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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

NATIONAL PRODUCTS, INC.,

Plaintiff,

v.

GAMBER-JOHNSON LLC,

Defendant.

CASE NO. C07-1985RAJ

ORDER

**I. INTRODUCTION**

This matter comes before the court on four intertwined motions. Plaintiff National Products, Inc. (“NPI”) moves (Dkt. # 15) to voluntarily dismiss its claims and dismiss the counterclaims of Defendant Gamber-Johnson LLC (“G-J”). G-J moves to consolidate this action with one pending in another court in this district (Dkt. # 12), and moves to file an amended answer and counterclaims (Dkt. # 20). In addition, G-J filed an unopposed motion to seal certain documents supporting its opposition to the motion to dismiss (Dkt. # 22). No party has requested oral argument, and the court finds the motions appropriate for disposition based solely on the parties’ submissions in support and in opposition. For the reasons stated below, the court GRANTS the motion to seal (Dkt. # 22), GRANTS in part and DENIES in part NPI’s motion to dismiss (Dkt. # 15), GRANTS in part and

1 DENIES in part G-J's motion to amend (Dkt. # 20), and DENIES G-J's motion to  
2 consolidate (Dkt. # 12).

## 3 **II. BACKGROUND**

4 NPI filed this action in December 2007, alleging that one or more G-J products  
5 infringes United States Patent No. 7,298,611 ("the '611 Patent"). The accused G-J  
6 products are vehicle-mounted docking stations for laptop computers.  
7

8 On January 14, 2008, NPI filed another suit in this district against G-J, alleging  
9 false advertising in videos promoting G-J docking stations. That action was assigned  
10 randomly to the Honorable James L. Robart (Case No. C08-49JLR).

11 On January 22, G-J answered the complaint in this action, asserting a counterclaim  
12 for declaratory judgment of non-infringement, and a counterclaim for declaratory  
13 judgment that the '611 Patent is invalid. Neither G-J's answer nor its counterclaims  
14 referred to the false advertising litigation. That changed on February 8, when G-J added  
15 three declaratory judgment counterclaims related to its advertising practices.  
16

17 The same day, G-J filed a motion in this action to consolidate it with the false  
18 advertising litigation. For reasons not apparent from the record, G-J provided no notice  
19 of its motion to Judge Robart's court, although it represented that it had. (Dkt. # 12, at 1-  
20 2 (stating that motion had been noted on both courts' calendars)). On February 28, G-J  
21 belatedly filed its motion to consolidate in the false advertising case. Judge Robart  
22 declined to consider that motion until this court had ruled on the first-filed motion to  
23 consolidate (Case No. C08-49, Dkt. # 17). On February 15, G-J answered the complaint  
24 in the false advertising litigation, but did not assert counterclaims.  
25

26 On February 28, NPI filed a motion to voluntarily dismiss its claims for patent  
27 infringement with prejudice. According to NPI, it discovered facts that not only led it to  
28 agree to dismiss its infringement claims with prejudice, but also to execute a covenant not

1 to sue G-J for infringement of the '611 Patent based on any of the accused products. NPI  
2 contends that this agreement divests the court of jurisdiction over G-J's patent-based  
3 declaratory judgment counterclaims.

4 On March 13, G-J moved to amend its answer to assert three new counterclaims:  
5 one for declaratory judgment that the '611 Patent is unenforceable for inequitable  
6 conduct, and two counterclaims alleging that NPI engaged in false advertising under the  
7 Lanham Act and Washington law. G-J also dropped a counterclaim for declaratory relief  
8 that it had not violated Washington law. On March 25, it filed an opposition to NPI's  
9 motion to dismiss, asserting that the court retains jurisdiction over its counterclaims.  
10

### 11 III. ANALYSIS

12 The pending motions raise questions about this court's subject matter jurisdiction,  
13 questions that require the court to traverse uncharted territory between the Supreme  
14 Court's decision in *MedImmune, Inc. v. Genentech, Inc.*, 127 S.Ct. 764 (2007), and the  
15 Federal Circuit's decision in *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229  
16 (Fed. Cir. 2008). The court must address the jurisdictional questions first, after which it  
17 will consider G-J's motions to amend its counterclaims and consolidate this action with  
18 the false advertising litigation.  
19

