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IN THE UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

RESMED CORP., Plaintiff, v. CLEVELAND MEDICAL DEVICES, INC., Defendant.	Case No. 3:23-cv-00500-TWR-JLB **DEFENDANT CLEVELAND MEDICAL DEVICES, INC.'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OT ITS MOTION TO DISMISS PLAINTIFF'S COMPLAINT FOR DECLARATORY JUDGMENT OF NONINFRINGEMENT, OR TO THE EXTENT NOT GRANTED, TO TRANSFER** Date: August 24, 2023 Time: 2:00 p.m. Ctrm.: 3A Judge: Hon. Todd W. Robinson

I. INTRODUCTION

Defendant Cleveland Medical Devices, Inc. ("CleveMed") moves to dismiss Plaintiff ResMed Corp. ("Plaintiff")'s Complaint for declaratory judgment of noninfringement of U.S. Patent No. 11,602,284 ("the '284 Patent") because there is no controversy and thus, no subject matter jurisdiction. CleveMed never accused Plaintiff of infringing the '284 Patent at any time.

For subject matter jurisdiction, Plaintiff merely pleads that "CleveMed has claimed that certain products supplied in the United States by ResMed Corp. infringe ***patents that are related to*** the '284 patent" in another patent infringement suit filed by CleveMed in the District of Delaware against Plaintiff's parent company, ResMed Inc. (hereinafter "the Delaware Action"). Dkt. No. 1 at ¶ 6 (emphasis added). To be clear, in that suit, there is no allegation against Plaintiff's parent company for infringement of the '284 Patent and only one of the eight asserted patents in that case is related to the '284 Patent. Assertion of a related patent does not demonstrate an apprehension of a threat of litigation sufficient to amount to a controversy creating subject matter jurisdiction over declaratory judgment claims of an unasserted patent. Thus, because CleveMed has not accused Plaintiff of infringing ***any*** of CleveMed's patents, including the '284 Patent, Plaintiff failed to plead that a controversy exists warranting declaratory relief.

To the extent the declaratory judgment action is not dismissed outright, it should be transferred to the District of Delaware, the same district where the Delaware Action is pending, which is Plaintiff's basis for subject matter jurisdiction. Transfer of this dispute would promote judicial efficiency by leveraging the District of Delaware's experience with CleveMed's technology and help ensure consistency between these actions. To the extent Plaintiff challenges such a transfer, then the Court, at a minimum, should grant leave to conduct jurisdictional discovery to determine the scope of Plaintiff and other ResMed entities' contacts with the District of Delaware.

II. STATEMENT OF FACTS

A. Facts Supporting CleveMed's Motion to Dismiss

Plaintiff's March 20, 2023 declaratory judgment complaint alleges that there is "substantial controversy of sufficient immediacy and reality to warrant the issuance of a declaratory judgment as to whether Plaintiff ResMed Corp.'s products infringe the '284 Patent" based on the very recently issued '284 Patent. *See, e.g.*, Dkt. No. 1 at ¶ 5. Plaintiff's only purported allegation to support subject matter jurisdiction over its declaratory judgment claim is the Delaware Action, a lawsuit that CleveMed filed about a year ago against a different ResMed entity in the District of Delaware for infringement of different patents. Dkt. No. 1 at ¶ 14 ("CleveMed has alleged in a lawsuit filed in the District of Delaware that the parent company of ResMed Corp., ResMed Inc., infringes patents related to the '284 patent, and that various products supplied by Plaintiff ResMed Corp. infringe those patents.").

In the Delaware Action, CleveMed accused Plaintiff's parent company of infringing eight of CleveMed's patents, none of which are the '284 Patent. CleveMed did not at any time accuse Plaintiff or Plaintiff's parent company of infringing the '284 Patent. CleveMed did not name Plaintiff as a party in the Delaware action, nor did CleveMed join or substitute Plaintiff as a party after Plaintiff's parent company alleged that Plaintiff is the entity from which CleveMed can obtain relief. Dkt. No. 1 at ¶ 26.[1] Further, the '284 Patent issued on March 14, 2023, just six days prior to the Plaintiff's filing of this action. Dkt. No. 1 at ¶ 28. Thus, because Plaintiff has no basis for bringing the declaratory judgment action besides the recent issuance of the '284 Patent which happens to be related to one patent in the Delaware Action against a different ResMed entity, Plaintiff has not demonstrated a threat of litigation or pled that an actual controversy exists between CleveMed and Plaintiff regarding the '284 Patent.

