# Recent Developments In Patent Law

## 2009 Federal Circuit Highlights – Year in Review

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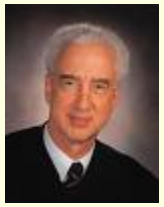
# FEDERAL CIRCUIT CASES

## NOVELTY AND LOSS OF RIGHT TO A PATENT



# Novelty and the Loss of Right to a Patent - § 102

- Highlights
  - Claim construction
  - A New Product May be Patentable by Reciting Source or Process Limitations So Long as the Product is New and Unobvious
  - Process Limitations in a Product-by-Process Claim Do Not Limit the Claim For Purposes of Validity, but Do For Purposes of Infringement
  - Reference Disclosing Every Fifteen-Base-Long Sense Oligodeoxynucleotide in the IGFBP-2 Gene - More Than 1400 Sequences – Anticipates Claim to Specific Sequence of a Twenty-Base Oligodeoxynucleotide: ***In re Wiggins*** Narrowed to Facts
  - When a Deposit Copy w/ the Copr Office Becomes “Accessible”

# Evolution of Claims – From Filing to Issuance

## Overview

Invention

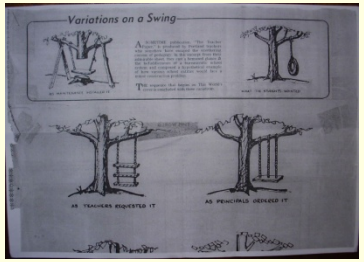
As disclosed

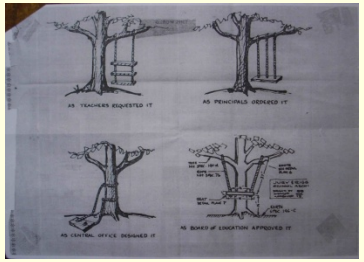
As originally claimed

Prior Art

Claims as issued

Accused infringing product



San Francisco Examiner, Sunday, October 12, 1975, w/ reference to The Teaching Paper

# *Blackboard, Inc. v. Desire2Learn, Inc.,* 574 F.3d 1371 (Fed. Cir. 2009) (J. Bryson w/ J. Moore, SCJ Cudahy, 7th Cir.) – p. 2

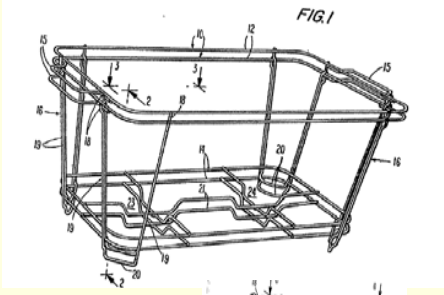
- Concluding That Claims Do Not Contain a "Single Log-On" Limitation Preordains Finding of Anticipation: Claim Differentiation Can Be Decisive: "May Be Required" in Specification Dispels Argument That "Single Log-On" is Required
  - BB's patent – Internet ed course mgmt system
  - p/a – earlier work by inventors – CourseInfo 1.5 – each course had own website – students + instructors had to log in each course separate
  - p/a – Serf system – similar
  - BB – claims req'd "single log-in" Desire2Learn – no – claims invalid
  - Claims – no express requirement for "single log-in" + claim differentiation
  - Cls 1 + 36 similar – cls 24-25 (dep cl 1) – single log-on
  - Fed Cir – "single log-in" optional – not req'd – claims anticipated by p/a

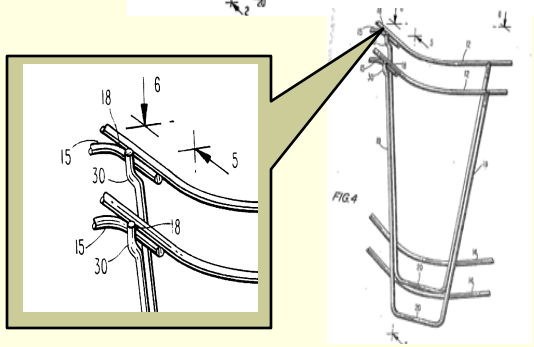
"Supporting Innovation, Not Suing It"

# Anticipation – Claim Construction

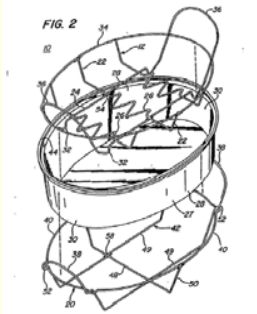
***In re Skvorecz,*** 580 F.3d 1262 (Fed. Cir. 2009) (J. Newman + Friedman, Mayer) – p. 5

- The Word "comprising" Does Not Render a Claim Anticipated by a Device That Contains Less (Rather Than More) Than What is Claimed
  - Wire chafing stand w/ offsets – prevent binding
  - Cl. 1 = "said wire legs" + "each wire leg" had offsets.
  - p/a – not all "legs" had "offsets
  - PTO – "comprising" – open-ended – does not require all legs have offsets
  - Fed Cir – REV'D – "[t]he signal 'comprising' does not render a claim anticipated by a device that contains less (rather then more) than what is claimed."




Prior Art



# Anticipation – Claim Construction

***Amgen, Inc. v. F. Hoffman-La Roche Ltd.,*** 580 F.3d 1340 (Fed. Cir. 2009) (J. Schall+ Mayer, Clevenger) – p. 7

- A New Product May be Patentable by Reciting Source or Process Limitations So Long as the Product is New and Unobvious
  - Amgen's 5 patents - production of erythropoietin (EPO) using recombinant DNA technology
  - p/a – EPO from human urine – Roche – structurally the same
  - Cl – "<u>wherein said erythropoietin is purified from mammalian cells grown in culture</u>"
  - Roche - ***Amgen Inc. v. Hoechst Marion Roussel, Inc.***, 2003 - "a claimed product shown to be present in the prior art cannot be rendered patentable solely by the addition of source or process limitations" – source limitations don't impart novel structure
  - FED CIR – concluded that "a new product may be patented by reciting source or process limitations so long as the product is new and unobvious."
  - Concluded – new product – higher molecular weight + diff charge from urinary EPO

# Anticipation – Claim Construction

***Amgen, Inc. v. F. Hoffman-La Roche Ltd.,*** 580 F.3d 1340 (Fed. Cir. 2009) (J. Schall+ Mayer, Clevenger) – p. 10

- Process Limitations in a Product-by-Process Claim Do Not Limit the Claim For Purposes of Validity, but Do For Purposes of Infringement
  - Roche – D Ct erred – construed source limitations differently for (1) validity (2) infringement
  - Fed Cir – D Ct did not err – "the court correctly required the source limitations to impart novelty onto EPO, but did not require Dr. Goldwasser's EPO to meet the source limitations; for infringement, the court correctly required MIRCERA® to satisfy the source limitations, but did not require MIRCERA® to differ from urinary EPO.
  - ***Abbott Labs. v. Sandoz, Inc.***, 566 F.3d 1282 (Fed. Cir. 2009)(en banc in part) – process terms in product-by-process claims serve as limitations in determining infringement, but not for determining patentability/validity

# Anticipation – Claim Construction

***Iovate Health Sciences, Inc. v. Bio-Engineered Supplements & Nutrition, Inc.,*** 586 F.3d 1376 (Fed. Cir. 2009) (CJ Lourie + CJs Mayer and Prost) – p. 12

- Prior Art Need Only Teach the Claimed Invention to Anticipate
  - Iovate – ex-l'ee patent = use of nutritional supplements containing ketoacid and an amino acid – to enhance muscle performance or recovery from fatigue
  - D Ct – anticipated by ad for Weider's VICTORY Professional Protein published in Flex magazine – public use/offer for sale
  - Ad – listed ingredients, directions for administering – "provide[ ] greater potential for post-workout recovery"
  - Fed Cir – invalid – printed publication
  - Iovate – ad did not teach appropriate dosages
  - Fed Cir: "We agree with BSN that all one of ordinary skill in the art would need to do to practice an embodiment of the invention is to mix together the known ingredients listed in the ad and administer the composition as taught by the ad. * * * But even if the claims did require an effective amount, one of skill in the art would have been able to determine such an amount based on the ad and the knowledge in the art at the time."

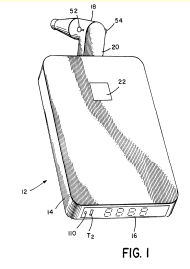
## Novelty and Loss of Right to a Patent

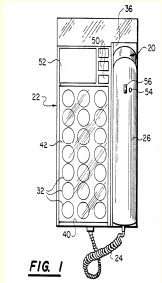
# Inherent Anticipation

***Exergen Corp. v. Wal-Mart Stores, Inc.,*** 575 F.3d 1312 (Fed. Cir. 2009) (J. Linn w/ CJ Michel and DJ St. Eve) – p. 13

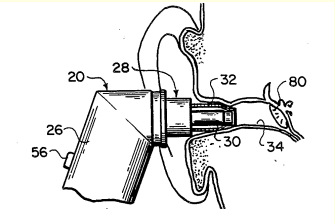
- Broad Claims and Inherent Manner of Use May Lead to Finding of Anticipation Through Inherency
  - Exergen's 3 patents – infrared thermometers
  - Designed for use in ear canal – but claims broader
  - Cl – "sensing radiation from multiple areas"
  - p/a – probe inserted into ear – SCAN button – Exergen = not sensing from multiple areas
  - Fed Cir – Exergen expert conceded p/a inherently satisfied claim – when probe removed from "chopper" began sensing radiation

Invention



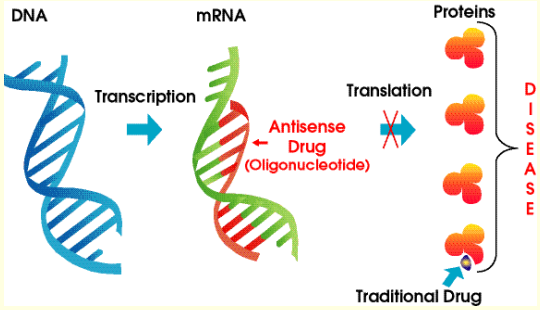

Prior Art



## Novelty and Loss of Right to a Patent
# Genus-Species

***In re Gleave,*** 560 F.3d 1331 (Fed. Cir. 2009) (J. Prost w/ CJ Michel + J. Moore) – p. 16

- Reference Disclosing Every Fifteen-Base-Long Sense Oligodeoxynucleotide in the IGFBP-2 Gene - More Than 1400 Sequences – Anticipates Claim to Specific Sequence of a Twenty-Base Oligodeoxynucleotide: ***In re Wiggins*** Narrowed to Facts
  - Tech – antisense technology – complimentary molecules bind mRNA – inhibits production – disease related proteins
  - Oligodeoxynucleotides – segments of DNA complimentary to mRNA



# Genus-Species

## *In re Gleave,* Cont'd

- Appl – claims (1) composition, (2) method of making, (3) methods of treating
- Rej'd claims – composition
  - [a] bispecific antisense oligodeoxynucleotide, wherein substantially all of the oligodeoxynucleotide is complementary to a portion of a gene encoding human IGFBP-2 and substantially all of the oligodeoxynucleotide is also complementary to a gene encoding human IGFBP-5, and wherein the oligodeoxynucleotide is of sufficient length to act as an antisense inhibitor of human IGFBP-2 and human IGFBP-5.
  - Dependent claims added sequences – elected Seq. No. 5 – 20-base oligo
- Ref – Wright – pub'd PCT – listed every 15-base oligo in IGFBP-2 gene – over 1400 sequences
- Fed Cir - "<u>The issue presented on appeal, therefore, is whether a reference that lists every fifteen-base sense oligodeoxynucleotide in a known nucleic acid sequence anticipates or renders obvious claims to specific antisense sequences having particular properties.</u>" – YES

# Genus-Species

## *In re Gleave,* Cont'd

- Gleave – § 102(b) "described" in a printed pub – ***In re Wiggins*** – listing of compounds by name – "mere naming of a compound, w/o more, cannot constitute a description of the compound ***."
- Fed Cir – ignores facts of case – no evid POSITA could make disclosed cmpds at time of disclosure – agrees "[t]he mere naming of a theoretical cmpd w/o more cannot constitute a description under § 102(b)." Key is "w/o more."
- Fed Cir – lists of cmpds treated differently from genius – cmpds in list may anticipate even though not emphasized
- Fed Cir – here POSITA would know how to make each listed cmpd
- Comment: ***In re Arkley*** (1972) – ref covered 230,000 cmpds – "the Flynn reference must clearly and unequivocally disclose the claimed cmpd or direct those skilled in the art to the cmpd ***."

# Patented or Described in a Printed Publication – Publicly Accessible

***Cordis Corp. v. Boston Scientific,*** 561 F.3d 1319 (Fed. Cir. 2009) (J. Dyk w/ J. Mayer, DJ Huff S.D. Cal.) – p. 26

- There May Be a Reasonable Expectation of Privacy Even Though Written Agreement Expressly Disclaims Any Obligation of Confidentiality
  - Cordis – 2 patents – stents – BS cc'd 1 patent
  - D Ct – s/j – 2 cls Cordis patent not invalid as anticipated by 2 monographs by inventor – not "printed publications"
  - Dr. Palmaz – inventor – 1980 – resident Cal. Hospital -10 pg monograph – gave copies to 6 instructors + other colleagues + 2 comm'l co's – Vasco Inc. + Shiley Inc – written agmts – no confidentiality – Shirley agmt – "<u>shall not be committed to keep secret any idea or material submitted</u>."
  - 1983 monograph – copies to technician + UTSA dr + UTSA res project
  - f/d = 1985
  - Fed Cir – "academic norms" – expectation disclosures are confidential
  - Fed Cir - 2 comm'l co's – expectation of confidentiality – co's in fact had not disclosed – "mere fact that there was no legal obligation of confidentiality * * *is not in and of itself sufficient to show that Dr. Palmaz's expectation of confidentiality was not reasonable."

## Novelty and Loss of Right to a Patent

# Patented or Described in a Printed Publication – Publicly Accessible

***In re Lister,*** 583 F.3d 1307 (Fed. Cir. 2009) (J. Prost w/ JJ. Gajarsa and Linn) – p. 28

- A Deposit Copy With the U.S. Copyright Office Becomes "Accessible" When Its Title is Searchable Through Lexis or Westlaw
  - Dr. Lister – clinical psychologist – avid golfer – lost interest – slow pace
  - New game – tee-up ball – every shot – except designated hazards
  - Short manuscript – registered – U.S. Copr. Office – July, 1994
  - Patent Appl. – August 1996
  - PTO – anticipated - § 102(b) – manuscript
  - Fed Cir – rej'd Lister's arguments – not "publicly accessible" b/c (1) Copr Office difficult to get to, (2) Copr Office won't let you make copies
  - Re "publicly accessible – 3 databases – (1) Copr Office – can only search by author or first word in title ("Advanced") – Fed Cir – not "publicly accessible" – ***In re Cronyn***
  - (2) Lexis + (3) Westlaw – allows keyword searches of title – publicly accessible
  - Rev'd + Remanded – No evid of when Copr Office data in Lexis/Westlaw database

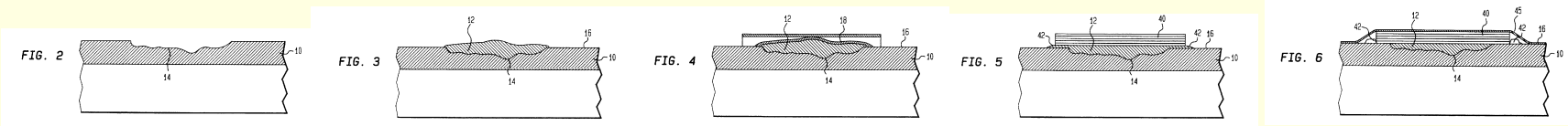
# Loss of Rights - § 102(b) – "In Public Use"

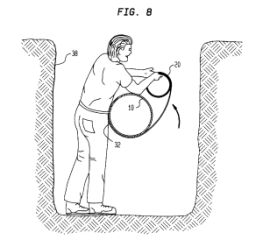
***"In Public Use"***

# Loss of Rights - § 102(b) – "In Public Use"

***Clock Spring, L.P. v. WrapMaster, Inc.,*** 560 F.3d 1317 (Fed. Cir. 2009) (J. Dyk w/ J. Bryson and DJ Patel, ND Cal.) – p. 34

- A Use May Be Experimental Only If It Is Designed To (1) Test Claimed Features Of The Invention or (2) To Determine Whether An Invention Will Work For Its Intended Purpose -- Itself A Requirement Of Patentability: <u>Durability Testing Under ***City of Elizabeth*** is Limited to Testing to Allow Filing of a Patent Application, Not to Satisfy Industry Requirements</u>
  - Clock Spring's patent = repairing high-pressure gas pipes
  - Filler applied – adhesive layer – reinforcement band – coil wound around and tightened to remove void spaces



# Novelty and Loss of Right to a Patent
# Loss of Rights - § 102(b) – "In Public Use"

## *Clock Spring, L.P. v. WrapMaster, Inc.,* Cont'd

- Claims – distinctive feature over p/a = wrapping pipe while filler was uncured – provided smooth continuous contact
- Wrapmaster – invalid – "public use" in Cuero, TX 1989 – f/d 1992 + obvious – 7 patents – all issued to Fawley – inventor of patent-in-suit
- Clock Spring – Cuero demo (1) did not meet 3 claim limitations – principally wrapping uncured filler + "experimental use"
- D Ct – fact issue re "experimental use" – but s/j obvious
- Fed Cir – invalid "in public use" – did not reach obviousness issue
- Fed Cir – no fact issue – concluded photos + report + IDS showed demo met all claim limitations + no question demo was "public"
- Fed Cir – "experimental use" – factors listed in ***Allen Eng'g*** (2002) – necessity for public testing, control by the inventor etc.
- Re control by inventor – may be dispositive – here evid that Fawley did not control demo – BUT Fed Cir expressly did not rely on lack of control

# Novelty and Loss of Right to a Patent
# Loss of Rights - § 102(b) – "In Public Use"

## *Clock Spring, L.P. v. WrapMaster, Inc.,* Cont'd

- Fed Cir – not "experimental use" – ltd to testing features of claimed invention:
  - A use may be experimental only if it is designed to (1) test claimed features of the invention or (2) to determine whether an invention will work for its intended purpose—itself a requirement of patentability. * * * <u>But, there is no experimental use unless claimed features or overall workability are being tested for purposes of the filing of a patent application</u>. * * *.

