UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

CIVIL ACTION NO. 07-10547-GAO

Applera Corporation,
Plaintiff

v.

Michigan Diagnostics, LLC,
Defendant.

OPINION AND ORDER
December 11, 2007

O'TOOLE, D.J.

Applera Corporation has brought suit against Michigan Diagnostics, LLC, alleging patent infringement. There are three patents at issue, all involving kits for detecting a substance in a sample through generation of light ("chemiluminescense") by activating and decomposing stabilized 1,2-dioxetanes. Applera alleges both direct and indirect infringement of these patents, including inducing infringement by others. Applera is a Delaware corporation with a principal place of business in Connecticut, and its Applied Biosystems Group has three offices in Massachusetts. Michigan Diagnostics is a Michigan limited liability company with its principal place of business in Michigan.

Michigan Diagnostics initially brought a separate action in the Eastern District of Michigan seeking a declaratory judgment of non-infringement. In that action, the Eastern District of Michigan has granted Applera's motion to transfer the action to the District of Massachusetts. See Michigan Diagnostics, LLC v. Applera Corp., Case No. 07-cv-12101-NGE (E.D. Mich. 2007) (Opinion and Order Granting in Part and Denying in Part Defendant's Motion to Dismiss or Transfer).

Michigan Diagnostics has moved to dismiss this action for improper venue, or in the alternative to transfer the case to the Eastern District of Michigan. The fact that the Eastern District of Michigan has already transferred the declaratory judgment suit to this district would make transferring this coercive action a seemingly futile boomerang throw. That aside, as discussed below, venue is proper in Massachusetts under 28 U.S.C. § 1400(b) because the defendant "resides" here. Consideration of convenience and the interests of justice also does not support departing from the plaintiff's choice of forum. For these reasons, discussed in more detail below, after hearing and consideration of the submissions and arguments of the parties, the motion is DENIED.

I. Massachusetts is a Proper Venue

Michigan Diagnostics argues that venue is this district is improper. It argues that the venue statute is illogical when applied to this factual context, and it proposed what it views as a more logical construction.

In a patent infringement case, venue may be proper in a given district if the defendant "resides" in that district. 28 U.S.C. § 1400(b).[1] For a corporate defendant, this can be "any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." 28 U.S.C. § 1391(c). Here, the plaintiff argues, correctly, that this Court may exercise personal jurisdiction over the defendant because the defendant has, it is alleged, committed acts of infringement in Massachusetts by selling the infringing products to Massachusetts customers. Since the defendant is subject to personal jurisdiction in this district, it "resides" here for purposes of § 1400(b).

The defendant argues that, if § 1400(b) is considered as a whole, something more than just sales of infringing products within the district must be shown to establish that venue is proper. The

[1] Section 1400(b) provides: "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."

defendant points out that the second way that venue may be proper under § 1400(b) is if the action is brought in the district where the defendant *both* (1) has committed acts of infringement and (2) has a regular and established place of business. Under this second method of establishing venue, it is not enough that the defendant has committed acts of infringement in the district. It must also have a regular and established place of business here. The defendant argues that it would be anomalous to conclude that venue can be established under the first part of § 1400(b) simply by showing acts of infringement in Massachusetts when, under the second part of § 1400(b) a showing of acts of infringement in Massachusetts must be supplemented by a showing that the defendant has a regular and established place of business here.

The defendant accurately identifies an anomaly, at least in this case and others with similar facts, but it is not one that should lead to the conclusion that the defendant proposes. Under the first clause of §1400(b), venue is proper when the defendant "resides" in the district. A corporate (but not an individual) defendant "resides" in a district if it is subject to personal jurisdiction there, pursuant to §1391(c). One of the ways, but far from the only way, a corporate defendant may be subject to personal jurisdiction would be if it committed tortious activity within the district, and one way it might commit tortious activity within the district would be to sell patent-infringing products there. So there are cases within the scope of the first clause of § 1400(b) that would overlap the first part of the two-part requirement of the second clause and form the basis for venue without meeting the second part. There are also, presumably, cases within the scope of the first clause that would overlap the second part of the second clause – regular and established place of business within the district – while not meeting the first part – acts of infringement in the district.

The anomaly is that the broader and more general first clause of § 1400(b), aided by a similarly broad definition of "resides" under § 1391(c), may be satisfied by particular facts that would not suffice to satisfy the narrower and more specific second clause. To notice the anomaly, however,

is a different matter than to think something has to be done about it. It is an unsurprising consequence of fitting facts of a given case to statutory categories. It is a "problem" only to someone who thinks venue should be harder, rather than easier, to establish, so that when there appear to be alternate ways of doing that, one more demanding than the other, the more rigorous should prevail. To someone who thinks venue should be relatively more easy to establish, there is no problem at all; things work out as they should.

