

# UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## NOTICE OF ENTRY OF JUDGMENT ACCOMPANIED BY OPINION

### OPINION FILED AND JUDGMENT ENTERED:

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will be issued in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

Costs are taxed against the appellant in favor of the appellee under Rule 39. The party entitled to costs is provided a bill of costs form and an instruction sheet with this notice.

The parties are encouraged to stipulate to the costs. A bill of costs will be presumed correct in the absence of a timely filed objection.

Costs are payable to the party awarded costs. If costs are awarded to the government, they should be paid to the Treasurer of the United States. Where costs are awarded against the government, payment should be made to the person(s) designated under the governing statutes, the court's orders, and the parties' written settlement agreements. In cases between private parties, payment should be made to counsel for the party awarded costs or, if the party is not represented by counsel, to the party pro se. Payment of costs should not be sent to the court. Costs should be paid promptly.

If the court also imposed monetary sanctions, they are payable to the opposing party unless the court's opinion provides otherwise. Sanctions should be paid in the same way as costs.

Regarding exhibits and visual aids: Your attention is directed Fed. R. App. P. 34(g) which states that the clerk may destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

FOR THE COURT

/s/ Peter R. Marksteiner

Peter R. Marksteiner  
Clerk of Court

cc: James David Liles  
John David Luken  
Mark Schneider

16-2641 - Allied Mineral Products, Inc. v. OSMI, Inc.  
United States District Court for the Southern District of Florida, Case No. 9:15-cv-81753-KAM

**United States Court of Appeals  
for the Federal Circuit**

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**ALLIED MINERAL PRODUCTS, INC., AN OHIO  
CORPORATION,**  
*Plaintiff-Appellant*

v.

**OSMI, INC., STELLAR MATERIALS, INC.,  
STELLAR MATERIALS, LLC,**  
*Defendants-Appellees*

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2016-2641

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Appeal from the United States District Court for the  
Southern District of Florida in No. 9:15-cv-81753-KAM,  
Judge Kenneth A. Marra.

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Decided: September 13, 2017

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JAMES DAVID LILES, Porter, Wright, Morris & Arthur  
LLP, Cincinnati, OH, argued for plaintiff-appellant.

JOHN DAVID LUKEN, Dinsmore & Shohl LLP, Cincin-  
nati, OH, argued for defendants-appellees. Also repre-  
sented by MARK SCHNEIDER, Troy, MI.

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Before MOORE, REYNA, and STOLL, *Circuit Judges*.

MOORE, *Circuit Judge*.

The present appeal arises from the dismissal of a declaratory judgment action in the Southern District of Florida. Allied Mineral Products, Inc. (“Allied”) sued three related entities, OSMI, Inc., Stellar Materials, Inc., and Stellar Materials, LLC (collectively “Stellar”), seeking a declaratory judgment that it did not infringe Stellar’s U.S. Patent No. 7,503,974 (the “974 patent”), the patent is invalid, and Stellar committed inequitable conduct. The district court dismissed the complaint for lack of subject matter jurisdiction. Because the district court correctly determined that Stellar’s actions do not create a justiciable case or controversy, we affirm.

#### BACKGROUND

This dispute centers on a Mexican infringement suit between Stellar and two of Allied’s Mexican distributors.<sup>1</sup> Stellar and Allied are American companies; Ferro Alloys de Mexico S.A. de C.V. (“Ferro”) and Pyrotek Mexico S. de R.L. de C.V. (“Pyrotek”) are Allied’s Mexican distributors. On June 24, 2015, Stellar sent notice letters to Ferro and Pyrotek accusing them of infringing Stellar’s Mexican Patent No. 279757 (the “Mexican Patent”). Allied manufactures the products accused of infringement in the United States, which are then sold in Mexico by Ferro and Pyrotek. Allied sells the same product in the United States under a different name.

Allied’s U.S. counsel responded to Stellar’s notice letters on behalf of Ferro and Pyrotek. Allied identified itself as the manufacturer of the accused products and argued that the products do not infringe the Mexican Patent. Stellar never responded to Allied’s letter. Instead, Stellar filed infringement actions against Ferro and

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<sup>1</sup> All facts come from Allied’s complaint and are presumed true for the purposes of the motion to dismiss.

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Pyrotek in Mexico, accusing Ferro and Pyrotek of infringing at least claim 16 of the Mexican Patent. Claim 16 of the Mexican Patent is a Spanish translation of claim 16 of the '974 patent.

