

**The DJ Plaintiff Enjoined: John Donovan Enterprises v. Aero Industries,
or Be Careful What You Ask For¹**

by [Charles Shifley](#)²

The words of warning in the accompanying text box are sometimes attributed to Mark Twain. In varied form, they are also attributed to Seneca, the Roman: “Don’t ask for what you wish you hadn’t got.”

“Be careful what you ask for
because you just may get it.”

In both forms, these words might wisely be said to those who file declaratory judgment actions. These “DJ plaintiffs” ask judges to declare their rights in relation to patents. Such a plaintiff may get what it asks for, a declaration “of the rights and other legal relations of [the] interested party seeking such declaration,” *see* 28 U.S.C. §2201, and on getting the declaration, may wish it had never asked. The court may declare the plaintiff an infringer of a valid patent, *i.e.*, a party of *no* rights at all. Banner & Witcoff has recently helped a client provide a competitor with this very experience. Instead of being declared free and unfettered, by way of the DJ action that the competitor brought, the competitor was preliminarily enjoined.

¹Charles Darwin once observed, "How odd it is that anyone should not see that all observation must be for or against some view if it is to be of any service." (As quoted in Smithsonian Magazine, April 1992 at 13.) The author offers this article for a view, to be of service to the patent bar. The article does not reflect the views of the author’s law firm or partners. The opinions expressed are subject to change as the patent law develops.

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A Banner & Witcoff client, John Donovan Enterprises, was considering how to deal with several patent infringers, in the spring of 1999. The company had recently acquired the rights to a new product, including a patent. The patent had not been tested in litigation. The company had sent warning letters to the infringers. One infringer asserted anticipation based on products it claimed it had sold. A second asserted a full range of defenses, including among others, non-infringement, anticipation, obviousness, and inequitable conduct. A third promised it would cease infringement -- shortly. The client company was resolving how to manage this situation, and if to sue, then whom to sue.

Consistent with its strong statement of defenses, the second-mentioned infringer, Aero Industries, was a vigorous competitor. It "beat" the BW client in the "race" to the courthouse, by filing a declaratory judgment action in its home court against the BW client company, in May, 1999. The complaint of this DJ plaintiff asked the local federal district court to declare the rights of the DJ plaintiff, and more specifically, declare the patent invalid and not infringed.

After counseling with Banner & Witcoff lawyers, the client company resolved to focus on the DJ plaintiff's case, rather than start a case against any other infringer. It also resolved to accept venue in the infringer's home court. Two risks were present. First, the vigorous infringer might mount a vigorous attack on the patent, unlike any attack that might be mounted by any other infringer. Second, home court advantage might result in more favorable treatment for the infringer than the infringer would receive in another venue. Avoiding the expense and delay of a protracted venue battle was considered a superior interest.

Surprisingly, the case was set on a “Rocket Docket.” While the case was pending in southern Indiana, the court of this district had established timetables for civil cases to move them to trial in relatively short time periods. Working under these local rules, without a venue battle to delay matters, the DJ plaintiff felt compelled to propose an immediate beginning to discovery, and trial in eleven months, by April, 2000. The BW client company readily agreed to this schedule. BW lawyers worked into the necessary scheduling order a deadline date for a preliminary injunction motion *after* initial discovery began, in late summer 1999. The client wanted an early injunction, if possible. The B&W lawyers wanted initial discovery before any motion.

The strategy of the case bore fruit. In an initial wave of documents, the infringer produced a document from the infringer’s president that described the BW client’s invention as “state of the art,” and as *the* device against which the infringer was forced to compete. The document also described the time in this situation as “critical,” with the industry described as fast-moving and product life-span short. The document laid out the progress of the industry through the various devices of the prior art, culminating with the invention, and then the infringer’s own product. It described the infringer’s product in some of the same words used in the client company’s patent claims.

A team of four BW lawyers went to work for preliminary injunction. Matt Becker drafted a preliminary injunction motion and memorandum centered persuasively on the infringer’s remarkable document. To convince the Court that harm was irreparable, the lawyers set about proving that the case presented the nine factors of *Hybritech Inc. v. Abbot Labs*,

849 F.2d 1446, 1456 (Fed.Cir. 1988).³ Marc Cooperman deposed the infringer's president, among others, who readily confirmed in the setting of a deposition that the analysis of his document was true, establishing many of the *Hybritech* factors as met. The president even added that his "salesmen screamed" on introduction of the BW client's product. Steve Schad and the author also determined a client businessperson could testify that lost sales resulted in irreparable injury because lost sales meant lost good will and lost customer referrals. We learned the potential purchasers existed in a network, where referrals and sales to leaders among the customers were critical. To prove infringement, the BW lawyers prepared a client representative to testify as an industry-experienced infringement expert. To add evidence supporting validity, they prepared and presented by affidavit the inventor's history of invention, revealing a lack of public use, on sale or any similar validity weaknesses.

At the hearing, the client representatives testified well, under the author's questioning. Computer-aided exhibits and actual products illustrated their testimony. The exhibits that were used were generated in-house by the B&W paralegal staff. An opposing lawyer-expert was blocked from testifying because of his lawyer status. The opponent's president and its product developer were called adversely. The president was kept from varying

³ Paraphrasing, (1) the field of technology covered by the patent was new; (2) there was a substantial amount of competition in this field; (3) the infringer had a very large presence in this field; (4) this was a field where technology changes fairly quickly; (5) there was a lot of research being done in this field; (6) the patent could help establish a market position and create business relationships in the market; (7) by the time the litigation was finished, it was entirely possible that the value of the patent would be gone and that technology might well bypass it; (8) the potential injury was unpredictable; and, (9) in the absence of the injunction, other potential infringers would be encouraged to infringe.

from the positions of his revealing document by Marc by controlling use of his deposition testimony. The product developer described the client's invention as a "whole new concept." The hearing was kept moving and completed in a day and a half by time-sensitive selection of testimony. Last-minute legal authorities were located for argument, and revealing portions of exhibits were found to overcome opposing positions, in the courtroom, on a laptop computer, by Matt, through CD-ROMS of case reports and scanned exhibits.

The Court granted preliminary injunction. District Court Judge McKinney found more than a reasonable likelihood that the BW client would succeed at trial, as well as all other factors for preliminary relief. *See John Donovan Enterprises-Florida v. Aero Industries*, No. IP99-0671, 1999 WL 1327912 (S.D. Ind. 1999).

The case of the DJ plaintiff collapsed. In late December 1999, the case settled.

The DJ plaintiff was not careful enough in seeking a declaration of its rights. It got what it asked for, something it surely wished it never had. The Court declared it more than likely an infringer of a more than likely valid patent. Having filed its action in May, 1999, the DJ plaintiff found itself enjoined by November, 1999, and with little hope for success at a trial in another five months. Settlement came in that context, rather than one more favorable. Settlement included a consent judgment of infringement and validity.

The sentiment of the text box is that potential risks should be assessed as well as potential opportunities before a course of action is undertaken. That wisdom applies to DJ plaintiffs.

Those who rush into declaratory judgment actions with a narrow focus on winning a race to the courthouse might be advised to heed the words of the philosophers. Accused infringers should assess well the strengths and weaknesses of their cases before they put patent owners, even owners of untested patents, in a position to have courts assess the cases. A DJ party might get declared to be an patent infringer, perhaps even enjoined on a fast track, and find it has asked “for what you’ll wish you hadn’t got.”