule 15(c)." Id. Thus, even though the plaintiff "kept Dor-O-Matic in the amended complaint as a precaution, instead of suing only Republic . . . [the plaintiff's] amendment conforms to Rule 15(c)(3). Id. at *2.

The facts in the instant case are similar to those in Optima, Inc. Before Williams and CCAI filed in the Southern District of Texas, it is highly probable if not certain that Williams, as CCAI's licensee, told CCAI about the complaint before this Court. Thus, this Court finds that CCAI "should have known that 'but for a mistake concerning the identity of the proper party, the initial complaint would have been brought against it.'" Id. (quoting Fed. R. Civ. P. 15(c)). Further, the "prompt amendment of its complaint has prevented any prejudice to [CCAI], and [the plaintiff] served the amended complaint within the required time under Rule 15(c)." Id. The sole distinguishing feature is that the Optima, Inc. plaintiff "kept Dor-O-Matic in the amended complaint as a

precaution, instead of suing only Republic." Id. at *2. Thus, this Court must now consider whether the addition of CCAI, as a defendant and an indispensable party, and Boots & Coots, as a plaintiff, destroys the applicability of Rule 15(c)(3).

In Wine v. EMSA Ltd. Partnership, 167 F.R.D. 34, 37-38 (E.D. Pa. 1996), the Honorable Judge Eduardo C. Robreno discussed the elements a court must consider when adding new defendants under the relation back provisions of Rule 15(c)(3):

As here, Plaintiff seeks to add new defendants, not new claims

. . . .
In deciding whether an amendment to add a new defendant relates back under Rule 15(c)(3), the focus of the Court is on whether the proposed new defendant had actual, constructive or imputed notice of the action within 120 days after the filing of the complaint or longer for good cause shown. Fed. R. Civ. P. 15(c)(3)(A); Dean[v. Harold Ives Trucking], 1995 WL 540519 at *2 [(E.D. Pa. Sept. 7, 1995)]; but see Cruz[v. City of Camden] 898 F. Supp. [1100, 1115 (D.N.J. 1995)] (actual notice of existence of litigation required to add newly named defendants). Notice may be imputed to proposed new parties . . . "when the original and added parties are so closely related in business or other activities that it is fair to presume the added parties learned of the institution of the action shortly after it was commenced.'" Advanced Power Systems, Inc. v. Hi-Tech Systems, Inc., 801 F. Supp. 1450, 1456 (E.D. Pa. 1992) (quoting Hernandez Jimenez v. Calero Toledo, 604 F.2d 99, 101-02 (1st Cir. 1979)).

Wine, 167 F.R.D. at 37-38.

Moreover, a similar analysis must be conducted when new

plaintiffs are added. "In order to preserve this protection, the relation-back rule requires plaintiffs to show that the already commenced action sufficiently embraces the amended claims so that defendants are not unfairly prejudiced by these late-coming plaintiffs and that plaintiffs have not slept on their rights." Nelson v. County of Allegheny, 60 F.3d 1010, 1014 (3d Cir. 1995), cert. denied, 116 S.Ct. 1266 (1996). Thus, "[w]hile a literal reading of Rule 15(c)(3) might suggest that the mistake element only applies to misnamed or misdescribed parties, 'the Rule is widely-understood to allow the addition of new parties that were never originally named or described.'" Wine, 167 F.R.D. at 38 n. 7 (citations omitted).

Thus, the sole distinguishable feature in Optima, Inc. is immaterial. Although the amended complaint added Boots & Coots and CCAI, both CCAI and Williams would not be prejudiced in "assembling evidence and constructing a defense." Nelson, 60 F.3d at 1015 (quoting Curry v. Johns-Manville Corp., 93 F.R.D. 623, 626 (E.D. Pa. 1982)). This finding is premised on the fact that CCAI and Williams filed suit against National Foam and Boots & Coots in Texas, and thus have already started to prepare for a suit including CCAI and Boots & Coots. Further, as explained above, this Court finds that CCAI and Williams knew or should have known that, but for National Foam's mistake, CCAI would have been originally included in National Foam's original complaint.

Therefore, the amended complaint adding Boots & Coots and CCAI falls within Rule 15(c)(3)'s ambit.

(2) Counts 3 and 4

Counts 3 and 4 before this Court were originally filed as Counts 3 through 7 in the Texas case. The defendants argue that the first to file rule therefore favors maintenance of this suit in Texas.