Allied filed a declaratory judgment action against Stellar in the Southern District of Florida, seeking a declaratory judgment of: (1) non-infringement of the '974 patent; (2) invalidity; (3) unenforceability due to inequitable conduct; and (4) tortious interference with business relationships under Florida state law. Stellar moved to dismiss for lack of subject matter jurisdiction, and the district court granted the motion. The district court held that "Stellar's decision to enforce its Mexican patent under Mexican law against separate entities cannot, without further affirmative action by Stellar, create an actual controversy with Allied with regard to its U.S. Patent." J.A. 15. The district court found that the complaint was "devoid of any allegations that Stellar has done anything to give Allied a reasonable belief that Stellar intends to enforce its '974 Patent in the United States." *Id.* Allied appeals. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

#### DISCUSSION

The Declaratory Judgment Act requires "a case of actual controversy." 28 U.S.C. § 2201(a). There is no bright-line rule for whether a dispute satisfies this requirement, *Prasco LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1336 (Fed. Cir. 2008), although the Supreme Court has articulated a number of relevant factors:

Our decisions have required that the dispute be definite and concrete, touching the legal relations of parties having adverse legal interests; and that it be real and substantial and admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of

facts . . . . Basically, the question in each case 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.

*MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quotations and alterations omitted). We review jurisdictional issues de novo. *Prasco*, 537 F.3d at 1335.

The totality of the circumstances in this case does not rise to the level of a case of actual controversy. Declaratory judgment jurisdiction requires some affirmative act by the patentee. *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1381 (Fed. Cir. 2007). Stellar has not directed any actions towards Allied, nor has it litigated or threatened litigation in the United States or on its '974 patent. All of Stellar's conduct has been directed towards Allied's customers Ferro and Pyrotek, unrelated Mexican entities, and that contact was limited to Stellar's Mexican Patent and potentially infringing acts in Mexico. Stellar sent notice letters to the customers alone, and although Allied responded on behalf of its customers, Stellar never responded to Allied's letter. Stellar then sued only the customers, not the manufacturer. Stellar also limited its actions to Mexico. Stellar filed suit in Mexico, suing for infringement of a Mexican patent under Mexican laws. It has not threatened or alleged infringement of the '974 patent in the United States, much less filed suit. Stellar took no actions directed at Allied, no actions with regard to its '974 patent, and no actions under U.S. patent laws.

The actions in this case are even less sufficient than those in *Innovative Therapies, Inc. v. Kinetic Concepts, Inc.*, 599 F.3d 1377 (Fed. Cir. 2013), which we held did not give rise to declaratory judgment jurisdiction. In that case, several of the patentee's employees left the company to start their own firm. The new company (the declaratory judgment plaintiff) wished to sell a competing product

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but worried about potential infringement liability. One of the plaintiff's employees called a former colleague at the patentee's company to raise his concerns, and the patentee's employee responded that the company would "act aggressively . . . . You know that." *Id.* at 1380. In a subsequent call, the patentee stated it would sue "100% no doubt about it" on "any product that scratches the surface of our patents." *Id.* at 1381. We held that these communications did not produce a controversy of such immediacy and reality to give the district court jurisdiction to hear the case. *Id.*

The *Innovative Therapies* plaintiff also sought to rely on the patentee's litigation history to establish jurisdiction. The patentee had a history of litigation to enforce its patents, and it previously asserted the patents at issue in the declaratory judgment action against unrelated third parties. We explained that while the patentee's litigation history was a circumstance to consider when evaluating jurisdiction, the fact that it had sued other parties without further evidence of acts directed toward the plaintiff was insufficient to confer jurisdiction. *Id.* at 1382.

Unlike *Innovative Therapies*, there have been no veiled threats of litigation or even any direct communication from Stellar to Allied. There are no allegations that Stellar has a history of litigating its patents in the United States. In light of this precedent, the district court correctly held that it lacked jurisdiction to hear the case.

Allied seeks to analogize its case to *Arkema Inc. v. Honeywell International, Inc.*, 706 F.3d 1351 (Fed. Cir. 2013), citing our reliance on a foreign litigation as creating a case or controversy regarding a related U.S. patent. The declaratory judgment in *Arkema*, however, differed significantly from this case. It is correct that the court considered the fact that the patentee had filed suit in Germany, alleging infringement of a German patent covering a refrigerant used in automobile air conditioning systems. In *Arkema*, however, there was also a compan-

ion U.S. litigation over two of the patentee's U.S. patents covering the same refrigerant. While the suit was in discovery, the patentee obtained two additional U.S. patents covering the same refrigerant, both of which claimed priority to the patents-in-suit in the U.S. infringement suit. The plaintiff moved to amend its complaint to include a declaration that the new patents were also invalid, but the district court denied the motion. We reversed. We explained that the combination of the German litigation and the U.S. litigation over a related patent "creates a sufficient affirmative act on the part of the patentee for declaratory judgment purposes." *Id.* at 1358.