20 To begin, the court notes that no one opposes the action that has given rise to the  
21 jurisdictional questions in this case. NPI seeks to voluntarily dismiss its claim for patent  
22 infringement with prejudice, and G-J "does not object" to the request. (Dkt. # 23, at 6).  
23 The court therefore dismisses NPI's infringement claim with prejudice. Fed. R. Civ. P.  
24 Rule 41(a)(2).  
25

#### 26 A. The Court Has Subject Matter Jurisdiction Over G-J's Patent Counterclaims.

27 Having dismissed NPI's patent claim, the court must consider whether it has  
28 subject matter jurisdiction over G-J's patent-based declaratory judgment counterclaims.

1 The court will assume, for purposes of this discussion, that G-J's counterclaim for  
2 declaratory judgment of inequitable conduct is properly before the court, even though the  
3 court has not yet addressed G-J's motion to assert this counterclaim in an amended  
4 answer. This discussion thus focuses on three counterclaims, one for a declaration that  
5 G-J's products do not infringe the '611 Patent, one for a declaration that the '611 Patent  
6 is invalid, and one for a declaration that the '611 Patent is unenforceable because NPI  
7 engaged in inequitable conduct in obtaining it.

9 **1. The Court Lacks Subject Matter Jurisdiction Over the Parties'  
10 Disputes Arising From NPI's Rights As Owner of the '611 Patent.**

11 G-J's patent-based counterclaims invoke the Declaratory Judgment Act, which  
12 provides as follows:

13 In a case of actual controversy within its jurisdiction, . . . any court of the  
14 United States . . . may declare the rights and other legal relations of any  
15 interested party seeking such declaration, whether or not further relief is or  
16 could be sought.

17 28 U.S.C. § 2201(a).

18 The term "case of actual controversy" in the Act is coextensive with the grant of  
19 jurisdiction to consider "Cases" and "Controversies" in Article III, Section Two of the  
20 Constitution. *MedImmune*, 127 S.Ct. at 771. In determining if it has subject matter  
21 jurisdiction over a claim for declaratory judgment, a court must decide as follows:

22 [W]hether the facts alleged, under all the circumstances, show that there is  
23 a substantial controversy, between parties having adverse legal interests, of  
24 sufficient immediacy and reality to warrant the issuance of a declaratory  
25 judgment.

26 *Id.* (quoting *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273  
27 (1941)). The question before the court is whether the dismissal of NPI's infringement  
28 claim, coupled with NPI's covenant not to sue G-J for infringing the '611 Patent based on  
its current products, divests the court of jurisdiction over G-J's patent counterclaims.

1 Relying solely on *MedImmune*, there is no apparent “substantial controversy” that  
2 is of “sufficient immediacy and reality” between G-J and NPI. As the party claiming  
3 declaratory judgment jurisdiction, G-J bears the burden to “establish that such jurisdiction  
4 existed at the time [it filed its counterclaim] *and that it has continued since.*” *Benitec*  
5 *Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1344 (Fed. Cir. 2007) (emphasis  
6 added). By dismissing its infringement claims with prejudice, and entering a covenant  
7 not to sue G-J for infringement based on any of the products accused in this suit, NPI  
8 obliterated not only the threat of suit, but any case or controversy arising from G-J’s sales  
9 of the accused products. G-J implicitly concedes as much, because it does not contend  
10 that any case or controversy arises from its sales of accused products.

12 G-J contends, however, that it has begun offering for sale its next generation of  
13 laptop mounting hardware, and that nothing prevents NPI from suing based on those  
14 products. It contends that its next-generation products include the “same essential  
15 features” as the products NPI accused of infringement in this case. (Dkt. #23, at 2).  
16 Even if this is true, there is no evidence that NPI plans to sue over these products.  
17 Indeed, if the products have the “same essential features” as those at issue in this case,  
18 then NPI’s admission of non-infringement in this action is a substantial obstacle to  
19 pursuing another suit. NPI admits as much, stating that “[i]f the new [product] is  
20 substantially the same as . . . the existing product, . . . then NPI will be barred . . . from  
21 accusing the new product of infringement.” (Dkt. # 32, at 8). These admissions are  
22 binding upon NPI. *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054,  
23 1059 (Fed. Cir. 1995) (noting estoppel effect of promise not to sue in motion papers).<sup>1</sup> If  
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27 <sup>1</sup>NPI’s promise not to assert infringement against future G-J products for incorporating  
28 the same features accused in this lawsuit will be made an express condition of the judgment in  
this action. *See* Fed. R. Civ. P. 41(a)(2) (noting that court may condition voluntary dismissal on  
“terms that the court considers proper”).

