

**UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT**

OLIN CORPORATION	:	
	:	
v.	:	Civil Action No.
	:	3:02 cv 184 (SRU)
THE FURUKAWA ELECTRIC CO. LTD.	:	

**RULING ON
DEFENDANT’S MOTION TO DISMISS**

Olin Corporation (“Olin”) brought suit against The Furukawa Electric Company (“Furukawa”), claiming that Furukawa infringed two patents belonging to Olin. Olin sought to exercise personal jurisdiction over Furukawa through the Connecticut long-arm statute, Conn. Gen. Stat. § 33-929, on the grounds that Furukawa’s alleged patent infringement constituted tortious conduct within the state of Connecticut.

Furukawa now moves to dismiss this action for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2). Furukawa contends that it has not engaged in tortious conduct in the state, and that any exercise of personal jurisdiction by this court would violate the Connecticut long-arm statute.

For the following reasons, Furukawa’s motion to dismiss is granted.

Background

Olin owns the rights to the two patents at issue in this suit – U.S. Patent Numbers 4,594,221 (“the ‘221 patent”) and 4,728,372 (“the ‘372 patent”). Outside Connecticut, Furukawa makes an

alloy called EFTEC-97 that meets all of the elements, features, and limitations of the invention patented under the '221 patent. EFTEC-97 is produced through a process that is covered by the '372 patent.

Beginning in 1997 or 1998, Furukawa established a relationship with Waterbury Rolling Mills ("WRM"), a company that manufactures and distributes alloys from its facility in Waterbury, Connecticut. Initially, the companies negotiated and agreed upon a license for Furukawa to distribute one of WRM's alloys in Japan. In negotiating the license, Furukawa representatives traveled to Connecticut and WRM representatives frequently visited Japan.

At about the same time as the negotiations for the WRM-Japan license, Furukawa and WRM began discussing the possibility of an agreement for Furukawa to sell EFTEC-97 Mother Coil ("Mother Coil"), the material from which EFTEC-97 is manufactured, to WRM. Mother Coil does not infringe the '221 patent. Furukawa and WRM also discussed the possibility of WRM producing EFTEC-97 for sale and distribution in the United States. The parties also discussed the possibility of Furukawa providing WRM with technical guidance concerning the process for manufacturing EFTEC-97.

In furtherance of the Mother Coil discussions, Furukawa representatives visited WRM headquarters in November of 2000. In December 2000, Furukawa representatives visited Connecticut and met with WRM executives to discuss EFTEC-97 production and the possible sale of the completed alloy in the United States.

In March 2001, Furukawa reduced to writing its offer to sell Mother Coil to WRM for use in the production of EFTEC-97. A March 19, 2001 letter from a Furukawa representative to Mark Boyce, WRM's president, described the EFTEC-97 alloy and the estimated a price per kilogram for the finished alloy. Bharghava Aff. ¶ 8.

In May 2001, Olin acquired WRM and learned of Furukawa's offers to sell Mother Coil to WRM. The proposed agreement between Furukawa and WRM was never completed.

Standard of Review

When faced with a Rule 12(b)(2) motion to dismiss for lack of personal jurisdiction, the plaintiff bears the burden of showing that the court has personal jurisdiction over the defendant. Metropolitan Life Insurance Co. v. Robertson-Ceco Corp., 84 F.3d 560, 566 (2d Cir. 1996). Where, as here, there has been no discovery on jurisdictional issues and the court is relying solely on the parties' pleadings and affidavits, the plaintiff need only make a prima facie showing that the court possess personal jurisdiction over the defendant. Bank Brussels Lambert v. Fiddler Gonzalez & Rodriguez, 171 F.3d 779, 784 (2d Cir. 1999). Both Furukawa and Olin agree that, because there has been no discovery, the prima facie standard should apply. Tr. of Hearing on Mot. to Dismiss (Doc. #38) at p. 4, ¶ 8.

