IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

PRECIMED S.A. AND PRECIMED, INC.	:	CIVIL ACTION
	:	
v.	:	
	:	
ORTHOGENESIS, INC.,	:	No. 04-1842
	:	

Memorandum

Baylson, J. **November 17, 2004**

I. Introduction

Plaintiffs Precimed S.A. and Precimed, Inc. ("Precimed") have brought an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 100, et seq. against Defendant Orthogenesis, Inc.'s ("Orthogenesis"). Presently before the Court is Orthogenesis' Motion to Dismiss for Lack of Personal Jurisdiction and Motion to Dismiss for Improper Venue or To Transfer for Convenience.

II. Factual Allegations

Precimed's complaint sets forth the following facts. Precimed S.A. is a Swiss corporation with it principal place of business at l'Echelette 7, CH-2534, Orvin, Switzerland. Precimed, Inc. is a wholly owned subsidiary of Precimed S.A. and is a Delaware corporation with

its principal place of business at 102 Pickering Way, Suite 508, Exton, Pennsylvania.

Orthogenesis is a California corporation with its principal place of business at 4952 Windplay Drive, Suite C., El Dorado Hills, California.

Precimed owns by assignment U.S. Patent No. 5,658,290, entitled "Assembly Comprising Reamer Spindle and Reamer for Surgery" ("the '290 patent"), which was duly and legally issued on August 19, 1997, to Andre Lechot. Reamer spindle and reamer assemblies covered by the '290 patent are among the surgical equipment Precimed manufactures and/or sells for use in minimally invasive orthopedic surgery.

According to the Complaint, Orthogenesis, without authority or license from Precimed and in violation of 35 U.S.C. § 271, offers to sell or sells within the United States a component of the patented assembly covered by one or more claims of the '290 patent, which is material to the invention, knowing the same to be especially made or adapted for use in infringement of the '290 patent, and which is not a staple article or commodity of commerce suitable for substantial noninfringing use (the "allegedly infringing product").

II. Legal Standard

When a defendant challenges an action for lack of personal jurisdiction, the plaintiff must prove, by a preponderance of the evidence, facts sufficient to establish personal jurisdiction. Carteret Savings Bank, FA v. Shushan, 954 F.2d 141, 146 (3d Cir. 1992). When deciding a motion to dismiss for lack of personal jurisdiction, the Court "must accept all of the plaintiff's allegations as true and construe the disputed facts in the favor of the plaintiff." Id. at 142 n. 1.

IV. Discussion

A. Personal Jurisdiction

Orthogenesis argues that personal jurisdiction is improper because Orthogenesis, a California corporation with no place of business, offices, or employees in Pennsylvania, has not committed patent infringement in Pennsylvania and thus has no contacts with the Commonwealth.

Precimed contends, however, that Orthogenesis has committed patent infringement in this District and has submitted: (1) the affidavit of William Warrender, which states that Warrender saw an advertisement for Orthogenesis' products in a national trade journal, perused Orthogenesis' website, and then purchased an allegedly infringing product from Orthogenesis in April 2004 by telephone that was shipped to his office in Fort Washington, Pennsylvania, (2) a copy of the packing slip from the shipment, and (3) a copy of the invoice for the purchase. (Def's Response to Pl's Motion to Dismiss for Lack of Personal Jurisdiction, Exhibit B). Precimed has also presented the affidavit of Patrick White verifying submitted copies of advertisements for Orthogenesis' products published in national trade journals and on Orthogenesis' website. (Def's Response to Pl's Motion to Dismiss for Lack of Personal Jurisdiction, Exhibit C).

Orthogenesis argues that this sale is not sufficient to establish minimum contacts with Pennsylvania, because Warrender saw the advertisement in a national trade journal and "reached out" to California, and thus the contact resulted from the acts of others, unforeseen and unintended by Orthogenesis. Orthogenesis also contends that the product was sold to Warrender in California, on the grounds that it was "bought and paid for" in California. (Def's Reply to

Plaintiff's Response to Motion to Dismiss for Lack of Personal Jurisdiction). However, Orthogenesis relies only on arguments in its brief and has not submitted any factual affidavit or other evidence rebutting the Warrender and White affidavits. Orthogenesis has only submitted a declaration of its CEO with general statements as to its place of business, and the location of its employees and documents. This is insufficient to refute plaintiffs' showing of jurisdiction. The Court must construe disputed facts in favor of the plaintiff and, regardless, the Court finds that Warrender's purchase of the allegedly infringing product occurred in Pennsylvania, as his affidavit states, because the submitted packing slip and invoice corroborate the affidavit.