1 G-J's products contain additional features that infringe NPI's patent rights, then NPI may  
2 sue. As matters stand now, however, there is no evidence such a suit is forthcoming.  
3 There is no evidence that NPI (or anyone else) has examined any of G-J's upcoming  
4 product line, much less that anyone has identified features present in that product line, but  
5 not present in the products accused in this action, that infringe the '611 Patent.<sup>2</sup>  
6

7 Lacking evidence of a specific threat of harm, G-J contends instead that NPI is a  
8 voracious litigant in general. (Dkt. # 23, at 9) ("Throughout recent years, NPI has  
9 repeatedly filed lawsuits against Gamber-Johnson and its other competitors accusing  
10 parties of infringing NPI's patents or trademarks . . ."). Even if G-J is correct, G-J  
11 offers no authority for the proposition that a party's status as a voracious litigant gives  
12 carte blanche for anyone to file a declaratory judgment action against it. Instead, a  
13 pattern of litigation is relevant only where it reveals a likelihood that a product sold by a  
14 party seeking declaratory judgment is likely the litigant's next target. *See Micron Tech.,*  
15 *Inc. v. MOSAID Techs., Inc.*, 518 F.3d 897, 2008 U.S. App. LEXIS, at \*8-9 (Fed. Cir.  
16 2008) (finding that a pattern of litigation against competitors with similar products was  
17 sufficient to confer jurisdiction). Here, the covenant not to sue ensures that NPI will not  
18 target any existing G-J product. G-J's speculation that NPI might sue over a future  
19 product is insufficient to confer jurisdiction. The Constitution demands a concrete  
20 controversy, not an unsubstantiated fear that future activity might give rise to a concrete  
21 controversy.  
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26 <sup>2</sup>Indeed, the record suggests that G-J refuses to share design information about its next  
27 generation products with NPI. When it produced engineering drawings of those products in this  
28 litigation, it designated them as "attorneys' eyes only." Greene Decl. ¶ 15, Ex. A. When it filed  
the same drawings in connection with the instant motions, it requested that the court seal the  
documents. (Dkt. # 22).

1 Federal Circuit precedent has long compelled the conclusion that a covenant not to  
2 sue deprives a court of jurisdiction over defensive declaratory judgment claims in patent  
3 cases. In *Super Sack*, a plaintiff claiming infringement promised, in a motion to dismiss,  
4 not to sue the defendant asserting declaratory judgment counterclaims “as to any claim of  
5 the patents-in-suit based upon the products currently manufactured and sold by” the  
6 defendant. 57 F.3d at 1056. The court held that this promise, even without a formal  
7 covenant not to sue, deprived the trial court of jurisdiction over the declaratory judgment  
8 counterclaims. *Id.* at 1059-60. It noted that the “residual possibility of a future  
9 infringement suit based on [the defendant’s] future acts is simply too speculative a basis  
10 for jurisdiction.” *Id.* at 1060. After *Super Sack*, the Federal Circuit consistently applied  
11 the same principle. See, e.g., *Amana Refrig., Inc. v. Quadlux, Inc.*, 172 F.3d 852, 855-56  
12 (Fed. Cir. 1999); *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1381 (Fed Cir. 2004)  
13 (applying *Super Sack*, dismissing declaratory judgment action where claimant had license  
14 to practice patent-in-suit); cf. *Fort James Corp. v. Solo Cup Co.*, 412 F.3d 1340, 1348  
15 (Fed. Cir. 2005) (distinguishing *Super Sack* where court adjudicated declaratory judgment  
16 counterclaim after jury verdict of non-infringement).  
17  
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19 G-J’s contention that *MedImmune* compels a different result in this action is  
20 unavailing. The *MedImmune* Court criticized Federal Circuit precedent that reduced the  
21 “all the circumstances” inquiry required in evaluating declaratory judgment jurisdiction to  
22 a “reasonable apprehension of suit” test. *Id.* at 774 n.11. *Super Sack*, *Amana Refrig.*, and  
23 *Gen-Probe* employed the disapproved test. *Benitec*, 495 F.3d at 1346 (noting that  
24 although *Super Sack* had not “been expressly overruled,” it had “applied the disapproved  
25 ‘reasonable apprehension of suit’ test”). Reviewing *MedImmune* and patent cases  
26 applying it, however, shows that disapproval of the analytical approach of *Super Sack* and  
27 cases like it is a far cry from disapproval of the *result* in those cases.  
28