WRONG

- Clock Spring – demo necessary to test durability
- Fed Cir – not persuaded – reports did not mention durability testing – reports said demo to familiarize pipeline personnel w/ Clock Spring system + IDS said purpose was to seek input from industry personnel
- Fed Cir – "<u>even if durability were being tested, it was not for purposes of the patent application, and cannot bring the experimental use exception into play.</u>"

# Novelty and Loss of Right to a Patent
# Prior Invention 102(g)

***Martek Biosciences Corp. v. Nutrionova, Inc.,*** 579 F.3d 1363 (Fed. Cir. 2009) (J. Gajarsa w/ JJ. Newman + Moore, dip J. Lourie + Rader (diff issue)) – p. 39

- An Abandoned Patent Application May Provide Evidence of Conception, But Not Reduction to Practice, and Therefore is Insufficient By Itself to Corroborate Testimony of Prior Invention Under § 102(g)
  - Martek's patents-in-suit = microorganisms useful in producing commercial quantities of DHA – omega 3 fatty acid
  - Dfts – sought to introduce prior invention testimony by Dr. Long - relied on abandoned patent appl + evid examples worked
  - D Ct – excluded b/c lack of corroboration
  - Fed Cir – AFF'D – "<u>while an abandoned patent application is evidence of conception, it is insufficient to corroborate testimony that an alleged prior inventor reduced the invention to practice</u>."
  - Later testing re examples not contemporaneous

## Obviousness/Non-Obviousness - § 103

- Highlights
  - ***KSR*** does not alter law re structurally similar compounds
  - Developments – Post – ***KSR***
    - Mechanical patents increasingly held invalid

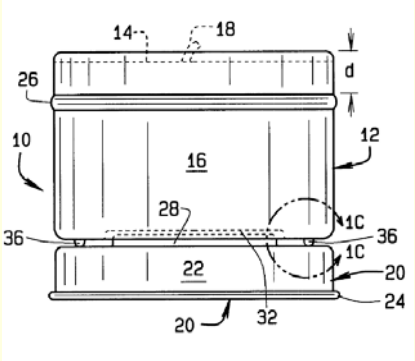
# *Obviousness/Non-Obviousness Analysis Post-KSR*

# *Prima Facie* Obviousness

## *Procter & Gamble co. v. Teva Pharmaceuticals USA, Inc.,* 566 F.3d 989 (Fed. Cir. 2009) (J. Huff (SD Cal.)) (JJ. Mayer and Dyk) – p. 41

- In Addition to Structural Similarity, *Prima Facie* Obviousness Requires Some Reason or Motivation For Making the Changes to a Known Compound: Unpredictability of the Art Must be Considered
  - P&G patent – risedronate - active ingredient in the osteoporosis drug Actonel®
  - Teva – ANDA – invalid - obvious - expired P&G patent - structural similar compounds
  - D Ct – Not invalid Fed Cir – AFF'D
  - p/a – 36 cmpds - treatment candidates + 8 preferred cmpds including 2-pyr etidronate (EHDP) – risedronate = 3-pyr EHDP
  - P&G experts – as of f/d – 1985 POSITA - properties of bisphosphonates could not be anticipated based on their structure – unpredictable art
  - Fed Cir – no reasonable expectation of success

***Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc.,*** 555 F.3d 984 (Fed. Cir. 2009) (J. Lourie – JJ Clevenger + Linn) – p. 43

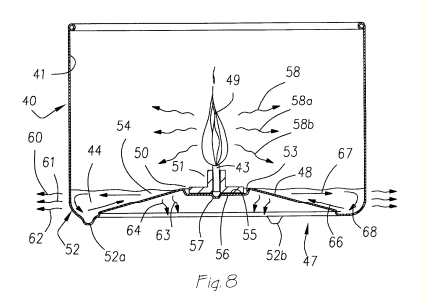



- Combination of Putting Feet on the Bottom of a Candle Holder and Using the Cover as a Base for the Candle Holder Is a Predictable Variation
  - BASC's patent-in-suit = candle tin w/ removable cover used as a base
  - Claims - protrusions or feet on closed end
  - D Ct – sua sponte s/j - "patent" was "valid"
  - Fed Cir – REV'D

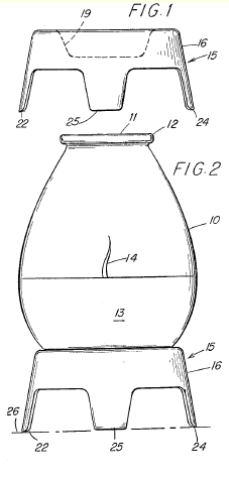
## *Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc.,* Cont'd

- Prior Art – Wright (bumps) + Marchi (top as base)
- Scorching problem = well-known
- Level of ordinary skill = ordinary layman of average intelligence because the "technology is simple and easily understandable."
- ***KSR*** "[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability" – Fed Cir – clearly the case here
- Fed Cir – "The combination of a cover-stand and feet on the bottom of the candle holder was obvious to try in an effort to minimize scorching, as the combination would further raise the bottom of the candle holder above the supporting surface. The resulting, and desired, decreased heat transfer between the candle holder and the supporting surface from the combination would have been entirely predictable and grounded in common sense."

Wright




Marchi



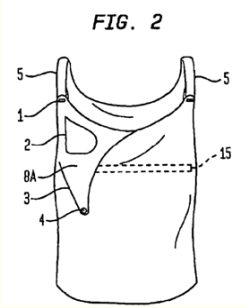
GLAMOURMOM
THE BUILT-IN NURSING BRA

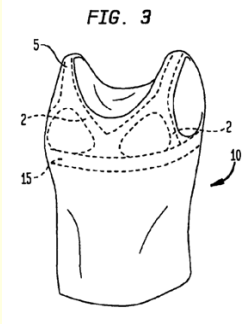
TARGET

## Obviousness § 103
## *Prima Facie* Obviousness

***Rothman v. Target Corp.,*** 556 F.3d 1310 (Fed. Cir. 2009) (J. Rader – JJ Friedman + Bryson) – p. 45

- In the Predictable Arts, Record May More Readily Show a Motivation to Combine Known Elements to Yield a Predictable Result, Thus Rendering a Claimed Invention to Have Been Obvious
  - Rothman's patent - a tank top or undershirt with a built-in nursing bra – sewed together prototype – tank top + nursing bra
  - Jury – anticipated, obvious + IE
  - Rothman – no motivation to combine
  - Fed Cir – OBVIOUS – "<u>In the predictable arts, a trial record may more readily show a motivation to combine known elements to yield a predictable result, thus rendering a claimed invention obvious. * * * Nursing garment design is a predictable art</u>."



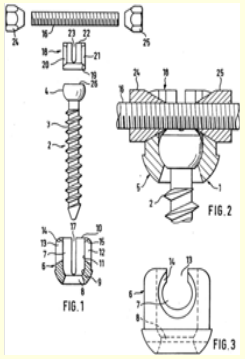



# *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc. (DePuy Spine II),* 567 F.3d 1314 (Fed. Cir. 2009) (J. Linn w/ JJ Newman + Bryson) – p. 48

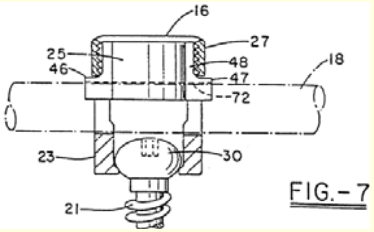
- Although Predictability is a Touchstone of Obviousness, the "Predictable Result" Discussed in ***KSR*** Refers Not Only to the Expectation That Prior Art Elements Are Capable of Being Physically Combined, But Also That the Combination Would Have Worked For Its Intended Purpose
- "An Inference of Nonobviousness is Especially Strong Where the Prior Art's Teachings Undermine the Very Reason Being Proffered As To Why a Person of Ordinary Skill Would Have Combined the Known Elements"
  - First case after ***KSR*** finding "non-obvious" in primarily mechanical device

# *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc. (DePuy Spine II),* Cont'd

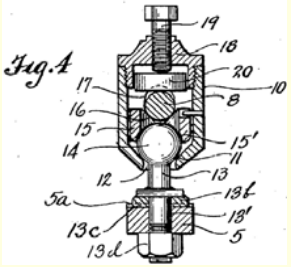
- Polyaxial pedical screws – spinal surgeries
- Jury – hypothetical claim – infringed DOE
- Medtronic – hypo claim invalid – Puno – everything but "compression member" – Anderson – "compression member"
- Fed Cir – hypo claim – patentee has b/p to show valid
- Puno – head separated from anchor – "shock absorber"
- Addition of Anderson "compression member" = rigid
- Fed Cir – Puno taught away – not merely a preference for "shock absorber – expressed concern of failure of the screw – no motivation



Puno




Anderson



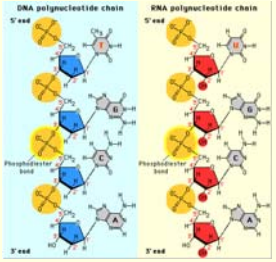
Baxter



# Rebutting *Prima Facie* Case

***Fresenius USA, Inc. v. Baxter Int'l, Inc.,*** 582 F.3d 1288 (Fed. Cir. 2009) (J. Gajarsa, concurring Newman, Dyk) – p. 53

- It Remains Appropriate Post-***KSR*** For Courts "to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue"
  - Baxter's 3 patents-in-suit = hemodialysis machine w/ touch screen user interface – f/d 1991 – touch screens w/ other devices known
  - Prior pub - anesthesia-delivery system w/ touch screen – author Dr. Rau – testified – pub mentioned hemodialysis – easy to add touch screen
  - Fed Cir - "it remains appropriate for a post-***KSR*** court considering obviousness 'to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.' "
  - Fed Cir – Rev'd JMOL – invalid - under ***KSR***, if a technique has been used to improve one device, obvious to improve similar devices in the same way



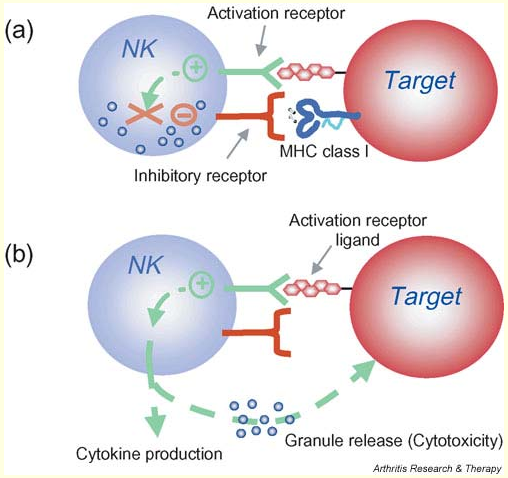

# Obviousness § 103
# *Prima Facie* Obviousness
# "Obvious to Try"

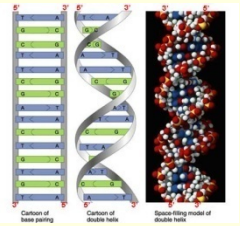
***In re Kubin,*** 561 F.3d 1351 (Fed. Cir. 2009) (J. Rader – JJ Friedman + Linn) – p. 58

- ***In re Deuel*** Effectively Overturned by ***KSR***: ***In re O'Farrell*** Controls "Obvious to Try" :Amino Acid Sequence Obvious Where Protein is Known and Technique for Sequencing is Known

Natural Killer cells – when surface molecules stimulated – activates cell-killing

Kubin's claims – polynucleotide (DNA molecules) – encode polypeptide (protein) known as "Natural Killer Cell Activation Inducing Ligand" (NAIL)

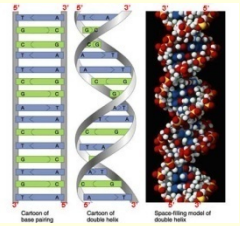







## *In re Kubin,* Cont'd

- Claim:
  - 73. An isolated nucleic acid molecule comprising a polynucleotide encoding a polypeptide at least 80% identical to amino acids 22-221 of SEQ ID NO:2, wherein the polypeptide binds CD48.
- Genus of isolated DNA molecules encoding a protein that binds CD48 + is at least 80% identical to amino acids 22-221 of disclosed sequence No. 2, i.e., the amino acid sequence for CD48 binding region of NAIL
- PTO Rej'd - § 103 + § 112(1) (lack of written description support)
- Fed Cir – Aff'd § 103 – did not reach WD
- References – (1) Valiante – disclosed receptor p38 (same as NAIL) + monoclonal antibody for p38 – mAB C1.7 – disclosed that DNA and protein sequences can be obtained – conventional – Sambrook et al. textbook on cloning + Example 12 – 5-step cloning procedure (2) Sambrook textbook





## *In re Kubin,* Cont'd

- Valiante did not disclose seq for p38 or for DNA molecule encoding p38
- Sambrook – generally disclosed methods for molecular cloning
- Kubin – "obvious to try" not correct analysis
- Fed Cir – requires reconsideration of ***In re Deuel*** (1995) – " 'Obvious to try' has long been held not to constitute obviousness"
- Fed Cir – "[i]nsofar as ***Deuel*** implies the obviousness inquiry cannot consider that the combination of the claim's constituent elements was 'obvious to try,' the Supreme Court in ***KSR*** unambiguously discredited that holding. In fact, the Supreme Court expressly invoked ***Deuel*** as a source of the discredited 'obvious to try' doctrine."
- Fed Cir – ***KSR*** "resurrects this court's own wisdom in ***In re O'Farrell***, which predates the ***Deuel*** decision by some seven years."

## *In re Kubin,* Cont'd

- Fed Cir - ***In re O'Farrell***, - "The question is: when is an invention that was obvious to try nevertheless nonobvious?"
- Fed Cir – 2 classes of cases – (1) vary all parameters or try each of numerous choices where p/a gives no indication of which parameters are critical – J. Rader – metaphorical darts at a board – inverse – ***KSR*** – artisan pursues "known options" from "finite number of identified, predictable solutions" = obvious
- (2) explore new technology or general approach that seemed promising – ***KSR*** – inverse – "§ 103 bars patentability unless 'the improvement is more than the predictable use of prior art elements according to their established functions.'"
- Fed Cir – Valiante discloses protein of interest (p38/NAIL) + mAB specific for protein + 5-step protocol for cloning molecules encoding p38/NAIL
- Sambrook teaches sequencing + motivation to sequence b/c of importance of NAIL in human immune system
- Fed Cir – refused to limit ***KSR*** to predictable arts

# *Bayer Schering Pharma AG v. Barr Laboratories, Inc.,* 575 F.3d 1341 (Fed. Cir. 2009) (J Mayer w/ SCJ Friedman, J Newman dissenting) – p. 63

- Choosing Among Known Options For An Acid-Sensitive Drug Constitutes "Obvious to Try"
  - Bayer patent - Yasmin® - oral contraceptive – drospirenone – Barr ANDA
  - Drospirenone – (1) poorly water soluble + (2) acid sensitive
  - Known – (1) to micronize re solubility + (2) use enteric coating, but decreased bioavailability – contraceptives have to work 99%
  - Claims – "<u>micronized</u> drospirenone particles" – no enteric coating – Bayer – that's unobvious
  - Fed Cir – Obvious – no teaching away – would have been obvious to try

## Obviousness § 103

## *Prima Facie* Obviousness - Obvious To Try

***Perfect Web Technologies, Inc. v. InfoUSA, Inc.,*** 587 F.3d 1324 (Fed. Cir. 2009) (J. Linn w/ JJ Dyk, Prost) – p. 66

- While an Analysis of Obviousness Depends on Evidence That Supports the Required ***Graham*** Findings, That Analysis May Include Recourse to Logic, Judgment and Common Sense That do Not Necessarily Require Explication in Any Reference or Expert Opinion
- On Summary Judgment, to Invoke "Common Sense" or Other Basis For Extrapolating From Prior Art to a Conclusion of Obviousness, a District Court Must Articulate Its Reasoning With Sufficient Clarity For Review
  - Perfect Web – pat – method – managing bulk e-mail – compare number of successfully delivered e-mails against target – repeating until target is met

**Common Sense**

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

Claim:

1. A method for managing bulk e-mail distribution comprising the steps:

   (A) matching a target recipient profile with a group of target recipients;

   (B) transmitting a set of bulk e-mails to said target recipients in said matched group;

   (C) calculating a quantity of e-mails in said set of bulk e-mails which have been successfully received by said target recipients; and,

   (D) if said calculated quantity does not exceed a prescribed minimum quantity of successfully received e-mails, repeating steps (A)-(C) until said calculated quantity exceeds said prescribed minimum quantity.