As stated above, the "Federal Circuit has yet to discuss the applicability of the relation back doctrine to patent infringement claims." Applied Vision, Inc., 1997 WL 601425, at *3. However, the few courts that have confronted this issue have found that the relation back doctrine should apply to amended complaints including additional issues. See Mattel, Inc. v. Louis Marx & Co., 353 F.2d 421, 424 (2d Cir. 1965), cert. dismissed, 384 U.S. 948 (1966) (finding plaintiff's original complaint controlled for first to file priority, even though defendant's later complaint in another district first raised issues plaintiff later included in amended complaint); Applied Vision, Inc., 1997 WL 601425, at *4 (applying relation back provision of Rule 15 to later amended complaint including additional issues); 8 Donald S. Chisum, Chisum on Patents, §21.02[4][b] at 21-206 ("The priority rule relates to the date of the filing of the action between the parties, not the date when the issues were added by amendment of the pleadings or otherwise.").

This Court adopts the reasoning of these courts and holds that National Foam's original complaint controls for first to file

purposes. The additional claims filed by the defendants in Texas raised similar issues to those presented in the ongoing dispute before this Court. Thus, the suit before this Court "was the first suit which made possible the presentation of all issues and which, by amendment of the complaint did raise all the substantial issues between the parties." Mattel, Inc., 353 F.2d at 424.

This Court finds that the plaintiffs' amended complaint filed on June 9, 1997 relates back to its initial filing of April 29, 1997. National Foam's original filing preceded the defendants' filing in Texas. Thus, the plaintiffs were the first to file this case.

b. First-Filed Rule Exceptions

The general rule favors the forum of the first-filed action, whether or not it is the declaratory action. Genentech, Inc., 998 F.2d at 937-38 (citing Kerotest Mfg. Co., 342 U.S. 180). However, this presumption is not un rebuttable. Novo Nordisk of North America, Inc v. Genentech, Inc., 874 F. Supp. 630, 632 (S.D.N.Y. 1995). Exceptions to the first-filed rule "are not rare, and are made when justice or expediency requires, as in any issue of choice of forum." Genentech, 998 F.2d at 937. Recognized exceptions include "when the choice of the forum of the first-filed case was the result of pure forum shopping, if the balance of convenience favors the second forum, or if the first filed action is against a customer of the alleged infringer and the second involves the

infringer himself." Novo Nordisk, 874 F. Supp. at 632. The Court may also depart from the rule based on general considerations of "judicial and litigant economy" and "the just and effective disposition of disputes." Serco Servs., 51 F.3d at 1039. "Thus, 'the trial court's discretion tempers the preference for the first-filed suit, when such preference should yield to the forum in which all interests are best served.'" Id. (quoting Genentech, 998 F.2d at 938).

c. Forum-Shopping Exception Applies

The purpose of the Declaratory Judgment Act is "to enable a person caught in controversy to obtain resolution of the dispute, instead of being forced to await the initiative of the antagonist." Genentech, 998 F.2d at 937. See Serco Servs., 51 F.3d at 1039. In many cases, the declaratory defendant is prepared to, and does, file its own affirmative suit shortly afterwards. Therefore, a district court cannot dismiss a proper declaratory action merely because affirmative infringement litigation is subsequently brought elsewhere. Genentech, 998 F.2d at 938. It may, however, dismiss the action where it is shown that the declaratory action was filed in anticipation of the impending litigation and motivated solely by considerations of forum shopping. See Serco Servs., 51 F.3d at 1040; Novo Nordisk, 874 F. Supp. at 633. Such a case falls outside the Act's purpose, in the patent context, of providing a remedy where a patentee delays suit in order to further damage the alleged

infringer's business. See 10A Charles A. Wright, Arthur R. Miller, et al., Federal Practice and Procedure § 2761 (1983).

In Serco Services, the Federal Circuit upheld the Northern District of Texas' decision to dismiss a similar declaratory judgment action as anticipatory. Both the declaratory plaintiff, Serco, and the declaratory defendant, Kelley, manufactured loading dock equipment used in the trucking industry. Serco Servs., 51 F.3d at 1037. Kelley sent Serco a December 23, 1992, letter charging Serco with patent infringement, and giving Serco until February 1, 1993 to reply. Id. at 1038. Serco responded on January 29th with its conclusion that its product did not infringe. Id. Kelley took no action for over eight months. Finally, on September 8, 1993, Kelley sent Serco a letter that reiterated the charges and threatened suit if Serco did not comply by September 20th. Id. On the 20th, Serco notified Kelley that it continued to deny the charge of infringement, and that it had taken "the necessary action in Texas" to protect itself. Id. In fact, Serco had filed its declaratory judgment action in the Northern District of Texas on September 17th. Id. Therefore, on the 20th, Kelley filed its own patent infringement action in the Eastern District of Wisconsin. Id.