1 In *MedImmune*, the plaintiff sought a declaration that its products did not infringe  
2 the defendant's patent, even though it had agreed to pay royalties under a license from the  
3 defendant. 127 S.Ct. at 768. The plaintiff's "under protest" royalty payments eliminated  
4 any chance that the patentholder would sue it, thus "eliminat[ing] the imminent threat of  
5 harm." *Id.* at 772. Federal Circuit precedent relying on the reasonable-apprehension-of-  
6 suit test compelled lower courts to rule that they lacked jurisdiction over the declaratory  
7 judgment action. *Id.* at 768 (citing *Gen-Probe*).

9 The Supreme Court reversed, criticizing the Federal Circuit's reliance on the  
10 narrow apprehension-of-suit test. It noted that "but for [plaintiff's] continuing to make  
11 royalty payments, nothing about the dispute would render it unfit for judicial resolution."  
12 *Id.* at 772. The patentholder had claimed a right to royalties under the license agreement,  
13 and had threatened to seek injunctive relief if the licensee did not pay royalties. *Id.*  
14 Only the licensee's voluntary conduct – paying royalties rather than risk a suit – saved it  
15 from harm. *Id.* The Court's lengthy analysis demonstrated that Article III does not  
16 require a plaintiff to "bet the farm" by exposing itself to risk of a lawsuit (and enhanced  
17 damages) before suing under the Declaratory Judgment Act. *Id.* at 772.

19 Circumstances comparable to those underlying *MedImmune* are wholly absent  
20 here, reaffirming the court's conclusion that it lacks jurisdiction. It is not G-J's voluntary  
21 conduct that is forestalling harm, it is instead NPI's promise not to sue G-J. NPI's  
22 actions have, as described above, removed any concrete threat of harm to G-J, at least to  
23 the extent that harm arises from the '611 Patent. Courts applying *MedImmune* in similar  
24 circumstances have reached the same conclusion. *See, e.g., Merck & Co. v. Apotex, Inc.*,  
25 488 F. Supp. 2d 680, 685-87 (D. Del. 2007); *Crossbow Tech., Inc. v. YH Tech.*, 531 F.  
26 Supp. 2d 1117, 1120-24 (N.D. Cal. 2007); *Furminator, Inc., v. Ontel Prods. Corp.*, 246  
27 F.R.D. 579, 588-92 (E.D. Mo. 2007). Indeed, on remand from the Supreme Court, the

1 *MedImmune* trial court found subject matter jurisdiction lacking after the patentholder  
2 executed a covenant not to sue in the wake of an unfavorable claim construction ruling.  
3 *MedImmune, Inc. v. Genentech, Inc.*, No. CV 03-2567 MRP, 2008 U.S. Dist. LEXIS  
4 12198, at \*11-25 (C.D. Cal. Feb. 7, 2008). Only under materially different circumstances  
5 have courts found jurisdiction over declaratory judgment claims after the patentholder  
6 executes a covenant not to sue. *Lear Auto. Dearborn, Inc. v. Johnson Controls, Inc.*, 528  
7 F. Supp. 2d 654, 669-75 (E.D. Mich. 2007) (finding jurisdiction where covenant not to  
8 sue covered only one claim of patent-in-suit); *FieldTurf USA, Inc. v. Sports Constr.*  
9 *Group, LLC*, 507 F. Supp. 2d 810, 807-08 (N. D. Ohio 2007) (finding jurisdiction where  
10 covenant not to sue was not “sufficiently unconditional”); *WS Packaging Group, Inc. v.*  
11 *Global Commerce Group, LLC*, 505 F. Supp. 2d 561, 564-65 (E.D. Wisc. 2007) (finding  
12 covenant not to sue inadequate where patentholder was threatening to sue claimant’s  
13 customers).  
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16 Because there is no evidence of a controversy of sufficient immediacy and reality  
17 in this cases, it would appear that the court lacks subject matter jurisdiction. As the adage  
18 goes, however, appearances can be deceiving. While *MedImmune* closes the door to G-  
19 J’s patent counterclaims, there is a back door through which the court *may* adjudicate the  
20 counterclaims.

