UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

COMCAST CORPORATION, COMCAST CABLE COMMUNICATIONS, LLC, COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC, COMCAST OF HOUSTON, LLC, COMCAST BUSINESS COMMUNICATIONS, LLC, COMCAST HOLDINGS CORPORATION, COMCAST SHARED SERVICES, LLC, and COMCAST STB SOFTWARE I, LLC, Plaintiffs, -v- ROVI CORPORATION, ROVI GUIDES, INC., ROVI TECHNOLOGIES CORP., and VEVEO, INC., Defendants.	:	16-CV-3852 (JPO) OPINION AND ORDER

J. PAUL OETKEN, District Judge:

Plaintiffs filed a motion for preliminary injunction on June 1, 2016, and a letter motion for a stay pending a concurrent action in the International Trade Commission ("ITC") on June 22, 2016. Defendants filed a motion to dismiss, or alternatively, to stay or transfer on June 10, 2016. A preliminary injunction hearing on this matter was held on July 12, 2016. For the reasons that follow, Plaintiffs' motion for a preliminary injunction is denied, Defendants' motion is granted to the extent that it requests a stay, and Plaintiff's letter motion to stay is denied as moot.

I. Background

Plaintiffs are Comcast Corporation; Comcast Cable Communications, LLC; Comcast Cable Communications Management, LLC; Comcast of Houston, LLC; Comcast Business Communications, LLC; Comcast Holdings Corporation; Comcast Shared Services LLC; and

Comcast STB Software I, LLC (collectively, "Comcast"). They filed this action for breach of contract and declaratory judgment of patent noninfringement against Rovi Corporation; Rovi Guides, Inc.; Rovi Technologies Corp.; and Veveo, Inc. (collectively, "Rovi") on May 23, 2016. (Dkt. No. 1.) Before Comcast commenced the present action, Rovi filed two complaints against Comcast for patent infringement in the Eastern District of Texas ("EDTX"), both on April 1, 2016. *Rovi, et al. v. Comcast Corp., et al.*, No. 2:16-cv-00321-JRG-RSP (E.D. Tex. Apr. 1, 2016); *Rovi, et al. v. Comcast Corp., et al.*, No. 2:16-cv-00322-JRG-RSP (E.D. Tex. Apr. 1, 2016). Rovi also filed one action with the ITC. *In the Matter of Certain Digital Video Receivers and Hardware and Software Components Thereof*, Inv. No. 337-TA-1001 (ITC Apr. 6, 2016). The declaratory relief of noninfringement sought by Comcast in this action relates to the same fifteen patents at issue in the cases filed in the EDTX and ITC actions. Comcast's complaint further asserts state law breach of contract claims and the defenses of express license, implied license, and patent exhaustion. (Dkt. No. 1.)

Comcast's motion for a preliminary injunction is based on the forum selection clauses in two separate licensing agreements between Comcast and Rovi. Comcast argues that these clauses mandate that all of the actions described above be litigated exclusively in New York state or federal courts. In its pending motion for preliminary injunction, Comcast asks this Court to enjoin Rovi from continuing to prosecute its infringement actions in the EDTX and ITC, and to order Rovi to terminate those actions. (Dkt. No. 25.) For its part, Rovi seeks to dismiss, or alternatively, to stay or transfer this action to the EDTX based on its view that the law directs that this Court defer resolution of substantially similar matters to the first-filed forum. (Dkt. No. 49). Finally, Comcast has filed an unopposed letter motion to stay the overlapping patent

infringement action until the ITC action is terminated or finalized pursuant to 28 U.S.C. § 1659(a).[1] (Dkt. No. 57.)

II. Legal Standards

A. The "First-to-File" Rule

In a patent case, this Court looks to the law of the Court of Appeals for the Federal Circuit in applying the first-to-file rule. *See Futurewei Techs., Inc. v. Acacia Research Corp.*, 737 F.3d 704, 708 (Fed. Cir. 2013) ("Resolution of whether the second-filed action should proceed presents a question sufficiently tied to patent law that the question is governed by this circuit's law."). The first-to-file rule is a principle of federal comity that permits a district court to decline to exercise jurisdiction when a substantially similar complaint is already filed in another district. "This 'first-to-file' rule exists to 'avoid conflicting decisions and promote judicial efficiency.'" *Id.* (quoting *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1299 (Fed. Cir. 2012)).