In *Arkema*, it was not the foreign lawsuit alone that provided jurisdiction; it was the foreign lawsuit coupled with the U.S. lawsuit over a related patent. *Id.* Moreover, in *Arkema*, both the foreign lawsuit and the U.S. lawsuit on related patents were directed at the *same* alleged infringer. Here, Stellar has not sued Allied at all, not in the foreign suit and not for infringing any U.S. patents related to the '974 patent. *Arkema* is not controlling.

This case is also distinguishable from cases where we have held that a patentee's suit against a customer gave the manufacturer standing to seek declaratory relief against the patentee. In *Arris Group v. British Telecommunications PLC*, 639 F.3d 1368 (Fed. Cir. 2011), we noted that a manufacturer has standing to bring a declaratory action if: (1) the manufacturer is obligated to indemnify its customers in the event of an infringement suit; or (2) there is a controversy between the patentee and the manufacturer as to the manufacturer's liability for induced or contributory infringement based on acts of direct infringement by the customers. *Id.* at 1375. The *Arris* patentee accused a customer of infringing claims of four U.S. patents in which a manufacturer's product functioned as a material component. We held that the

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allegations of direct infringement of U.S. patents against the manufacturer's customers were an implicit allegation of indirect infringement against the manufacturer. *Id.* at 1381. This gave the district court jurisdiction over the manufacturer's declaratory judgment action. *Id.*

The dispute between Allied and Stellar does not satisfy either factor articulated in *Arris*. Allied does not allege in the complaint that it is obligated to indemnify Ferro and Pyrotek against allegations of infringement of the Mexican Patent. Nor have there been any infringement allegations against either company in *the United States* or any infringement allegations involving any U.S. patent.<sup>2</sup> There is no *Arris*-level controversy between Allied and Stellar; Stellar has not implicitly accused Allied of infringing the '974 patent in the United States based on its customers' direct infringement of the Mexican Patent in Mexico.

Allied argues it has been forced into an unwinnable business position; it can either continue to sell products in the United States knowing it may be the target of an infringement suit, or it can cease selling products it believes it has a right to sell. But we have held that the fear of a future infringement suit is insufficient to confer jurisdiction. *Prasco*, 537 F.3d at 1338. In *Prasco*, we rejected a declaratory judgment plaintiff's argument that it suffered actual harm when it merely feared a future infringement suit. *Id.* at 1339. And in *Arris*, we noted the fear of future lost business because of infringement threats against a customer was, by itself, insufficient to create standing for the manufacturer. *Arris*, 639 F.3d at 1374–75. Allied's fear alone does not give the district

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<sup>2</sup> We do not address whether an agreement to indemnify for foreign infringement of a foreign patent gives rise to declaratory judgment jurisdiction over a counterparty U.S. patent.

court jurisdiction. *See Prasco*, 537 F.3d at 1341–42 (“Although we understand [the declaratory judgment plaintiff’s] desire to have a definitive answer on whether its products infringe defendants’ patents, were the district court to reach the merits of this case, it would merely be providing an advisory opinion. This is impermissible under Article III.”); *see also City of Los Angeles v. Lyons*, 461 U.S. 95, 103 (1983) (holding that a plaintiff’s subjective fear of future injury did not confer jurisdiction over his claims).

Considering the totality of the circumstances, we agree with the district court that there is not a substantial controversy of sufficient immediacy and reality to confer declaratory judgment jurisdiction. Stellar sent notice letters to Ferro and Pyrotek in Mexico, and it sued Ferro and Pyrotek in Mexico. Stellar did not even respond to Allied’s letter about the Mexican Patent on behalf of Ferro and Pyrotek. Nor has Stellar taken any action in the United States or any action on the ’974 patent. Allied has failed to establish a case or controversy regarding Stellar’s U.S. patent in the United States under Article III.

#### CONCLUSION

The judgment of the district court dismissing the case for lack of jurisdiction is affirmed.

#### **AFFIRMED**

#### COSTS

Costs to Stellar.

**UNITED STATES COURT OF APPEALS**  
**FOR THE FEDERAL CIRCUIT**

*Questions and Answers*

**Petitions for Rehearing (Fed. Cir. R. 40)**  
**and**  
**Petitions for Hearing or Rehearing En Banc (Fed. Cir. R. 35)**

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*Q. When is a petition for rehearing appropriate?*

A. Petitions for panel rehearing are rarely successful because they most often fail to articulate sufficient grounds upon which to grant them. For example, a petition for panel rehearing should not be used to reargue issues already briefed and orally argued; if a party failed to persuade the court on an issue in the first instance, a petition for panel rehearing should not be used as an attempt to get a second “bite at the apple.” This is especially so when the court has entered a judgment of affirmance without opinion under Fed. Cir. R. 36. Such dispositions are entered if the court determines the judgment of the trial court is based on findings that are not clearly erroneous, the evidence supporting the jury verdict is sufficient, the record supports the trial court’s ruling, the decision of the administrative agency warrants affirmance under the appropriate standard of review, or the judgment or decision is without an error of law.