- Parties agreed (A)-(C) in p/a – (D) was not
- D Ct – invalid – (D) "would be obvious to virtually anyone" "the final step is merely the logical result of common sense application of the maxim 'try, try again.' "
- Fed Cir – AFF'D

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

Examples of Common Sense

**TRY AND TRY AGAIN**

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

- Perfect Web - common sense or knowledge "must be rooted in evidence and factual findings"
- Fed Cir – not necessarily – ***KSR*** - "[i]n counseling that courts 'need not seek out precise teachings directed to the specific subject matter of the challenged claim,' the Supreme Court clarified that courts may look to a wider diversity of sources to bridge the gap between the prior art and a conclusion of obviousness."
- Fed Cir - "[w]hen considering these sources, the Supreme Court remarked that '[r]igid preventative rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it.' "
- Fed Cir - "[t]hus, the Supreme Court instructed that factfinders may use common sense in addition to record evidence."

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

- Fed Cir – "We therefore hold that while an analysis of obviousness always depends on evidence that supports the required ***Graham*** factual findings, it also may include recourse to logic, judgment, and common sense available to the person of ordinary skill that do not necessarily require explication in any reference or expert opinion."
- Fed Cir - "[a]lthough the obviousness analysis should 'take account of the inferences and creative steps that a person of ordinary skill in the art would employ,' the Supreme Court emphasized that this evidentiary flexibility does not relax the requirement that, '[t]o facilitate review, this analysis should be made explicit.' * * * '[T]he analysis that "should be made explicit" refers not to the teachings in the prior art of a motivation to combine, but to the court's analysis.' "
- Fed Cir - "We reiterate that, on summary judgment, to invoke 'common sense' or any other basis for extrapolating from prior art to a conclusion of obviousness, a district court must articulate its reasoning with sufficient clarity for review."

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

- Comment: Fed Cir said that was consistent w/ its own precedent. Not really.
- Fed Cir – pointed to ***In re Bozek***, a 1969 CCPA case - proper for an examiner to rely on "common knowledge and common sense of the person of ordinary skill in the art without any specific hint or suggestion in a particular reference."
- However, ***In re Zurko*** - 2001 Fed Cir – criticized ex'r for relying on "good common sense" when "basic knowledge and common sense was not based on any evidence in the record."
- ***In re Lee*** – 2002 Fed Cir - when the PTO enters a rejection for obviousness, it "must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency's conclusion."

## *Perfect Web Technologies, Inc. v. InfoUSA, Inc.,* - Cont'd

- Fed Cir - "***Lee*** recognized that, under ***Bozek***, even though common knowledge and common sense do not substitute for facts, 'they may be applied to analysis of the evidence.' "
- Fed Cir – also "obvious to try."
- Patent - addressed was sending too few or too many e-mails to meet a particular marketing quota. There were just a few alternatives – oversending, resending "bounced" messages, or identifying new addresses and sending e-mails to those.
- Fed Cir - "[e]ven without experimentation, simple logic suggests that sending messages to new addresses is more likely to produce successful deliveries than re-sending messages to addresses that have already failed."

# Obviousness § 103
## *Prima Facie* Obviousness

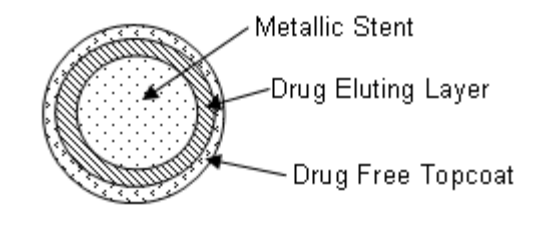
***Richie v. Vast Resources, Inc.,*** 563 F.3d 1334 (Fed. Cir. 2009) (C.J. Posner (7th Cir.) – C.J. Michel and Bryson) – p. 70

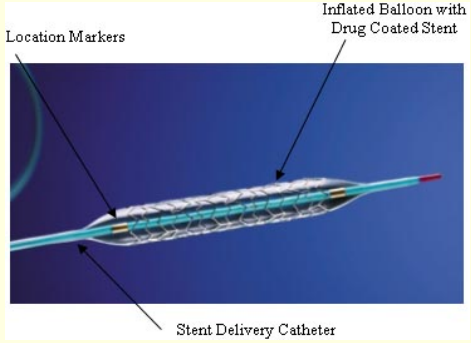
- Sex Aid Made From Borosilicate Glass Obvious Where Properties Are Known and Borosilicate Glass Used to Make Pyrex Glassware
  - 2 types of glass – (1) soda lime + (2) borosilicate
  - Known – sex aids from soda lime glass
  - Known – borosilicate glass – properties – better as a sex aid
  - "[t]his case thus exemplifies the Supreme Court's analysis in [***KSR***] * * * "* * * For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill."

# Obviousness/Non-Obviousness Analysis

***Boston Scientific Scimed, Inc. v. Cordis Corp.,*** 554 F.3d 982 (Fed. Cir. 2009) (J. Lourie w/ JJ Rader + Prost)

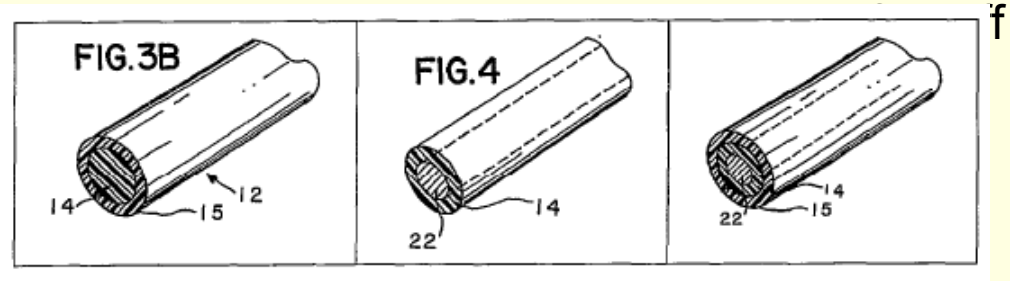
- Obviousness May Arise From Combining Two Embodiments in a Reference
- When There are No Fact Issues in Dispute, Federal Circuit May Decide Obviousness as a Question of Law and Overturn a Jury Verdict to the Contrary
  - BS pat - drug-eluting expandable stent w/ non-thrombogenic coating
  - Claim 8 (dep frm cls 6 + 1) = (1) metallic expandable stent, (2) drug-eluting coating, (3) drug-free non-thrombogenic topcoat
  - Jury – valid and infringed – D Ct – denies JMOL – Fed Cir – Rev'd - obvious as a "matter of law"



# *Boston Scientific Scimed, Inc. v. Cordis Corp.,* Cont'd

- Cordi f patent




- Fig. 3B – drug eluting polymer stent 14 + topcoat 15 = spec refers to stent + topcoat as "layers" + could have "several" layers
- Fig. 4 – metal stent 22 + drug eluting layer 14
- ? Obvious to combine to meet claim 8 – right most Fig. Cordis' brief?
- Fed Cir – Yes – "<u>We agree with Cordis that one of ordinary skill in the art would have been motivated to combine the embodiment in figure 3B of Wolff with the embodiment in figure 4 of Wolff to arrive at a metal stent with two coating layers.</u>"
- Fed Cir – "One of ordinary skill would have been motivated to coat the metal stent of figure 4, including its layer 14 of drug-containing polymer, with a second layer of polymer, like layer 15 depicted in figure 3B, that is substantially free of an elutable material."

# Obviousness/Non-Obviousness Analysis

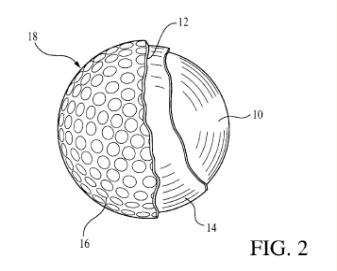
## *Boston Scientific Scimed, Inc. v. Cordis Corp.,* Cont'd

- Obvious as a matter of law
  - Fed Cir – no "fact" issues, e.g., level of skill in the art etc., in dispute = "we conclude that claim 8 would have been obvious over Wolff at the time the invention was made. <u>We are free to override the jury's legal conclusion on the ultimate question of obviousness without deference. * * * We therefore hold as a matter of law that claim 8 would have been obvious in view of Wolff</u>."
- Secondary Considerations
  - Medtronics owned Wolff patent + others Cordis asserted – yet unable to develop drug-eluting stent.
  - Fed Cir - Cordis had adduced evidence that failure was due to difficulty in finding a suitable drug.
  - Fed Cir – Also, "given the strength of the prima facie obviousness showing, the evidence on secondary considerations was inadequate to overcome a final conclusion that [the claim] would have been obvious."

# Trial Proceedings

***Callaway Golf Co. v. Acushnet Co.,***
576 F.3d 1331 (Fed. Cir. 2009) (J. Dyk w/ JJ Linn, Prose) – p. 80

- Finding a Dependent Claim Invalid for Obviousness, While Finding the Parent Claim Valid is an Inconsistent Jury Verdict Requiring a New Trial
  - "dual personality" golf ball – hard enough for long shots, soft enough for "playability
  - D Ct – s/j not invalid for anticipation – no incorporation by ref (addressed in § 102)
  - Acushnet – claims invalid – obvious over various p/a
  - Jury – dependent claim 5 invalid, but all other claims, including parent claim 4, valid
  - D Ct – irreconcilable, but harmless – Acushnet still infringed other claims
  - Fed Cir – still irreconcilable – Acushnet entitled to new trial re claims 4 and 5.



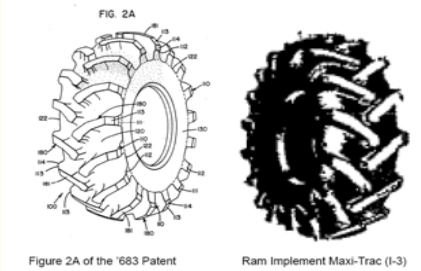
# Obviousness § 103

***Titan Tire Corp. v. Case New Holland, Inc.,*** 566 F.3d 1372 (Fed. Cir. 2009) (CJ Plager w/ CJJ Newman and Gajarsa) – p. 83

- ***Durling*** Analysis, *i.e.*, Finding a Primary Reference Having "Design Characteristics of Which Are Basically The Same As The Claimed Design," and "Secondary References" "So Related [to the Primary Reference] That the Appearance of Certain Ornamental Features in One Would Suggest the Application of Those Features to the Other" Continues to Control
  - Important – (1) tutorial on "likelihood of success" in preliminary injunctions, (2) J. Newman did not dissent, (3) 1st case after ***Egyptian Goddess*** to address validity analysis of design patents
  - D Ct – denied PI – Case likely to succeed – invalid
  - Fed Cir – p/a "basically the same as" patented design

Patented Design

Prior Art

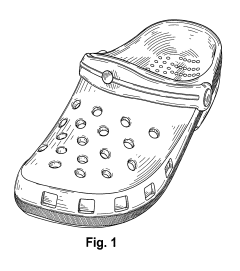


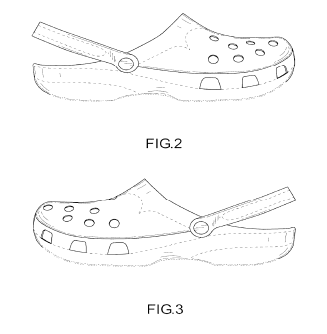
## *Titan Tire Corp. v. Case New Holland, Inc.,* Cont'd

- ***Durling v. Spectrum Furniture Co.*** (1996)
  - (1) "one must find a single reference, 'a something in existence, the design characteristics of which are basically the same as the claimed design.' "
  - (2) Then other "secondary" references "may be used to modify it to create a design that has the same overall visual appearance as the claimed design."
  - (3) Secondary references must be "'so related [to the primary reference] that the appearance of certain ornamental features in one would suggest the application of those features to the other.' "
- Fed Cir – ***Egyptian Goddess*** – threw out "point of novelty" as analysis for infringement b/c too much focus on individual features rather than design as a whole
- Not clear whether obviousness analysis should be changed as well
- Raised but ducked question – need not be decided – D Ct applied ***Durling*** analysis – Fed Cir agrees

# *International Seaway Trading Corp. v. Walgreens Corp.,* ___ F.3d ____ (Fed. Cir. 2009) (J Dyk, w/ J Bryson, dissent by J Clevenger) – p. 87

- The Ordinary Observer Test is The Sole Test For Anticipation: Comparison to the Prior Art Includes Those Portions of the Design Visible At the Time of Purchase
  - Seaway's 3 design patents-in-suit :





- PTO allowed over Croc website
- PTO did not have Croc patent
- D Ct – s/j invalid – Croc patent:
- Applied "ordinary observer" test
- Fed Cir – Aff'd test
- But rev'd b/c D Ct failed to consider insoles

# *International Seaway Trading Corp. v. Walgreens Corp.,* - Cont'd

- Fed Cir – ***Egyptian Goddess*** – "point of novelty" no longer used in deciding design patent infringement
- Same test applies in deciding infringement/validity
- Sole test for anticipation – "ordinary observer"
- Re obviousness – "ordinary designer" = one of ordinary skill in the art – used to determine whether obvious to combine earlier references – once combined, then "ordinary observer"

- D Ct – insole hidden in normal use – not considered*
- Fed Cir – error – insole visible at point of sale

- J. Clevenger dissent – majority focused too heavily on differences in insole design rather than overall appearance

* D Ct opinion – sloppy – cited ***Contessa Foods*** (shrimp platter) but said the case dealt w/ cabinet doors – no it didn't

# Double Patenting

- Highlights
  - Later Developments After Filing Date of Primary Application May Be Used in Determining Double Patenting As Between a Product and a Process, But Only to the Extent Subsequent Developments Predate Second Application That Triggers a Double Patenting Rejection
  - <u>"Safe Harbor" - § 121 – Limited to "Divisional" Applications Denominated as Such</u>

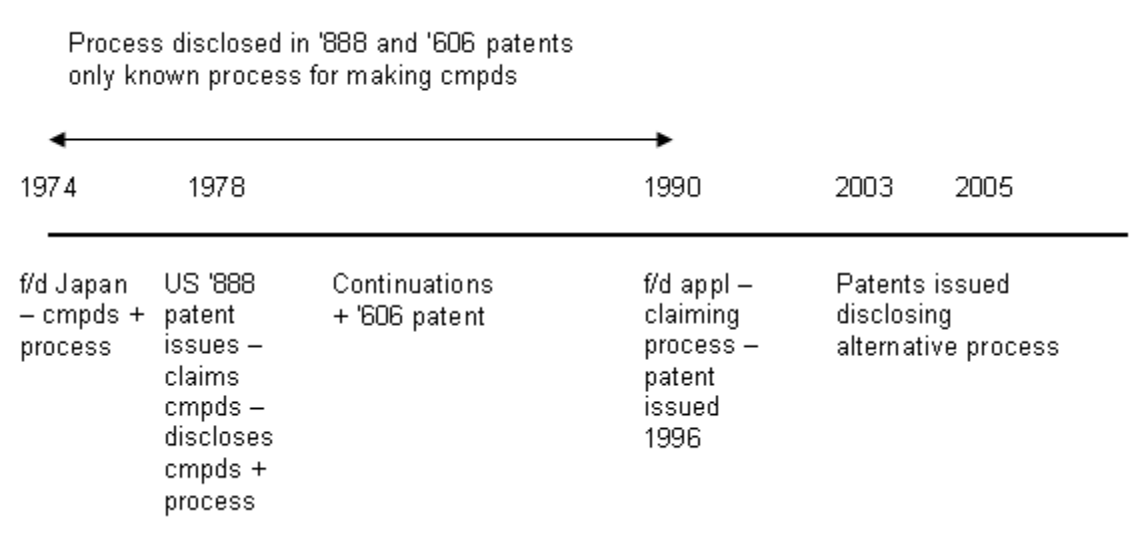
# Product + Later Claimed Process

***Takeda Pharmaceutical Co., Ltd. v. Doll,*** 561 F.3d 1372 (Fed. Cir. 2009) (C.J. Rader and C.J. Moore w/C.J. Schall, concurring-in-part and dissenting-in-part) – p. 92

- As a Matter of First Impression, Later Developments, *i.e.*, After the Filing Date of a Primary Application, May be Used in Determining Double Patenting as Between a Product and a Process, But Only to the Extent Subsequent Developments Predate the Second Application That Triggers a Double Patenting Rejection
  - Existing law - Double patenting bars separate patents for (1) product and (2) process for making product – unless patentably distinct
  - Patentably distinct – if product can be made by another materially different process
  - Question – can one rely on later developed processes? i.e., processes developed after priority date?