The defendant has another argument. It contends that it does not satisfy the first clause because it is not subject to personal jurisdiction in Massachusetts, and therefore does not "reside" here. The plaintiff counters that this argument has been waived by reason of the defendant's failure to move to dismiss for lack of personal jurisdiction pursuant to Fed. R. Civ. P. 12(b)(2), citing Uffner v. La Reunion Francaise, S.A., 244 F.3d 38 (1st Cir. 2001) and Palmer v. Braun, 376 F.3d 1254 (11th Cir. 2004). This objection is not well taken.

In Uffner, the defendants had moved to dismiss the complaint for several reasons, but not for lack of personal jurisdiction. Nonetheless, the district court raised the matter of personal jurisdiction *sua sponte* and dismissed the case in part on that basis. On appeal, the First Circuit concluded that the defendants had waived the defense of lack of personal jurisdiction by not raising it in the first motions filed, and the defense having thus been waived, the court could not itself raise the defense and grant a dismissal on that basis. 244 F.3d at 40–41.

In Palmer, the defendant filed a motion to dismiss for improper venue or, in the alternative, to transfer the case to another district. He did not make a Rule 12(b)(2) challenge to personal jurisdiction. 376 F.3d at 1258–59. On appeal, he argued that his venue motion raised the issue of personal jurisdiction. Id. at 1259. The Eleventh Circuit disagreed, holding that "[t]hough venue and personal jurisdiction involve some of the same factors, a motion challenging venue is not effective to preserve the issue of personal jurisdiction." Id.

The defendant here did not move to dismiss for lack of personal jurisdiction, but only for lack of proper venue. The issue of personal jurisdiction was raised by the plaintiff as the basis for a conclusion that the defendant "resides" in Massachusetts under the definition set forth in § 1391(c), and the defendant's argument addressed to the question is simply in response to the plaintiff's venue argument. The cited cases do not support the proposition that, having failed to assert lack of personal jurisdiction in the motion to dismiss, the defendant has waived the right to argue, *as to the issue of venue*, that it does not "reside" in Massachusetts because the statutory definition is not met.

Turning to the merits of the defendant's argument, this Court has personal jurisdiction over the defendants if the requirements of the Massachusetts long-arm statute, Mass. Gen. Laws ch. 223A, are met, and if the exercise of personal jurisdiction comports with the requirements of due process. Ticketmaster-New York, Inc. v. Alioto, 26 F.3d 201, 204 (1st Cir. 1994). The Massachusetts long-arm statute allows jurisdiction over a person where the cause of action arises from the person's transacting any business, contracting to supply services or things, or causing tortious injury by an act or omission in Massachusetts. Mass. Gen. Laws ch. 223A, § 3(a)–(c), The defendant admits having sold 1,2-dioxetanes to two customers in Massachusetts. (Aff. of Howard R. Toben, Ph.D. ¶ 12.) The volume of sales to these two customers is not known, but the plaintiff asserts that it has been informed that one of the two customers in Massachusetts is Millipore Corporation, and further says that because Millipore is a large company, an inference is justified that the volume of sales was substantial. (See Decl. of John C. Voyta ¶ 18.) The defendant attempts to make the distinction between selling the actual 1,2-dioxetane *chemical* and selling chemiluminescent *kits*, which use the 1,2-dioxetane chemical, but significantly, the defendant did not contest the inference that the sales were substantial. Rather, the defendant's argument is that the chemical itself is not claimed by the

patents, but only the kits in which it is included. This distinction may be relevant as to the plaintiff's ability successfully to prove infringement (although the plaintiff alleges not only direct infringement, but also inducement), but it has no bearing on the question of jurisdiction.

Under Mass. Gen. Laws ch. 223A, § 3(a), the plaintiff must show that the claim presented arose out of the transaction of business in Massachusetts by the defendant. Tatro v Manor Care, Inc., 625 N.E.2d 549, 551 (Mass. 1994). "It is clear that anything but the most incidental commercial conduct with a Massachusetts resident is sufficient to satisfy the transacting any business test." GSI Lumonics, Inc. v. BioDiscovery, Inc., 112. F. Supp. 2d 99, 105 (D. Mass. 2000) (quoting Foster-Miller, Inc. v. Babcock & Wilcox Canada, 848 F. Supp. 271, 276 (D. Mass. 1994), vacated and remanded on other grounds, 46 F. 3d 138 (1st Cir. 1995). Section 3(a)'s "language is expansive, and its words are to be generously applied in order to determine whether a given defendant fairly can be said to have participated in the forum's economic life." Foster-Miller, Inc., 46 F. 3d at 144. The plaintiff claims that its cause of action arises out of sales by the defendant to customers in Massachusetts, and that is sufficient to bring the defendant within the reach of the long-arm statute.