The Northern District of Texas dismissed Serco's declaratory judgment action in favor of Kelley's subsequent infringement action. Id. at 1039. The Court found that Serco's suit was filed

in anticipation of Kelley's, and that the balance of convenience favored proceeding in the Wisconsin forum. The Federal Circuit affirmed, finding that the district court had not abused its discretion in relying on forum-shopping considerations, in combination with other factors, in its decision. Id. at 1039-40.

In the present case, the Court finds that National Foam, like Serco, filed its declaratory judgment action solely for forum-shopping purposes. As the plaintiffs' state in their Preliminary Opposition to the Motion to Dismiss, Stay, or Transfer, Williams initially demanded that National Foam cease and desist on March 3, 1997. In that letter, Williams' counsel informed National Foam that the "Williams HydroFoam Nozzle has long been available and marked with its patent number." Purvis Aff. Ex. A. National Foam's counsel responded on March 20, 1997, when it claimed that "the '461 patent is invalid, and not infringed by our client's product." Purvis Aff. Ex. B at 1.

After National Foam became aware of Williams' allegations and similar product, National Foam wrote a cease and desist letter to Emergency One, a Williams customer. In that letter, National Foam claimed that "Williams' HOT SHOT II Balanced Pressure Foam Proportioning System . . . infringes [National's] '487 patent." Purvis Aff. Ex. D at 1. On April 21, 1997, Williams' counsel responded to National Foam's March 20th letter, rejecting National Foam's position and again demanding that National Foam cease-and-

desist. On April 24, 1997, Williams' counsel responded to National Foam's cease and desist letter to Emergency One, claiming that Williams' product did not infringe the '487 patent. Purvis Aff. Ex. E at 1. National Foam received this letter on April 28, 1997. National Foam filed its complaint with this Court the next day, alleging that Williams and Emergency One infringed its '487 patent. In fact, National Foam acted so quickly that it failed to investigate the '461 patent to determine the owner. Thus, although National Foam sought declaratory relief concerning the '461 patent dispute, it failed to include CCAI as a defendant.

As the communications between the parties indicate, National Foam threatened Emergency One only after Williams first sent National Foam a cease and desist letter. Thus, National Foam's strategy is clear. Instead of attempting to resolve its dispute with Williams, it chose to deny Williams' allegations while finding a Williams customer to threaten with a cease and desist letter of its own. While Williams' counsel sent three letters in an attempt to resolve this dispute, National Foam waited for a response from its own cease and desist letter to Emergency One. The day after Williams' counsel denied the allegations made against its customer by National Foam, National Foam filed the instant law suit. As stated previously, National Foam filed so quickly it failed to conduct research to determine the correct owner of the '461 patent, instead mistakenly naming Williams as the owner.

Permitting this case to go forward would discourage similar efforts at informal resolutions and promote "irresponsible litigation." See Davox Corp. v. Digital Sys. Int'l, Inc., 846 F. Supp. 144, 148 (D.Mass. 1993) (dismissing declaratory judgment action filed for forum-shopping purposes alone). National Foam employed a different type of subterfuge as the Serco plaintiff, but its actions constitute a similar attempt to preempt the "natural plaintiff" in its choice of forum.

In Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., the Federal Circuit explained the type of situation that the Declaratory Judgment Act was meant to prevent:

[A] patent owner engages in a danse macabre, brandishing a Damoclean threat with a sheathed sword. . . . Guerrilla-like, the patent owner attempts extra-judicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. . . . Before the Act, competitors victimized by the tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an in terrorem choice between the incurrance of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests.

Arrowhead Indus. Water, Inc., 846 F.2d 731, 734-35 (Fed. Cir. 1988). Obviously, Williams never placed National Foam in this type of position when National Foam filed the instant suit. Instead, National Foam brought this action as an offensive tactic, in an

attempt to ensure this litigation took place in Pennsylvania. Therefore, the Court finds that National Foam filed its declaratory action solely for forum-shopping purposes.

d. Judicial and Litigant Economy Favors Dismissal

Whether or not forum-shopping alone is a sufficient basis for dismissal, in this case considerations of judicial and litigant economy further counsel dismissal. See Serco Servs., 51 F.3d at 1039. Considerations relevant to judicial and litigant economy include "the convenience and availability of witnesses," the possible "absence of jurisdiction over all necessary or desirable parties, . . . the possibility of consolidation with related litigation, [and] considerations relating to the real party in interest." Genentech, Inc., 998 F.2d at 938 (citations omitted). Further, considerations such as "the importance of conservation of judicial resources and the comprehensive disposition of litigation" may mandate dismissal. Id.

