No.

IN THE

Supreme Court of the United States

NEW WORLD INTERNATIONAL, INC.,
NATIONAL AUTO PARTS, INC., PETITIONERS

v.

FORD GLOBAL TECHNOLOGIES, LLC,
FORD MOTOR COMPANY

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether jurisdictional defects in a first suit dismissed for lack of personal jurisdiction can be cured in a second suit by alleging facts that were known before the first suit was dismissed but that occurred after the first suit was filed.

RULE 29.6

Petitioners New World International, Inc. and National Auto Parts, Inc. do not have parent corporations. There are no publicly held companies that hold 10% or more of petitioners' stock.

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OPINIONS BELOW

The Federal Circuit Per Curiam opinion and judgment affirming the District Court's order of dismissal is unpublished and is reprinted at App. 1a, 2a. The order denying the combined petition for panel rehearing and rehearing en banc is reprinted at App. 29a, 30a.

The Northern District of Texas (NDTX) District Court's opinion and order granting the motion to dismiss of Ford Global Technologies, LLC (FGTL) in this case is unpublished and is reprinted at App. 3a-28a. The NDTX District Court's amended opinion and order granting the motion to dismiss of FGTL in *New World International, Inc., et al. v. Ford Global Technologies, LLC*, 3:15cv01121, is unpublished and is reprinted at App. 31a-47a. The opinion of the Federal Circuit affirming the District Court's order of dismissal is published at *New World International, Inc. v. Ford Global Technologies, LLC*, 859 F.3d 1032 (Fed. Cir. 2017)

JURISDICTION

The judgment of the Federal Circuit affirming the order of dismissal of the District Court was entered on March 13, 2018. Petitioners timely filed a combined petition for rehearing and rehearing en banc, which was denied on May 29, 2018. The Petition for Writ of Certiorari is due on August 27, 2018. This Court has jurisdiction under 28 U.S.C. § 1254(1).

RELEVANT PROVISIONS INVOLVED

Federal Rule of Civil Procedure 12(b)(2). How to Present Defenses

> Every defense to a claim for relief in any pleading must be asserted in the responsive pleading if one is required. But a party may assert the following defenses by motion:
> …
> (2) lack of personal jurisdiction;

STATEMENT

New World International, Inc. and National Auto Parts, Inc. (collectively New World) sued FGTL for a declaratory judgment of patent invalidity, unenforceability, and non-infringement on April 14, 2015. The complaint was dismissed for lack of personal jurisdiction. 46a. New World then sued FGTL in this case on April 25, 2016, and the amended complaint (50a-71a) alleged new jurisdictional facts that could not have formed the basis of jurisdiction in the 2015 case because they occurred after the 2015 case was filed.[1] Despite

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[1] In the Fifth Circuit, personal jurisdiction is determined at the time the complaint is filed. *See Asarco, Inc. v. Glenara, Ltd.*, 912 F.2d 784, 787 n. 1 (5th Cir. 1990) ("the relevant time for determining jurisdiction is the filing of the complaint."). "[E]vents occurring 'after the filing of the complaint' are irrelevant for determining jurisdiction." *Davenport v. Hansaworld USA, Inc.*, 23 F. Supp. 3d 679, n.13 (S.D. Miss., 2014) (citing and quoting *Asarco, supra*). Further, even though New World attempted to file an amended complaint, "personal jurisdiction contacts are determined at the time the initial complaint is filed, and that does not change even when an amended complaint is filed." *Allen v. Russian Federation*, 522 F.Supp.2d 167, 194 (D.D.C., 2007) (citing

these new allegations, the district court dismissed this case based on res judicata, stating it could "disregard" the additional allegations because, *inter alia*, "NWI and NAP have not alleged any changed circumstances or recent discoveries that explain their failure to include these alleged jurisdictional facts in the 2015 Action, and therefore, they are estopped from relitigating the issue of personal jurisdiction based on facts that were available in the 2015 Action."[2] 19a.

The new allegations made in this case that occurred after the 2015 case was filed on April 14, 2015 are as follows:

> 51. On or about June 3, 2015, Victor Casini (Casini), the senior vice president, general counsel and corporate secretary of LKQ called Tsai in Irving, Texas. Casini explained he knew that FGTL and the ABPA were in a lawsuit and

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Klinghoffer v. S.N. C. Achille Lauro, 937 F.2d 44, 52 n. 9 (2d Cir.1991)).

