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Surefoot LC v. Sure Foot Corp.: A New Standard for Tenth Circuit Declaratory Judgment Jurisdiction in Intellectual Property Disputes, or How *Cardtoons* Got the Boot

I. Introduction

For a segment of the nation's intellectual property (IP) practitioners, federal law is in flux. The availability of the declaratory judgment has long helped owners of intellectual property rights, as well as their competitors, ascertain their relative legal rights in complicated patent, trademark, and other IP disputes—especially in cases when those rights might otherwise have been unknown until the reading of a verdict revealing which party owed damages. The Declaratory Judgment Act (the Act) enables federal courts to issue a declaration of the parties' rights in IP and other contexts,¹ but a plaintiff seeking declaratory relief must first clear a substantial hurdle by showing that the dispute is justiciable.² Although the plaintiff bears the burden of proving the threshold requirement of an actual case or controversy in other federal actions, the existence of a controversy can be harder to show in declaratory judgment cases.³ Declaratory litigants often seek a ruling before any actual damages have accrued, which can make their disputes seem premature or not yet ripe for review.⁴

Whether an actual controversy exists is largely tied to the facts and circumstances of each case, hindering the development of a bright-line rule to determine federal jurisdiction.⁵ Nonetheless, the courts have at times formulated tests that attempt to do just that. The Federal Circuit developed one such test for use in the context of challenges to the validity or applicability of an intellectual property right.⁶ The test required (1) that “the accused infringer must have actually produced or prepared to produce an allegedly infringing product” and (2) that “the patent holder’s conduct must create an objectively reasonable apprehension on the part of the accused infringer that the patent holder will initiate suit if the allegedly infringing activity continues.”⁷ Widely applied by the Federal Circuit, this two-part test was

1. See 28 U.S.C. § 2201 (2006).

2. See *Ala. State Fed'n of Labor v. McAdory*, 325 U.S. 450, 461 (1945) (“The requirements for a justiciable case or controversy are no less strict in a declaratory judgment proceeding than in any other type of suit.”).

3. See *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-41 (1937).

4. See 22A AM. JUR. 2D *Declaratory Judgments* § 21 (2003).

5. *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941).

6. See *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 634 (Fed. Cir. 1991).

7. *Id.*

adopted by the Tenth Circuit in 1996 in *Cardtoons, L.C. v. Major League Baseball Players Ass'n*.⁸

Over a decade later, the U.S. Supreme Court in *MedImmune, Inc. v. Genentech, Inc.* considered and rejected this jurisdictional test, holding instead that the amorphous factors usually analyzed by the federal courts to determine the existence of an actual case or controversy must be examined in patent disputes as well.⁹ The Supreme Court's reasoning was persuasive, and the 2007 decision prompted federal courts nationwide to reassess their past precedents.¹⁰ The Tenth Circuit did so in the July 2008 *Surefoot LC v. Sure Foot Corp.* decision, following the Supreme Court's directives and confidently extending the *MedImmune* decision to a trademark-related declaratory judgment action, something no other circuit court has done.¹¹

This note analyzes the *Surefoot* decision in a way that provides a primer for IP litigators who practice in the Tenth Circuit. Part II provides background information about the Declaratory Judgment Act that, though far from comprehensive, sets forth the necessary context for the rest of this note. It goes on to address the aspects of *Cardtoons*—the old law in the Tenth Circuit—that must be understood in order to appreciate the recent changes. Part III sets forth the current law governing federal jurisdiction over IP-related declaratory judgment actions by analyzing the *MedImmune* and *Surefoot* decisions. Part IV follows by outlining the implications that this new case law has for practitioners and parties to IP litigation in the Tenth Circuit. The *MedImmune* decision may have seemed of little relevance to all Tenth Circuit litigators except the few who try patent cases; however, this note argues that by applying *MedImmune* to a broader range of IP disputes, the *Surefoot* decision made *MedImmune* and its progeny required reading for any practitioner who may become involved in a nascent trademark, copyright, or trade secrets dispute. The note concludes in Part V.

8. 95 F.3d 959, 965-66 (10th Cir. 1996).

9. 549 U.S. 118, 127 (2007) (“Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” (internal quotation marks omitted) (quoting *Maryland Casualty*, 312 U.S. at 273)).

10. As of November 20, 2009, Westlaw's “Citing References” link for *MedImmune*, 549 U.S. 118, revealed at least eight decisions by the Federal Circuit, and approximately forty decisions by district courts, applying the decision after lengthy examination.

11. See *Surefoot LC v. Sure Foot Corp.*, 531 F.3d 1236 (10th Cir. 2008).

II. Background

A. Declaratory Judgments

In order to hear a case, a federal court must have jurisdiction over the subject matter at issue.¹² The U.S. Constitution sets the outer limits of federal jurisdiction.¹³ Article III, Section 2 provides for nine possible jurisdictional bases,¹⁴ but these bases are not self-executing.¹⁵ In other words, until Congress passes a statute that authorizes a federal court to hear a case that falls within Article III, each jurisdictional basis represents only potential, not actual, jurisdictional power.¹⁶ Thus, unless a court has subject matter jurisdiction because of diversity of citizenship,¹⁷ a federal question,¹⁸ or another statutory basis,¹⁹ it may not hear a case regardless of the type of relief sought.

Article III, Section 2 further dictates that the federal courts only hear actual cases and controversies—truly adversarial disagreements capable of being resolved by a court without the need to trespass on the territory of the other two branches of government.²⁰ While the Declaratory Judgment Act's language requires that parties be involved in "a case of actual controversy" for jurisdiction to attach,²¹ the Supreme Court has equated this standard to Article III's case or controversy requirement.²²

12. *See Ex parte McCordle*, 74 U.S. (7 Wall.) 506, 514 (1868) ("Without jurisdiction the court cannot proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist, the only function remaining to the court is that of announcing the fact and dismissing the cause.").

13. *See* U.S. CONST. art. III, § 2, cl. 1.

14. *See id.* ("The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State;—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.").

15. *See* 36 C.J.S. *Federal Courts* § 6 (2003).

16. *See id.*

17. *See* 28 U.S.C. § 1332 (2006).

18. *See id.* § 1331.

19. *See, e.g.*, 28 U.S.C. § 1367 (2006) (supplemental jurisdiction).

20. *Flast v. Cohen*, 392 U.S. 83, 94-95 (1968).

21. 28 U.S.C. § 2201 (2006).

22. *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-40 (1937).

