UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF KENTUCKY
BOWLING GREEN DIVISON
CASE NO. 1:12-CV-00179

SUN STYLE INTERNATIONAL, LLC **PLAINTIFF**

v.

SUNLESS, INC. **DEFENDANT**

MEMORANDUM OPINION AND ORDER

This matter comes before the Court on the Defendant's motion to dismiss for lack of subject-matter jurisdiction. (Def.'s Mot., Docket Number ("DN") 14.) The Plaintiff responded. (Pl.'s Resp., DN 22.) The Defendant replied. (Def.'s Reply, DN 25.) For the following reasons, the Defendant's motion is **DENIED**.

I.

Plaintiff Sun Style International, LLC ("SSI") brings this declaratory judgment action against Defendant Sunless, Inc. ("Sunless") and asks the Court to declare that a patent held by Sunless is invalid and unenforceable and that SSI will not infringe on the patent by making, using, selling, or offering to sell its product into the sunless tanning product market. In response to the action, Sunless moves to dismiss the complaint pursuant to Federal Rule 12(b)(1) on grounds that there is no case or controversy between the parties and the Court lacks jurisdiction to the hear the case. Applying the "all of the circumstances" test established by the Supreme Court in *MedImmune, Inc. v. Genetech, Inc.*, 549 U.S. 188 (2007), and relying on cases from the Federal Circuit applying that test, the Court finds that a justiciable controversy exists in this action and that the Court has jurisdiction to adjudicate SSI's claims.

II.

The sunless tanning industry sells cosmetology products that purportedly offer the look of

a suntan without the health risks associated with prolonged sun exposure. An increasingly popular form of sunless tanning is a "spray tan," wherein an individual enters a tanning booth and is sprayed with a liquid that imitates a suntan when applied.

SSI and Sunless make and sell the booths and the internal components necessary to apply spray tans. SSI's booth is known as the Sun Style booth, while Sunless's goes by the name Versa Spa. Portions of the Vera Spa booth are protected by U.S. Patent No. 8,201,288 (the "'288 Patent"), which is held by Sunless. In particular, Sunless points the Court to two features of the Vera Spa booth covered by the '288 Patent: the merger of multiple fluid paths inside a series of high pressure, low volume nozzles and the use of check valves along the fluid paths. SSI brought this declaratory judgment action asking the Court to determine that the '288 Patent is invalid and that the Sun Style booth does not infringe on the '288 Patent.

In 2012, SSI had finalized the Sun Style booth and was in the process of bringing it to market. In order to promote the booth, SSI displayed a non-functioning, but fully equipped, prototype at the West Coast Tanning Expo held in Las Vegas during June of that year. Representatives from Sunless were present at the expo and inspected the Sun Style booth. According to SSI employees, Mark DeMayo, a Sunless employee, entered the booth and spent more than one hour examining its components. DeMayo disputes this account and states that while he observed the booth from a distance, he never entered it or manipulated its components.

On October 3, 2012, four months after the Las Vegas expo, Sunless instructed its counsel to send letters to Jerry Deveney of JK North America and Ed Jerger of Four Seasons Sales & Service, Inc.[1] for the purpose of informing them of the existence of the '288 Patent. In

[1] Ed Jerger is the executive chairman of Four Seasons Sales & Service, Inc. Jerry Deveney is the president of Ergoline, a division of JK North America. Four Seasons, JK North America, and another entity, Pan-Oston, Inc., are the three members that comprise Sun Style International, LLC. Together these entities manufacture and market the Sun Style booth.

coordination with those letters and as a "professional courtesy," David Gold, Sunless's interim CEO, also called Deveney and Jerger on October 3 to inform them of the forthcoming letter. Gold spoke with Deveney on October 3 but did not speak with Jerger until Jerger returned his call the next day. According to Jerger, Gold explained that Sunless owned the '288 Patent and that the company aggressively enforced its rights in it. Gold allegedly also identified a lawsuit it had filed against a non-party, Heartland Tanning, Inc., to enforce the '288 Patent. Jerger asked Gold if he was being threatened with litigation. Gold responded that there was no such threat but went on to reiterate that Sunless would aggressively pursue any violation of the '288 Patent. Despite Gold's comments, Jerger was left with the impression that he was being "threatened with immediate legal action, and [he] informed others in [his] office that [they] had been threatened by Sunless regarding [their] booth." (Aff. Ed. Jerger, DN 22-1, ¶ 7.)