[2] The other two reasons given by the district court were "it is unlikely these additional allegations of extrajudicial enforcement would have been sufficient to alter the Court's decision in the 2015 Action finding no personal jurisdiction over FGTL" and the lack of specificity in the amended complaint regarding communications to suppliers. 19a, 20a. These reasons cannot independently justify dismissal based on res judicata. Although New World believes the additional allegations are sufficient under *Xilinx, Inc. v. Papst Licensing GmbH & Co. KG*, 848 F.3d 1346 (Fed. Cir. 2017) (see discussion in text), the relevant point is that the district court only stated the sufficiency was "unlikely," and did not make a definitive ruling one way or the other due to the court's rationale concerning the previously known facts rule. As to the supplier communications, New World does not rely upon those allegations for the purpose of this petition.

> that New World was involved. Casini explained LKQ was the exclusive licensed aftermarket distributor for FGTL parts and asked if New World would be willing to drop its lawsuit if LKQ were willing to sell to New World. The telephone conversation was followed by two emails sent to Tsai in Texas by Casini regarding pricing.
>
> 53. The contacts and communications from LKQ to New World into Texas indicate that LKQ is acting in concert with FGTL to threaten and intimidate New World into dropping the ABPA v. FGTL case, settling the case wherein FGTL had sued New World, and to stop selling the FGTL patented parts so that ABPA would potentially lose associational standing to challenge the validity and enforceability of the FGTL design patents in the case where ABPA sued LKQ.[3]

64a-65a.

These allegations are supported by paragraph four of the declaration of Joseph Tsai, quoted below, which was not controverted by FGTL.

> 4. Victor Casini, the senior vice president, general counsel and corporate secretary of LKQ called me in Irving, Texas on June 3, 2015. Victor Casini explained he knew that FGTL and the

[3] Portions of this paragraph referred to paragraph 50 of the complaint. 63a-64a.

> ABPA were in a lawsuit and that New World was involved. He explained they were the exclusive licensed aftermarket distributor for FGTL parts and asked if we would be willing to drop the lawsuit if LKQ were willing to sell to us. The telephone conversation was followed by two emails sent to me in Texas by Victor Casini regarding pricing.

71a.

Since the June 3, 2015 telephone call from LKQ to New World and the two follow up emails occurred *after* the original complaint was filed, they not only were not substantively considered by this Court in the 2015 Action, they *could not have been considered* by this Court in the 2015 Action. When they are considered in this action under *Xilinx, supra*, personal jurisdiction exists.

In *Xilinx*, the Federal Circuit found that multiple notice letters sent into the forum state by the defendant and a trip by defendant to the forum state to discuss plaintiff's alleged patent infringement and potential licensing arrangements were sufficient minimum contacts. *Id.* at 1354. The Federal Circuit found that the trip into the forum, even though it involved licensing and settlement activity, was enough of a contact to meet the minimum contacts prong and to shift the burden to the defendant to prove a compelling case that personal jurisdiction was unreasonable. *Id.* at 1354, 1355.

Although in the instant case there are multiple notice letters sent by FGTL to New World into the

forum and then a telephone call and two emails related to the patent litigation and licensing instead of an in-person trip into the forum, both the Federal Circuit and this Court have stated this makes no difference regarding jurisdictional contacts. *See Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1361, 1362 (Fed. Cir. 2001) (Defendant's contacts with forum state made solely through telephone and mail were sufficient to satisfy minimum contacts [citing *Quill Corp. v. North Dakota*, 504 U.S. 298, 307-08 (1992)]). Therefore, under *Xilinx*, the multiple notice letters sent into the forum together with the June 3, 2015 telephone call and two follow up emails are sufficient to meet the minimum contacts prong and to shift the burden to the FGTL to prove a compelling case that personal jurisdiction was unreasonable.[4] FGTL has made no such showing in this case.

Finally, the above contacts were made not only in an effort to enforce the FGTL patents, but also to protect the validity of the FGTL patents by attempting to eliminate the standing of the Automotive Body Parts Association (ABPA) to challenge the validity and enforceability of the FGTL design patents in a separate case brought by the ABPA (*ABPA v. FGTL*, 2:15-cv-10137 (E.D. Mich.)) (now on appeal before the Federal Circuit Court of Appeals, 18-1613). In *Avocent*

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[4] Minimum contacts for personal jurisdictional are determined under a "totality of contacts" test. *See Electronics for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1351 (Fed. Cir. 2003). Although the demand letters cannot be considered by themselves for policy reasons, *see Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1360-61 (Fed. Cir.1998), when the demand letters are added to the June 3, 2015 telephone call and two follow up emails, the "totality of contacts" establishes minimum contacts.