"Personal jurisdiction in a trade dress and patent infringement case is governed by the law of the forum state." See Edberg, 17 F. Supp. 2d at 110 (citing PDK Labs, Inc. v. Freidlander, 103 F.3d 1105, 1108 (2d Cir. 1997)). Connecticut utilizes a familiar two-step analysis to determine if a court has personal jurisdiction. First, the court must determine if the state's long-arm statute reaches the foreign corporation. Second, if the statute does reach the corporation, then the court must decide whether that exercise of jurisdiction offends due process. Bensmiller v. E.I. Dupont de Nemours & Co., 47 F.3d 79, 81 (2d Cir. 1995) (citing Greene v. Sha-Na-Na, 637 F. Supp. 591, 595 (D. Conn. 1986)).

Discussion

Olin seeks to exercise personal jurisdiction over Furukawa through the Connecticut long-arm statute, Conn. Gen. Stat. § 33-929. Section 33-929(f) provides, in relevant part:

Every foreign corporation shall be subject to suit in this state, by a resident of this state or by a person having a usual place of business in this state, whether or not such foreign corporation is transacting or has transacted business in this state and whether or not it is engaged exclusively in interstate or foreign commerce, on any cause of action arising as follows: ... (4) out of tortious conduct in this state, whether arising out of repeated activity or single acts, and whether arising out of misfeasance or nonfeasance.

Here, the issue is whether Furukawa infringed the '221 and '372 patents by conducting discussions with WRM regarding: (1) the proposed sale of Mother Coil, a non-infringing product, and (2) the process for transforming Mother Coil into a finished alloy, which alloy would infringe the '221 patent. If so, then Furukawa's conduct constitute tortious conduct in this state.

The Patent Act, provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.” 35 U.S.C. § 271(a). The tort of patent infringement occurs where the offending act is committed. North American Philips Corp. v. American Vending Sales, Inc., 35 F.3d 1576, 1579 (Fed. Cir. 1994). Moreover, “only a single act of tortious conduct need be shown in order to invoke [Conn. Gen. Stat. § 33-929(f)] subsection (4).” Edberg v. Neogen Corp., 17 F. Supp. 2d 104, 110 (D. Conn. 1998).

Olin contends that the discussions between WRM and Furukawa regarding the proposed sale of EFTEC-97 Mother Coil, coupled with the proposed guidance concerning the process by which Mother Coil is transformed into finished EFTEC-97, constitutes an offer to sell finished EFTEC-97 in

Connecticut, in violation of Olin's patents. Particularly, Olin argues that by visiting WRM in November and December 2000 to discuss the proposed sale and by sending a written letter to WRM offering to sell Mother Coil to WRM for a specific price, Furukawa made an "'offer to sell' an allegedly infringing product under the patent laws, sufficient to establish Furukawa's commission of a tortious act within the state of Connecticut." Pl. Memo. in Opposition to Mot. to Dismiss (Doc. #14) at 9.

A. Furukawa's Offer to Sell Mother Coil

Patent law defines an offer to sell "according to the norms of traditional contractual analysis." Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1252 (Fed. Cir. 2000): see also Hollyanne Corp. v. TFT, Inc., 199 F.3d 1304, 1308 (Fed. Cir. 1999) (noting that under section 271(a) an offer to sell contains "the hallmarks of a potential commercial transaction."); 3D Systems, Inc. v. Aarotech Laboratories, Inc., 160 F.3d 1373 (Fed. Cir. 1998) (holding that price quotation letters constituted an offer to sell). That is, communication in the form of a price quotation or notification that the item was available for sale would constitute an offer for sale under section 271(a). See Hollyanne, 199 F.3d at 1308; 3D Systems, 160 F.3d at 1379.

The discussions and price quotations exchanged during the Furukawa-WRM negotiations are consistent with the legal standard for an offer to sell. Nevertheless, Furukawa's offer to sell Mother Coil to WRM does not constitute an offer to sell within the meaning of section 271(a) because Mother Coil is not subject to patent protection. An offer to sell an unpatented product does not constitute a patent infringement. Accordingly, an offer to sell Mother Coil can not be considered tortious conduct for purposes of the Connecticut long-arm statute.