If a case meets these criteria, it is justiciable and may be brought before a federal court. In most instances, the court is bound to hear the case.²³ If a party seeks coercive relief, there are only specific and limited instances in which a court may abstain from exercising its jurisdiction.²⁴

The Declaratory Judgment Act, enacted by Congress in 1934,²⁵ expanded the *types of relief* available to litigants in the federal courts.²⁶ While it did not (and could not) broaden the *jurisdiction* of the courts beyond the constitutional limits,²⁷ the Act did allow courts to declare the legal rights of litigants involved in an actual dispute without the concomitant necessity of issuing a coercive remedy like damages or an injunction.²⁸ Declaratory judgment actions allow a party to ascertain its legal position while putting less at risk by litigating before coercive relief would be available.²⁹ The Federal Rules of Civil Procedure dictate the procedure for obtaining relief under the Act.³⁰ Courts have urged that the statute be construed liberally in order to give effect to the Act's aim of providing a quick and inexpensive means of determining legal rights without imposing coercive remedies.³¹ But while the Act allows the federal courts to hear cases before they reach a point where damages have accrued, it does not obligate courts to hear every case in which a disagreement or difference exists.³²

Under the Act, Congress's grant of authority to the federal courts "is not one of compulsion."³³ Rather, the power to hear declaratory judgment cases

23. *England v. La. State Bd. of Med. Exam'rs*, 375 U.S. 411, 415 (1964) ("When a Federal court is properly appealed to in a case over which it has by law jurisdiction, it is its duty to take such jurisdiction . . ." (internal quotation marks omitted) (quoting *Willcox v. Consol. Gas Co.*, 212 U.S. 19, 40 (1909))).

24. *See Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 813-17 (1976).

25. Act of June 14, 1934, No. 343, ch. 512, 48 Stat. 955 (codified as amended at 28 U.S.C. § 2201).

26. *See* 28 U.S.C. § 2201; *see also* *E.W. Bliss Co. v. Cold Metal Process Co.*, 156 F. Supp. 63, 67 (N.D. Ohio 1957) (holding that litigants have no more rights than before the passage of the Act, but that the Act simply "introduced a new remedy").

27. *See Starter Corp. v. Converse, Inc.*, 84 F.3d 592, 594 (2d Cir. 1996).

28. *See* 28 U.S.C. § 2201.

29. *See State Farm Fire & Cas. Co. v. Taylor*, 118 F.R.D. 426, 429 (M.D.N.C. 1988).

30. *See* FED. R. CIV. P. 57. For a thorough discussion of the Declaratory Judgment Act and its relation to Rule 57, see 1 STEVEN S. GENSLER, *FEDERAL RULES OF CIVIL PROCEDURE: RULES AND COMMENTARY* 857-65 (3d ed. 2009).

31. *See, e.g., Beacon Constr. Co. v. Matco Elec. Co.*, 521 F.2d 392, 397 (2d Cir. 1975); *Sherrwood Med. Indus., Inc. v. Deknatel, Inc.*, 512 F.2d 724, 729 (8th Cir. 1975).

32. *See* 28 U.S.C. § 2201 ("[A]ny court of the United States, upon the filing of an appropriate pleading, *may* declare the rights and other legal relations of any interested party seeking such declaration . . ." (emphasis added)).

33. *Duggins v. Hunt*, 323 F.2d 746, 748 (10th Cir. 1963).

is *discretionary*, meaning that it is left to the district court's good judgment.³⁴ The Tenth Circuit directs trial judges to consider five factors in determining whether to hear a declaratory action:

[1] whether a declaratory action would settle the controversy; [2] whether it would serve a useful purpose in clarifying the legal relations at issue; [3] whether the declaratory remedy is being used merely for the purpose of "procedural fencing" or "to provide an arena for a race to *res judicata*"; [4] whether use of a declaratory action would increase friction between our federal and state courts and improperly encroach upon state jurisdiction; and [5] whether there is an alternative remedy which is better or more effective.³⁵

Although the Supreme Court has not announced specific criteria for exercising Declaratory Judgment Act discretion at the trial level, it has concluded that abuse of discretion is the proper appellate standard of review for a trial court's decision, at least when a parallel state court proceeding is ongoing.³⁶ The Tenth Circuit reviews district court decisions for abuse of discretion regardless of whether a state case is pending.³⁷

Declaratory judgments can be useful to litigants in a number of contexts. For example, a property owner who obtains a declaration of the constitutionality of a proposed government taking can ascertain whether the property may be seized and further invest in or hypothecate the property with this knowledge.³⁸ An insurer questioning the validity of a claim can try the facts before a judge in order to decide whether to pay, without first being sued by the insured.³⁹ Likewise, questions involving intellectual property rights are often well suited to resolution through a declaratory judgment action. There are a number of situations in which a dispute exists over a patent or trademark, but an injury may not yet have occurred.⁴⁰ For example, suppose a company

34. See 28 U.S.C. § 2201.

35. *State Farm Fire & Cas. Co. v. Mhoon*, 31 F.3d 979, 983 (10th Cir. 1994) (quoting *Allstate Ins. Co. v. Green*, 825 F.2d 1061, 1063 (6th Cir. 1987)).

36. *Wilton v. Seven Falls Co.*, 515 U.S. 277, 289-90 (1995) (citing *Brillhart v. Excess Ins. Co. of Am.*, 316 U.S. 491 (1942)).

37. See *Shannon v. Sequechi*, 365 F.2d 827, 829 (10th Cir. 1966). No parallel state court action was pending in *Surefoot*. See *Surefoot LC v. Sure Foot Corp.*, 531 F.3d 1236 (10th Cir. 2008).

38. See, e.g., *E. Enters. v. Apfel*, 524 U.S. 498, 521-22 (1998) (declaring rights under the Takings Clause of the U.S. Constitution).

39. See, e.g., *Farmers Alliance Mut. Ins. Co. v. Jones*, 570 F.2d 1384, 1386 (10th Cir. 1978) (declaring liability under an automobile insurance policy).

40. See, e.g., *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1338-39 (Fed. Cir. 2008) (discussing instances when a pre-infringement patent dispute does and does not present

is prepared to sell a product that a trademark owner claims violates his mark. While the owner of the trademark suffers no damages until the product is actually sold, the competing manufacturer may want to determine the mark's applicability to his product before exposing himself to liability. This scenario lends itself to a declaratory judgment, but raises the question whether there is an actual controversy necessary for federal jurisdiction to attach.