[1] This issue is the subject of a pending motion to dismiss that Plaintiff's parent company filed.

As a result, the District of Delaware already has ample familiarity with the parties and CleveMed's technology.

III. ARGUMENT

A. Plaintiff's Declaratory Judgment Complaint Does Not Assert a Substantial Controversy of Sufficient Immediacy and Reality to Justify Jurisdiction

Plaintiff's Complaint fails to allege facts sufficient to show a definite, concrete dispute over the '284 Patent of sufficient immediacy and reality to create subject matter jurisdiction over Plaintiff's declaratory judgment claims. The Declaratory Judgment Act "creates a remedy, not an independent source of subject-matter jurisdiction" and Congress only extended federal court jurisdiction over declaratory judgment actions "to the extent consistent with the Constitution." *Sandoz Inc. v. Amgen Inc.*, 773 F.3d 1274, 1277 (Fed. Cir. 2014); 35 U.S.C. § 271(e)(5). As a result, to determine whether there is jurisdiction over declaratory judgment claims, Courts determine 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." 28 U.S.C. § 2201(a); *Janssen Pharmaceutica, N.V. v. Apotex, Inc.*, 540 F.3d 1353, 1359 (Fed. Cir. 2008) (citation omitted).

Under well-established law, Plaintiff has not met its burden to demonstrate a case or controversy for the '284 Patent with CleveMed sufficient to confer subject matter jurisdiction over Plaintiff's declaratory judgment claims because Plaintiff is asserting a declaratory judgment claim simply because it is aware of the recently issued '284 Patent – which does not amount to a controversy of sufficient immediacy and reality to create a reasonable apprehension of litigation. *In re Qualcomm Litig.*, No. 3:17-cv-108-GPC-MDD, 2018 WL 6062352, at *3 (S.D. Cal. Nov. 20, 2018) ("The plaintiff seeking the declaratory judgment bears the burden of showing the existence of an 'actual controversy' sufficient to confer Article III jurisdiction.") (citation omitted).

The Declaratory Judgment Act provides that "[i]n 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). Plaintiff's claims should be dismissed because CleveMed has not asserted the '284 Patent against Plaintiffs. Plaintiff's entire basis for contending there is a substantial case and controversy regarding the '284 Patent is that "CleveMed has claimed that certain products supplied in the United States by ResMed Corp. infringe ***patents that are related to*** the '284 patent." Dkt. No. 1 at ¶ 6 (emphasis added). However, the mere existence of a patent infringement lawsuit against a related party for related patents does not create subject matter jurisdiction as to every patent in that family or as to related companies of the accused infringer. *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1338 (Fed. Cir. 2008) (finding no controversy for non-infringement declaratory judgment action brought on the basis that plaintiff's product competes with defendant's marked products, because "[t]he mere existence of a potentially adverse patent does not cause an injury nor create an imminent risk of an injury" "absent action by the patentee" and "a fear of future harm that is only subjective is not an injury or threat of injury caused by the defendant that can be the basis of an Article III case or controversy"). Here, CleveMed has not acted in a manner to injure or pose a threat of injury to Plaintiff because CleveMed has never accused Plaintiff of infringing the '284 Patent. Thus, Plaintiff has no allegations that CleveMed has acted in any manner that posed a threat against it in the six days after the '284 Patent issued and there is no justification for Plaintiff's filing of the declaratory judgment action.

Moreover, Plaintiff specifically had no reasonable basis to apprehend a suit from CleveMed with regard to the '284 Patent. Presently, the parties are awaiting a determination regarding a motion to dismiss in the Delaware Action that addresses whether Plaintiff is the appropriate accused infringer. During the pending of that

motion, Plaintiff has not sought to join Plaintiff in that case. Thus, Plaintiff cannot demonstrate a reasonable apprehension with respect to any of CleveMed's patents, let alone the '284 Patent.

