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14
15 **IN THE UNITED STATES DISTRICT COURT**
16
17 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**
18

19 RESMED CORP.,

20 Plaintiff,

21 v.

22 CLEVELAND MEDICAL DEVICES,
23 INC.,

24 Defendant.

Case No. 3:23-cv-00500-TWR-JLB

**DEFENDANT CLEVELAND
MEDICAL DEVICES, INC.'S
MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
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

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MEMORANDUM IN SUPPORT OF DEF.'S
MOTION TO DISMISS OR TRANSFER

Case No. 3:23-cv-00500-TWR-JLB

1 **I. INTRODUCTION**

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

7 For subject matter jurisdiction, Plaintiff merely pleads that “CleveMed has
8 claimed that certain products supplied in the United States by ResMed Corp. infringe
9 ***patents that are related to*** the ‘284 patent” in another patent infringement suit filed by
10 CleveMed in the District of Delaware against Plaintiff’s parent company, ResMed Inc.
11 (hereinafter “the Delaware Action”). Dkt. No. 1 at ¶ 6 (emphasis added). To be clear,
12 in that suit, there is no allegation against Plaintiff’s parent company for infringement of
13 the ‘284 Patent and only one of the eight asserted patents in that case is related to the
14 ‘284 Patent. Assertion of a related patent does not demonstrate an apprehension of a
15 threat of litigation sufficient to amount to a controversy creating subject matter
16 jurisdiction over declaratory judgment claims of an unasserted patent. Thus, because
17 CleveMed has not accused Plaintiff of infringing ***any*** of CleveMed’s patents, including
18 the ‘284 Patent, Plaintiff failed to plead that a controversy exists warranting declaratory
19 relief.

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

1 **II. STATEMENT OF FACTS**

2 **A. Facts Supporting CleveMed's Motion to Dismiss**

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

14 In the Delaware Action, CleveMed accused Plaintiff's parent company of
 15 infringing eight of CleveMed's patents, none of which are the '284 Patent. CleveMed
 16 did not at any time accuse Plaintiff or Plaintiff's parent company of infringing the '284
 17 Patent. CleveMed did not name Plaintiff as a party in the Delaware action, nor did
 18 CleveMed join or substitute Plaintiff as a party after Plaintiff's parent company alleged
 19 that Plaintiff is the entity from which CleveMed can obtain relief. Dkt. No. 1 at ¶ 26.¹
 20 Further, the '284 Patent issued on March 14, 2023, just six days prior to the Plaintiff's
 21 filing of this action. Dkt. No. 1 at ¶ 28. Thus, because Plaintiff has no basis for
 22 bringing the declaratory judgment action besides the recent issuance of the '284 Patent
 23 which happens to be related to one patent in the Delaware Action against a different
 24 ResMed entity, Plaintiff has not demonstrated a threat of litigation or pled that an actual
 25 controversy exists between CleveMed and Plaintiff regarding the '284 Patent.

26 _____
 27 ¹ This issue is the subject of a pending motion to dismiss that Plaintiff's parent company
 28 filed.

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

3 **III. ARGUMENT**

4 **A. Plaintiff's Declaratory Judgment Complaint Does Not Assert a** 5 **Substantial Controversy of Sufficient Immediacy and Reality to Justify** 6 **Jurisdiction**

7 Plaintiff's Complaint fails to allege facts sufficient to show a definite, concrete
 8 dispute over the '284 Patent of sufficient immediacy and reality to create subject matter
 9 jurisdiction over Plaintiff's declaratory judgment claims. The Declaratory Judgment
 10 Act "creates a remedy, not an independent source of subject-matter jurisdiction" and
 11 Congress only extended federal court jurisdiction over declaratory judgment actions "to
 12 the extent consistent with the Constitution." *Sandoz Inc. v. Amgen Inc.*, 773 F.3d 1274,
 13 1277 (Fed. Cir. 2014); 35 U.S.C. § 271(e)(5). As a result, to determine whether there is
 14 jurisdiction over declaratory judgment claims, Courts determine whether "the facts
 15 alleged, under all the circumstances, show that there is a substantial controversy,
 16 between parties having adverse legal interests, of sufficient immediacy and reality to
 17 warrant the issuance of a declaratory judgment." 28 U.S.C. § 2201(a); *Janssen*
 18 *Pharmaceutica, N.V. v. Apotex, Inc.*, 540 F.3d 1353, 1359 (Fed. Cir. 2008) (citation
 19 omitted).