*Q. When is a petition for hearing or rehearing en banc appropriate?*

A. En banc decisions are extraordinary occurrences. To properly answer the question, one must first understand the responsibility of a three-judge merits panel of the court. The panel is charged with deciding individual appeals according to the law of the circuit as established in the court’s precedential opinions. While each merits panel is empowered to enter precedential opinions, the ultimate duty of the court en banc is to set forth the law of the Federal Circuit, which merit panels are obliged to follow.

Thus, as a usual prerequisite, a merits panel of the court must have entered a precedential opinion in support of its judgment for a suggestion for rehearing en banc to be appropriate. In addition, the party seeking rehearing en banc must show that either the merits panel has failed to follow identifiable decisions of the U.S. Supreme Court or

Federal Circuit precedential opinions or that the merits panel has followed circuit precedent, which the party seeks to have overruled by the court en banc.

*Q. How frequently are petitions for rehearing granted by merits panels or petitions for rehearing en banc accepted by the court?*

A. The data regarding petitions for rehearing since 1982 shows that merits panels granted some relief in only three percent of the more than 1900 petitions filed. The relief granted usually involved only minor corrections of factual misstatements, rarely resulting in a change of outcome in the decision.

En banc petitions were accepted less frequently, in only 16 of more than 1100 requests. Historically, the court itself initiated en banc review in more than half (21 of 37) of the very few appeals decided en banc since 1982. This sua sponte, en banc review is a by-product of the court’s practice of circulating every precedential panel decision to all the judges of the Federal Circuit before it is published. No count is kept of sua sponte, en banc polls that fail to carry enough judges, but one of the reasons that virtually all of the more than 1100 petitions made by the parties since 1982 have been declined is that the court itself has already implicitly approved the precedential opinions before they are filed by the merits panel.

*Q. Is it necessary to have filed either of these petitions before filing a petition for certiorari in the U.S. Supreme Court?*

A. No. All that is needed is a final judgment of the Court of Appeals. As a matter of interest, very few petitions for certiorari from Federal Circuit decisions are granted. Since 1982, the U.S. Supreme Court has granted certiorari in only 31 appeals heard in the Federal Circuit. Almost 1000 petitions for certiorari have been filed in that period.

# UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## INFORMATION SHEET

### FILING A PETITION FOR A WRIT OF CERTIORARI

There is no automatic right of appeal to the Supreme Court of the United States from judgments of the Federal Circuit. You must file a petition for a writ of certiorari which the Supreme Court will grant only when there are compelling reasons. (See Rule 10 of the Rules of the Supreme Court of the United States, hereinafter called Rules.)

**Time.** The petition must be filed in the Supreme Court of the United States within 90 days of the entry of judgment in this Court or within 90 days of the denial of a timely petition for rehearing. The judgment is entered on the day the Federal Circuit issues a final decision in your case. [The time does not run from the issuance of the mandate, which has no effect on the right to petition.] (See Rule 13 of the Rules.)

**Fees.** Either the \$300 docketing fee or a motion for leave to proceed in forma pauperis with an affidavit in support thereof must accompany the petition. (See Rules 38 and 39.)

**Authorized Filer.** The petition must be filed by a member of the bar of the Supreme Court of the United States or by the petitioner representing himself or herself.

**Format of a Petition.** The Rules are very specific about the order of the required information and should be consulted before you start drafting your petition. (See Rule 14.) Rules 33 and 34 should be consulted regarding type size and font, paper size, paper weight, margins, page limits, cover, etc.

**Number of Copies.** Forty copies of a petition must be filed unless the petitioner is proceeding in forma pauperis, in which case an original and ten copies of the petition for writ of certiorari and of the motion for leave to proceed in forma pauperis. (See Rule 12.)

**Where to File.** You must file your documents at the Supreme Court.

**Clerk  
Supreme Court of the United States  
1 First Street, NE  
Washington, DC 20543  
(202) 479-3000**

No documents are filed at the Federal Circuit and the Federal Circuit provides no information to the Supreme Court unless the Supreme Court asks for the information.

**Access to the Rules.** The current rules can be found in Title 28 of the United States Code Annotated and other legal publications available in many public libraries.