However, even if the sale did not take place in Pennsylvania, there is no dispute that Orthogenesis shipped the product to the purchaser in Pennsylvania. Federal courts apply the relevant state statute to determine whether personal jurisdiction over the defendant is proper. Fed. R. Civ. P. 4(e). Pennsylvania's long-arm statute "permits the exercise of jurisdiction over an individual or corporation that causes tortious injury in the state." Angelo Fan Brace v. Allied Moulded Products, 2004 WL 884461 *1 (E.D. Pa. April 23, 2004)(citing 42 Pa. Cons. Stat. Ann. § 5322(a)(3)). The Federal Circuit has held in patent infringement cases that when "the allegations are that defendants purposefully shipped [the allegedly infringing product] into [the forum state] through an established distribution channel" and "[t]he cause of action is alleged to arise out of these activities," then "[n]o more is usually required to establish specific jurisdiction." Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 1565 (Fed. Cir. 1994)(citing Burger King Corp. v. Rudzewicz, 471 U.S. 462, 472-73 (1985)); see also North American Philips Corp. v. American Vending Sales, Inc., 35 F.3d 1576, 1578-79 (Fed. Cir. 1994).

Citing to this Federal Circuit precedent, courts in the Third Circuit have found that "[t]he law is clear that, where a defendant infringer is shown to have sold the allegedly infringing product in the forum state, the forum may exercise personal jurisdiction over the defendant." Osteotech, Inc. v. GenSci Regeneration Sciences, Inc., 6 F.Supp.2d 349, 354 (D. N.J. 1998)(citing Beverly Hills Fan Co., 21 F.3d at 1570-71, and North American Philips Corp., 35 F.3d at 1578-79).

> Because a state has an interest in preventing the importation of infringing products, patent infringement occurs in the state where infringing sales are made. When it sells its products in a state, the alleged infringer has fair warning that it can be sued there. Thus, if a plaintiff establishes that a defendant sold the accused product in the forum state, personal jurisdiction is proper there because the sale of an infringing article to a buyer in that state is deemed tortious conduct within the meaning of the long arm statute.

Angelo Fan Brace, 2004 WL 884461 at *1 (citing North American Philips Corp., 35 F.3d at 1578-79).

Orthogenesis' contention that the single sale relied upon by Precimed is not sufficient to establish specific personal jurisdiction is unpersuasive. "Where a defendant's forum-related conduct forms the basis of the alleged injuries and resulting litigation, the contacts need not be continuous and substantial. It is enough that [Orthogenesis] sold its product in [Pennsylvania] only once, because the product allegedly infringes [Precimed's '290 patent], which is the subject matter of the instant litigation." Osteotech, 6 F.Supp.2d at 354; VP Intellectual Properties, LLC v. Imtec Corp., 1999 WL 1125204 *5 (D.N.J. 1999)("Regardless of the quantity of products sold or the shipping method used, the sale of patented products to buyers in the forum state creates specific personal jurisdiction over an out-of-state seller."). The evidence of the sale and

shipment to Pennsylvania of an allegedly infringing product therefore establishes that this Court's exercise of personal jurisdiction over Orthogenesis complies with the requirements of the Pennsylvania long arm statute and comports with due process requirements.

B. Venue

Pursuant to 28 U.S.C. §1400(b), venue is proper in patent infringement actions "in the judicial district where the defendant resides."[1] The general venue statute, 28 U.S.C. § 1391(c), states that a corporate defendant resides in any judicial district where it is subject to personal jurisdiction. This corporate residence standard applies to § 1400(b). Angelo Fan Brace, 2004 WL 884461 *1; Saint-Gobain Calmar, Inc. v. National Products Corp., 230 F. Supp. 2d 655, 657 (E.D. Pa. 2002); see generally V.E. Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574 (Fed. Cir. 1990), cert. den'd, 499 U.S. 922 (1991). As discussed above, Orthogenesis is subject to personal jurisdiction in this district. Orthogenesis thus "resides" in this district for the purposes of §1400(b). Accordingly, venue in this district is proper.

C. Venue Transfer for Convenience

Orthogenesis alternatively requests that this action be transferred "to a proper court" for the sake of convenience, arguing in its brief, and providing its CEO's affidavit, that all its

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[1]28 U.S.C. § 1400 provides that:

> (b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

witnesses reside and work in California and that the relevant documents and patents in question are also in California. There is no showing as to which of California's three districts would be the proper forum.

Precimed counters that Precimed, Inc.'s principal place of business is in this judicial district, and that a plaintiff's choice of forum is entitled to greater deference when it is a plaintiff's home forum. Precimed also contends that its witnesses and relevant documents regarding the design, manufacture, and sale of the allegedly infringing product are either here or in Switzerland. Litigating in California, Precimed contends, would be as costly, burdensome, and inconvenient for Precimed as litigating in Pennsylvania would be for Orthogenesis, and Orthogenesis should have anticipated that it could be haled into court in any district in which it actively markets or sells its products. Thus, venue should not be transferred simply for the sake of increased convenience for Orthogenesis, Precimed argues.

Under 28 U.S.C. §1404(a), "[f]or the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." The Third Circuit has echoed the Supreme Court's interpretation of §1404(a) as "intended to vest district courts with broad discretion to determine, on an individualized, case-by-case basis, whether convenience and fairness considerations weigh in favor of transfer." Jumara v. State Farm Insurance Co., 55 F.3d 873, 883 (3d Cir. 1995)(citing Stewart Organization, Inc. v. Ricoh Corp., 487 U.S. 22, 30-31 (1988)).

