

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

DORMAN PRODUCTS, INC.

V.

C.A. NO. 06-3157

PONTIAC COIL, INC.

MEMORANDUM OPINION AND ORDER

GOLDEN, J.

OCTOBER 10, 2006

The Plaintiff brought this action, seeking a declaratory judgment that Defendant's "686 patent" is invalid. The following day, Defendant filed an action against the Plaintiff in the United States District Court for the Eastern District of Michigan for patent infringement. Presently before the Court are the motions of the Defendant to dismiss this action, or, in the alternative, to stay this action pending resolution of the Michigan action, the motion of the Defendant to dismiss for lack of personal jurisdiction and Plaintiff's motion to enjoin Defendant from proceeding with its patent infringement action in Michigan. For the reasons which follow, the motion to dismiss is granted and the remaining motions are denied as moot.

The relevant facts for purposes of the motions before the Court are as follows: On April 19, 2006, counsel for Defendant Pontiac Coil, Inc. ("Pontiac") sent a cease and desist letter to the President of Plaintiff R & B, Inc. (now Dorman), alleging patent infringement. See Exhibit A to Defendant's Response to Plaintiff's Motion to Enjoin. In the letter, Pontiac's counsel recommended that Dorman engage patent counsel to review the allegations. On April 27, 2006, Dorman's General Counsel responded by letter stating that he had referred the matter to outside intellectual property counsel for review and further stating that "we will respond more fully upon completion of that review." Exhibit B. Apparently, Dorman's General Counsel did not respond. As a result, on July 13, 2006, Pontiac's counsel sent a letter to Dorman's General Counsel along with a draft complaint for patent infringement to be filed in the United States District Court for the Eastern District of Michigan. The letter stated that Pontiac had waited nearly three months for a reply to its previous cease and desist letter. The letter concluded by stating:

We enclose herewith a copy of the Complaint which we have been instructed to file in the United States District Court for the Eastern District of Michigan. Please advise if you are willing to accept service of the Complaint on behalf of the company.

Exhibit C.

On July 18, 2006, a day or two after receiving the draft

complaint, Dorman filed this action, seeking a declaratory judgment of patent invalidity. The next day, Defendant filed the previously forwarded draft complaint in the Eastern District of Michigan.

In its motion to dismiss, Pontiac argues that although this action was filed first, it must nevertheless be dismissed because by filing this action only after it received a draft complaint, Dorman was engaging in forum shopping and acting in bad faith. Dorman denies that it had any ulterior motives in filing this declaratory judgment action and argues that the first-filed rule mandates that this court retain jurisdiction over this declaratory judgment action.<sup>1</sup>

The question of whether a patent infringement suit, like this one, should yield to a previously filed declaratory action asserting the same patent rights “raises the issue of national uniformity in patent cases,” and, therefore, requires application of Federal Circuit case law. Genentech, Inc. v. Eli Lilly & Co., 998 F.2d 931, 937 (Fed Cir. 1993). The Federal Circuit applies the “general rule whereby the forum of the first-filed case is favored, unless consideration of judicial economy, and the just and effective disposition of disputes, require otherwise.” Id. Exceptions to the general rule are not rare. However, there “must be sound reason that would make it unjust or inefficient to continue the first-filed action. Such reason may be the

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<sup>1</sup> The Michigan action was filed only one day after this action was filed. Thus, to the extent Dorman contends this action was filed first, it was filed only one day ahead of the Michigan action.

convenience and availability of witnesses, or absence of jurisdiction over necessary or desirable parties, or the possibility of consolidation with related litigation, or considerations relating to the real party in interest.” Id. (citing Kahn v. General Motors Corp., 889 F.2d 1078, 1081-83 (Fed. Cir. 1989)).