Plaintiff's claims should be dismissed because knowledge of the issuance of the '284 Patent does not create a case or controversy sufficient to confer subject matter jurisdiction. Indeed, Plaintiff has not pled any facts to demonstrate that it had a reasonable apprehension of a threat of litigation, which could not be the case because CleveMed never affirmatively asserted the '284 Patent against Plaintiff or its related companies. The fact that CleveMed never engaged in such activity "creates a high barrier to proving that [the plaintiff] faces an imminent risk of injury" that Plaintiff cannot surmount to jurisdiction. *Prasco*, 537 F.3d at 1340 (finding no immediate and real controversy because "defendants have not accused Prasco of infringement or asserted any rights to [plaintiff's product], nor have they taken any actions which imply such claims"). Importantly, it does not stand that a controversy to justify a declaratory judgment claim is created simply because a related patent is asserted. If that were the case, then there would be federal jurisdiction to assert declaratory judgment claims for unasserted patents simply because of the patent familial relationship. That is not, and cannot be, the law.

Further, trial courts have significant discretion in determining whether or not to exercise declaratory judgment jurisdiction even in instances where there is "a case or controversy" (which is not the case here). The Court can decline to exercise jurisdiction so as not to flood courts with declaratory judgment actions every time a related patent issues – which would likely have a deterrent effect on innovation and patent protection. *Matthews Int'l Corp. v. Biosafe Eng'gr, LLC*, 695 F.3d 1322, 1328 n.3 (Fed. Cir. 2012); *Cepheid v. Roche Molecular Sys., Inc.*, No. C-12-4411 EMC, 2013 WL 184125, at *13 (N.D. Cal. Jan. 17, 2013) (declining "to exercise jurisdiction over Plaintiff's claim for declaratory relief on the '155 patent, as it appears from the facts in this case that

Plaintiff took specific actions to attempt to manufacture a controversy over the '155 patent"). Thus, because Plaintiff has failed to demonstrate a case or controversy creating subject matter jurisdiction, the Court should dismiss Plaintiff's declaratory judgment claims.

B. To the Extent it is Not Dismissed, the Declaratory Judgment Action Should be Transferred to the District of Delaware

To the extent the declaratory judgment action is not dismissed, it should be transferred to the District of Delaware to preserve judicial resources and for the convenience of the parties. The Court has broad discretion to order transfer under 28 U.S.C. § 1404(a) to any other district or division where it might have been brought, in the interest of justice. *Hawkins v. Gerber Prods. Co.*, 924 F. Supp. 2d 1208, 1212 (S.D. Cal. 2013). Determining whether an action should be transferred pursuant to § 1404(a) is a two-step process. The transferor court must first determine whether the action "might have been brought" in the transferee court, and then the court must make an individualized, case-by-case consideration of convenience and fairness. *Saleh v. Titan Corp.*, 361 F. Supp. 2d 1152, 1155-56 (S.D. Cal. 2005).

Considering the first step of the transfer analysis, venue for declaratory judgment actions are "governed by the general venue statute, [28 U.S.C.] § 1391(b)." *Knape & Vogt Mfg. Co. v. Design Ideas, Ltd.*, No. 1:20-cv-1216, 2022 WL 18780566, at *3 (W.D. Mich. Feb. 2, 2022); *see also Top Brand LLC v. Cozy Comfort Co. LLC*, No. 20 C 1238, 2021 WL 1121122, at *8 (N.D. Ill. Mar. 24, 2021); *Roadie, Inc. v. Baggage Airline Guest Servs., Inc.*, No. 17-1079, 2017 WL 11506886, at *3 (D. Del. Nov. 2, 2017). The general venue statute provides that a civil action may be brought in "(1) a judicial district in which any defendant resides, . . . (2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or . . . (3) any judicial district in which any defendant is subject to the court's personal jurisdiction

Respectfully submitted,

Dated: June 5, 2023

By: *s/ Lisa Kobialka*

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