21 **2. Section 285 of the Patent Act Provides a Limited Jurisdictional Basis**  
22 **for the Declaratory Relief G-J Seeks.**

23 G-J’s jurisdictional back door is 35 U.S.C. § 285, which gives the court discretion  
24 to award attorney fees to prevailing parties in “exceptional cases” arising under the Patent  
25 Act. G-J has preserved its right to request § 285 attorney fees, and the court retains  
26 jurisdiction to consider that request even after dismissing NPI’s infringement claim, and  
27 even in light of NPI’s covenant not to sue. *Monsanto*, 514 F.3d at 1242.  
28

1           What is more, *Monsanto* holds that a court’s jurisdiction to hear a request for  
2 § 285 attorney fees gives it jurisdiction to enter declaratory judgment as to matters  
3 encompassed in its § 285 jurisdiction. Section 285 is not a standard “prevailing party”  
4 attorney fee-shifting provision; it requires a court to find that a case is “exceptional”  
5 before it can even consider a fee award. *Evident Corp. v. Church & Dwight Co., Inc.*,  
6 399 F.3d 1310, 1315 (Fed. Cir. 2005) (“The court examines first whether there is clear  
7 and convincing evidence that the case is exceptional, and second whether an award of  
8 attorney fees to the prevailing party is warranted.”). A prevailing party can establish that  
9 a case is exceptional in many ways, including proving that the patentee engaged in  
10 inequitable conduct, or that a party engaged in “vexatious, unjustified, and otherwise bad  
11 faith litigation,” or that the suit was “frivolous.” *Brasseler, U.S.A. I, L.P. v. Stryker Sales*  
12 *Corp.*, 267 F.3d 1370, 1380 (Fed. Cir. 2001). Because § 285 places those matters in  
13 controversy, it also confers jurisdiction to enter declaratory judgments as to those matters.  
14 *Monsanto*, 514 F.3d at 1243. Even though the patentholder in *Monsanto* had entered a  
15 covenant not to sue as to three of the patents in suit, *id.* at 1242, the court affirmed a  
16 declaratory judgment that those patents were unenforceable, because § 285 conferred  
17 jurisdiction to do so. *Id.* at 1243.

18           In this case, the court’s jurisdiction to consider G-J’s § 285 attorney fee request  
19 *potentially* gives it jurisdiction to enter declaratory relief as to G-J’s assertions of non-  
20 infringement, invalidity, and unenforceability. The court has no idea upon what ground  
21 or grounds G-J might assert that this case is “exceptional” and thus deserving of § 285  
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1 fees<sup>3</sup>, but the court's resolution of the § 285 request might encompass findings of non-  
2 infringement, invalidity, or unenforceability. *Brasseler*, 267 F.3d at 1380.