B. The Former Tenth Circuit Jurisdictional Standard: Cardtoons, L.C. v. Major League Baseball Players Ass'n

1. Facts

Jurisdiction was the issue in 1996 when the Tenth Circuit decided *Cardtoons, L.C. v. Major League Baseball Players Ass'n*.⁴¹ Cardtoons developed a set of novelty baseball cards that featured lightly disguised caricatures of Major League Baseball (MLB) players.⁴² The cards parodied different aspects of the players' on- and off-field personalities, featured "statistics" such as how much money the players earned, and made comments about their vanity.⁴³ The cards were humorous in nature and explicitly disavowed any permission or license from MLB; however, the players and teams featured would have been easily recognizable to baseball fans.⁴⁴ After the designs had been set and a manufacturer had been chosen, but before the cards were actually printed, the Major League Baseball Players Association (MLBPA) sent cease and desist letters to Cardtoons and its manufacturer alleging publicity rights infringement.⁴⁵ The MLBPA acted on behalf of MLB players and exercised their publicity rights, granting or denying permission to use the players' names and images in connection with various products, particularly baseball cards.⁴⁶ Cardtoons believed that its product was a permissible parody that did not infringe on the players' publicity rights and sought a declaratory judgment in federal district court.⁴⁷

a case or controversy under Article III). The *Prasco* court found no injury—and no case or controversy—where the declaratory plaintiff claimed to be “paralyzed” by fear of an infringement suit, yet the patent holder had taken no affirmative actions indicating contemplation of a lawsuit. *See id.* at 1238, 1241-42.

41. 95 F.3d 959 (10th Cir. 1996).

42. *Id.* at 962.

43. *Id.* at 962-63.

44. *Id.* at 962.

45. *Id.* at 963-64.

46. *Id.* at 963.

47. *Id.* at 964.

The trial court struggled to find the appropriate jurisdictional test and first ruled for the MLBPA.⁴⁸ The same court subsequently set aside that decision, holding instead that the parody did not violate the players' publicity rights and granting a declaratory judgment in favor of Cardtoons.⁴⁹

2. *The Adoption of the "Reasonable Apprehension" Test*

On appeal to the Tenth Circuit, the MLBPA argued that the dispute was not a case or controversy capable of being heard by the district court.⁵⁰ The Supreme Court had long maintained that the Declaratory Judgment Act required a highly fact-specific inquiry to establish Article III standing and that "it would be difficult, if it would be possible, to fashion a precise test for determining in every case whether there is such a controversy."⁵¹ The Tenth Circuit nonetheless borrowed the test from the Federal Circuit that found an actual controversy within the meaning of Article III in intellectual property disputes when "(1) the declaratory plaintiff has produced or is prepared to produce the product in question and (2) the declaratory defendant's conduct has created a reasonable apprehension on the part of the declaratory plaintiff that it will face suit if it commences or continues the activity at issue."⁵² Applying this test to the facts, the Tenth Circuit held that Cardtoons satisfied the first element because the cards were fully designed and ready to be printed.⁵³ The second element was satisfied by the MLBPA cease and desist letters that threatened to use full legal remedies to prevent the cards' production. The court found the letters especially significant considering that the MLBPA had actually sued baseball card manufacturers in the past under similar circumstances.⁵⁴ Turning to the merits, the court affirmed the holding for Cardtoons, finding that the company's First Amendment rights outweighed the baseball players' interests in the use of their identities.⁵⁵

The "reasonable apprehension" test adopted in *Cardtoons* guided district courts in the Tenth Circuit until *Surefoot* twelve years later.⁵⁶ The first prong focused on the actions of the potential infringer, who must at least have been

48. *See* *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 838 F. Supp. 1501, 1504 (N.D. Okla. 1993).

49. *See* *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 868 F. Supp. 1266, 1275-76 (N.D. Okla. 1994).

50. *Cardtoons*, 95 F.3d at 965.

51. *Md. Cas. Co. v. Pac. Coal & Oil Co.*, 312 U.S. 270, 273 (1941).

52. *Cardtoons*, 95 F.3d at 965-66 (citing *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 634 (Fed. Cir. 1991)).

53. *Id.* at 966.

54. *Id.*

55. *Id.* at 976.

56. *See* *Surefoot LC v. Sure Foot Corp.*, 531 F.3d 1236 (10th Cir. 2008).

prepared to produce the disputed product.⁵⁷ The second prong required action on the part of the owner of the intellectual property right sufficient to create a reasonable apprehension of litigation in the mind of the potential infringer.⁵⁸ Although the Tenth Circuit had no other occasion to apply this test until *Surefoot*, the Federal Circuit had several opportunities to refine its test as it considered various factual scenarios that did or did not pass the test.⁵⁹ The test remained a two-part analysis with language substantially similar to that used in *Cardtoons*.⁶⁰

III. A New Jurisdictional Standard

A. *MedImmune, Inc. v. Genentech, Inc.*

1. *Facts and Procedural History*

A common scenario to which the “reasonable apprehension” test applied—and the one ultimately ruled on in *MedImmune, Inc. v. Genentech, Inc.*—involved a licensee of a patent who disputed the legitimacy of the patent or its application to the licensee’s own product, yet continued to pay licensing fees for fear of infringement damages.⁶¹ The possibility of a treble damages assessment for willful infringement in such a situation made breaking a licensing agreement a particularly risky move.⁶² Declaratory relief would have been ideal for a licensee in this position because the extent of the patent’s validity was the missing piece of information. But under these circumstances, it was unclear whether a licensee who continued to faithfully pay its fees could have been said to either (1) have a reasonable apprehension of an infringement suit, or (2) have the intent to conduct an infringing activity, as required by the two-prong test.

57. *Cardtoons*, 95 F.3d at 965.

58. *Id.* at 965-66.

59. *See, e.g.*, *MedImmune, Inc. v. Centocor, Inc.*, 409 F.3d 1376 (Fed. Cir. 2005), *vacated*, 549 U.S. 1163 (2007).

60. *See id.* at 1379 (“When a potential infringer seeks declaratory relief in the absence of a lawsuit by the patentee, there must be both (1) a reasonable apprehension on the part of the declaratory judgment plaintiff that it will face an infringement suit; and (2) present activity by the declaratory judgment plaintiff which could constitute infringement, or concrete steps taken with the intent to conduct such activity.”); *see also* *Teva Pharm. USA, Inc. v. Pfizer, Inc.*, 395 F.3d 1324, 1333 (Fed. Cir. 2005) (requiring “reasonable apprehension of *imminent* suit”).

61. 549 U.S. 118 (2007).

62. *See* 35 U.S.C. § 284 (2006) (authorizing courts to increase actual damages by as much as three times upon a finding of patent infringement); *see also* *Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1352 n.16 (Fed. Cir. 1998) (supplying nine factors to help determine whether enhancement of damages for patent infringement is appropriate).