## Double Patenting

# Product + Later Claimed Process




- Takeda – can rely on later developed processes
- PTO – NO – can only rely on processes existing in 1974 – Japan priority date
- § 145 – DCDC – agrees w/ Takeda Fed Cir – REV'D
- Fed Cir Maj – compromise – can rely on other processes up to 1990
- Remanded – question re other processes

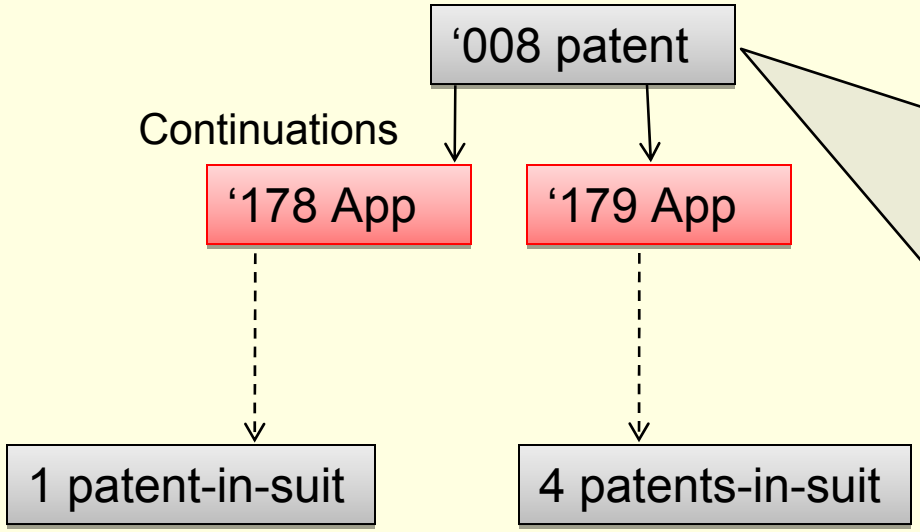
# § 121 "Safe Harbor"

***Amgen, Inc. v. F. Hoffman-La Roche Ltd.,*** 580 F.3d 1340 (Fed. Cir. 2009) (J. Schall w/ JJ Mayer, Clevenger) – p. 98

- The "Safe Harbor" of § 121 is Limited to Divisional Applications Denomiated as Such And Does Not Extend to Continuations
  - ***Pfizer, Inc. v. Teva Pharmaceuticals USA, Inc.*** (2008) – "safe harbor" does <u>not</u> extend to CIPs
  - Adds – "safe harbor" does <u>not</u> extend to "continuations" even though appl falls w/in definition of "division" – strict construction of § 121 – statute says "divisional" – "continuation" not a "divisional"
  - Amgen's 5 patents - production of erythropoietin (EPO) using recombinant DNA technology
  - Parent – 6-way restriction requirement – elects Group II - DNA and host cells – issues as '008 patent
  - Files '178 and '179 app's as "continuations – patents-in-suit ultimately issue – not w/in "safe harbor"

# § 121 "Safe Harbor"

## *Amgen, Inc. v. F. Hoffman-La Roche Ltd.,* Cont'd




I. Claims 1–13, 16, 39–41, 47–54, and 59, drawn to polypeptide, classified in Class 260, subclass 112.

II. Claims 14, 15, 17–36, 58, and 61–72, drawn to DNA, classified in Class 536, subclass 27.

III. Claims 37–38, drawn to plasmid, classified in Class 435, subclass 317.

IV. Claims 42–46, drawn to cells, classified in Class 435, subclass 240.

V. Claims 55–57, drawn to pharmaceutical composition, classified in Class 435, subclass 177.

VI. Claim 60, drawn to assay

Note: Not entirely accurate per actual patents – but that was the Federal Circuit's description

## Double Patenting
# § 121 "Safe Harbor"

### *Amgen, Inc. v. F. Hoffman-La Roche Ltd.*, Cont'd

- Fed Cir - "[w]e are persuaded by the reasoning in *Pfizer* that the § 121 safe harbor provision does not protect continuation applications or patents descending from only continuation applications."
- Fed Cir - "[w]e recognize that, unlike a continuation-in-part application, a continuation application can satisfy the definition of a 'divisional application' in MPEP § 201.06. * * *. This distinction, however, does not justify departing from a strict application of the plain language of § 121, which affords its benefits to 'divisional application[s].'"

- Fed Cir – Amgen says could have been filed as divisionals - "[b]ecause the '178 and '179 applications were filed as continuation applications instead of divisional applications, we hold that the '933, '422, and '349 patents do not receive the protections afforded by § 121's safe harbor."

# § 101 Patent Eligible Subject Matter

- Highlights
  - ***Bilski*** cert granted June 1, 2009
  - Argument – Nov. 9, 2009

# § 101 Patent Eligible Subject Matter

***Prometheus Laboratories, Inc. v. Mayo Collaborative Services,*** 581 F.3d 1336 (Fed. Cir. 2009) (J Lourie, w/ CJ Michel, DJ Clark, D. Tex.) – p. 106

- Measuring and Correlating Metabolite Levels to Certain Standards to Determine Drug Dosages Held to Constitute Patent Eligible Subject Matter
  - Thiopurine drugs - treating gastrointestinal + autoimmune diseases.
  - Included 6-mercaptopurine ("6-MP") and azathiopurine ("AZA")
  - In patient - broken down into metabolites -- 6-methyl-mercaptopurine ("6-MMP") and 6-thioguanine ("6-TG")
  - Invention – measuring metabolites + comparing to predetermined ranges
  - Dosages may be increased/decreased – but not part of claim

# § 101 Patent Eligible Subject Matter

***Prometheus Laboratories, Inc. v. Mayo Collaborative Services,*** Cont'd

- Claim:

  A method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder, comprising:

  (a) administering a drug providing 6-thioguanine to a subject having said immune-mediated gastrointestinal disorder; and

  (b) determining the level of 6-thioguanine in said subject having said immune-mediated gastrointestinal disorder,

  wherein the level of 6-thioguanine less than about 230 pmol per 8x108 red blood cells indicates a need to increase the amount of said drug subsequently administered to said subject and

  wherein the level of 6-thioguanine greater than about 400 pmol per 8x108 red blood cells indicates a need to decrease the amount of said drug subsequently administered to said subject.

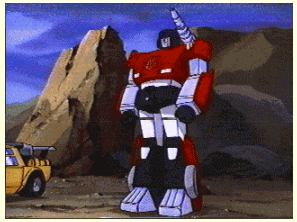
Admin Drug

Determine Drug Level

Need to Increase

Need to Decrease

- D Ct – invalid – steps (a) + (b) = data gathering, "wherein" = mental steps Fed Cir – REV'D



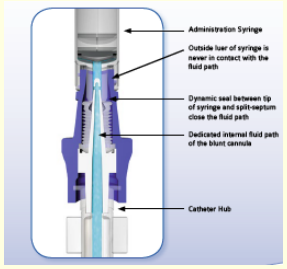
# § 101 Patent Eligible Subject Matter

## *Prometheus Laboratories, Inc. v. Mayo Collaborative Services,* Cont'd

- Prometheus – met "machine" prong b/c method relied on machines to process body samples + "machine" should be read as shorthand for all patent eligible subject matter – here method used synthetic drugs -- (2) met "transformation" prong b/c (a) administering drugs transformed biochemical makeup of patient's body, (b) "determining" step required transforming body sample to determine the metabolite concentration levels
- Fed Cir – met "transformation" prong – need not decide "machine" prong
- Fed Cir - "[t]he transformation is of the human body following administration of a drug and the various chemical and physical changes of the drug's metabolites that enable their concentrations to be determined."
- Steps (a), (b) – not merely data gathering - "The asserted claims are in effect claims to methods of treatment, which are always transformative when a defined group of drugs is administered to the body to ameliorate the effects of an undesired condition."

# Enablement-Written Description-Best Mode

- **Highlights**
  - There must be WD support for the full scope of the claims - Urging a broad claim construction may result in claims being held invalid
  - Disclosure of a Single Species Does Not Provide Written Description Support for a Broadly Claimed Genus: A Specification May Meet the Enablement Requirement and Not the Written Description Requirement
  - Written description requirement is separate from enablement - issue taken en banc

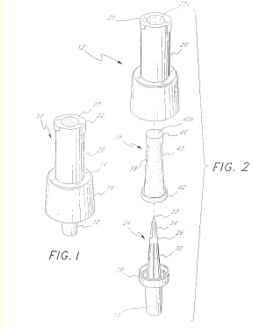


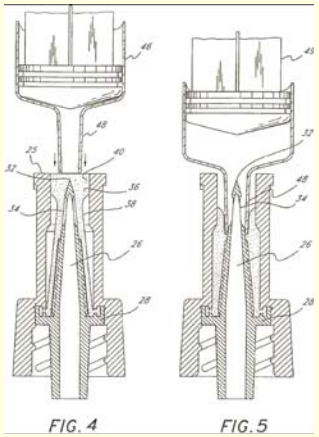



# Written Description

## *ICU Medical, Inc. v. Alaris Medical Systems, Inc.*, 558 F.3d 1368 (Fed. Cir. 2009) (J Moore w/ CJ Michel and J Prost) – p. 137

- The Specification Must Provide Written Description Support for the Full Scope of the Claims
  - Medical valves – IVs etc.
  - Claims (1) “spike,” (2) “spikeless” or “spike-optional,” (3) “tube”
  - Disclosed only “spike” – “spikeless” + “tube” claims added in continuation after Alaris device on market
  - D Ct – spike claims not infringed (granted Rule 11 sanctions) – other claims invalid – lack of WD
  - Fed Cir – AFF’D – spec describes only “spike”



# Written Description

***Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.***, 566 F.3d 1366 (Fed. Cir. 2009) (J Moore w/Prost, J Linn concurring) – p. 140

- Hypothesizing Classes of Molecules Potentially Capable of Performing Claimed Method Fails to Provide Written Description Support for Broad Scope of the Claims
  - Claims - method for "reducing binding of NF-κB to NF-κB recognition sites on genes which are transcriptionally regulated by NF-κB."
  - 1980s – inventors – discovered transcription factor NF-κB – realized – if NF-κB reduced – would reduce symptoms of disease – like aspirin
  - Broadly claimed any method for reducing NF-κB
  - Fed Cir – invalid – no WD
  - Spec – hypothesized 3 classes of molecules potentially capable of reducing NF-κB activity – Ariad – good enough b/c not claiming molecules
  - Fed Cir – NO – must describe some way of performing claimed method

## *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.*, Cont'd

- Comment: On August 21, 2009, the Federal Circuit granted Ariad's petition for rehearing *en banc*, and vacated the panel's opinion of April 3, 2009. The order granting the petition for rehearing *en banc* stated:
  - (3) The parties are requested to file new briefs addressing the issues raised in the petition:

    a. Whether 35 U.S.C. § 112, paragraph 1, contains a written description requirement separate from an enablement requirement?

    b. If a separate written description requirement is set forth in the statute, what is the scope and purpose of the requirement?

# Indefiniteness

- **Highlights**
  - Breadth Does Not Equal Indefiniteness

  - Question – is it insolubly ambiguous

# Definiteness

## *Ultimax Cement Mfg. Corp. v. CTS Cement Mfg. Corp.,*

587 F.3d 1339 (Fed. Cir. 2009) (J Lourie w/ J Dyke, Prost) – p. 147

- Breadth Does Not Equal Indefinite: Court May Correct Obvious Typographical Errors
  - Ultimax's 3patents-in-suit - rapid-hardening high strength cement
  - D Ct – cl 17 indefinite under § 112(2):

    14. A very early setting, ultra high strength cement comprising:

    a hydraulic cement containing CaO, $\{(C,K,N,M)_4(A,F,Mn,P,T,S)_3(cl, S^{-})\}$ and a member selected from the group consisting of $\{(C_9S_3S^{-}3_3Ca(f\ cl)_2\}$, $C_5S_2S^{-}$ and mixtures thereof.

    17. The very early setting, ultra high strength cement of claim 14 and having a compressive strength greater than 3000 psi within approximately one hour following hydration.

## *Ultimax Cement Mfg. Corp. v. CTS Cement Mfg. Corp.,*

- Cont'd

- Chemical symbols - redefined in the specification
- "f" represented fluorine - "cl" represented chlorine
- Cmpd $(C,K,N,M)_4(A,F,Mn,P,T,S)_3(cl, S^{-})$ = "crystal X"
- Cmpd $C_{10}S_3S^{-}{}_3(f,cl)$ - different from claimed compound $C_9S_3S^{-}{}_3Ca(f\ cl)_2$ = "crystal Y"
- D Ct - indefinite b/c crystal X covered 5000+ possible cmpds
- + b/c other claimed cmpd lacked a comma between "f" and "cl" indicating that both fluorine and chlorine must be present
- D Ct - refused to correct error – b/c error was not apparent on the face of the patent
- Neutral expert - there should be a comma between "f" and "cl."
- Fed Cir – REV'D

## *Ultimax Cement Mfg. Corp. v. CTS Cement Mfg. Corp.,*

- Cont'd

- Fed Cir – "Crystal X" - "a claim to a formula containing over 5000 possible combinations is not necessarily ambiguous if it sufficiently notifies the public of the scope of the claims. * * * Merely claiming broadly does not render a claim insolubly ambiguous, nor does it prevent the public from understanding the scope of the patent. * * * Moreover, while the formula for crystal X is obviously complex, it is not necessarily indefinite."
- Fed Cir – re "(f cl)" - "[w]e have held that '[a] district court can correct a patent only if (1) the correction is not subject to reasonable debate based on consideration of the claim language and the specification and (2) the prosecution history does not suggest a different interpretation of the claims.' " "[t]hose determinations must be made from the point of view of one skilled in the art."
- Fed Cir - formula as claimed corresponded to no known formula - one of ordinary skill in the art would know that the formula was missing a comma

# Legal Ethics & Inequitable Conduct

## Highlights

- Requirement for evidence of both materiality and specific intent to deceive emphasized
- Requires balancing all equities
- Pleading the “circumstances” of inequitable conduct under Rule 9 requires pleading “who, what, where, and how”
- Changing standard of materiality – a real mess
- Conflicting cases on intent – but getting better

# Legal Ethics & Inequitable Conduct

- Two Most Significant Cases
  - ***Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.,*** 537 F.3d 1357 (Fed. Cir. 2008) – CJ Michel w/ JJ Schall + Dyk
    - Emphasizes requirement for showing specific intent to deceive
  - ***Exergen Corp. v. Wal-Mart Stores, Inc.,*** 575 F.3d 1312 (Fed. Cir. 2009) (CJ. Linn w/ CJ. Michel and DJ. St. Eve N,D. Ill.)
    - Imposes stringent new Rule 9 pleadings requirements

- Most Troubling Cases
  - ***Digital Control, Inc. v. Charles Machine Works,*** 437 F.3d 1309 (Fed. Cir. 2006) – outside time range
    - "New" Rule 56 simply adds fifth standard of materiality
  - ***McKesson Information Solutions, Inc. v. Bridge Medical, Inc.,*** 487 F.3d 897 (Fed. Cir. 2007) - outside time range
    - Continues ***Dayco*** holding that rejections in applications to related technology may be (and likely are) "material"
  - ***Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,*** 559 F.3d 1317 (Fed. Cir. 2009)(J. Schall w/ J Clevenger, J Linn concurring)
    - Failure to Disclose Two Office Actions in Continuation Application May be Material Because of Examiner's Rationale

# Legal Ethics & Inequitable Conduct

Two Most Significant Cases

***Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.,*** 537 F.3d 1357 (Fed. Cir. 2008) (CJ Michel w/ JJ Schall + Dyk) – OUTSIDE TIME RANGE

- Both Materiality and Intent Must be Proven by Clear and Convincing Evidence
- Even if Evidentiary Burden is Satisfied, District Court Must Balance the Equities to Determine Whether the Conduct Was Egregious Enough to Warrant Holding the Patent Unenforceable
- Even if Materiality and Intent to Deceive Are Proven by Clear and Convincing Evidence, Court May Decline to Render Patent Unenforceable
  - Tutorial - may reverse trend toward finding IE

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* 575 F.3d 1312 (Fed. Cir. 2009) (J Linn w/ CJ Michel and DJ St. Eve) – p. 169

- To Plead the "Circumstances" of Inequitable Conduct With the Requisite "Particularity" Under Rule 9(b), the Pleading Must Identify the Specific Who, What, When, Where, and How of the Material Misrepresentation or Omission Committed Before the PTO
  - Exergen 3 patents – infrared thermometers – sued S.A.A.T. Systems + Wal-Mart
  - D Ct denied SAAT's motion to amend answer to allege IE.
  - Fed Cir – AFF'D
  - Proposed pleading was detailed – alleged Exergen failed to disclose
    - Its own prior '808 patent that was material and not cumulative
    - A '998 patent that Exergen cited during prosecution of another patent
    - Arguments during prosecution re non-obviousness of measuring temp at forehead that were inconsistent w/ statements on its website that measuring temp at temporal artery dated to B.C. era.