B. Contributory Infringement

When Olin initially filed this suit, it alleged that Furukawa had directly infringed its patents by selling and distributing EFTEC-97, the patented product, in Connecticut. Olin later learned that Furukawa had not sold or distributed EFTEC-97 in the United States, and instead had initiated negotiations with WRM to sell Mother Coil. Although Olin admits that Furukawa's offer to sell only pertained to Mother Coil, not EFTEC-97, it contends that Furukawa infringed the '221 patent by offering to sell Mother Coil along with technical guidance on transforming that intermediate material into EFTEC-97. In so doing, Olin argues, Furukawa effectively offered to sell EFTEC-97 in Connecticut.

To support this argument, Olin cites Cordis v. Medtronic AVE, Inc., 194 F. Supp. 2d 323, 349 (D. Del. 2002). In that case, a manufacturer of vascular stents claimed that a competitor had violated the Patent Act by selling unassembled, unpatented vascular stents to physicians and subsequently providing the physicians with instructions on how to implant and assemble the stents into an extended form in human blood vessels. Both the extended stent and the process of assembling the stent to its extended form, were patented by the plaintiff.

According to the plaintiff, the fact that the defendant had not actually infringed the patent by assembling the stent in its extended form was irrelevant. The defendant's input, in tandem with the physician's actions in implanting and assembling the stent, were collectively responsible for infringing the patent under a theory of contributory infringement.

Pursuant to 35 U.S.C. § 271(c):

Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination

or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

The plaintiff argued that, by selling the unassembled stent with the intention that the physicians would implant it and assemble it into its patented extended form, the defendant had aided and abetted the direct infringers in violating the plaintiff's patent rights. The court agreed with the plaintiff and held the defendant liable as a contributory infringer.

Cordis stands for the proposition that contributory patent infringement may occur when a party acts in tandem with another to commit an act of direct infringement. Olin relies on Cordis's theory of contributory infringement to support its argument that Furukawa, in offering to sell Mother Coil and provide technical guidance on the manufacturing process, actually made an infringing offer to sell EFTEC-97. Olin's argument is unpersuasive because the facts in this case are wholly distinguishable from those in Cordis.

In Cordis, the manufacturer actually sold the unassembled stents and provided guidance to the physicians in implanting and assembling the stents into the patented form. In implanting and assembling the stents into their extended form, the physicians committed a predicate act of direct infringement, for which the defendant was liable as a contributory infringer. It is well settled, however, that "[t]here can be no contributory infringement in the absence of direct infringement." Cordis, 194 F. Supp. 2d at 349 (citing Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S. 336, 341-42 (1961)).

Olin's reliance on Cordis fails to account for the fact that the negotiations between Furukawa and WRM never resulted in a predicate act of direct infringement. Furukawa's offer to sell Mother

Coil and advise WRM about the process of transforming the material into EFTEC-97 was entirely prospective. Indeed, the parties never progressed past negotiations. Furukawa made a lawful offer to sell Mother Coil, an unpatented product, and the parties discussed the possibility of WRM transforming Mother Coil into EFTEC-97 with Furukawa's guidance. However, a deal to actually sell Mother Coil for use in producing EFTEC-97 never came to fruition. Absent completion of the deal or some affirmative step in furtherance of an agreement, there has been no predicate act of direct infringement and, consequently, no contributory infringement by Furukawa. In sum, the combination of offering to sell a non-patented intermediate product and offering to provide technical guidance to permit another to make a patented product from the intermediate product, without more, does not violate the Patent Act. In this case, that combination never resulted in Furukawa making, using, or selling a patented product. Nor did Furukawa offer to sell a patented product. Instead, it offered to help WRM to make a patented product, which WRM would then sell or offer to sell to others. Such conduct is not proscribed by the Patent Act.

Because Furukawa's conduct in Connecticut did not infringe Olin's patent rights, it has committed no tortious act in the state. Accordingly, this court cannot exercise personal jurisdiction over Furukawa under the Connecticut long-arm statute.

Because the court lacks personal jurisdiction under the Connecticut long-arm statute, there is no need consider whether an exercise of personal jurisdiction would contravene the Due Process Clause of the Fourteenth Amendment.

Conclusion

The defendant's motion to dismiss for lack of personal jurisdiction is GRANTED. The clerk shall close the file. It is so ordered.

Dated at Bridgeport this _____ day of April 2003.

Stefan R. Underhill
United States District Judge