Until *MedImmune*, the Federal Circuit maintained the position that a licensee who had not breached its licensing agreement did not present a case or controversy regarding the validity or applicability of the patent because there was nothing that would create a reasonable apprehension of a lawsuit from its licensor, the patent owner.⁶³ This interpretation precluded many patent, trademark, and other intellectual property right licensees from being able to test the necessity of their licensing payments through a declaratory judgment action. Only by breaking its licensing contract would a licensee put itself in a position to reasonably fear an infringement suit.⁶⁴ But, by taking such an action, the licensee would simultaneously open itself to a host of legal claims like patent infringement and breach of contract.⁶⁵

In *MedImmune*, the petitioner faced a similar predicament. MedImmune manufactured a drug, Synagis, which was used to prevent respiratory tract disease in children.⁶⁶ Genentech, the respondent, originally held one patent related to the drug and had an application pending on another patent, the rights to both of which it licensed to MedImmune in exchange for royalty payments.⁶⁷ Once the outstanding application matured into a patent, Genentech sought to collect the royalties associated with it according to the terms of the licensing agreement.⁶⁸ MedImmune viewed the new patent as invalid and unenforceable, and denied that Synagis would infringe on that patent even if it were enforceable.⁶⁹ Nonetheless, MedImmune did not want to withhold royalties because of the danger that a suit by Genentech could bring about treble damages and an injunction on the sale of Synagis.⁷⁰ MedImmune instead paid the royalties under protest and immediately sought declaratory relief in federal court under the Declaratory Judgment Act.⁷¹

At the district court level, Genentech moved to dismiss the claims under the holding of *Gen-Probe Inc. v. Vysis, Inc.*,⁷² the Federal Circuit's most recent

63. See, e.g., *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1381 (Fed. Cir. 2004).

64. See *id.*

65. See, e.g., *Seroctin Research & Techs., Inc. v. Unigen Pharm., Inc.*, 541 F. Supp. 2d 1238, 1242 (D. Utah 2008) (addressing a patent holder's claims for infringement, Lanham Act violations, unfair competition, and breach of contract, all triggered by a licensee's failure to pay royalties).

66. *MedImmune*, 549 U.S. at 121.

67. *Id.*

68. *Id.*

69. *Id.* at 121-22.

70. *Id.* at 122.

71. *Id.*

72. See *MedImmune, Inc. v. Genentech, Inc.*, No. CV 03-2567 MRP(CTX), 2004 WL 3770589, at *2 (C.D. Cal. Apr. 26, 2004).

iteration of the “reasonable apprehension” test.⁷³ Because of MedImmune’s decision to pay the royalties as demanded, the court held that MedImmune presented no case or controversy as defined by the *Gen-Probe* test and dismissed the request for declaratory relief.⁷⁴ The Federal Circuit affirmed the dismissal, also relying on *Gen-Probe*.⁷⁵

2. *The MedImmune Decision: Abrogation of the “Reasonable Apprehension” Test*

On appeal, the U.S. Supreme Court for the first time considered the propriety of the Federal Circuit’s “reasonable apprehension” test.⁷⁶ The Court first analogized the parties’ situation to past cases where the government threatened to enforce laws criminalizing actions that declaratory plaintiffs were considering taking.⁷⁷ In these situations, the Court wrote, there was no requirement that the plaintiffs first take the illegal actions before challenging the constitutionality of the laws threatened to be enforced.⁷⁸

In the case of two private parties, the Court found its precedent of *Altwater v. Freeman* to be on point.⁷⁹ There, a patent licensee was paying injunction-imposed royalties to a patent holder under protest when the patent holder sued.⁸⁰ In a counterclaim, the licensee sought a declaration that the patent was invalid.⁸¹ The Court in *Altwater* found an actual case or controversy, holding that the licensee’s continued payment of royalties was in effect coerced and thus did not preclude federal jurisdiction. The Court stated,

[T]he requirements of [a] case or controversy are met where payment of a claim is demanded as of right and where payment is made, but where the involuntary or coercive nature of the exaction preserves the right to recover the sums paid or to challenge the legality of the claim.⁸²

73. See *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1380 (Fed. Cir. 2004).

74. *MedImmune*, 2004 WL 3770589, at *6.

75. See *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 963-64, 969 (Fed. Cir. 2005).

76. *MedImmune*, 549 U.S. at 132 n.11.

77. *Id.* at 128-29. The first case mentioned by the Court, *Terrace v. Thompson*, 263 U.S. 197 (1923), involved a state law prohibiting the lease of land to an alien. The second, *Steffel v. Thompson*, 415 U.S. 452 (1974), involved a state law prohibiting the distribution of handbills.

78. *MedImmune*, 549 U.S. at 129.

79. See *id.* at 130.

80. *Altwater v. Freeman*, 319 U.S. 359, 365 (1943).

81. *Id.* at 363.

82. *Id.* at 365.

The *Gen-Probe* court had distinguished *Altvater* because in *Altvater* an injunction compelled the licensee to continue royalty payments.⁸³ The *MedImmune* Court rejected this distinction, finding that the coercion at issue in *Altvater* was not imposed by the injunction; rather, it was caused by the looming possibility of an infringement suit by the patent holder and an award of treble damages.⁸⁴ Thus, one of the Court's few precedents on point suggested that *MedImmune* did not have to breach its licensing agreement in order to establish jurisdiction under the Declaratory Judgment Act.

The Court directly addressed the Federal Circuit's two-part "reasonable apprehension" test—a parallel to the Tenth Circuit's *Cardtoons* standard—in a footnote.⁸⁵ The Court noted that the test conflicted with several of its own precedential cases, which found jurisdiction under the Declaratory Judgment Act despite a lack of reasonable apprehension of a lawsuit.⁸⁶ After disapproving of the jurisdictional test, the Court explicitly overturned the lower courts' application of that test to the dispute before it: "The rule that a plaintiff must destroy a large building, bet the farm, or (as here) risk treble damages and the loss of 80 percent of its business, before seeking a declaration of its actively contested legal rights finds no support in Article III."⁸⁷ Thus, the Court held that *MedImmune* did not have to break its licensing agreement in order to establish a case or controversy under Article III, reversed the dismissal, and remanded the case to the court of appeals.⁸⁸ In rejecting the notion that such a fact-specific determination as justiciability could be reduced to a bright-line rule, the Court refocused the inquiry as one based on the totality of the circumstances: "Basically, the question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial

83. *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1381-82 (Fed. Cir. 2004).