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

40. The '685 patent is unenforceable due to inequitable conduct by Exergen, its agents and/or attorneys during the prosecution of the application for the '685 patent before the PTO.

41. Prior to the filing of the '685 patent application, Exergen filed a patent application that ultimately issued as U.S. Patent No. 4,566,808 (hereinafter referred to as "the '808 patent") on January 28, 1986. Thus, Exergen was aware of the '808 patent well before the '685 patent issued on September 18, 2001. The '808 patent was material to the patentability of the '685 patent because it discloses a technique of scanning a radiation detector across a target to measure the maximum emitted radiation, and it is not cumulative to the information already of record in the prosecution history of the '685 patent.

42. In addition, U.S. Patent No. 4,317,998 (hereinafter referred to as "the '998 patent") was cited in a Supplemental Information Disclosure Statement filed by Exergen on October 17, 1997 in connection with the prosecution of the '205 patent. Thus, Exergen was aware of the '998 patent well before the '685 patent issued on September 18, 2001. The '998 patent was material to the patentability of the '685 patent because it discloses a technique of swiping a radiation detector across a target, and it is not cumulative to the information already of record in the prosecution history of the '685 patent.

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

43. Because Exergen was aware of the '808 patent and the '998 patent prior to the issuance of the '685 patent, Exergen had an opportunity to disclose each of these patents to the PTO during the prosecution of the '685 patent. Moreover, because the '808 patent and the '998 patent were material to the patentability of the '685 patent, Exergen had an obligation to disclose each of these patents to the PTO. Nevertheless, Exergen failed to cite either of these patents to the PTO during the prosecution of the '685 patent. SAAT is informed and believes, and therefore alleges, that Exergen, its agents and/or attorneys intentionally withheld the '808 patent and the '998 patent from the PTO with the intent to deceive the PTO to issue the '685 patent.

44. In addition, during the prosecution of the '685 patent application, Exergen made a number of arguments to the PTO to overcome rejections of the pending claims based upon various prior art references related to tympanic temperature detectors. For example, in an Amendment filed on July 31, 2000, the following statements were made to the PTO:

> What was nonobvious . . . was that reliable temperature measurements could be obtained from the forehead by extending techniques initially developed for the tympanic membrane. What had not been generally appreciated by those skilled in the art of temperature measurement was that the superficial temporal artery . . . provides an exceptionally reliable temperature reading.

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

45. These arguments made to the PTO were contradicted by statements from Exergen's own website, such as the following statement which appeared on the website at the time of the July 31, 2000 Amendment:

    The temporal artery area has a long history of temperature measurement, dating back to the early centuries before Christ with the first recorded references to palpation of the head for fever assessment.

46. Thus, while Exergen acknowledged on its website that the temporal artery has a long history of temperature measurement, Exergen misrepresented to the PTO that no such history existed and omitted any reference to the website. The misrepresentation and omission were material to the patentability of the '685 patent because the information was not cumulative to the information already of record in the prosecution history of the '685 patent, and it refutes, or is inconsistent with, a position taken by Exergen in asserting an argument of patentability. SAAT is informed and believes, and therefore alleges, that the misrepresentation and omission were made with the intent to deceive the PTO to issue the '685 patent.

# Alleging "Circumstances" of IE

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Rule 9: "[i]n all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity"
- "inequitable conduct, while a broader concept than fraud, must be pled with particularity"
- Fed Cir:
  - "[a] pleading that simply avers the substantive elements of inequitable conduct, without setting forth the particularized factual bases for the allegation, does not satisfy Rule 9(b)."
  - "The substantive elements of inequitable conduct are: (1) <u>an individual</u> associated with the filing and prosecution of a patent application made an affirmative misrepresentation of a material fact, failed to disclose material information, or submitted false material information; and (2) <u>the individual</u> did so with a specific intent to deceive the PTO."
  - "we hold that in pleading inequitable conduct in patent cases, Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO."

# *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Alleging "State of Mind"
  - Rule 9: "[m]alice, intent, knowledge, and other conditions of mind of a person may be averred generally."
  - Fed Cir: "[t]he relevant 'conditions of mind' for inequitable conduct include: (1) knowledge of the withheld material information or of the falsity of the material misrepresentation, and (2) specific intent to deceive the PTO."
  - Fed Cir: "[a]lthough 'knowledge' and 'intent' may be averred generally, our precedent, like that of several regional circuits, requires that the pleadings allege <u>sufficient underlying facts from which a court may reasonably infer that a party acted with the requisite state of mind</u>."

A "reasonable inference"

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Fed Cir: "A reasonable inference is one that is plausible and that flows logically from the facts alleged, including any objective indications of candor and good faith."
- At Trial
  - "In contrast to the pleading stage, to prevail on the merits, the accused infringer must prove both materiality and intent by clear and convincing evidence."
  - Fed Cir:
    - "Whereas an inference of deceptive intent must be reasonable and drawn from a pleading's allegations of underlying fact to satisfy Rule 9(b), this inference must be 'the single most reasonable inference able to be drawn from the evidence to meet the clear and convincing standard.' "
- i.e., a pleading may rely on a "reasonable inference," but to prevail at trial, inference of inequitable conduct must be "the single most reasonable inference."

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Fed Cir:
  - In sum, to plead the "circumstances" of inequitable conduct with the requisite "particularity" under Rule 9(b), the pleading must identify the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO.
  - Moreover, although "knowledge" and "intent" may be averred generally, a pleading of inequitable conduct under Rule 9(b) must include sufficient allegations of underlying facts from which a court may reasonably infer that a specific individual (1) knew of the withheld material information or of the falsity of the material misrepresentation, and (2) withheld or misrepresented this information with a specific intent to deceive the PTO.

# *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Fed Cir – 3 "factual deficiencies" in SAAT's pleading:
  - Fails to name specific individual who both knew of material info and deliberately w/held or misrepresented it – emphasizes Rule 56 and MPEP refers to "individual"
  - Fails to identify which claims and limitations w/held references are relevant to – emphasized Rule 56 refers to "with respect to each pending claim."
  - States generally "material" and "not cumulative," but does not identify particular claim and limitations absent from information of record – necessary to explain "why" and "how"

# *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Fed Cir – PLUS:
  - Fails to assert facts raising reasonable inference of intent – no factual basis to infer any specific individual knew of specific info in '808 and '998 patents material to claims in patent-in-suit.
    - "A reference may be many pages long, and its various teachings may be relevant to different applications for different reasons. Thus, one cannot assume that an individual, who generally knew that a reference existed, also knew of the specific material information contained in that reference."
  - Allegations re knowledge were insufficient – no facts alleged allowing reasonable inference of an intentional false statement

# *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- Fed Cir – FURTHER – allegations on "information and belief" are insufficient:
  - "Pleading on 'information and belief' is permitted under Rule 9(b) when essential information lies uniquely within another party's control, but only if the pleading sets forth the specific facts upon which the belief is reasonably based."
- SAAT's pleading deficient on two grounds
  - First: provides neither (1) "information on which it relies, or (2) any plausible reasons for "belief
  - Second: allegations, even if true, were insufficient to constitute IE

# Summary

## *Exergen Corp. v. Wal-Mart Stores, Inc.,* Cont'd

- "Circumstances" of IE must include Who, What, When, and How and Relevance to Specific Claims and Limitations
- Although "Knowledge" and "Intent" May be Averred Generally, a Pleading of Inequitable Conduct Must Include Sufficient Allegations of Underlying Facts From Which a Court May Reasonably Infer That a Specific Individual
  - Knew of the Withheld Material Information or of the Falsity of the Material Misrepresentation, and
  - Withheld or Misrepresented This Information With a Specific Intent to Deceive the PTO
- Pleading "on information and belief" Must Give "Information" and Plausible Reasons for "belief"

$W^3$+H

+

Relevance to claims/limitations

+

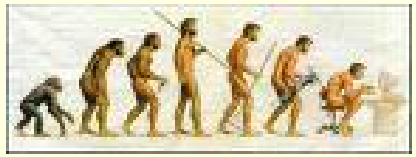
Facts necessary to infer knowledge + intent (req's > knowledge)

+

I + B req's info + reasons for B

# Legal Ethics & Inequitable Conduct

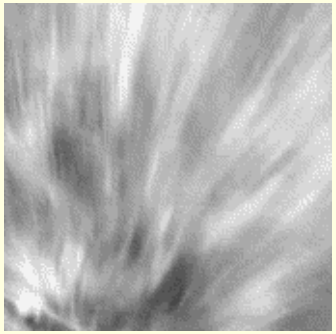
- The Elements
  - *Materiality*
  - *Intent*



# Legal Ethics & Inequitable Conduct Materiality

## Materiality – Evolving Standard

- Pre-1977 – ’74 OG Guidelines – Rule 56 (appl. stricken if “fraud”) – Case law (generally related to patentability)
- 1977 – “reasonable examiner” standard paraphrased from S Ct case interpreting SEC disclosure standard for unsophisticated investors
- 1982 – Claims may be rejected – appeal to Brd
- 1983 – Renamed “P/A Statement” to “IDS”
- 1987 – AIPLA “Blue Ribbon” Committee
- 1988 – PTO Proposed Rule 57 – “but for” standard
- 1988 – ***Kingsdown & Harita*** – PTO disbands “fraud squad” – will not investigate or reject
- 1989 – Revised Rule 57 proposed – Comm’r Quigg resigns
- 1990 – Comm’r Manbeck formally w/draws Rule 57
- 1991 – Draft “new” Rule 56 announced
- 1992 – “New” Rule 56 eff. March 16, 1992
- 2006 - ***Digital Control*** - “reasonable ex’r” standard



# Intent

- Evolution of Intent

Pre-1977 – fraud – intent – "knew"

"knew or should have known"

1988 – ***Kingsdown & Harita*** – "gross negligence" not enough – "knew"

"knew or should have known"

2009 – ***Exergen*** – "knew" not "should have known"

If ***Exergen*** is followed

"knew"

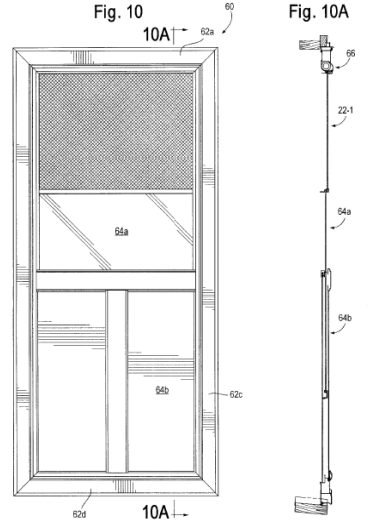
# Legal Ethics & Inequitable Conduct

- Troublesome

# Materiality

***Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,*** 559 F.3d 1317 (Fed. Cir. 2009) (J. Schall w/ J Clevenger, J Linn concurring) – p. 149

- Failure to Disclose Two Office Actions in Continuation Application May be Material Because of Examiner's Rationale, Even Though All Substantive Prior Art Has Been Disclosed and Examiner Later Withdraws Rejection: Concurrence Urges That Court Take Issue of When Intent May be Inferred *En Banc*
  - Larson's patent – storm door w/ moving glass insert and screen



# *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,* Cont'd

- Patent issued 2003 – shortly < issue, Larson filed continuation – now abandoned
- Aluminart – cc'd – IE + invalid "Johnson" patent – ex parte reexam – D Ct stayed
- After reexam – back in D Ct – Aluminart – IE during reexam – Larson failed to disclose (1) 3 items p/a, and (2) 2 Office Actions in Continuation
- D Ct – IE – material + inferred intent
- Fed Cir – (1) p/a was cumulative, (2) 2 Office Actions were material, (3) remanded to consider intent (in *dicta* –guidelines to D Ct re intent)
- J. Linn – concurred b/c "precedent so requires" – BUT – urged IE far departed from ***Precision Instrument, Keystone Driller*** + ***Hazel-Atlas*** –all involved fraud + urged that when intent can be inferred should be taken *en banc*

# *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,* Cont'd

- Continuation + Reexam – co-pending
- Continuation – 4 Office Actions – 1st OA submitted w/ Aluminart's reexam request, Larson disclosed substance of 2nd OA in IDS
- J. Linn – original prosecution – Larson submitted 135 references – reexam – additional 120 references plus Aluminart's IE contentions, + 2 subsequent IDSs disclosing add'l p/a from Continuation
- Larson did not submit 3rd and 4th OAs. However, did submit p/a raised in OAs
- 2nd + 3rd OAs, rej'd claims on Johnson + "Ralph" + "Kemp" patents
- 4th OA – ex'r agreed Johnson did not disclose "screen and member extending into the screen tracks" but shown by other p/a e.g., Kemp + German patent

## *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,* Cont'd

- Reexam – Larson – 1st IDS – 210 ref's + Aluminart's IE contentions – 2nd IDS – Continuation + 3 ref's including Kemp and Ralph – did not disclose 3rd or 4th OAs or German patent
- Fed Cir – agreed German patent (and other non-disclosed art) were cumulative.
- Fed Cir – re OAs - "[b]ecause the Third and Fourth Office Actions contained another examiner's adverse decisions about substantially similar claims, and because the Third and Fourth Office Actions are not cumulative to the First and Second Office Actions, the district court correctly found the withheld Office Actions material" – ***Dayco Products***
- Fed Cir – 3rd OA material even though ex'r's interpretation of Johnson was wrong. Rej w/drawn in 4th OA.

## *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,* Cont'd

- Nevertheless reasoned: "The '039 Continuation examiner's later view, however, does not change the fact that the Third Office Action contained valuable reasoning and rejections at the time when it was made. Importantly, during the time from when the Third Office Action issued to the time when the Fourth Office Action withdrew the pertinent rejection—more than a year—there was an adverse decision by another examiner that refuted, or was inconsistent with, the position that claim limitations of the '998 patent were patentable over the Johnson patent. Accordingly, the Third Office Action was material."
- Fed Cir – 4th OA material b/c new rejection based on Kemp – Reexam panel did not reject based on Kemp.

## *Larson Manufacturing Co. of South Dakota, Inc. v. Aluminart Products Ltd.,* Cont'd

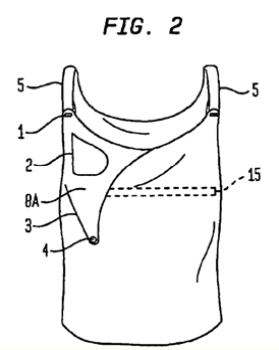
- Remand – intent – D Ct should consider (1) materiality does not presume intent – non-disclosure alone is not enough, (2) must consider evid of good faith – like disclosure of Continuation + Aluminart's IE pleadings, (3) must balance intent and materiality (suggests materiality not high)
- J Linn – when intent can be inferred should be taken en banc – criticizes ***Praxair*** – inferred when (1) highly material info w/held, (2) knew or should have known of materiality, and (3) no credible explanation for w/holding
- J. Linn – "highly material" conflates materiality w/ intent, "knew or should have known" sets negligence standard rejected in ***Kingsdown***, and credible explanation shifts burden from alleged infringer.

# Legal Ethics & Inequitable Conduct
# Intent

***Intent***

# Legal Ethics & Inequitable Conduct Threshold Level of Intent Required

***Rothman v. Target Corp.,*** 556 F.3d 1310 (Fed. Cir. 2009) (J. Rader w/ JJ Friedman, Bryson) – p. 157




- Receipt of Threatening Letters Containing Descriptions of Unsubstantiated Prior Art at the Tail End of a Souring Business Relationship Does Not Create an Automatic Duty of Disclosure
  - IE = business relationship – Glamourmom (Rothman + husband) and Leading Lady – co-defendant
  - June 2002 - Glamourmom approached Leading Lady – Leading Lady expressed interest
  - 2003 - Glamourmom + Leading Lady - licensing negotiations
  - Shortly before, Leading Lady arranged w/ Target to supply nursing tank tops – disputed, but Federal Circuit cited evidence suggesting arrangement involved Ms. Rothman's design.

# Legal Ethics & Inequitable Conduct
# Threshold Level of Intent Required

## *Rothman v. Target Corp.,* Cont'd

- 2003 - negotiations broke down - Leading Lady questioned viability of Rothman's patent application
- July 14, 2003 - Glamourmom's atty, Jacobson, sent Leading Lady a copy of a preliminary rejection
- Next day Leading Lady sent Jacobson undated sample garment id'd as "JC Penney sport nursing bra" (Leading Lady style 438)
- Jacobsen examined garment - determined it was a sports bra rather than a torso covering garment like Ms. Rothman's design
- July 28, 2003, Leading Lady's att'y, Dub, sent Jacobson letter – Cut off further licensing negotiations + Leading Lady intended to market its own nursing tank top design.
- Dub also wrote Jacobson - "Sometime around the beginning of 2003, Leading Lady became aware of the [Glamourmom] 'tank top with nursing bra' product * * * Leading Lady subsequently produced its own prototype of a different tank top with nursing bra product" (Leading Lady style 460), which had been ordered by its customers.
- Dub later said "2003" should have been "2002."

