

A Deepening Split Of Authority Over The Burden of Proof In The Federal Long-Arm Statute (And The Continuing Debate Over the Broad Assertion of Personal Jurisdiction Stemming From Patent Applications)

The Federal Circuit this week has taken a side in a long-running circuit split over the burden of proving the applicability of Fed. R. Civ. P. 4(k)(2), the federal long-arm statute that provides for service and personal jurisdiction for federal causes of action whenever a foreign defendant is not amenable to suit in any one U.S. state.

In *Touchcom, Inc. v. Bereskin & Parr*, No. 2008-1229 (Fed. Cir. Aug. 4, 2009), a Canadian inventor hired a Canadian law firm to register a patent in both the UK and United States. Unfortunately, however, the application transmitted to the United States failed to include a source code, which rendered the patent invalid for indefiniteness. The inventor sued the law firm for malpractice in the Eastern District of Virginia, basing jurisdiction on the patent application sent to the US Patent and Trademark Office (“USPTO”) there. The district court dismissed that action for lack of personal jurisdiction. On appeal, the Federal Circuit identified “a question . . . of first impression, *viz.*, whether the act of filing an application for a U.S. patent at the USPTO is sufficient to subject the filing attorney to personal jurisdiction in a malpractice claim that is based on that filing and is brought in federal court.”

The court held that it is was, but not through the usual means. The court agreed with the district court that the simple fact of sending a patent application to Alexandria, Virginia, “do not indicate a purposeful avilment of the privilege of conducting business in Virginia,” and thus the law firm “do[es] not therefore

possess the constitutional minimum contacts with” that state. However, because the claim is a federal one, the Court looked to Fed. R. Civ. P. 4(k)(2) for a basis of personal jurisdiction. Under that rule, personal jurisdiction is possible over federal claims if a nonresident defendant has insufficient contacts to be amenable to service under the long-arm statute of any state, but sufficient nationwide contacts to satisfy the due process requirements of the Fifth Amendment. It is clear that the plaintiff bears the initial burden of pleading a prima facie case for the latter, but must he also walk the narrow tightrope and make a fifty-fold showing under the former as well?

The Fifth, Seventh, Ninth, Eleventh and D.C. Circuits have said “no.” In their view, under 4(k)(2), once a plaintiff makes a prima facie showing of sufficient nationwide contacts, the defendant can combat personal jurisdiction in one of two ways. He can either rebut that showing of nationwide contacts, or—if he can’t do so—he can name some other state in which the plaintiff can proceed (and thus consent to jurisdiction there). In other words, a nonresident defendant’s immunity to personal jurisdiction in one of the several states is presumed at the pleading stage, and the refusal to stipulate to another state forum will result in the application of the federal long-arm statute in the forum of the plaintiff’s choosing.

The First and Fourth Circuits, however, take more defendant-friendly approach. In addition to carrying their burden as to nationwide contacts, those courts require the plaintiff to certify that “based on information readily available to plaintiff and his counsel” no other state’s long-arm statute is applicable to the foreign defendant. Relying on an analysis proposed by Professor Stephen B. Burbank, the First Circuit determined that only then does the burden shift to the defendant to produce evidence which would show amenability to service under a state long-arm statute or insufficiency of nationwide contacts for Fifth Amendment purposes.

The Federal Circuit sided with the majority approach, and presumed a foreign defendant’s immunity to another state’s jurisdiction until the defendant shows otherwise. The effect, then, for all patent cases is that service and personal jurisdiction under Rule 4(k)(2) will be permitted upon a singular prima facie showing of nationwide contacts, unless the defendant rebuts that showing or consents to jurisdiction in another U.S. forum. As Judge Selya acknowledged nearly a decade ago, “[i]n a world of exponential growth in international transactions, the practical importance of [the burden of proof under Rule 4(k)(2)]

looms large.” It especially looms large for patent lawyers and applicants. Recently—and quite prophetically—Peter Trooboff noted how “Rule 4(k)(2) is becoming a valuable basis for supporting infringement claims against non-U.S. parties.”

The Federal Circuit didn’t forget to analyze the fairness of personal jurisdiction under *Asahi*, but it nevertheless held that there was no due process violation in asserting personal jurisdiction here. This ultimate conclusion drew a sharp dissent from Judge Prost, who would have held that “this case present one of those rare situations in which minimum contacts are present but exercising personal jurisdiction would nevertheless violate due process” under *Asahi*. This case adds fuel to a fire that was previously discussed on this site. Not long ago, the Fourth Circuit held that a foreign company that has no United States employees, locations or business activities must nevertheless produce a designee to testify at a deposition in the Eastern District of Virginia for the sole reason that it has applied for a trademark registration with a government office located there. *Rosenruist-Gestao E Servicos LDA v. Virgin Enterprises Ltd.*, No. 06-1588 (4th Cir., December 27, 2007). Dissenting in that case, Judge Wilkinson called this decision “a first for any federal court,” and “problematic for many reasons.” The Supreme Court denied certiorari over that case last term, leaving the long-arm of the USPTO—and the danger of submitting to personal jurisdiction in the United States when one submits a patent application—for now intact.