84. *MedImmune*, 549 U.S. at 132.

85. *Id.* at 132 n.11.

86. *Id.* The Court cited *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270 (1941) (finding a justiciable controversy between plaintiff-insurer and defendant-collision victim, despite the fact that the collision victim was precluded by law from suing the insurer unless and until the victim received a judgment against the insured, a third party to the declaratory judgment action); *Aetna Life Insurance Co. v. Haworth*, 300 U.S. 227 (1937) (finding a justiciable controversy despite lack of any threat from declaratory defendant to sue plaintiff-insurer); and *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83 (1993) (finding that a noninfringement determination in favor of a declaratory defendant-turned-counterclaimant did not necessarily moot the question of patent validity).

87. *MedImmune*, 549 U.S. at 134.

88. *Id.* at 137. Importantly, the Court did not signal any change to the discretionary aspect of Declaratory Judgment Act jurisdiction and left up to the district court the final decision of whether to hear the merits of the action. *Id.* at 136.

controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”⁸⁹

B. The Federal Circuit Reacts to MedImmune

Reaction to *MedImmune* from the Federal Circuit was immediate. Within three months, the court accepted that *MedImmune* abrogated at least the first prong of the “reasonable apprehension” test.⁹⁰ Rather than splitting hairs over the applicability of *MedImmune*, the court wholeheartedly adopted the idea that something less than the threat of a lawsuit may properly create an actual controversy in the context of patent disputes.⁹¹ Only days later, the Federal Circuit completely abandoned its two-prong test as having been overruled.⁹² As of November 20, 2009, the Federal Circuit had favorably applied the holding in *MedImmune* at least twenty-two times,⁹³ leaving little doubt about the death of the “reasonable apprehension” test.⁹⁴ None of the other federal courts of appeals, however, had the opportunity to apply the Supreme Court’s ruling until the Tenth Circuit heard *Surefoot*.⁹⁵

C. The Tenth Circuit Weighs In: Surefoot LC v. Sure Foot Corp.

Intellectual property cases invoking the Declaratory Judgment Act are heard relatively rarely by the Tenth Circuit,⁹⁶ so it is little surprise that the court did not have an immediate opportunity to weigh in with its own application of

89. *Id.* at 127 (quoting *Maryland Casualty*, 312 U.S. at 273).

90. *See* *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1380 (Fed. Cir. 2007) (holding that a declaratory plaintiff demonstrated an actual controversy where a patent holder presented a detailed explanation of what it claimed was infringement and demanded royalties).

91. *See id.* at 1381 (“[W]here a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where that party contends that it has the right to engage in the accused activity without license, an Article III case or controversy will arise and the party need not risk a suit for infringement by engaging in the identified activity before seeking a declaration of its legal rights.”).

92. *Teva Pharm. USA, Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1339 (Fed. Cir. 2007).

93. This figure was determined using Westlaw’s “Citing References” link for *MedImmune*, 549 U.S. 118.

94. *See, e.g.*, *Cat Tech LLC v. TubeMaster, Inc.*, 528 F.3d 871 (Fed. Cir. 2008); *Caraco Pharm. Labs., Ltd. v. Forest Labs., Inc.*, 527 F.3d 1278 (Fed. Cir. 2008); *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897 (Fed. Cir. 2008).

95. *See* *Surefoot LC v. Sure Foot Corp.*, 531 F.3d 1236 (10th Cir. 2008).

96. In order to “provide nationwide uniformity in patent law,” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989) (quoting H.R. REP. NO. 97-312, at 20 (1981)), the Federal Circuit exercises exclusive jurisdiction over patent appeals, 28 U.S.C. § 1295 (2006). Thus, the Tenth Circuit may hear only intellectual property appeals involving other types of intellectual property.

MedImmune.⁹⁷ In fact, it took eighteen months for the Tenth Circuit to consider *MedImmune*, and by that time the Supreme Court's holding had been tested several times by the Federal Circuit.⁹⁸ Notably, however, all of the Federal Circuit cases involved disputes between patent holders and their competitors. These cases went a long way toward defining the kinds of fact patterns in patent law that present a case or controversy, but did little to flesh out what *MedImmune* meant to disputes over other types of intellectual property. In *Surefoot LC v. Sure Foot Corp.*,⁹⁹ the Tenth Circuit added significantly to the discussion with the first appellate application of *MedImmune* to a declaratory judgment action featuring a trademark dispute.

1. Facts

As the case name suggests, *Surefoot* involved a dispute between two companies with similar names that both did business in the footwear industry.¹⁰⁰ The first party to set up shop was Sure Foot Corporation (Sure Foot N.D.),¹⁰¹ a North Dakota-based manufacturer of shoe components such as traction products, laces, and insoles.¹⁰² The company registered the "Sure Foot" trademark in 1985 for its shoe traction pads.¹⁰³ The more recently established litigant was Surefoot LC (Surefoot Utah), a Park City, Utah, manufacturer of custom-fit ski boots with retail outlets in twenty-five cities around the world.¹⁰⁴ Surefoot Utah had been doing business since 1994.¹⁰⁵

97. Westlaw's "Citing References" link for *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959 (10th Cir. 1996), reveals that, in the twelve years between the Tenth Circuit's decisions in *Cardtoons* and *Surefoot*, the court cited the decision approximately two dozen times, although in only about half of these cases was a declaratory judgment also at issue. No case involved an IP-related declaratory judgment.

98. *See supra* notes 93-94 and accompanying text. In addition, dozens of district courts found opportunities to apply *MedImmune*, 549 U.S. 118, in the same period. *E.g.*, *Judkins v. HT Window Fashions Corp.*, 514 F. Supp. 2d 753, 760 (W.D. Pa. 2007).

99. 531 F.3d 1236.

100. *Id.* at 1238.

101. *Id.*

102. *See* Due North by Sure Foot Corporation, The Company <http://www.surefoot.net/company.php> (last visited Nov. 20, 2009). The company's core business is the manufacture and sale of rubber devices equipped with carbide spikes that slip over a customer's shoe soles to provide traction in snow and ice. *Id.*

103. *Surefoot*, 531 F.3d at 1238.

104. *See* Surefoot, The World's Most Comfortable Ski Boot, <http://www.Surefoot.com/index.php> (last visited Nov. 20, 2009) (follow the "About Surefoot" and "Find a store" hyperlinks, respectively).

105. *Surefoot*, 531 F.3d at 1238.