The location of the witnesses and documents, as well as the local interests, justifies dismissal of Counts 2, 3, and 4 in favor of the Texas suit. As the defendants argue, several witnesses relevant to Counts 2, 3, and 4 reside in Texas. The power of the Court to subpoena these witnesses may be necessary. Moreover, most of the documents and records relating to the '461 patent appear to be located in Texas. Although the plaintiffs may have witnesses from outside Texas, the operative facts relating to Counts 2, 3,

and 4 appear to invoke a greater need for witnesses from Texas than Pennsylvania. The plaintiffs argue that the witnesses related to the '487 patent reside in Pennsylvania and Vermont, but the '487 patent is relevant only to the first count. Thus, the location of relevant documents and necessary witnesses favors maintenance of this suit in the Southern District of Texas.

Moreover, "the importance of conservation of judicial resources and the comprehensive disposition of litigation" would "make it unjust or inefficient to continue the first-filed action" in the present case. Genentech, Inc., 998 F.2d at 938. First, this Court notes that CCAI has had very minimal contacts with Pennsylvania. Although this Court declines to rule on whether it has personal jurisdiction over defendant CCAI, it finds that litigation involving defendant CCAI would best be conducted in the Southern District of Texas. Second, on August 29, 1997, the United States District Court for the Southern District of Texas ordered that motions by these parties before the court would not be decided until this Court decided the instant motion.³ Thus, this case can be heard in Texas without interruption and without duplicative proceedings from this Court. Although duplicative proceedings could be avoided by enjoining the Texas action, doing so would

³ The only valid argument the plaintiffs raise to dispute these findings is that the Southern District of Texas might dismiss Baker as a plaintiff for lack of personal jurisdiction. However, the plaintiffs deliberately procured these circumstances by Baker's own motion to dismiss. The Court will not allow the plaintiffs to raise Baker's possible absence in the Texas litigation as grounds for continuing this litigation.

unduly reward National Foam's forum-shopping conduct. Accordingly, this Court grants the defendants' motion to dismiss Counts 2, 3, and 4.

B. Count 1

The sole issue remaining is whether to retain jurisdiction over Count 1 of the plaintiffs' complaint. In light of this Court's decision to dismiss Counts 2, 3, and 4, the Court also grants the defendants' motion to transfer Count 1 to the Southern District of Texas, pursuant to 28 U.S.C. § 1404(a).\⁴ The Southern District is now the only forum where "all of the related patent claims pending between the parties can be resolved." Davox Corp., 846 F. Supp. at 149. The parties agree that the factual issues necessary to resolve the defendants' and plaintiffs' claims will substantially overlap. Defs.' Mot. to Dismiss or, Alternatively, Stay or Transfer at p. 22; Pls.' Prelim. Opp'n to Mot. to Dismiss, Stay, or Transfer at p. 51. "Since these cases, concerning similar technologies, will involve common discovery and witnesses, the cases should be heard in a single forum, to conserve judicial resources and to promote an efficient resolution of all the related matters pending between the parties." Davox Corp., 846 F. Supp. at 149 (citations omitted). Therefore, this Court transfers Count 1

⁴ Section 1404(a) states: "For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C. § 1404(a) (1993).

of plaintiffs' amended complaint to the Southern District of Texas.

C. Motion to Stay

Given the Court's disposition on the Defendants' Motions to Dismiss and Transfer, it need not reach their alternative Motion to Stay. Likewise, Defendants' Motion to Dismiss for Lack of Personal Jurisdiction and Subject Matter Jurisdiction is necessarily denied as moot.

An appropriate Order follows.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

NATIONAL FOAM, INC., BOOTS & : CIVIL ACTION
COOTS LIMITED PARTNERSHIP, and :
KENNETH BAKER :
 :
 :
 v. :
 :
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 WILLIAMS FIRE & HAZARD CONTROL, INC., :
 CAUSE CONSEQUENCE ANALYSIS, INC. :
 and EMERGENCY ONE, INC. : NO. 97-3105

O R D E R

AND NOW, this 28th day of October, 1997, upon consideration of the Defendants' Motion to Dismiss, or, Alternatively, Stay or Transfer to the Southern District of Texas, and the Plaintiffs' opposition thereto, IT IS HEREBY ORDERED that:

1) the Defendants' Motion to Dismiss Counts 2, 3, and 4 of the Plaintiffs' Amended Complaint (Docket Nos. 20 and 27, Docket No. 21 is a copy of Docket No. 20) is **GRANTED**;

2) the Defendants' Motion to Transfer Count 1 of the Plaintiffs' Amended Complaint (Docket No. 20) is **GRANTED**; and

3) the Defendants' Motions to Dismiss for Lack of Personal Jurisdiction (Docket No. 17) and Subject Matter Jurisdiction (Docket No. 27) is **DENIED AS MOOT**.

BY THE COURT:

HERBERT J. HUTTON, J.