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

1 The Declaratory Judgment Act provides that “[i]n a case of actual controversy
 2 within its jurisdiction . . . any court of the United States, upon the filing of an
 3 appropriate pleading, may declare the rights and other legal relations of any interested
 4 party seeking such declaration, whether or not further relief is or could be sought.” 28
 5 U.S.C. § 2201(a). Plaintiff’s claims should be dismissed because CleveMed has not
 6 asserted the ‘284 Patent against Plaintiffs. Plaintiff’s entire basis for contending there is
 7 a substantial case and controversy regarding the ‘284 Patent is that “CleveMed has
 8 claimed that certain products supplied in the United States by ResMed Corp. infringe
 9 **patents that are related to** the ‘284 patent.” Dkt. No. 1 at ¶ 6 (emphasis added).
 10 However, the mere existence of a patent infringement lawsuit against a related party for
 11 related patents does not create subject matter jurisdiction as to every patent in that
 12 family or as to related companies of the accused infringer. *Prasco, LLC v. Medicis*
 13 *Pharm. Corp.*, 537 F.3d 1329, 1338 (Fed. Cir. 2008) (finding no controversy for non-
 14 infringement declaratory judgment action brought on the basis that plaintiff’s product
 15 competes with defendant’s marked products, because “[t]he mere existence of a
 16 potentially adverse patent does not cause an injury nor create an imminent risk of an
 17 injury” “absent action by the patentee” and “a fear of future harm that is only subjective
 18 is not an injury or threat of injury caused by the defendant that can be the basis of an
 19 Article III case or controversy”). Here, CleveMed has not acted in a manner to injure or
 20 pose a threat of injury to Plaintiff because CleveMed has never accused Plaintiff of
 21 infringing the ‘284 Patent. Thus, Plaintiff has no allegations that CleveMed has acted in
 22 any manner that posed a threat against it in the six days after the ‘284 Patent issued and
 23 there is no justification for Plaintiff’s filing of the declaratory judgment action.

24 Moreover, Plaintiff specifically had no reasonable basis to apprehend a suit from
 25 CleveMed with regard to the ‘284 Patent. Presently, the parties are awaiting a
 26 determination regarding a motion to dismiss in the Delaware Action that addresses
 27 whether Plaintiff is the appropriate accused infringer. During the pending of that
 28

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

4 Plaintiff's claims should be dismissed because knowledge of the issuance of the
 5 '284 Patent does not create a case or controversy sufficient to confer subject matter
 6 jurisdiction. Indeed, Plaintiff has not pled any facts to demonstrate that it had a
 7 reasonable apprehension of a threat of litigation, which could not be the case because
 8 CleveMed never affirmatively asserted the '284 Patent against Plaintiff or its related
 9 companies. The fact that CleveMed never engaged in such activity "creates a high
 10 barrier to proving that [the plaintiff] faces an imminent risk of injury" that Plaintiff
 11 cannot surmount to jurisdiction. *Prasco*, 537 F.3d at 1340 (finding no immediate and
 12 real controversy because "defendants have not accused Prasco of infringement or
 13 asserted any rights to [plaintiff's product], nor have they taken any actions which imply
 14 such claims"). Importantly, it does not stand that a controversy to justify a declaratory
 15 judgment claim is created simply because a related patent is asserted. If that were the
 16 case, then there would be federal jurisdiction to assert declaratory judgment claims for
 17 unasserted patents simply because of the patent familial relationship. That is not, and
 18 cannot be, the law.

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

1 Plaintiff took specific actions to attempt to manufacture a controversy over the ‘155
2 patent”). Thus, because Plaintiff has failed to demonstrate a case or controversy
3 creating subject matter jurisdiction, the Court should dismiss Plaintiff’s declaratory
4 judgment claims.

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

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

17 Considering the first step of the transfer analysis, venue for declaratory judgment
18 actions are “governed by the general venue statute, [28 U.S.C.] § 1391(b).” *Knappe &*
19 *Vogt Mfg. Co. v. Design Ideas, Ltd.*, No. 1:20-cv-1216, 2022 WL 18780566, at *3
20 (W.D. Mich. Feb. 2, 2022); *see also Top Brand LLC v. Cozy Comfort Co. LLC*, No. 20
21 C 1238, 2021 WL 1121122, at *8 (N.D. Ill. Mar. 24, 2021); *Roadie, Inc. v. Baggage*
22 *Airline Guest Servs., Inc.*, No. 17-1079, 2017 WL 11506886, at *3 (D. Del. Nov. 2,
23 2017). The general venue statute provides that a civil action may be brought in “(1) a
24 judicial district in which any defendant resides, . . . (2) a judicial district in which a
25 substantial part of the events or omissions giving rise to the claim occurred, or . . . (3)
26 any judicial district in which any defendant is subject to the court’s personal jurisdiction
27
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Respectfully submitted,

Dated: June 5, 2023

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