# Legal Ethics & Inequitable Conduct Threshold Level of Intent Required

## *Rothman v. Target Corp.,* Cont'd

- Further correspondence – Jacobsen – styles 438 and 460 – substantially different + appears Leading Lady used Rothman prototype to sell to Target
- August 2003 – Jacobsen files "Petition to Make Special" – included correspondence but did not list styles 438 and 460 as prior art
- Defendants – IE – failure to submit styles
- Fed Cir – style 438 = cumulative – style 460 – no evid of intent
- Fed Cir - "[n]o reasonable jury could have found that Mr. Jacobson intended to deceive the PTO as to style 460 in light of Leading Lady's sharp business practices and Mr. Jacobson's submission of letters discussing style 460 to the PTO."
- "Receipt of threatening letters containing vague descriptions of unsubstantiated prior art at the tail end of a souring business relationship does not create an automatic duty of disclosure. * * * Otherwise, every potential patent licensee (and prospective infringer) could subject a patent applicant to the possibility of inequitable conduct sanctions on a whim."

## *Rothman v. Target Corp.,* Cont'd

- Fed Cir – also nothing to disclose:

"Had Leading Lady supplied Glamourmom with more information than the simple declaration that Leading Lady had its own prior nursing tank top, Glamourmom might be charged with a duty to investigate further. However, in this case, Leading Lady simply informed Glamourmom—belatedly—of its proprietary design without sending a sample, photograph, drawing, or description. Glamourmom cannot be charged with 'culpable intent in withholding information that [it] did not have.' * * * "

"The heightened duty to 'look for and produce all relevant prior art' associated with a Petition to Make Special, * * * does not demand that the applicant somehow obtain proprietary information about unsubstantiated potential prior art that he believes in good faith is immaterial. Mr. Jacobson's letter to Mr. Corrado inviting further discussion regarding Leading Lady style 460 fully satisfied Glamourmom's investigatory and reporting duties."

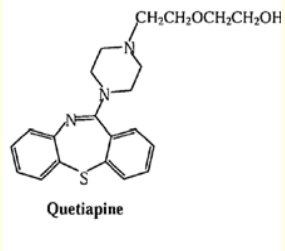
# Intent – Not Inferred

***AstraZeneca Pharmaceuticals LP v. Teva Pharmaceuticals USA, Inc.,*** 583 F.3d 766 (Fed. Cir. 2009) (J Newman w/ JJ Rader, Prost) – p. 160

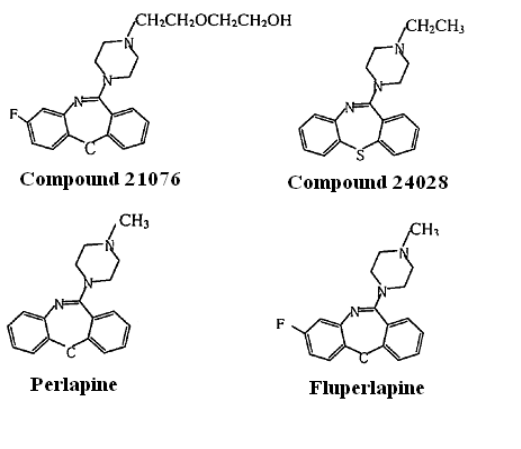
- Disclosing Test Data on Closest Structurally Similar Compounds as Requested by Examiner While Not Disclosing Test Data on Other Structurally Similar Compounds Fails to Meet Thresholds of Either Materiality or Intent to Deceive: Evidence of Materiality and Intent are Only Weighted <u>After</u> Threshold Showings Have Been Made
  - Astra's patent = quetiapine - SEROQUEL® - antipsychotic drug
  - Drug = "atypical" – did not exhibit properties of "typical" antipsychotic drugs - involuntary body movements - muscle spasms etc.
  - Antipsychotic drugs – frequently exhibited bad side effects
  - Teva + Sandoz – ANDA – unenforceable – failed to disclose in-house testing data – 4 structurally similar cmpds
  - Disclosed cmpds – but not data

## *AstraZeneca Pharmaceuticals LP v. Teva Pharmaceuticals USA, Inc.,* Cont'd

- Invention – quetiapine

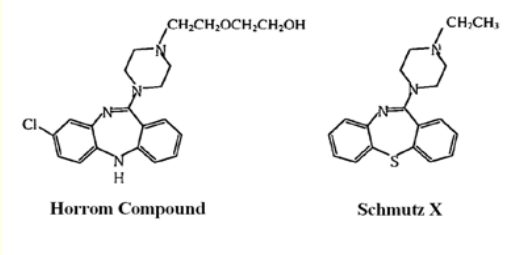



- 4 p/a structurally similar cmpds – disclosed patents/papers, but not data



## *AstraZeneca Pharmaceuticals LP v. Teva Pharmaceuticals USA, Inc.,* Cont'd

- Ex'r – obvious - Schmutz X + Horrom – Astra - "atypicality" = unpredictable, no motivation, long-felt need – ex'r provide comparative data

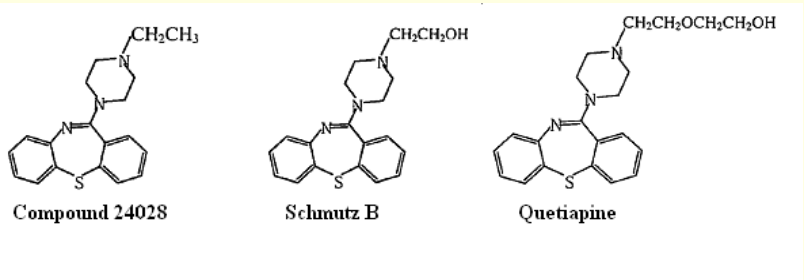



- Astra – Migler Decl. – (1) no existing data for Schmutz X – would be expensive to produce, (2) provided data for Schmutz B – urged closer structurally, (3) data for Schmutz A – no antipsychotic properties
- Teva – similarity between Schmutz X and Cmpd 24028 – Astra should have disclosed data for Cmpd 24028
- Fed Cir – unpredictable – no showing structural similarity = "atypical" properties – not material

# Intent – Not Inferred

## *AstraZeneca Pharmaceuticals LP v. Teva Pharmaceuticals USA, Inc.,* Cont'd

- Fed Cir – also - Schmutz B closer to quetiapine than Cmpd 24028




- Teva – submission of data Schmutz A = implied misrep – had not disclosed data re the 4 cmpds
- Fed Cir – NO – Astra had not asserted that no other p/a cmpd was "atypical," but rather responded to ex'r's rej – closest p/a cmpd – not same properties as quetiapine
- Fed Cir – Intent – Teva – "highly material" lowers bar to intent – Fed Cir – "That is incorrect" – materiality + intent – must surpass threshold before balanced – here, doesn't pass threshold

# Intent – Not Inferred

## *AstraZeneca Pharmaceuticals LP v. Teva Pharmaceuticals USA, Inc.,* Cont'd

- Fed Cir - only evidence – Astra's "internal knowledge of certain compounds of this structural class that were atypical, without including this information in the IDS."
- Fed Cir - Not sufficient for inferring intent
- Fed Cir - "[t]he law is clear that 'inequitable conduct requires not intent to withhold, but rather intent to deceive. Intent to deceive cannot be inferred simply from the decision to withhold [information] where the reasons given for the withholding are plausible.' * * * <u>As argued by Appellants, an applicant would not know how much of its research effort must be filed with the PTO, although of no interest to the examiner, or run the risk of accusation of wrongdoing no matter where the line is drawn</u>."

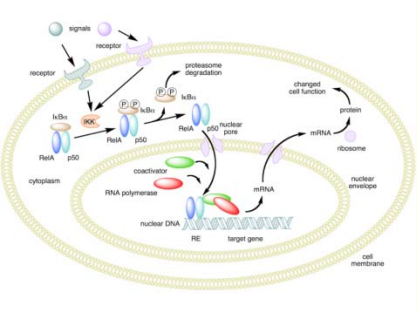
# Intent – Not Inferred

## *Ariad Pharmaceutials, Inc. v. Eli Lilly and Co.,*

560 F.3d 1366 (Fed. Cir. 2009) (J Moore w/ J Prost, concurring J Linn)

- While it is True That Intent May Be Inferred From Indirect and Circumstantial Evidence, Such Evidence Must Still Be Clear And Convincing, and Inferences Drawn From Lesser Evidence Cannot Satisfy the Deceptive Intent Requirement
  - Claims – broadly drawn - a method for "reducing binding of NF-κB to NF-κB recognition sites on genes which are transcriptionally regulated by NF-κB." NF-κB - key role regulating immune response to infection

Inventors - NF-κB activity could be reduced, could lessen harmful symptoms of diseases that trigger NF-κB activation – like aspirin - reduces fever w/o treating underlying infection



# Intent – Not Inferred

## *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.,* Cont'd

- D Ct + Jury – (1) 2 accused Lilly products infringed, (2) not invalid, (3) not unenforceable.
- Fed Cir – Invalid – lack of written description support BUT not unenforceable
- Lilly – IE (1) errors in Fig. 43, + (2) failure to disclose 4 scientific papers
- Fig. 43 – 2 errors – sequence was incomplete + from chicken not mouse – Ariad conceded = "material"
- Fig. 43 added during prosecution – also added to related applications
- f/d 1989 – in 1997 – Ariad emp'ee H told att'y A w/ Law Firm # 1 of error – att'y A succeeded in deleting Fig. 43 in at least one other application
- Prosecution transferred to Law Firm # 2 – att'y V + atty C – att'y C knew of error – att'y V says he didn't, but contradicted by att'y C – D Ct credited att'y V

# Intent – Not Inferred

## *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.,* Cont'd

- Patent - 106 pages - 43 drawing figs – 203 claims
- Fig. 43 said to illustrate nucleotide sequence + amino acid sequence of IkB-α:

Figure 43

```
AACATTGCAACCTTATAAAAAATTAACTATTTCGACAATGCCGCAGAAGGAAATTCTGTGTTTAGGTGCTGGTGGG
AAAACACTATCTCCAGCTTGTAGGTTTGAGCATCACCAGAACCACTTGATGAAATCACACACAGAACAAGTAGAGG
AGGCAACTGTGAATCGTGGGGCTATAAAGCCATCAAGGGATCTGATGAAAGAACCCGCGAGACGAACCCCCCCACC
CCCCACAACAGGATCGGCACCCCAGAGTTCAACAAGTGGCTGACTTTGTTAAAACACTACGTGGGAACCCATAGTC
CCGGATCAGTAGTTGCACAGCCCCCTCCCCGACAGACTACACCGCTGTTTGCTGATCCTTGCCCACCCCATGCTCT
CCTCCCAGGCCCCCGTTCTGCTCCTCTGTCCTGCGGCGCTGGATTGAACCGCACACAAGTCTGCATCTGGCACGAA
TTCTCATGGGAGCCACGTCATGAGGTACGTGGTTGCACACCTATCACAAGAAGTCTTGCAGTTCTGACTCTCCTGA
GCTCGGTGGGAAAGTCTGGATAGTACCTCCCCTCTCCTGCCACAAAAGCAGCCCTCACATTCACAAGTTTCCAAAG
CAGGTCTATTGAGTTTCTCTTCAGAGCGAGCCTTTGTCAAACACACCTGGAGGGGGGAGTCTCACCTCTCCCCAGC
AACTCAGATCAGTGCCTTATTTTTAATGCTCCGGCCCAATCCTGAGGTGCTGCTGGGTTTGTGGGCTGCGTTTTGT
TGAACCTCCCCCCTCCCCTCCCAACGCCCTGGCATTTGCAATTAAAACTGGGATTCAAGGGCCAAATTCAAGCCCA
GAGTGAGCAGTAGGATGTGGAGCTCAAAGCAGAGTTGCACCTGCTGACCCCCAGCCTGAATTTGGTTCACCCAGAG
ACTACAAGTCAGAAAGGCATGTTTAGAAAGAGGCATGCTAAGGACTGATGGTGGAACGGCCAATTTGTCCCCACCA
GCACAGTGGGGAAGGCTGGACAGAGAAGGAAGAGAAGGATCCATAGAGATGTGAACCAGAATCAGTCGTGTTGAGC
TCTGGGTATATCACTACATGTTTAACTCTTGCAAGACCGTTTGCCCAGGGCTTTGGTACCACAGGGTTAGAGTTAC
ATTAACCACAACCACCAGAGAGGAACTGAGGTTTATGACCCCCCCCCCCCCAAAGGTTAGATTTCTGCCGAGTATA
                                 M  T  P  P  P  P  K  V  R  F  L  P  S  I

AAGGGGGGGGAAGGGGGGGGTCCTTGGTTCATTTCCCTTCACTGTGTGACCGAAGTTTTGCTTTTATTTGTAAACA
K  G  G  E  G  G  G  P  W  F  I  S  L  H  C  V  T  E  V  L  L  L  F  V  N  I

TCTTGAATTACCCGTCGTTTTCCAGTCTTCATCGTGCTGTTGTCAGGCCACTGGAGGGAATTCCCCGTCTCGGAAC
 L  N  Y  P  S  F  S  S  L  H  R  A  V  V  R  P  L  E  G  I  P  R  L  G  T

GCCGCCGCCAGCACCAGCAGCCGCGCCGCGCCGCCCCGCCAGCTCCGCCGCCATGCTCAGCGCCCACCGCCCCGCC
 P  P  P  A  P  A  A  A  P  R  R  P  A  S  S  A  A  M  L  S  A  H  R  P  A
```

# *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.,* Cont'd

- Att'y C – succeeded in removing Fig. 43 from 2 other applications
- 1998-99 – att'y V and later att'y C – make arguments in response to § 112 rejections – not directly referring to Fig. 43 – but Fig. 43 supported argmts
- 2001 – att'y V moves to Law Firm # 3 (but not atty C) – no further corrections made – patent issues w/ Fig. 43
- Lilly – Ariad aware of errors + intentionally tried to hide from PTO
- Fed Cir – NO – re att'y V – says he didn't know of errors + D Ct found credible – re Ariad empl'ee H – no intent – disclosed errors to attys.
- Re att'y C – knew of errors – but D Ct credited her testimony that she was following Law Firm # 2's "standard practice to make the corrections only after the PTO indicated the claims were allowable in any particular related application."

# *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.,* Cont'd

- Fed Cir - "knowledge of the errors was lost when Dr. Vincent moved to [Law Firm # 3] does not rise to the level of intent to deceive. * * * While Dr. Clauss's 1999 office action response could be the seed of a finding of intent, more evidence of deliberate concealment would be needed and this fact alone does not constitute 'clear error' in the district court fact finding."
- Fed Cir – re Lilly's contention – leaving Fig. 43 in appl. was enough to infer intent: "[i]t appears that the parties involved endeavored to correct figure 43 throughout the family of applications. These actions do not signal a nefarious plot to leave figure 43 in the one application that would lead to the patent now asserted; rather, they signal an honest but imperfect attempt to correct mistakes."
- Fed Cir – re 4 scientific papers – not p/a per se b/c published after f/d – but discussed impact of various cmpds on NF-κB activity – Ariad conceded papers were material

# *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.,* Cont'd

- Baldwin – author and inventor – testified:
  - Q. Did you at any time consider disclosing your findings regarding Resveratrol in those experiments to the United States Patent Office?
  - A. I mean I — I considered it, but I — again, I feel like that one would inundate the patent office with every report of — of things that affect NF-κB one way or the other. It's — you can do a search on NF-κB and it's endless.
  - Q. Why is it you considered disclosing your findings regarding the effect of Resveratrol in your experiments to the United States Patent Office?
  - A. Well, we signed — we signed this document that says that was our obligation to do so at some point.
- Fed Cir – reason for not submitting – fear of inundating PTO – was "plausible" – Lilly failed to show deceptive intent.

## *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.*, Cont'd

- Comment: On August 21, 2009, the Federal Circuit granted Ariad's petition for rehearing *en banc*, and vacated the panel's opinion of April 3, 2009. The order granting the petition for rehearing *en banc* stated:
  - (3) The parties are requested to file new briefs addressing the issues raised in the petition:
  - a. Whether 35 U.S.C. § 112, paragraph 1, contains a written description requirement separate from an enablement requirement?
  - b. If a separate written description requirement is set forth in the statute, what is the scope and purpose of the requirement?
- Accordingly, although the case also involves an issue of inequitable conduct, presumably that issue will not be reconsidered *en banc*.