In 1998, Sure Foot N.D. made its first charge that Surefoot Utah was infringing on its established trademark.¹⁰⁶ In a cease and desist letter written to the Utah company, Sure Foot N.D. claimed that the similar names created a likelihood of confusion in the industry and demanded that Surefoot Utah discontinue its use of “Surefoot” in connection with its business.¹⁰⁷ During the next year, the two companies disputed the implications of their similar names: Surefoot Utah maintained that the companies’ product lines were distinct enough to preclude consumer confusion, while Sure Foot N.D. countered that confusion in the market was already a reality.¹⁰⁸ Sure Foot N.D. claimed that litigation was not its desire but threatened a lawsuit several times as a fallback position, while Surefoot Utah remained steadfast in refusing to change its name and offered to contemplate a monetary settlement instead.¹⁰⁹

The lead-up to the lawsuit began in September 2000 when Surefoot Utah applied to the U.S. Patent and Trademark Office (USPTO) to register the “Surefoot” mark for the first time.¹¹⁰ By June 2002, Sure Foot N.D. had not expressed any opposition to the trademark application, even though the USPTO had posted a Notice of Publication for the application a year earlier.¹¹¹ Accordingly, the USPTO issued a trademark registration.¹¹² Only afterward, in August 2002, did Sure Foot N.D. petition the USPTO’s Trademark Trial and Appeal Board, requesting cancellation of the “Surefoot” mark.¹¹³ The process continued with Surefoot Utah applying to register the “Surefoot” mark in conjunction with several other products and Sure Foot N.D. filing oppositions to every application.¹¹⁴ Surefoot Utah feared that, in addition to opposing its trademark registrations, Sure Foot N.D. would sue for trademark infringement, so the ski boot manufacturer launched a preemptive strike in 2006 by filing suit in Utah’s federal district court, seeking relief under the Declaratory Judgment Act.¹¹⁵

106. *Id.*

107. *Id.*

108. *Id.* at 1238-39.

109. *Id.*

110. *Id.* at 1239.

111. *Id.*

112. *Id.*

113. *Id.*

114. *Id.* The various filings before the Trademark Trial and Appeal Board were consolidated into a single proceeding, which remained pending at the time of suit. *Id.*

115. *Id.*; see also *Surefoot L.C. v. Sure Foot Corp.*, No. 2:06-CV-554 TS, 2006 WL 3196762, at *1 (D. Utah Nov. 2, 2006).

2. *The District Court Action*

In the district court, Surefoot Utah sought declarations that (1) Surefoot Utah had not infringed on the “Sure Foot” trademark; (2) the “Sure Foot” trademark was invalid or limited; and (3) equitable principles precluded any claims by Sure Foot N.D. for trademark infringement, unfair competition, or dilution.¹¹⁶ Significantly, the 2006 lawsuit came before the *MedImmune* decision;¹¹⁷ therefore, the two-prong “reasonable apprehension” test was still the widely recognized standard by which declaratory judgment jurisdiction was decided.¹¹⁸ Accordingly, Sure Foot N.D. responded by moving to dismiss for want of jurisdiction owing to a lack of an actual case or controversy.¹¹⁹ The district court applied a test substantively equivalent to the *Cardtoons* standard and found that Sure Foot N.D.’s seven-year-old litigation threats, coupled with its opposition to Surefoot Utah’s trademark applications, were not enough to put Surefoot Utah in “real and reasonable apprehension of suit.”¹²⁰ The district court therefore granted Sure Foot N.D.’s motion to dismiss.¹²¹

3. *The Tenth Circuit Appeal: Cardtoons Abrogated*

For Surefoot Utah, the Supreme Court’s decision in *MedImmune* came at an opportune time. The ski boot manufacturer repeatedly denied having violated any of Sure Foot N.D.’s rights, and the dispute over the trademarks had smoldered for nearly ten years.¹²² Surefoot Utah must have felt that it was embroiled in an actual controversy, yet the characteristics of the dispute evidently stopped just short of what would have caused the company to reasonably fear being sued.¹²³ Under the law that the district court was obliged to apply in the motion to dismiss, this was fatal to Surefoot Utah’s case. But when the Supreme Court rejected the “reasonable apprehension” requirement

116. *Surefoot*, 2006 WL 3196762, at *1.

117. *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

118. *See discussion supra* Part II.B.2.

119. *Surefoot*, 2006 WL 3196762, at *1.

120. *Id.* at *4. The court applied a formulation of the test articulated in *Menashe v. Secret Catalogue, Inc.*, 409 F. Supp. 2d 412, 421 (S.D.N.Y. 2006):

The test for an actual case or controversy in trademark actions is two pronged: (i) has the defendant’s conduct created a real and reasonable apprehension of liability on the part of the plaintiff; and (ii) has the plaintiff engaged in a course of conduct which has brought it into adversarial conflict with the defendant.

See Surefoot, 2006 WL 3196762, at *1 (internal quotation marks omitted).

121. *Surefoot*, 2006 WL 3196762, at *4.

122. *See Surefoot LC v. Sure Foot Corp.*, 531 F.3d 1236, 1239 (10th Cir. 2008).

123. *See id.*

only two months later,¹²⁴ the figurative doors to federal court reopened for Surefoot Utah. Thus, Surefoot Utah appealed to the Tenth Circuit seeking review of the district court's decision in light of *MedImmune*.

The Tenth Circuit began the *Surefoot* opinion by recounting the *MedImmune* decision in general terms.¹²⁵ Acknowledging *MedImmune* as controlling law, the court then focused on the implications of the decision on *Cardtoons*, recognizing the abrogation of the test used in that case.¹²⁶ Ultimately, the Tenth Circuit embraced the Supreme Court's reasoning in *MedImmune*:

[T]o the extent that the Declaratory Judgment Act's "case of actual controversy" formulation was intended to reference Article III's case-or-controversy requirement, discarding the reasonable apprehension of suit test makes good sense: the existence of an Article III case or controversy has never been decided by a judicial wager on the chances the parties will (imminently or otherwise) sue one another; rather, it has always focused on the underlying facts, assessing whether they suggest an extant controversy between the parties or whether instead they merely call on us to supply an advisory opinion about a hypothetical dispute.¹²⁷

The court then turned to Sure Foot N.D.'s arguments that *MedImmune* should not control in the present case.¹²⁸ The court first disagreed with Sure Foot N.D.'s contention that the *MedImmune* Court's disapproval of the "reasonable apprehension" test was a footnoted dictum that did not require adherence.¹²⁹ In addition to concurring with the Supreme Court's reasoning for disapproving of the test, the Tenth Circuit underscored that it was not at liberty to cherry-pick among clear directives from the Supreme Court, following some but not others "as if ordering from a menu."¹³⁰ Thus, the Tenth Circuit not only recognized the invalidity of the "reasonable apprehension" prong,¹³¹ but also proceeded to retire the second requirement of the *Cardtoons* test—that the declaratory plaintiff has produced or is prepared to produce the disputed product.¹³² By doing so, the Tenth Circuit officially

124. See *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 n.11 (2007).

125. See *Surefoot*, 531 F.3d at 1241-42.

126. See *id.* at 1242; see also *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959, 965-66 (10th Cir. 1996).

127. *Surefoot*, 531 F.3d at 1242.