Jerger and Deveney received Sunless's letter shortly after the phone calls with Gold. Aside from the addresses, the letters are substantively identical. In their entirety they read:

> We are intellectual property counsel for Sunless, Inc., a market leader in professional sunless equipment. Sunless protects the intellectual property associated with its products and aggressively enforces its rights against infringers on a worldwide basis.
>
> Sunless is the owner of the patent rights described in U.S. Patent No. 8,201,288, which issued on June 19, 2012 ("the '288 patent"). A copy of the patent is attached hereto. The inventions in this patent and other pending applications have been commercialized by Sunless in the form of its Versa Spa booth. As you may know, 35 U.S.C. § 154(a) provides Sunless with the right to exclude others from importing, making, using, offering for sale, or selling the inventions claimed in the '288 patent anywhere in the United States. In furtherance of these rights, Sunless has sued Heartland Tanning, Inc. for infringement of the '288 patent. The suit was filed by Sunless in the U.S. District Court for the Eastern District of Texas on September 18, 2012, a copy of which is attached hereto.
>
> It has recently come to our attention that [your company] is attempting to enter the professional sunless tanning equipment market. While we are unaware of any specific features that [your company's] equipment may have, we advise you to proceed carefully with any product launch in light of '288 patent. Sunless may

> pursue a variety of remedies for patent infringement, including an injunction and damages, if it were to determine that your equipment is covered by the '288 Patent.

(Letter to Ed Jerger, DN 15-1; Letter to Jerry Deveney, DN, 15-2.)

Shortly after receiving Sunless's letters and phone calls, SSI instituted this action for declaratory judgment. Sunless moves to dismiss on grounds that there is no justiciable controversy between the parties because Sunless has never alleged that SSI infringed on the '288 Patent, has not threatened litigation, and has no knowledge as to whether the Sun Style booth has internal components similar to the Vera Spa booth. In all, Sunless claims that SSI's complaint was so premature that any adjudication by this Court would merely be an advisory opinion in violation of the Article III requirement that federal courts can only decide cases in which live controversies exist.

III.

The Federal Rules of Civil Procedure provide that a party may file a motion to dismiss for "lack of subject-matter jurisdiction." Fed. R. Civ. P. 12(b)(1). "Subject matter jurisdiction is always a threshold determination," *Am. Telecom Co. v. Leb.*, 501 F.3d 534, 537 (6th Cir. 2007) (citing *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 101 (1998)), and "may be raised at any stage in the proceedings," *Schultz v. Gen. R.V. Ctr.*, 512 F.3d 754, 756 (6th Cir. 2008). "A Rule 12(b)(1) motion can either attack the claim of jurisdiction on its face, in which case all allegations of the plaintiff must be considered as true, or it can attack the factual basis for jurisdiction, in which case the trial court must weigh the evidence and the plaintiff bears the burden of proving that jurisdiction exists." *DLX, Inc. v. Kentucky*, 381 F.3d 511, 516 (6th Cir. 2004). "If the court determines at any time that it lacks subject matter jurisdiction, the court must dismiss the action." Fed. R. Civ. P. 12(h)(3); *see also Bauer v. RBX Indus. Inc.*, 368

F.3d 569 (6th Cir. 2004). Sunless's motion to dismiss attacks the factual basis for jurisdiction. Therefore, the Court may properly consider evidence outside of the pleadings in ruling on such a motion, and SSI bears the burden of proving that the Court has jurisdiction to hear the case.

IV.

An initial consideration courts must undertake in determining whether they have subject-matter jurisdiction is whether there is a justiciable controversy between the parties. This requirement arises from Article III of the U.S. Constitution which "limits the exercise of the judicial power to 'cases' and 'controversies.'" *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239 (1937). To be justiciable, the disagreement "must be definite and concrete, touching the legal relations of the parties having adverse interests." *Id.* at 240. It must not be "of a hypothetical or abstract character" or "academic or moot." *Id.* There must be a "real and substantial controversy admitting of specific relief through a decree of conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts." *Id.* at 241.

In the context of declaratory judgment actions involving patent disputes, the Supreme Court has provided clear guidance on what constitutes a justiciable controversy. To determine whether such a controversy exists, "the question . . . is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genetech, Inc.*, 549 U.S. 118, 127 (2007) (quoting *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941)).

The "all of the circumstances" test established in *MedImmune* repudiated the "reasonable apprehension" test previously applied by the Federal Circuit and lower courts to determine whether a justiciable controversy exists in patent disputes. *See SanDisk Corp v.*

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