Huntsville Corp. v. Aten Intern. Co., Ltd., 552 F.3d 1324, 1336 (Fed. Cir. 2008), the Federal Circuit stated "if the defendant patentee purposefully directs activities at the forum which relate in some material way to the enforcement or the defense of the patent, those activities may suffice to support specific jurisdiction."

REASONS FOR GRANTING THE PETITION

This case presents an opportunity for this Court to clarify and resolve a Circuit Court split concerning whether jurisdictional defects in a first suit that is dismissed for lack of personal jurisdiction can be cured in a second suit with facts that were known before the first suit was dismissed. The circuit split is expressly recognized in the case law. *See, e.g.,Bui v. Ibp, Inc.*, 205 F.Supp.2d 1181, 1188 (D. Kan. 2002) (stating "[o]ther jurisdictions are split as to whether the 'curable defects' exception applies only where jurisdictional facts change subsequent to dismissal of the initial case, or whether a defect in jurisdiction may instead be cured by restating facts which existed prior to dismissal of the initial case."). In *Magnus Electronics, Inc. v. La Republica Argentina*, 830 F.2d 1396 (7th Cir. 1987), the Seventh Circuit stated:

> We do not think that these additional factual allegations should preclude the operation of res judicata when these facts were available to Magnus at the time it filed its complaint in *Magnus I. Compare Mann v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 488 F.2d 75 (5th Cir.1973) (per curiam) with *Dozier v. Ford Motor Co.*, 702 F.2d 1189 (D.C. Cir. 1983) (Scalia, J.). In

> *Mann*, the court held that the prior dismissal of a claim for failure to properly allege diversity jurisdiction did not preclude the plaintiff from refiling the same claim and again attempting to predicate jurisdiction on diversity of citizenship. *Mann*, 488 F.2d at 76. In an extended discussion, *Dozier* adopted a more restrictive exception to the operation of res judicata under such circumstances.

Id. at 1401.

Some Circuit Courts hold that the second suit is not precluded even if facts were previously known. In *Mann*, *supra*, a first complaint was dismissed for want of allegations establishing diversity jurisdiction. A second suit was filed and the district court dismissed it on res judicata grounds. The Fifth Circuit reversed and remanded the dismissal holding that res judicata was not applicable even though the facts concerning diversity jurisdiction previously were known. In *Kendall v. Overseas Development Corp.*, 700 F.2d 536 (9th Cir. (Idaho) 1983), the Ninth Circuit held the dispositive question was whether the second complaint pleaded new facts that would support a different result on the issue of jurisdiction. There was no "previously unknown fact" restriction. Similarly, in *Eaton v. Weaver Manufacturing Co.*, 582 F.2d 1250 (10th Cir. 1978), the Tenth Circuit compared the two complaints and judgments to determine whether the plaintiff had alleged additional jurisdictional facts sufficient to warrant relitigation of the jurisdictional issue, and there was no "previously unknown fact" restriction.

Other Circuit Courts hold that the second suit is precluded if the facts are previously known. For example, in *Perry v. Sheahan*, 222 F.3d 309 (7th Cir. 2000), the Seventh Circuit stated "[o]nly facts arising after the complaint was dismissed—or at least after the final opportunity to present the facts to the court—can operate to defeat the bar of issue preclusion". *Id.* at 318. *See also Magnus Electronics, Inc. v. La Republica Argentina*, 830 F.2d 1396, 1401 (7th Cir. 1987); *Dozier v. Ford Motor Co.*, 702 F.2d 1189, 1192 (D.C. Cir. 1983).