3 At the end of this jurisdictional odyssey, G-J is left with claims that depend wholly  
4 on its § 285 fee request for survival. The scope of the court's disposition of the § 285  
5 request will dictate the scope of this litigation, a limitation with important consequences.  
6 First, although a court *may* make findings regarding infringement, invalidity, or  
7 inequitable conduct in the course of resolving a request for fees under § 285, it need not  
8 do so. A court may, for example, not address circumstances that allegedly make a case  
9 exceptional, and instead deny a § 285 request as an exercise of discretion. *See, e.g., GFI*  
10 *Inc. v. Franklin Corp.*, 227 F. Supp. 2d 602, 606 (N.D. Miss. 2002); *DeKalb Genetics*  
11 *Corp. v. Pioneer Hi-Bred Int'l, Inc.*, No. 96-C-50113, 2002 U.S. Dist. LEXIS 10628, at  
12 \*7-9 (N.D. Ill. June 13, 2002). Alternatively, where a case presents numerous potential  
13 grounds for deeming it exceptional, the court need only address one.<sup>4</sup> In addition,  
14 whereas a declaratory judgment claim resting upon a more robust jurisdictional  
15 foundation is likely to be treated as an ordinary civil action, a § 285 attorney fee request  
16 is not. A court need not permit discovery in conjunction with a request for attorney fees  
17 under § 285. *Digeo, Inc. v. Audible, Inc.*, 505 F.3d 1362, 1370 (Fed. Cir. 2007). A court  
18 need not hold a trial. *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354,  
19 1367 (Fed. Cir. 2004). Put more vividly, a court need not "allow fee litigation to be the  
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23 <sup>3</sup>The explanation for G-J's failure to elaborate upon the likely basis of its § 285 request  
24 may be that G-J was apparently unaware of *Monsanto*, and its jurisdictional back door, until  
25 March 24, when it filed a notice of supplemental authority (Dkt. # 33) citing *Monsanto* for the  
26 first time. The only brief G-J has filed since then is its reply to its motion to amend, in which it  
briefly discussed *Monsanto*.

27 <sup>4</sup>In *Monsanto*, for example, the declaratory judgment claims sought declarations of non-  
28 infringement, invalidity, and unenforceability. As to three of the four patents, the court entered  
only a declaration of unenforceability. 514 F.3d at 1232-33.

1 tail that wags the dog.” *Aventis Cropscience, N.V. v. Pioneer Hi-Bred Int’l, Inc.*, 294 F.  
2 Supp. 2d 739, 741 (M.D.N.C. 2003).

3 The court cannot predict how far G-J’s § 285 request will take it; it merely holds  
4 that G-J’s declaratory judgment counterclaims will go no further. The court will not enter  
5 declaratory judgment except as to matters that it resolves in considering G-J’s attorney  
6 fee request. *Monsanto* may mandate this conclusion.<sup>5</sup> Even if it does not, the  
7 Declaratory Judgment Act vests the court with discretion to decline jurisdiction over  
8 claims for declaratory relief. *MedImmune*, 127 S.Ct. at 776 (noting court’s “unique and  
9 substantial discretion in deciding whether to declare the rights of litigants”) (citation  
10 omitted). Exercising that discretion in light of its analysis above, the court will not enter  
11 declaratory relief that exceeds the scope of its resolution of G-J’s forthcoming request for  
12 attorney fees.  
13

14 **B. The Court Declines Jurisdiction Over G-J’s Counterclaims for Declaratory**  
15 **Judgment That It Did Not Engage in False Advertising.**

16 Having addressed G-J’s patent claims, the court now turns to G-J’s pending  
17 counterclaims for declaratory relief related to its advertising practices. For reasons not  
18 apparent from the record, when faced with accusations of false advertising in the  
19 litigation pending before Judge Robart, G-J chose its answer *in this litigation* to assert  
20 counterclaims for declaratory judgment that it was not engaging in false advertising. This  
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22 <sup>5</sup>*Monsanto*’s holding is limited: the court found only that the trial court had jurisdiction  
23 to enter declaratory relief as to the unenforceability of three patents, despite a covenant not to  
24 sue. The court did not expressly hold that the district court retained jurisdiction over the  
25 declaratory judgment *counterclaims*, but rather that § 285 conferred jurisdiction to enter  
26 declaratory relief. *Monsanto*, 514 F.3d at 1243. Indeed, the court suggested that the district  
27 court lacked jurisdiction over the “declaratory judgment action,” but “retained independent  
28 jurisdiction over [the] request for attorney fees under 35 U.S.C. § 285.” *Id.* at 1242. This court  
could, consistent with *Monsanto*, dismiss G-J’s declaratory judgment counterclaims, retaining  
jurisdiction to enter declaratory relief as appropriate in resolving G-J’s request under § 285.  
The court’s resolution of the instant motions makes it unnecessary to take this path.