# Correction of Issued Patents
# Reissue – Reexamination – Certificates of Correction

- Highlights
  - Reissue – Written Description – Claiming Same Invention
    - When the Specification Sets Out Two Different Problems Present in the Prior Art, It is Unnecessary For Each and Every Claim in the Patent to Address Both Problems
  - Reissue – Recapture Estoppel
    - When Claims in the Original Patent Were Not Rejected, the Recapture Rule Does Not Apply Even Though the Reissue Claims Are Broader

## Actual Reduction to Practice
# Interferences

- Highlights
  - Sole Question is Whether the Board's Interpretation is Supported by Substantial Evidence – Not Whether the Court Would Have Reached the Same Result
  - In Assessing Whether Copied Claims Have Written Description Support, the Claims Are Construed in Light of the Originating Specification
  - In §146 Actions, If the Parties Present New Evidence to the District Court That Conflicts With the Record Before The Board, The District Court Must Make De Novo Factual Findings Regarding That Evidence

# Inventorship

- Highlights
  - One Who Simply Provides Well-Known Principles or Suggests a Result Without Supplying a Definite and Firm Idea of the Claimed Combination Does Not Qualify as a Joint Inventor
  - Claim Construction May Determine Inventorship

# Claim Construction - Overview

Ordinary Meaning

1998-99

***Johnson Worldwide v. Zebco***

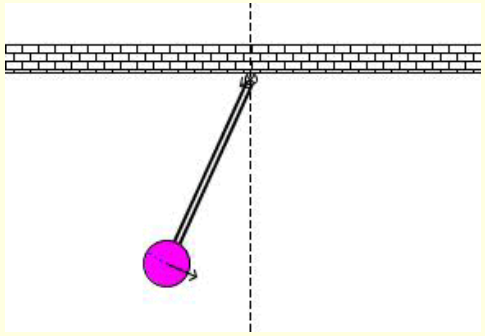
***Renishaw v. Marposs***

2002-2003

***CCS Fitness, Inc. v. Brunswick Corp.***

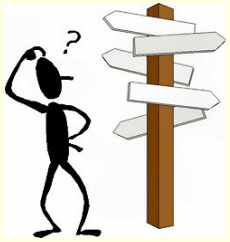
***Teleflex, Inc. v. Ficosa North America Corp.***

***Texas Digital v. Telege***



2003-2009

Some judges – what is the invention?



Limited by Spec

1997, 2001

***Wang Labs. v. AOL***

***SciMed v. Advanced Cardiovascular Systems***

***Network v. Centraal Corp.***

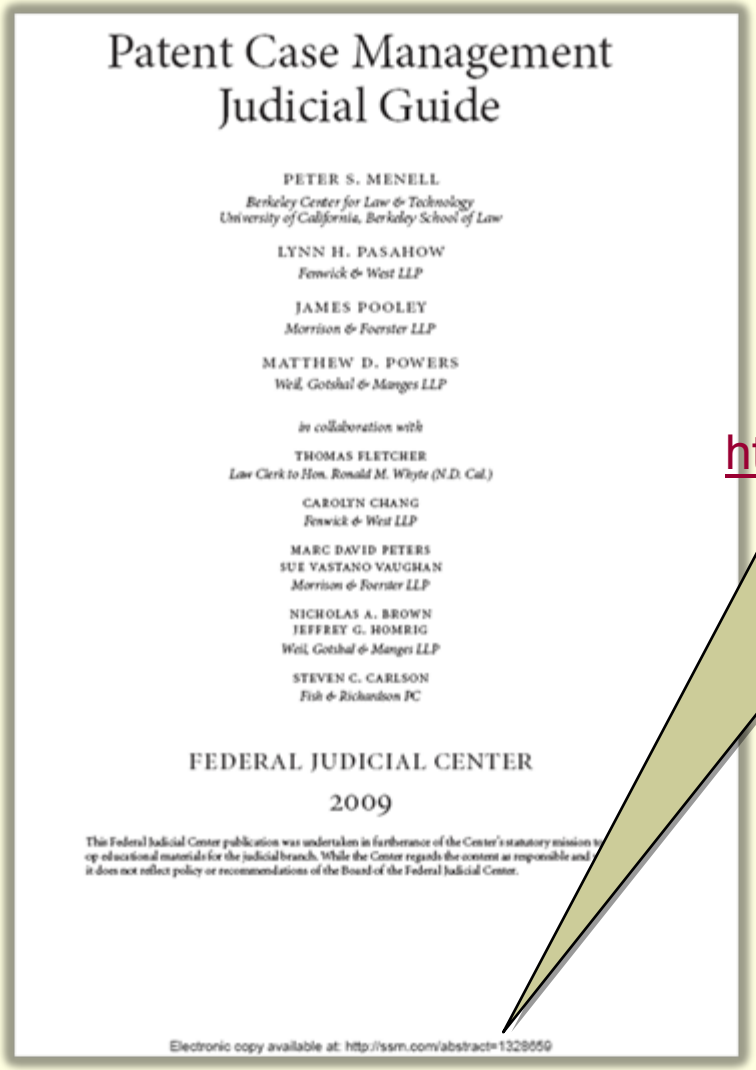
***Toro v. White Consolidated***

***Bell Atlantic v. Conrad***

2005 +

***Phil AWH ?***

# Federal Judicial Center



Patent Case Management
Judicial Guide

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FEDERAL JUDICIAL CENTER

2009

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June 1, 2009

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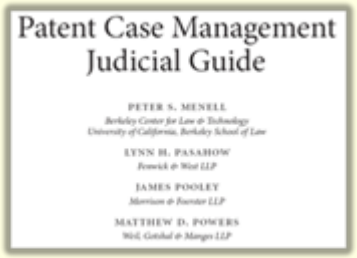
- Specific info easy to find

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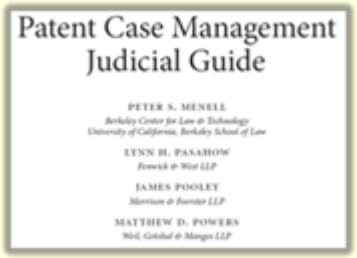
- ✓ Patent Law Primer
- ✓ Forms
- ✓ Model Jury Instructions

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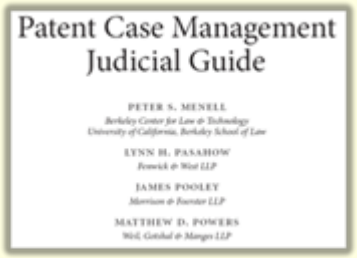
## Chapter 5: Claim Construction

### Pre-*Markman* Procedures

- Mechanisms for limiting number of claim terms to be construed
  - Initially limiting to some number
  - Severing patents
  - Mandatory Disclosure of Impact of *Markman* rulings
- Educating the court – technology tutorials
  - Recommends videotaping

### Court-Appointed Experts

- Technical Advisors
- Special Masters
- Expert Witnesses

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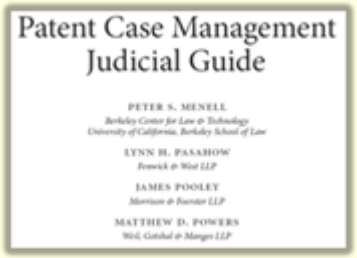


# Federal Judicial Center

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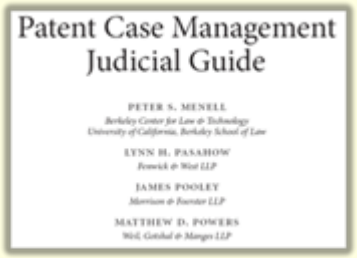
"Practical Tips for Claim Construction"

Likely requires addressing in claim construction briefs




# Federal Judicial Center

- Conduct of Claim Construction Hearing:
  - Ct may consider "extrinsic" evidence
  - Depose experts in advance of claim construction hearing
  - Flexible use of Fed. R. Evid.
  - Allow evidence of accused product to give context to proposed const's.
  - Ct may consider p/a
  - BUT accused products or p/a cannot drive claim construction
  - Sequence – recommends "term-by-term"

**Table 5.3**
**Important Questions During *Markman* Hearing**

| |
|---|
| Why do I need to construe this term? |
| How is your proposal different than your opponent's? |
| What is the source of ordinary meaning for this term? |
| Do I need to find an intentional disclaimer (if seeking narrowing construction)? |
| How is your extrinsic evidence anchored in the language of the patent? |

# Claim Construction Lexicographical

## *Martek Biosciences Corp. v. Nutrionova, Inc.,*

579 F.3d 1363 (Fed. Cir. 2009) ( J Gajarsa w/ JJ Newman, Moore, dip J Lourie w/ J Rader) – p. 226

- "Animal" Includes "Humans" Because of Lexicographical Reference in Specification, Despite Other Statements Suggesting Otherwise
  - Docosahexaenoic acid ("DHA") = omega-3 fatty acid
  - Martek's patents-in-suit – microorganisms useful in producing comm'l quantities of DHA
  - 1 patent – feeding "animals" microorganisms to achieve high concentration
  - Spec – "animal" includes humans – D Ct – "animal" excluded humans
  - Fed Cir – REV'D – definition controls
  - Dissent – spec "raising an animal having [ ] high concentrations of omega-3 highly unsaturated fatty acids (HUFA) and <u>food products derived from such animals</u>." Humans are not "food products"

# *Martek Biosciences Corp. v. Nutrionova, Inc.,*

Cont'd

"At least serve me with something better than a $2 bottle of wine."

# Claim Construction
# Product-By-Process Claims

***Abbot Laboratories v. Sandoz, Inc.,*** 566 F.3d 1282 (Fed. Cir. 2009) (J Rader w/SCJ Plager and J Bryson, en banc-in-part J Rader w/ CJ Michel and JJ Bryson, Gajarsa, Linn, Dyk, Prost and Moore, dissenting J Newman w/ JJ Mayer and Lourie ) – p. 232

- Process Terms in Product-by-Process Claims Serve as Limitations in Determining Infringement: But Not for Determining Patentability/Validity
  - ***Scripps Clinic & Res. Fd. v. Genentech, Inc.*** (1991)(J. Newman w/ CJ Markey & J. Beer, E.D. La. visiting judge)
    - "In determining patentability we construe the product as <u>not limited by the process stated in the claims</u>. Since claims must be construed the same way for validity and for infringement, **<u>the correct reading of product-by-process claims is that they are not limited to product prepared by the process set forth in the claims</u>**."

## *Abbot Laboratories v. Sandoz, Inc.,* Cont'd

- ***Atlantic Thermoplastics Co., Inc. v. Faytex Corp.*** (1992)(J. Rader w/ JJ. Archer & Michel)
  - In light of Supreme Court case law and the history of product-by-process claims, this court acknowledges that infringement analysis proceeds with reference to the patent claims. Thus, **process terms in product-by-process claims serve as limitations in determining infringement**."
  - "A decision that fails to consider Supreme Court precedent does not control if the court determines that the prior panel would have reached a different conclusion if it had considered controlling precedent."
    - Cites fn in 11th Cir case involving juvenile incarceration which in turn cites no authority

## *Abbot Laboratories v. Sandoz, Inc.,* Cont'd

- ***Atlantic II***, 974 F.2d 1279 – dissents - denial rehearing en banc – JJ. Nies, Rich, Newman, Lourie
- J. Rich
  - "This is not only insulting to the ***Scripps*** panel * * *, it is mutiny. It is heresy. It is illegal."
- J. Newman
  - ***Scripps*** & ***Atlantic*** involved different types of claims
  - Claims having product & process limitations include
    - (1) when product is new and unobvious, but not capable of independent definition;
    - (2) when product is old or obvious, but process is new;
    - (3) when product is new and unobvious, but has process limitation (e.g. a "molded" product)
  - ***Scripps*** - class (1) – validity = novelty of product, however made
  - ***Atlantic*** - class (2) – validity = novelty of process

## *Abbot Laboratories v. Sandoz, Inc.,* Cont'd

- Astellas Pharma (owner) – Abbott (ex-L'ee) – patent – crystalline cefdinir
- Claim 1 – defined cmpd by X-ray defraction angle peaks
- Claims 2-5 – defined cmpd by process used to obtain
- Claimed priority to Japanese patent appl – disclosed 2 forms – Crystal A and Crystal B – but U.S. claims broader – did not distinguish A and B
- Abbott marketed Omnicef – treat bacterial infections – (Crystal A form)
- Lupin Ltd – FDA approval – generic – almost exclusively Crystal B
- Lupin – DJ – ED Va – construed claims 2-5 per ***Atlantic I*** – granted s/j of non-infringement
- Abbott sued Sandoz et al – N.D. Ill – adopted same construction – denied injunction
- Fed Cir – heard cases together

## *Abbot Laboratories v. Sandoz, Inc.,* Cont'd

- Considered product-by-process claims in en banc section sua sponte
- Confirmed D Ct had correctly followed ***Atlantic I*** – relied on S Ct cases, a 1915 1st Cir case, 1977 3rd Cir case + "simple logic" – eg, claim "cmpd X obtain by process Y" – w/o enforcing Y, one using process Z could not avoid infringement
- Abbott – claims called for "obtain<u>able</u> by" rather than "obtained by"
- Fed Cir Maj – no difference
- Dissent – J. Newman w/ JJ Mayer, Lourie – (1) attacks en banc procedurally – no input from other interested groups + violates FRAP Rules 34 + 35, (2) substantively wrong – whether limiting depends on whether product new or not – "single rule" restricts innovation
- J. Lourie – separate dissent – substantial S Ct precedent – but old cases + too broad language
- NOTE – ***SmithKline v. Apotex***, 439 F.3d 1312 (Fed. Cir. 2006) – process steps not limiting when considering validity – not overruled.

# Construction of Means- and Step-Plus-Function Limitations

## Highlights

- Under § 112(6), It Is Insufficient for the Patent Challenger to Present Testimony Based Only on a Functional, Not a Structural, Analysis

## Scope of Statutory Equivalents

***Fresenius USA, Inc. v. Baxter Int'l, Inc.,*** 582 F.3d 1288 (Fed. Cir. 2009) (J Gajarsa, concurring JJ Newman, Dyk) – p. 240

- Under § 112(6), It Is Insufficient for the Patent Challenger to Present Testimony Based Only on a Functional, Not a Structural, Analysis
  - Baxter patent – hemodialysis machine w/ touch screen user interface
  - Fed Cir – cls other than MPF cls – invalid
  - But MPF – valid - "[i]t is firmly established in our precedent that a structural analysis is required when means-plus-function limitations are at issue; a functional analysis alone will not suffice."
  - "[t]o establish infringement under § 112, ¶ 6, it is insufficient for the patent holder to present testimony 'based only on a functional, not a structural, analysis.' "
  - Same for invalidity – "a challenger who seeks to demonstrate that a means-plus-function limitation was present in the prior art must prove that the corresponding structure—or an equivalent—was present in the prior art." Fresenius failed to id "structure" in p/a
  - J Dyk – concurring – D Ct should stay pending reexam – J Newman – NO – no reason to stay

# Written Description and Definiteness Issues

- Means- and Step-Plus-Function Limitations
  - Written Description and Definiteness Issues
    - Reference to a Computer Does Not Provide Sufficient Structure for a Claim Drafted in Means-Plus-Function Form

## Written Description and Definiteness Issues

***Blackboard, Inc. v. Desire2Learn, Inc.,*** 574 F.3d 1371 (Fed. Cir. 2009) (J Bryson w/ J Moore & SCJ Cudahy, 7th Cir.) – p. 242

- Reference to a Computer Does Not Provide Sufficient Structure for a Claim Drafted in Means-Plus-Function Form
  - Internet-based educational system
  - Cls – "means for assigning" – Blackboard – "structure" = server w/ "an access control manager"
  - Fed Cir – invalid § 112(2)/(6) – spec has no description of the structure of "access control manager" or process used for assigning function – spec simply functional + no disclosed algorithm
  - BB – skilled artisan would be aware of programs to perform function
  - Fed Cir - "[t]hat ordinarily skilled artisans could carry out the recited function in a variety of ways is precisely why claims written in 'means-plus-function' form must disclose the particular structure that is used to perform the recited function."