Circuits holding the suit is precluded if the facts are previously known are not in agreement about the when the facts must be previously known. Some cases refer to facts arising only after the complaint was dismissed or final opportunity to present the facts to the court, while other cases refer to facts available at the time the original complaint was filed. *See, e.g.*, *Perry*, *supra*, at 318 ("Only facts arising after the complaint was dismissed—or at least after the final opportunity to present the facts to the court—can operate to defeat the bar of issue preclusion."; *Magnus Electronics*, *supra*, at 140 ("We do not think that these additional factual allegations should preclude the operation of res judicata when these facts were available to Magnus at the time it filed its complaint in *Magnus I*."); *Dozier*, *supra*, at 1192 (D.C. Cir. 1983) ("occurrences subsequent to the original dismissal."); *Bui*, *supra*, at 1188 (D. Kan., 2002) ("jurisdictions are split as to whether the 'curable defects' exception applies only where jurisdictional facts change subsequent to dismissal of the initial case, or whether a defect in jurisdiction may instead be cured by restating facts which existed prior to dismissal of the initial case."). The District Court's Order was ambiguous on

this point. (New World could not base personal jurisdiction on "facts that were available in the 2015 Action."). 19a.

Further, the case law from Circuit Courts that apply preclusion appear to be in conflict with case law from this Court. In *Smith v. McNeal*, 109 U.S. 426 (1883), the first suit was dismissed because the complaint did not allege the requisite jurisdictional facts. The dismissal was for a defect in pleading and held to be no bar to a second suit in the same court in which the complaint cured the jurisdictional defect (even though the facts previously were known). *Smith v. McNeal* was discussed by Circuit Judge Wald in a well-reasoned dissent in *Dozier*, *supra*:

> The majority argues that *McNeal* should be regarded as "superseded" because it was written in a day when liberal amendment of pleadings was not allowed. Maj. op. at 1192. The Costello Court, however, cited with approval several similar cases of equal vintage. [footnote omitted]. Moreover, I am reluctant to ignore a Supreme Court precedent merely because it is old, when it has never been overruled either expressly or by implication; especially so when cases such as *Mann* and *Johnson* show that modern courts still use similar reasoning. There is a time and place for such action, but this is not it. *See* Kniffin, *Overruling Supreme Court Precedents: Anticipatory Action by United States Court of Appeals*, 51 Fordham L.Rev. 53, 88 (1982) (lower court should satisfy itself that the Supreme Court is "highly likely" to depart from the

> precedent and that "greater justice to both parties will be accomplished thereby").
>
> The majority decision also creates a conflict with the Fifth Circuit's opinion in *Mann*. The majority concedes that *Mann* is partly inconsistent with its proposed rule, maj. op. at 1192 n. 4, and strains mightily to distinguish this case on its facts, id. at 1193 n. 7. The attempted distinction, however, does not withstand analysis. [footnote omitted]. On the narrow point of res judicata at issue here, we should be reluctant to go our separate way unless we are firmly convinced that the Fifth Circuit is wrong. [footnote omitted]. This is doubly so since Supreme Court precedent suggests, if it does not command, that the Fifth Circuit has the better of the argument.

Id. At 1200, 1201

There are valid reasons for a rule that does not automatically apply preclusion when facts are previously known, such as (1) when additional factual bases for jurisdiction are believed not to be necessary to sustain jurisdiction, (2) when such pleading and proof may likely have an adverse practical or legal consequence on the party, (3) when such pleading and proof may adversely affect other aspects of the case or related litigation, (4) when the pleading and proof of all potential bases for jurisdiction likely will result in the client incurring unnecessary expenses and fees, and (5)(as in this case), the facts arose after the first complaint was filed and could not have been considered as a basis for jurisdiction in the first case. This is an

area where an attorney should be able to exercise professional judgment and discretion, and the Fifth Circuit rule wisely allows room for such professional judgment and discretion.[5]

This Court should grant this Petition, clarify and resolve the circuit split concerning the previously known facts rule, and specifically with regard to this case, hold that preclusion does not apply to previously known facts that occurred after the first case was filed and that could not have been considered when determining jurisdiction in the first case.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

Robert G. Oake, Jr.

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[5] The tension between judicial and attorney interests on this point and its preferred solution were addressed by the court in *GAF Corp. v. U.S.*, 818 F.2d 901, 913 n.76 (C.A.D.C., 1987), where the court stated "[i]t has been observed:

> It is tempting to create a special form of claim preclusion that would require all theories of jurisdiction to be advanced in the first action or lost. This temptation probably should be resisted. If there is in fact a basis for jurisdiction, and the claim remains open for an action in some court, it seems better to allow resort to the available jurisdiction.

(citing and quoting 18 C. Wright, A. Miller & E. Cooper, Federal Practice and Procedure, Sec. 4436, at 34.)

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