1 appears to be a backhanded attempt to consolidate this action and the false advertising  
2 litigation. Had G-J attempted this procedural maneuver in another district, it would have  
3 run afoul of the “first to file” rule that prevents forum shopping by asserting defensive  
4 declaratory judgment claims in a second action. *See, e.g., Cedars-Sinai Medical Ctr. v.*  
5 *Shalala*, 125 F.3d 765, 769 (9th Cir. 1997). The court need not consider whether the  
6 first-to-file rule applies with equal force under these circumstances. Instead, the court  
7 exercises its “unique and substantial discretion” under the Declaratory Judgment Act,  
8 *MedImmune*, 127 S.Ct. at 776, to decline jurisdiction over the false advertising  
9 counterclaims. The false advertising litigation pending before Judge Robart provides the  
10 preferable forum to assert those counterclaims, and the court therefore dismisses them.

11 **C. The Court Declines to Consolidate This Action with the False Advertising**  
12 **Litigation.**

13 The court declines to consolidate this case with the false advertising litigation.  
14 Fed. R. Civ. P. 42(a) permits consolidation of actions that “involve a common question of  
15 law or fact.” The court’s decision to consolidate actions is discretionary. *Investors*  
16 *Research Co. v. U.S. Dist. Court for the Central Dist. of Cal.*, 877 F.2d 777, 777 (9th Cir.  
17 1989). Even putting aside the unusual jurisdictional posture of this case, the court finds  
18 no reason to meld together the parties’ patent and false advertising claims. Considering  
19 the jurisdictional issues raised above, and the limited nature of the remaining proceedings  
20 in this case, consolidation is not a workable option.

21 **D. G-J May Amend Its Answer to Assert a Counterclaim for Unenforceability,**  
22 **But Not To Assert Additional False Advertising Claims.**

23 As to G-J’s motion to amend its answer, the court denies it to the extent it seeks to  
24 add more false advertising counterclaims, but grants it as to G-J’s additional patent  
25 counterclaim. The court should grant leave to amend “freely,” at least “when justice so  
26 requires.” Fed. R. Civ. P. 15(a)(2). Here, leave to amend to assert G-J’s remaining claim  
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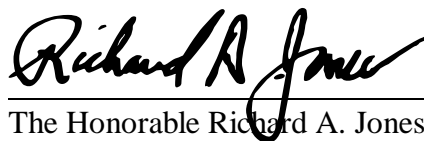
1 for declaratory judgment under the Patent Act is appropriate. By contrast, the false  
2 advertising litigation pending before Judge Robart is the appropriate forum to assert G-J's  
3 additional false advertising counterclaims. The court therefore grants G-J leave to amend  
4 its answer solely to assert a counterclaim for declaratory judgment that the '611 Patent is  
5 unenforceable.

#### 7 IV. CONCLUSION

8 For the reasons stated above, the court GRANTS in part and DENIES in part NPI's  
9 motion for voluntary dismissal and dismissal of G-J's counterclaims (Dkt. # 12). The  
10 court dismisses NPI's infringement claims with prejudice, dismisses G-J's false  
11 advertising counterclaims without prejudice, and directs the clerk to enter partial  
12 judgment (Fed. R. Civ. P. 54(b)) in accordance with this order.

13 The court GRANTS the parties' stipulated motion (Dkt. # 22) to seal certain  
14 documents relevant to the motion to dismiss.<sup>6</sup> The court DENIES G-J's motion (Dkt.  
15 # 12) to consolidate this action with the false advertising litigation. The court GRANTS  
16 in part and DENIES in part G-J's motion to amend (Dkt. # 20). G-J may amend its  
17 answer solely to assert a counterclaim for declaratory judgment that the '611 Patent is  
18 unenforceable.

19  
20 Dated this 23rd day of April, 2008.

21   
22 \_\_\_\_\_  
23 The Honorable Richard A. Jones  
24 United States District Judge

25 \_\_\_\_\_  
26 <sup>6</sup>The motion to seal addresses portions of three documents, all of which contain  
27 proprietary G-J engineering drawings of products in development, and in one instance,  
28 confidential information about G-J's sales. Because these documents reveal information that is  
appropriate to shield from G-J's competitors, the court finds good cause to seal the documents.  
*See* Local Rules W.D. Wash. CR 5(g).