128. *Id.* at 1242-44.

129. *Id.* at 1242-43.

130. *Id.* at 1243.

131. *Id.*

132. *Id.* at 1243 n.3.

abrogated the *Cardtoons* test in favor of the more liberal *MedImmune* standard, which asks only whether a substantial controversy exists considering the totality of the circumstances.¹³³

Second, despite *Sure Foot N.D.*'s urging, the Tenth Circuit had no problem applying *MedImmune*, a patent case, to the trademark dispute before the court.¹³⁴ Significantly, the court implied that the Supreme Court's ruling would likely apply with equal force to a dispute over *any* intellectual property right.¹³⁵

Finally, the court acknowledged that in the dispute before it, unlike that in *MedImmune*, the two parties did not have a privity relationship through a licensing agreement or other contract.¹³⁶ Again, the Tenth Circuit focused on the Supreme Court's reasoning rather than the specific facts and interpreted *MedImmune* as directing generally that litigants need not go so far as to subject themselves to liability before they may receive a declaration of their rights.¹³⁷ This maxim, the court reasoned, applies with equal force to situations where no contract exists between the parties.¹³⁸

IV. Surefoot's Implications for Tenth Circuit Attorneys and Litigants

Through its decision in *Surefoot*, the court in some ways confirmed what most already knew to be true after *MedImmune*, but also sent Tenth Circuit intellectual property law in some unexpected directions. It is now beyond dispute, in the Tenth Circuit and all others, that courts no longer apply the "reasonable apprehension" test to determine if jurisdiction is proper in at least some types of IP disputes invoking the Declaratory Judgment Act.¹³⁹ Instead, a claimant must show a concrete and substantial controversy capable of being resolved through a declaration of rights.¹⁴⁰ Only in the Tenth Circuit, however, is there now an explicit indication that this new standard may apply to *all* types of IP disputes, and only in the Tenth Circuit is it "on the books" that no privity of contract is required between parties to such an action.¹⁴¹ After *Surefoot*, district courts in the Tenth Circuit have the option to hear a range of disputes

133. See *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007).

134. *Surefoot*, 531 F.3d at 1243.

135. See *id.*

136. *Id.* at 1243-44.

137. *Id.*

138. *Id.* at 1243. For the practical implications of this nondistinction, see discussion *infra* Part IV.

139. See *Surefoot*, 531 F.3d at 1242; see also, e.g., *Teva Pharm. USA, Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1339 (Fed. Cir. 2007).

140. See *Surefoot*, 531 F.3d at 1244.

141. See *id.* at 1243.

that were barred before and that may still be considered nonjusticiable by the other circuits.

A. Extending the Bounds of MedImmune

Practitioners in the Tenth Circuit can be confident that intellectual property disputes of all kinds, not just those involving patents, have the potential to pose an actual case or controversy even in the absence of a threat of a lawsuit.¹⁴² The *Surefoot* decision provides a ready example of how a trademark dispute may fulfill all the criteria set forth by the Supreme Court, even though the Court's opinion in *MedImmune* focused only on claims involving a patent.¹⁴³ The Tenth Circuit recognized that the Supreme Court's reasoning can probably be applied to a dispute over any intellectual property right, so long as there is a concrete controversy as defined by the Supreme Court.¹⁴⁴ While litigants in other circuits are assured only that *MedImmune* will apply when patents are at issue, litigants in the Tenth Circuit know that it can apply to everything from patents and trademarks to publicity rights and trade secrets.

That the Tenth Circuit has given such wide latitude to the district courts is particularly significant because of the infrequency with which it hears IP-related Declaratory Judgment Act cases.¹⁴⁵ Unlike the Federal Circuit, which hears all appeals of patent-related declaratory judgment cases,¹⁴⁶ the Tenth Circuit had not decided a single IP-related declaratory judgment case based on *Cardtoons* in the dozen years between *Cardtoons* and *Surefoot*.¹⁴⁷ Any ironing that needs to be done to wrinkles in the *Surefoot* decision will likely be done at the district court level, without quick intervention from the Tenth Circuit. Because *Surefoot* opens the door to district court judges in the Tenth Circuit to consider any IP dispute under the *MedImmune-Surefoot* framework,¹⁴⁸ trial courts are likely to construe the case broadly.

The Tenth Circuit further illuminated the decision in *MedImmune* by proclaiming that an IP rights dispute may present an actual case or controversy even if the parties are not in a contractual relationship with each other.¹⁴⁹ There has never been a per se requirement in the Tenth Circuit that privity of

142. *See id.*

143. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 121-22 (2007).

144. *See Surefoot*, 531 F.3d at 1244.

145. *See supra* note 96.

146. 28 U.S.C. § 1295 (2006); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989).

147. *See supra* note 97.

148. *See Surefoot*, 531 F.3d at 1243.

149. *Id.* at 1243-44.

contract exist,¹⁵⁰ and in the pre-*MedImmune* Federal Circuit, the failure of a declaratory plaintiff to materially breach its licensing agreement precluded the court from finding an actual case or controversy between the parties.¹⁵¹ The Supreme Court then specifically held that a licensee can present a case or controversy despite being in privity with the patent holder, but left open the question whether its decision applied equally to parties not in privity with one another.¹⁵²

The Tenth Circuit's holding that no privity of contract is necessary provides parity in the causes of action available to a declaratory plaintiff (the alleged infringer) and a plaintiff seeking coercive relief (the trademark or patent holder). When a trademark holder is in privity of contract with a licensee, it may sue for breach of contract; if there is no contract between the two parties, the trademark owner may still sue for the tort of trademark infringement.¹⁵³ The position urged by *Sure Foot N.D.*, and rejected by the Tenth Circuit, would have foreclosed a true tort action by a declaratory plaintiff and left a contract action as the only means of opening the door to declaratory relief.¹⁵⁴ The *Surefoot* decision leaves no doubt that the trademark holder can sue and be sued under both contract and tort theories.¹⁵⁵ While a dispute in connection with a preexisting licensing agreement will likely remain the scenario that most often invokes Declaratory Judgment Act jurisdiction, an IP right cannot be immunized from challenge in the Tenth Circuit based solely on the owner's decision to license or not license its use.