Furthermore, Mass. Gen. Laws ch. 223A, § 3(c) authorizes personal jurisdiction where the cause of action arises from the defendant's "causing tortious injury by an act or omission in this commonwealth," and this can be satisfied by proof of infringing sales to Massachusetts customers. See Systemation, Inc. v. Engel Indus., Inc., 992 F. Supp. 58, 60–61 (D. Mass. 1997) (finding that § 3(c) was satisfied by defendant's sales of allegedly infringing goods in Massachusetts, because an allegation of patent infringement may be considered a tortious injury) aff'd, 194 F.3d 1331(Table) (Fed. Cir. 1999); Hologic Inc., v. Lunar Corp., No. 95-10008-REK 1995, 1995 WL 661238, at *7 (D. Mass. August 4, 1995) ("A patent infringement is not a tort in the conventional sense, but it is fairly considered a 'tortious injury' within the meaning of §§ 3(c) and 3(d).").

This Court's exercise of jurisdiction over the defendant must also comport with the due process clause of the Fourteenth Amendment. In a patent case, Federal Circuit law controls this analysis. See 3D Systems, Inc. v. Aarotech Laboratories, Inc., 160 F.3d 1373, 1377 (Fed. Cir. 1988). Specific jurisdiction over a non-resident defendant exists if (1) the defendant purposefully directed its activities at residents, (2) the claim arises out of or relates to those activities, and (3) the assertion of personal jurisdiction is reasonable and fair. Id. at 1378. As discussed above, the defendant purposefully directed its activities at Massachusetts by making substantial sales to two Massachusetts companies, and since these sales constitute allegedly infringing conduct, the claim arises out of them. As to whether exercising personal jurisdiction over the defendant would be fair, it is the defendant's burden to prove that jurisdiction would be constitutionally unreasonable. Id. at 1379–80. The defendant makes no argument as to this point directly, and to the extent that it urges a transfer pursuant to 28 U.S.C. § 1404(a) because Massachusetts is an inconvenient forum, the inconvenience does not rise to the level of constitutional unreasonableness. See Burger King Corp. v. Rudzewicz, 471 U.S. 462, 477 (1985) ("[M]inimum requirements inherent in the concept of 'fair play and substantial justice' may defeat the reasonableness of jurisdiction even if the defendant has purposefully engaged in forum activities. As we previously have noted, jurisdictional rules may not be employed in such a way as to make litigation 'so gravely difficult and inconvenient' that a party unfairly is at a 'severe disadvantage' in comparison to his opponent.") (citations omitted).

Because the defendant is subject to personal jurisdiction in Massachusetts, it "resides" in this district according to 28 U.S.C. § 1391(c), and therefore venue is proper pursuant to 28 U.S.C. § 1400(b).

II. Transfer is not Warranted

The defendant argues that convenience and the interests of justice require transfer of this case to the Eastern District of Michigan pursuant to 28 U.S.C. 1404(a). The plaintiff argues that this action takes priority over the Michigan action because it was filed first, seeks coercive rather than declaratory relief, no special circumstances exist which would justify a departure from the presumption given to the forum chosen in the first-filed suit, and that in any event transfer would not serve convenience nor the interests of justice.

Although the Eastern District of Michigan's decision to transfer the companion Michigan action to this district somewhat obviates the need to consider the applicability of the first-filed presumption, when two identical actions exist, "'the first filed action is generally preferred in a choice-of venue decision.' The burden of proof rests with the party seeking transfer; there is a strong presumption in favor of the plaintiff's choice of forum." Coady v. Ashcraft & Gerel, 223 F.3d 1, 11 (1st Cir. 2000) (quoting Cianbro Corp. v. Curran-Lavoie, Inc., 814 F.2d 7, 11 (1st Cir. 1987)). There is no reason to depart from this presumption in this case, which is first-filed, coercive in nature, and lacks evidence of inequitable conduct or forum shopping. Moreover, because the plaintiff and defendant disagree about who the key witnesses in the case might be (or selectively mention those key witnesses who reside in their desired forum), the defendant cannot show that transfer would result in anything more than a shifting of the burden of relative inconvenience.

III. Conclusion

For the foregoing reasons, the Defendant's Motion to Dismiss for Improper Venue, or in the Alternative to Transfer Venue Under FRCP 12(b)(3) (dkt. no. 6) is DENIED. The Plaintiff Applera Corporation's Motion to Compel Defendant's Participation in a Rule 26(f) Conference (dkt. no. 14) is also DENIED. As required by Rule 26(f), the parties must confer "as soon as practicable and in any

event at least 21 days before a scheduling conference is held or a scheduling order is due…." The motion to dismiss or transfer having been resolved, a date for a scheduling conference will be set and the parties will confer in due course.

It is SO ORDERED.

/s/ George A. O'Toole, Jr.
United States District Judge