

In re LEHMAN EQUIPMENT COMPANY PATENT INFRINGEMENT LITIGATION.

No. 141.

Judicial Panel on Multidistrict Litigation.
July 12, 1973.

Judicial Panel on Multidistrict Litigation did not transfer multidistrict actions concerning validity and enforceability of patent.

Order accordingly.

Courts 277.2

Federal Civil Procedure 9

Multidistrict actions concerning validity and enforceability of patent were not transferred to Southern District of Texas for coordinated or consolidated pretrial proceedings, where only actions remaining in the Southern District were actions which were against local distributors whom defendant manufacturers had agreed to indemnify and with respect to which stay of proceedings had been ordered pending final determination of litigation involving the manufacturers, and where motion for summary judgment by plaintiff in one of the only two active cases involving the patent was ripe for decision.

OPINION AND ORDER

Before ALFRED P. MURRAH*, Chairman, and JOHN MINOR WISDOM, EDWARD WEINFELD, EDWIN A. ROBSON, WILLIAM H. BECKER*, JOSEPH S. LORD, III, and STANLEY A. WEIGEL, Judges of the Panel.

PER CURIAM.

This patent litigation consists of six actions in three different districts con-

cerning the validity and enforceability of the Lehman patent on rotary cultivators for cultivating crops. The patent assigned the patent to Lehman Equipment Company, which in turn granted the Lilliston Corporation an exclusive license to manufacture and distribute the product. Lehman and Lilliston are the Panel for an order transferring actions to the Southern District of Texas for coordinated or consolidated pretrial proceedings. All other parties oppose transfer. We find no basis to transfer under Section 1407 and accordingly deny the motion.

In 1972, Lilliston and Lehman instituted three infringement actions in the Southern District of Texas against International Harvester Co., John Deere Co. and Kelley Manufacturing Co. In all three cases the Texas distributor of each manufacturer was also named as defendant. Plaintiffs' claims against International Harvester and John Deere, however, have been severed by the Texas court and transferred under 28 U.S.C. § 1404(a) to the Northern District of Illinois, where pursuant to the rules of that court, they have been consolidated both for pretrial proceedings and trial. Plaintiffs' claims against Kelley Manufacturing were dismissed by the Texas court for lack of venue. Subsequent to the dismissal, Kelley Manufacturing brought a declaratory judgment action against Lilliston in the Federal District of North Carolina seeking a declaration of invalidity and non-enforceability of the Lehman patent as well as a declaration of non-infringement. As a result, the only actions remaining in the Southern District of Texas are the three actions against the local distributors. And the defendant manufacturers have apparently agreed to indemnify distributors against any recovery plaintiffs might eventually

cost them. In light of the facts, the Texas court has stayed proceedings in the district pending a final determination of litigation involving the

Lehman and Lilliston Corporation transfer of all actions to a single district is necessary in order to promote efficiency of discovery on the patent validity. It appears that there are only two actions involving the Lehman patent, Kelley Manufacturing in Texas and the consolidated actions against International Harvester and John Deere in Illinois. In the Northern District of Texas, Kelley Manufacturing has conducted extensive discovery on the patent issue and has filed a summary judgment on the patent is void, invalid

Lilliston Corp. and
Brune Co.
Lilliston Corp. and
Martin Implement Co.
Lilliston Corp. and
Mfg. Co., et al.

Lilliston Corp. and
International Harvester Co.
Lilliston Corp. and
Deere Co.

Eas
Kelley Mfg. Co. v. L

* Although Judges Murrah and Becker were not present at the hearing, they have, with the consent of all parties, participated in this decision.

1. Kelley has also asserted allegation of unfair competition and antitrust violations

relating to the Lehman patent. Kelley has also charged Lilliston with infringement of the Kelley patent on peanut harrows.

IN RE LEHMAN EQUIPMENT CO. PATENT INFRINGEMENT LIT. 1463

Cite as 333 F.Supp. 1462 (1973)

and enforcement of the Texas court has ordered a transfer of all actions to a single district in order to avoid duplication of proceedings in the distributor pending a final determination of litigation involving the manufacturing of these developments.

In light of these developments, the Texas court has ordered a transfer of all actions to a single district in order to avoid duplication of proceedings in the distributor pending a final determination of litigation involving the manufacturing of these developments. Lehman and Lilliston contend that a transfer of all actions to a single district is necessary in order to avoid duplication of discovery on the common issue of patent validity. It appears, however, that there are only two active cases involving the Lehman patent, the action by Kelley Manufacturing in North Carolina and the consolidated action against International Harvester and John Deere in Illinois. In the North Carolina action, Kelley Manufacturing has completed extensive discovery on the patent validity issue and has filed a motion for summary judgment on the ground that the patent is void, invalid and unenforceable.

Since we are advised that that motion is ripe for decision, we are not convinced that transfer of these actions for coordinated or consolidated pre-trial proceedings at this time will serve the convenience of the parties and witnesses or promote the just and efficient conduct of the litigation. Furthermore, if the North Carolina court grants the motion for summary judgment, holding the Lehman patent invalid, the application of the estoppel rule of *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971), could eliminate any need for further discovery or trial concerning the validity of the Lehman patent.

It is therefore ordered that the motion for transfer of the actions listed on the attached Schedule A be, and the same hereby is, denied.

SCHEDULE A

Southern District of Texas

Lilliston Corp. and Lehman Equipment Co. v. Allen Brune Co.	Civil Action No. 72-B-85
Lilliston Corp. and Lehman Equipment Co. v. Weak's Martin Implement Co., Inc.	Civil Action No. 72-B-84
Lilliston Corp. and Lehman Equipment Co. v. Kelley Mfg. Co., et al.	Civil Action No. 72-B-113

Northern District of Illinois

Lilliston Corp. and Lehman Equipment Co. v. International Harvester Co.	Civil Action No. 73C686
Lilliston Corp. and Lehman Equipment Co. v. John Deere Co.	Civil Action No. 73C638

Eastern District of North Carolina

Kelley Mfg. Co. v. Lilliston Corp.	Civil Action No. 1295
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