In arguing that an exception to the first-to-file rule applies, Pontiac directs our attention to Serco Services Co. v. Kelley Co., 51 F.3d 1037 (Fed Cir. 1995). In Serco, Kelley Company, Inc. sent Serco Services Company, Inc. a letter asserting that Serco was infringing Kelley’s patent. The letter demanded a reply and threatened legal action. Serco failed to reply, but Kelley did not file a patent infringement action. Several months later, Kelley sent Serco a second letter, dated September 8, 1993, demanding that Serco respond by September 20 or face a patent infringement suit. On September 20, Serco responded by letter denying Kelley’s infringement claims. Meanwhile, on September 17, Serco had filed an action in the District Court for the Northern District of Texas, seeking a declaration that it was not infringing Kelley’s patent. On September 20, Kelley filed a patent infringement action against Serco in the District Court for the Eastern District of Wisconsin. Kelley later filed a motion in the federal court in Texas to dismiss the Texas declaratory judgment action, arguing that the Texas action was filed in anticipation of Kelley’s infringement action, and that convenience factors favored litigating

the parties' dispute in Wisconsin. The court agreed and dismissed the Texas declaratory judgment action.

On appeal, the Federal Circuit ruled that the district court had not abused its discretion in dismissing the Texas action. The Court noted the general rule that the first-filed action is normally preferred. Serco, 51 F.3d at 1039. In Serco, however, two factors supported dismissing the first-filed suit. First, the district court's determination that the Texas action was anticipatory was a factor weighing in favor of its dismissal, even though the Court noted that the impact of forum shopping in patent cases has been tempered by the existence of the Court of Appeals for the Federal Circuit. Id. at 1040. Independently, however, the Federal Circuit found that the presence of convenience factors favoring the Wisconsin action was "sound reason" to dismiss the first-filed Texas action. The Court noted that all of Kelley's witnesses were located in Wisconsin, while Serco's witnesses were scattered throughout the country. Also, while some of Serco's documents were located at its Canadian headquarters, all of Kelley's documents were located in Wisconsin. The presence of these convenience factors further supported the court's decision to dismiss the first-filed Texas action. Id.

The circumstances in this case are indeed strikingly similar to those in Serco, wherein the Federal Circuit employed the anticipatory filing exception to the first-filed rule. As in in Serco,

Pontiac's counsel sent Dorman a letter asserting that Dorman was infringing on Pontiac's patent. Although Dorman's General Counsel replied that he would respond upon further review by outside intellectual property counsel, Dorman's General counsel never did respond. Pontiac, like Kelley, did not file a patent infringement action. Several months later, Pontiac, like Kelley, sent Dorman a second letter along with a draft complaint for patent infringement. The letter inquired whether Dorman would accept service of the complaint. Instead of responding, Dorman filed this action, seeking a declaratory judgment of patent invalidity.

Dorman could have filed this declaratory judgment action in April when it initially received Pontiac's cease and desist letter. Instead it chose to file the declaratory judgment action immediately after it received a copy of Pontiac's proposed patent infringement complaint. Having received the draft, Dorman had to realize litigation was imminent. Indeed, Pontiac filed its patent infringement action only one day after Dorman filed this declaratory judgment action. Under these circumstances, as in Serco, the Court concludes that Plaintiff's declaratory judgment action was filed in anticipation of Defendant's patent infringement action in Michigan.

In addition, the Court has serious doubts whether it would have personal jurisdiction over Michigan-based Pontiac. Indeed, Pontiac has raised this issue in its motion to dismiss for lack of

personal jurisdiction. Dorman has requested time to take discovery on this issue. However, Dorman does admit that it sells its products in Michigan. See Exhibit F at p. 16. Therefore, any concerns about personal jurisdiction can be alleviated by deferring to the Michigan action.

For the foregoing reasons, the Court finds that special exceptions to the first-filed rule are prevalent in this case, most notably the anticipatory filing exception. Accordingly, the Court will dismiss this action without prejudice to Plaintiff asserting its patent invalidity claims in Michigan.

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ORDER

The motion of the Defendant to dismiss [Doc. #9] is  
GRANTED.

This case is DISMISSED WITHOUT PREJUDICE to Plaintiff  
reasserting its patent invalidity claims in the action pending in the  
United States District Court for the Eastern District of Michigan.

The motion of the Plaintiff to enjoin [Doc. #12] is DENIED  
as moot.

The motion of the Defendant to dismiss based on lack of  
personal jurisdiction [Doc. #13] is DENIED as moot.

The motion of the Defendant for leave to file a reply brief  
[Doc. #17] is DENIED as moot.

IT IS SO ORDERED.

BY THE COURT:

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THOMAS M. GOLDEN, J.