B. Limitations on the Decision

Surefoot unquestionably expanded the realm of possibilities for a district court presented with an IP dispute under the Declaratory Judgment Act, but the breadth of the decision should not be overstated for several reasons. First, by allowing an intellectual property owner to be sued by a competitor that does

150. The *Cardtoons* litigants were not in privity of contract, demonstrating that this was never a requirement in the Tenth Circuit. See *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959 (10th Cir. 1996). There, reasonable apprehension came by way of the MLBPA's specific threat to sue coupled with its litigious reputation. *Id.* at 966.

151. *MedImmune, Inc. v. Centocor, Inc.*, 409 F.3d 1376, 1381 (Fed. Cir. 2005), *vacated*, 549 U.S. 1163 (2007).

152. See *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 134-36 (2007).

153. See *Carbice Corp. of Am. v. Am. Patents Dev. Corp.*, 283 U.S. 27, 33 (1931) (recognizing the tort of patent infringement by parties not in privity with the patent holder); Charles C. Marvel, Annotation, *Recovery Based on Tortfeasor's Profits in Action for Procuring Breach of Contract*, 5 A.L.R. 4th 1276, § 1 (1981) (discussing breach of a licensing agreement as an action on the contract).

154. See *Surefoot*, 531 F.3d at 1243.

155. *Id.*

not hold a license to use the property, the Tenth Circuit went beyond the Supreme Court's explicit *MedImmune* holding; however, the *Surefoot* court did not go so far as to leave IP owners vulnerable to a declaratory judgment action from anyone. Although the litigants in *Surefoot* did not have a contractual relationship, they did have a history of legal wrangling over trademark rights,¹⁵⁶ and, importantly to the circuit court, Sure Foot N.D. filed five Trademark Trial and Appeal Board oppositions to Surefoot Utah's trademark applications.¹⁵⁷ The Tenth Circuit opinion made clear that only this combination could guarantee the existence of an actual controversy and that jurisdiction might not attach when there are fewer contacts between the parties.¹⁵⁸

Second, *Surefoot* is unlikely to affect the way the Declaratory Judgment Act is applied in other areas, like insurance law. Both the Supreme Court and the Tenth Circuit cited insurance cases in their IP opinions.¹⁵⁹ Nevertheless, the use of these cases in both instances merely illustrated the holding announced and therefore did not represent an attempt to address insurance law out of context. In *MedImmune*, the Court cited two insurance precedents to illustrate that it had never followed the "reasonable apprehension" test.¹⁶⁰ Thus, the insurance cases were used to inform the discussion of the patent dispute, not the other way around. The Tenth Circuit cited the same Supreme Court insurance cases as examples of how the *MedImmune* decision should apply in contexts other than patent disputes.¹⁶¹ Here, too, the court never suggested that these precedential decisions be reexamined; rather, it used them as a model to extend *MedImmune* farther in the context of intellectual property disputes. In short, *Surefoot* brought jurisdictional standards for IP-related declaratory judgment litigation in line with the standards for insurance-related litigation but did not change the way courts should treat jurisdiction in insurance disputes.

Finally, the abrogation of the strict jurisdictional test from *Cardtoons* is unlikely to bring a wave of new lawsuits into the district courts in the Tenth Circuit. Two factors suggest that a sharp rise in IP-related actions seeking declaratory relief will not occur. First, such suits are naturally uncommon in this circuit.¹⁶² In the twelve-year span between *Cardtoons* and *Surefoot*,

156. *Id.* at 1238-39.

157. *Id.* at 1239, 1247.

158. *Id.* at 1247.

159. *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 n.11 (2007); *Surefoot*, 531 F.3d at 1243.

160. *MedImmune*, 549 U.S. at 132 n.11.

161. *Surefoot*, 531 F.3d at 1243.

162. *See supra* note 96.

district courts in the Tenth Circuit cited the *Cardtoons* decision less than twenty times,¹⁶³ and only two of those citations appeared in cases involving IP-related declaratory judgment claims.¹⁶⁴ The arguably looser jurisdictional requirements may open the door to a few cases that were not able to pass the old *Cardtoons* standard, but the fact remains that the federal courts in the Tenth Circuit are not regularly called on to decide these types of cases. In addition, the Tenth Circuit left intact the broad discretion that trial courts possess to choose which Declaratory Judgment Act cases they will hear.¹⁶⁵ This nearly unfettered discretion enjoyed by district court judges should serve as a backstop to catch cases that do not properly belong in federal court.

V. Conclusion

Surefoot is new law, yet it has already been cited nine times by district courts in the Tenth Circuit as of November 20, 2009.¹⁶⁶ The Tenth Circuit Court of Appeals has also cited its *Surefoot* decision twice in the same period, although neither case involved an IP-related declaratory judgment.¹⁶⁷ Until courts in the Tenth Circuit fully define the boundaries of *Surefoot*, however, those involved in IP litigation in the Tenth Circuit can expect to continue looking to Federal Circuit case law when necessary to fill in the gaps—at least one pre-*MedImmune* practice that is unlikely to get the boot any time soon.

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163. This figure was determined using Westlaw's "Citing References" link for *Cardtoons, L.C. v. Major League Baseball Players Ass'n*, 95 F.3d 959 (10th Cir. 1996).

164. See *Kan. State Bank, Garnett, Kan. v. Kan. State Bank, Ottawa, Kan.*, No. 02-2069-JAR, 2002 WL 1758909 (D. Kan. July 9, 2002) (denying defendant's motion to dismiss for lack of subject matter jurisdiction in an action seeking a declaration of patent noninfringement); *Kustom Signals, Inc. v. Applied Concepts, Inc.*, No. 96-2274-JWL, 1996 WL 568817 (D. Kan. Sept. 16, 1996) (granting, for lack of subject matter jurisdiction, defendant's motion to dismiss declaratory judgment action for patent invalidity and noninfringement).

165. *Surefoot*, 531 F.3d at 1248; see also *supra* notes 33-36 and accompanying text.

166. This figure was determined using Westlaw's "Citing References" link for *Surefoot*, 531 F.3d 1236.

167. See *Strawberry Water Users Ass'n v. United States*, 576 F.3d 1133, 1142 (10th Cir. 2009); *United States v. McCane*, 573 F.3d 1037, 1047 (10th Cir. 2009).