The Supreme Court has repeatedly observed that, under the doctrine of comity, when cases involving substantially overlapping issues are pending before two different federal district courts, "[w]ise judicial administration" counsels the avoidance of duplicative litigation. *Colo. River Water Conservation Dist. v. United States*, 424 U.S. 800, 817 (1976) (alteration in original) (quoting *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 183 (1952)) (emphasizing that, "in situations involving the contemporaneous exercise of concurrent jurisdictions," courts should "giv[e] regard to conservation of judicial resources and comprehensive disposition of litigation" (citation and internal quotation mark omitted)); *Kerotest*, 342 U.S. at 183 (noting that

[1] Comcast notes that this motion was filed "[s]olely to preserve its statutory rights." (Dkt. No. 62, at 4 n.3.)

"[w]ise judicial administration . . . does not counsel rigid mechanical solution of such problems" and that "[t]he factors relevant to wise administration here are equitable in nature").

The Federal Circuit has announced a general rule to aid in the disposition of cases where a later-filed declaratory judgment action sufficiently overlaps with an earlier-filed patent infringement action: "When two actions that sufficiently overlap are filed in different federal district courts, one for infringement and the other for declaratory relief, the declaratory judgment action, if filed later, generally is to be stayed, dismissed, or transferred to the forum of the infringement action." *Futurewei*, 737 F.3d at 708. There are exceptions to the first-to-file rule, but "[t]he general rule favors the forum of the first-filed action, whether or not it is a declaratory action." *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993). Exceptions to this general rule may be based on "the convenience and availability of witnesses, [the] absence of jurisdiction over all necessary or desirable parties, . . . the possibility of consolidation with related litigation, or considerations relating to the real party in interest." *Futurewei*, 737 F.3d at 708 (alterations in original) (quoting *Genentech*, 998 F.2d at 938).[2]

B. Preliminary Injunction

To be entitled to an injunction, a movant must establish (1) a likelihood of success on the merits of the case; (2) that it will suffer irreparable harm in the absence of injunctive relief; (3) that considering the balance of the hardships between plaintiff and defendant, a remedy at equity is warranted; and (4) that the public interest would not be disserved by a preliminary injunction.

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[2] *See also Adam v. Jacobs*, 950 F.2d 89, 92 (2d Cir. 1991) ("'[W]here there are two competing lawsuits, the first suit should have priority, absent the showing of balance of convenience . . . or . . . special circumstances . . . giving priority to the second.' Deference to the first filing 'embodies considerations of judicial administration and conservation of resources.' The decision whether or not to stay or dismiss a proceeding rests within a district judge's discretion." (quoting *First City Nat'l Bank and Trust Co. v. Simmons*, 878 F.2d 76, 79-80 (2d Cir. 1989) (alterations in original)).

See Winter v. Natural Res. Def. Council, 555 U.S. 7, 20 (2008); *see also Tex. Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1328 (Fed. Cir. 2000); *N.Y. Progress & Prot. PAC v. Walsh*, 733 F.3d 483, 486 (2d Cir. 2013).

III. Discussion

A. Motion to Dismiss, Stay, or Transfer

The parties agree that the declaratory judgment action filed by Comcast in this Court raises substantially the same issues as the patent infringement action field by Rovi in the EDTX. (*See* Dkt. No. 50, at 8 (Rovi noting that "the cases substantially overlap"); Dkt. No. 72, at 7:19-21 (Counsel for Comcast noting that "[w]e have got plaintiffs or parties who have run to two different forums and are trying to adjudicate the same issue").) They disagree, however, as to whether this Court or the EDTX should be the first to interpret the forum selection clause. Rovi contends that Comcast should make its case through motions to transfer in the EDTX, the first-filed forum. (*See* Dkt. No. 50, at 4–5.) Indeed, Comcast has already filed such motions in the EDTX to transfer the relevant actions from the EDTX to this Court. (*See* Dkt. No. 62 at 4.) Comcast argues that the first-to-file rule does not apply in this case "because the parties agreed in [two separate licensing agreements] that this dispute would be heard in New York." (*Id.* at 7.) In other words, Comcast contends that the forum-selection clauses trump the first-to-file rule.

In support of its position, Comcast relies heavily on *General Protecht Group, Inc. v. Leviton Manufacturing Co.*, 651 F.3d 1355 (Fed. Cir. 2011). There, as here, a licensor commenced actions against a licensee outside the forum indicated in the license agreement. *Id.* at 1358. The licensee in that case commenced a new action "asserting declaratory-judgment claims for breach of contract, [and] non-infringement" in the forum indicated in the license agreement, just as Comcast did in the present action. *Id.* In *General Protecht*, the Federal Circuit determined that the district court in the forum indicated in the license agreement did not

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