For a transfer to be appropriate, venue must be proper in both fora. As discussed above, venue is proper in the Eastern District of Pennsylvania. The parties do not dispute that venue

would be proper in California, where Orthogenesis is incorporated and has its principal place of business. The Court must therefore determine "whether the balance of convenience weighs in favor of a transfer." Saint-Gobain, 230 F. Supp. 2d at 658. In the Third Circuit, courts ruling on § 1404(a) motions consider a wide range of private and public interests, always keeping in mind that the plaintiff's choice of forum "is entitled to paramount weight and should not be disturbed unless the convenience factors weigh strongly in the movant's favor." Unisys Corp. v. Storage Technology, 1994 WL 116105 *4 (E.D. Pa. 1994); Jumara, 55 F.3d at 879. In Jumara, the Third Circuit outlined the "many variants of the private and public interests protected by the language of § 1404(a)" that have been considered by courts:

> The private interests have included: the plaintiff's forum preference as manifested in the original choice, whether the claim arose elsewhere, the convenience of the parties as indicated by their relative physical and financial condition, the convenience of the witnesses – but only to the extent that the witnesses may actually be unavailable for trial in one of the fora, and the location of books and records (similarly limited to the extent that the files could not be produced in the alternative forum).
>
> The public interests have included: the enforceability of the judgment, practical considerations that could make the trial easy, expeditious, or inexpensive, the relative administrative difficulty in the two fora resulting from court congestion, the local interest in deciding local controversies at home, the public policies of the fora, and the familiarity of the trial judge with the applicable state law in diversity cases.

Jumara, 55 F.3d at 879-880 (citations omitted).

Turning first to the private interests at stake, Precimed has shown a preference for the Eastern District of Pennsylvania, where Precimed, Inc. has its principal place of business. Precimed argues that the claim also arose in this district, due to the sale of an allegedly infringing

product in the district. As to the convenience of the parties, litigating the case in Pennsylvania is clearly more convenient for Precimed, but Orthogenesis has not shown that the inconvenience for Orthogenesis of litigating in Pennsylvania would be greater than the inconvenience for Precimed of litigating in California. Orthogenesis has submitted only the affidavits of its attorney, Steven Marchbanks, and of its CEO, Henry Fletcher, stating that Orthogenesis is a start-up company with limited assets, and that all witnesses reside in California and all the relevant patent documents are in California. It has not provided lists of the names and addresses of witnesses, affidavits showing the materiality of the matter to which these witnesses will testify, statements regarding the difficulties of having to defend in Pennsylvania, or affidavits regarding the relative ease of access to sources of documentary evidence, all of which have been suggested by the Third Circuit as appropriate support for a motion under § 1404(a). Plum Tree, Inc. v. Stockment, 488 F.2d 754, 757 n. 2 (3d Cir. 1973). In such cases, where "[a]ll that appears from the record is that it would be proportionately more convenient and less costly to each party to litigate in its home forum," transfer is not justified. Unisys Corp, 1994 WL 116105 at *5 ("A movant's desire to shift the balance of inconvenience and expense to another party does not justify a transfer.").

As to the relevant public interests, both California and Pennsylvania have a local interest in the dispute, as all states have "an interest in discouraging patent infringement within [their] borders." Amalia v. Conopco, Inc., 1995 WL 8055 *3 (E.D. Pa. 1995)(citing North American Philips v. American Vending Sales, Inc., 35 F.3d 1576 (Fed. Cir. 1994)). The public policies of the fora and the familiarity of the trial judge with applicable state law do not weigh in favor of or against transfer, as federal patent law governs the dispute.

Therefore, while this case certainly could have been brought in California, Orthogenesis

has not met its burden of showing that litigating in the Eastern District of Pennsylvania will cause inconvenience to the parties and witnesses such that the interests of justice would be served by disturbing Precimed's choice of forum. However, in order to reduce the burden of expense on Orthogenesis, the Court will allow depositions to be taken either by video or will require that defendant's witnesses be deposed at or near its place of business.

V. Conclusion

For the foregoing reasons, the Court finds that Orthogenesis is subject to specific jurisdiction, and venue is proper, in this district. Orthogenesis has failed to demonstrate that transfer of venue is appropriate. Accordingly, defendant's motions are denied.

An appropriate order follows.

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ORDER

AND NOW this 17th day of November, 2004 upon consideration of Defendant's Motion to Dismiss for Lack of Personal Jurisdiction (Docket No. 6) and Motion to Dismiss for Improper Venue, or to Transfer for Improper Venue or for Convenience (Docket No. 7), and the responses thereto, it is ORDERED that the motions are DENIED.

BY THE COURT:

s/ Michael M. Baylson

Michael M. Baylson, U.S.D.J.

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