# Infringement

- ***Infringement***
  - ***Direct***
  - ***Contributory***
  - ***Induced***
  - ***Other***

# Infringement – Direct Infringement

- Direct Infringement – § 271(a)

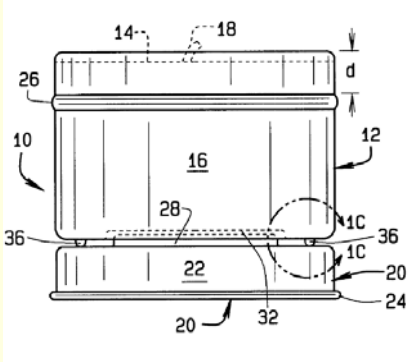
# Infringement – Direct Infringement

- Highlights – Direct Infringement
  - No Proof That Accused Product Was Ever Placed in Infringing Configuration Precludes a Finding of Infringement
  - When Claims Are Drawn in Terms of “capable of * * *,” The Question is Whether the Accused Products Are “capable of * * *,” Even Though Such Products as Sold Perform Differently
  - Infringement May Be Shown Through Circumstantial Evidence

# Infringement
# 35 USC 271(a) – Direct Infringement

***Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc.,*** 555 F.3d 984 (Fed. Cir. 2009) (J Lourie, w/ JJ Clevenger and Linn) – p. 247

- Lack of Proof That Accused Candle Was Ever Placed in Infringing Configuration Leads to Conclusion That There is No Proof of Infringement – "Capable of Infringement" is Not the Test
  - BASC's patent-in-suit = candle tin w/ removable cover used as a base
  - Claims - protrusions or feet on closed end
  - Protected table from scorching



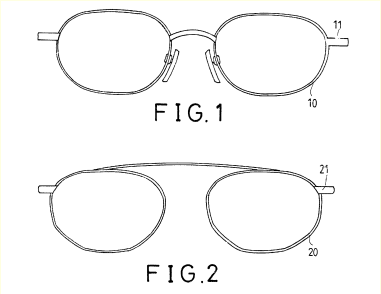
## *Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc.,* Cont'd

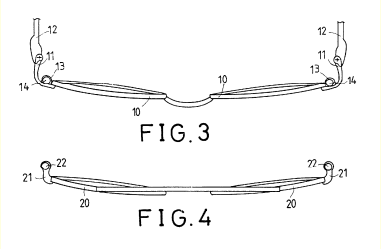
- Accused product - "Travel Candle" - square-shaped candle tin w/ removable cover + 4 protrusions on closed end
- D Ct – Infringed - Travel Candle was "reasonably capable of being configured in such a way that its holder is supported by the cover when the cover is placed open end down on a surface."
- Fed Cir – REV'D – "<u>The claim language clearly specifies a particular configuration in which the protrusions must be 'resting upon' the cover. * * * Thus, BASC's reliance on cases that found infringement by accused products that were reasonably capable of operating in an infringing manner is misplaced, since that line of cases is relevant only to claim language that specifies that the claim is drawn to capability.</u>"
- Fed Cir – no proof that "Travel Candle" ever placed in infringing configuration

# Infringement
# 35 USC 271(a) – Direct Infringement

***Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.,*** 563 F.3d 1358 (Fed. Cir. 2009) (C.J. Michel w/ JJ Bryson, Posner) – p. 248

- When Claims Are Drawn in Terms of "capable of * * *," The Question is Whether the Accused Products Are "capable of * * *," Even Though Such Products as Sold Perform Differently
  - Aspex's reissue patent – magnetically mounted auxiliary frames
  - Two problems in p/a – (1) "stable support" – would slide down – solved by "top mounted" design – (2) "decreased strength" – solved by using projections to hold magnets
  - Accused products – "bottom mounted" but w/ projections




Accused Products

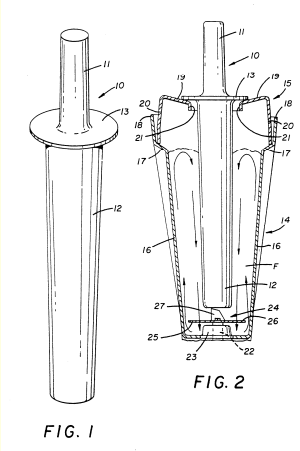
## *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.,* Cont'd

- Claim 22 - "said first magnetic members capable of engaging second magnetic members of an auxiliary spectacle frame."
- D Ct - "the first magnetic members have the ability to magnetically attract the corresponding second magnetic members * * *."
- Revolution - ***High Tech Medical Instrumentation, Inc. v. New Image Industries, Inc.*** (1995) - "a device does not infringe simply because it is possible to alter it in a way that would satisfy all the limitations of a patent claim."
- Fed Cir – distinguished - claim 22 required only a capacity to perform a function: "capable of engaging"

# Infringement
# 35 USC 271(a) – Direct Infringement

***Vita-Mix Corp. v. Basic Holding, Inc.,*** 581 F.3d 1317 (Fed. Cir. 2009) (J. Prost w/ J Gajarsa, cipdip J Bryson) – p. 251

- Direct Infringement May Be Shown By Circumstantial Evidence
  - Blender w/ plunger to prevent air pockets
  - Accused – blender w/ "stir stick"
  - D Ct – s/j – non-infringement – VM had disclaimed "all stirring"
  - Fed Cir – REV'D – disclaimed "stirring" <u>after</u> formation of air pockets – invention – <u>preventing</u> air pockets
  - VM – relied on instances when "stir stick" not "stirred" – during (1) testing multiple units, and (2) on QVC show
  - Fed Cir – issues of material fact in dispute




Accused

# Infringement – Induced Infringement

- Induced Infringement – § 271(b)

## Highlights – Induced Infringement

- Inducement Requires Evidence of Intent: Evidence That Accused Infringer's Personnel Reasonably Did Not Believe That Patent Covered Accused Product Constitutes Sufficient Evidence to Uphold Jury Verdict Finding No Induced Infringement

# § 271(b) - Inducing Infringement

Prior Split

***Hewlett-Packard Co. v. Bausch & Lomb, Inc.***, (Fed. Cir. 1990) – must intend acts that lead to infringement

***Manville Sales Corp. v. Paramount Systems, Inc.***, (Fed. Cir. 1990) – must intend to induce infringement

***DSU Medical Corp. v. JMS Co., Ltd.,*** 471 F.3d 1293 (Fed. Cir. 2006)(en banc in part)

- Resolving Conflicting Precedents re Intent, Court *En Banc* Holds That Inducement Requires a Showing That
  - Alleged Infringer Induced Infringing Acts and
  - Alleged Infringer Knew or Should Have Known That Actions Would Induce Actual Infringement

## Infringement
# § 271(b) – Induced – "Intent"

***Ecolab, Inc. v. FMC Corp.,*** 569 F.3d 1335 (Fed. Cir. 2009) (J. Gajarsa w/ JJ Rader and Dyk) – p. 254

- Evidence That Accused Infringer's Personnel Reasonably Did Not Believe That Patent Covered Accused Product Constitutes Sufficient Evidence to Uphold Jury Verdict Finding No Induced Infringement
  - FMC's patent – using surface sanitizer on food products – remove E coli
  - FMC – D Ct erred in denying JMOL that Ecolab induced infringement
  - Fed Cir – AFF'D – evid that Ecolab personnel reasonably believed that FMC's claims did not cover accused product – jury could have reasonably believed Ecolab lacked necessary intent

# Infringement
# § 271(f) – Foreign Operations

- Highlights
  - Section 271(f) Does Not Apply to Method Patents

En Banc

# Infringement
# § 271(f) – Foreign Operations

***Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.,*** 576 F.3d 1348 (Fed. Cir. 2009) (en banc) (J Lourie, w/ CJ Michel, and JJ Mayer, Schall, Bryson, Gajarsa, Linn, Dyk, Prost and Moore, dissenting opinion by J Newman) – p. 258

- Section 271(f) Does Not Apply to Method Patents
  - Original Panel opinion – non-precedential – bound by earlier panel opinion in ***Union Carbide Chems. & Plastics Tech. Corp. v. Shell Oil Co.,*** 425 F.3d 1366 (Fed. Cir. 2005) holding that § 271(f) applies to components (chemical catalysts) used in the performance of patented methods and processes, i.e., the Federal Circuit concluded that § 271(f) applies to method claims – at least under the facts of that case. The Federal Circuit in 2006 subsequently denied *en banc* review in ***Union Carbide*** with Judges Lourie, Michel and Linn dissenting from the order denying en banc review.
  - March 6, 2009 – grants *en banc* review: "Does 35 U.S.C. § 271(f) apply to method claims, as well as product claims?"

En Banc

# Infringement
# § 271(f) – Foreign Operations

## *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.,* Cont'd

- Fed Cir Maj:
  - "In sum, the language of Section 271(f), its legislative history, and the provision's place in the overall statutory scheme all support the conclusion that Section 271(f) does not apply to method patents. We therefore overrule, to the extent that it conflicts with our holding today, our decision in *Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed. Cir. 2005), as well as any implication in *Eolas* [*Technolgies, Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005)] or other decisions that Section 271(f) applies to method patents."
- Implantable pacemakers
- D Ct – ltd damages to U.S. sales
- Fed Cir Majority - agreed

En Banc

# Infringement
# § 271(f) – Foreign Operations

## *Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc.,* Cont'd

- § 271(f)(1):
  - "(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, * * *."
- Cardiac (+ J. Newman) = "patented invention" in § 271(f) reflected Congress's intent to include all classes of invention within the scope of the statute.
- Fed Cir Maj – NO - the term "component" has a different meaning in apparatus as opposed to method claims: "a component of a tangible product, device, or apparatus is a tangible part of the product, device, or apparatus, whereas a component of a method or process is a step in that method or process."

En Banc
Coming

# Infringement
# Patent Misuse

***Princo Corp. v. U.S. Int'l Trade Comm'n***, 563 F.3d 1301 (Fed. Cir. 2009) (CJ Dyk, CJ Gajarsa concurring, CJ Bryson dissenting-in-part) – p. 266 – Petition for Rehearing EN BANC GRANTED Nov. 1, 2009

- A Patent May Qualify as an Essential Patent in a Patent Pool if a License to Practice the Patent Could be Viewed as Reasonably Necessary to Practice an Industry Standard (Federal Circuit's Uncertain Claim Construction May Avoid Patent Misuse in Package Licensing): However, Agreement Between Competitors Not to License Pool Patent for Non-Industry Standard Purposes May Constitute Anticompetitive Conduct and May Constitute Patent Misuse
  - U.S. Philips Corp. + others (Sony etc.) owned patents – CD-R/CD-RW technology – at least some necessary to meet Orange Book Standard
  - Philips administered patent pool – offered only package L's
  - Princo (and others) took L's, but stopped paying royalties – patent misuse b/c forced to take "nonessential" patents

En Banc
Coming



## *Princo Corp. v. U.S. Int'l Trade Comm'n*, Cont'd

- Philips + Sony engineers – "wobble" problem – Philips analog solution – Sony digital solution (but 1 claim maybe not ltd to digital) – Orange Book adopted Philips analog solution
- Princo – patent misuse – forced L of Sony patent – non-essential
- Fed Cir – Sony patent <u>might</u> be essential – depending on claim construction – reasonable for mfr to believe that L was necessary – perfect certainty not required to avoid charge of patent misuse – especially b/c of unsettled nature of Fed Cir claim construction law
- BUT – Princo also argued Philips and Sony had agreed not to L Sony patent for non-Orange Book purposes – and thus keep competing technology out of market
- Fed Cir – remanded – might be misuse

# Infringement Under Doctrine of Equivalents

- Highlights
  - May not be dead, but it's close
  - Ensnarement, Like Prosecution History Estoppel, Is To Be Determined By The Court, Either On A Pretrial Motion For Partial Summary Judgment Or On A Motion For Judgment As A Matter Of Law At The Close Of The Evidence And After The Jury Verdict

# Doctrine of Equivalents

***DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc. (DePuy Spine II),*** 567 F.3d 1314 (Fed. Cir. 2009) (J. Linn w/ JJ Newman + Bryson) – p. 271

- Ensnarement, Like Prosecution History Estoppel, Is To Be Determined By The Court, Either On A Pretrial Motion For Partial Summary Judgment Or On A Motion For Judgment As A Matter Of Law At The Close Of The Evidence And After The Jury Verdict
  - Pedicle screws – spinal surgeries
  - After remand – jury – infringement DOE (hypothetical claim) - $ 226.3 million damages
  - D Ct – DePuy's hypothetical claim did not "ensnare" the p/a
  - Medtronic – ensnarement like infringement tried to jury
  - Fed Cir – NO – ensnarement like PHE limits DOE – question of law for the ct

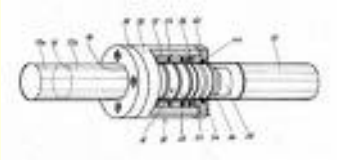
# Prosecution History Estoppel

- Prosecution History Estoppel
  - The Presumption of Prosecution History Estoppel Attaches When a Patentee Cancels an Independent Claim and Rewrites a Dependent Claim in Independent Form For Reasons Related to Patentability, <u>Even if the Amendment Alone Does Not Succeed in Placing the Claim in Condition for Allowance</u>

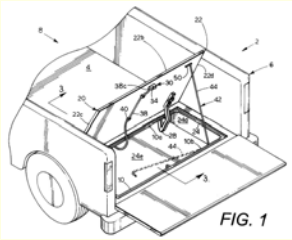
# Prosecution History Estoppel

- ***Warner-Jenkinson*** Presumption
  - If no explanation is given for claim amendment, the court should presume that the PTO had a substantial reason related to patentability for requiring amendment and therefore estoppel should apply.

# Prosecution History Estoppel



- ***Festo VIII*** – S Ct
  - Estoppel arises from amendments that narrow claim scope to satisfy any requirement of the patent statute
  - <u>Narrowing amendment creates a rebuttable presumption of estoppel</u>
  - Rebuttable if -
    - ✓ [1] equivalent was unforseeable
    - ✓ [2] amendment has only tangential relationship to equivalent
    - ✓ [3] some other reason why patentee could not have been reasonably expected to cover equivalent literally



# Creating Estoppel

***Felix v. American Honda Motor Co., Inc.***, 562 F.3d 1167 (Fed. Cir. 2009) (J Linn w/ SCJ Friedman and J Rader) – p. 274

- The Presumption of Prosecution History Estoppel Attaches When a Patentee Cancels an Independent Claim and Rewrites a Dependent Claim in Independent Form For Reasons Related to Patentability, Even if the Amendment Alone Does Not Succeed in Placing the Claim in Condition for Allowance
  - Pickup storage compartment
  - ***Honeywell v. Hamilton Sundstrand Corp.*** (*en banc*)(2004) – rewriting dependent claim into independent form = prosecution history estoppel
  - Here – goes one step farther

## *Felix v. American Honda Motor Co., Inc.*, Cont'd

- Original rejection

| | Limitations of Issued Claim 6 | Disposition |
|---|---|---|
| Original Claim 1 | (a), (b), (c), (d) | Obvious (Cooper '890/Williams) |
| Original Claim 7 | (a), (b), (c), (d), (e), (f) | Obvious (Cooper '890/Williams/Flues) |
| Original Claim 8 | (a), (b), (c), (d), (e), (f), (g) | Allowable if rewritten |

- Felix canceled original claim 1, and canceled claim 7 rewriting it as new claim 14. Also amended claim 8 to depend from claim 14

## *Felix v. American Honda Motor Co., Inc.*, Cont'd

- 2nd rejection – claim 14 obvious

| | Limitations of Issued Claim 6 | Disposition |
|---|---|---|
| Original Claim 1 | (a), (b), (c), (d) | Cancelled |
| Original Claim 7 | (a), (b), (c), (d), (e), (f) | Rewritten as Claim 14 |
| Claim 14 | (a), (b), (c), (d), (e), (f) | Obvious (Cooper '890/Cooper '519) |
| Original Claim 8 | (a), (b), (c), (d), (e), (f), (g) | Allowable if rewritten |

- Felix cancelled claims 14 and 8 – rewrote in independent form as claim 16 – allowed as patent claim 6

## *Felix v. American Honda Motor Co., Inc.*, Cont'd

- Summary:

| | Limitations of Issued Claim 6 | Disposition |
|---|---|---|
| Claim 14 | (a), (b), (c), (d), (e), (f) | Cancelled |
| Amended Claim 8 | (a), (b), (c), (d), (e), (f), (g) | Rewritten as Claim 16 |
| Claim 16 | (a), (b), (c), (d), (e), (f), (g) | Allowed as Claim 6 |

- D Ct – rejected Felix' argument that – limitation (f) – gasket – was incidental to patentability
- Fed Cir – Agreed
- Fed Cir: "the cancellation of original independent claim 1 coupled with the rewriting of original dependent claim 7 as independent claim 14 gave rise to a presumption of surrender applicable to all limitations, found in any of the claims of the '625 patent, that correspond to the limitations of claim 7."

# Relief

Relief

- Preliminary Injunction
- Damages
- Injunction
- Attorneys Fees

## Highlights – Preliminary Injunctions

- ***Titan Tire Corp. v. Case New Holland, Inc.,***
  - Analysis of validity at preliminary injunction stage
  - Likelihood of success on the merits

  [J. Newman does not dissent]

# Preliminary Injunctions

***Titan Tire Corp. v. Case New Holland, Inc.,*** 566 F.3d 1372 (Fed. Cir. 2009) (J Plager w/ JJ Newman and Gajarsa) – p. 293

- In Assessing "Likelihood of Success on the Merits," the Parties' Respective Burdens at Trial Apply – Though "Tailored" to the "Pre-Trial Analysis
  - If an Accused Infringer Raises Evidence of Invalidity, Patentee Has Burden of Responding Which May Include Analysis and Argument
  - Trial Court Must Then Assess Showings by Both Parties in Deciding the Substantive Question Whether There is a "Substantial Question" of Invalidity
  - Patentee/Movant Bears Burden of Showing "Likelihood of Success on the Merits"
  - Accused Infringer at the Preliminary Injunction State Does Not Need to Show "Clear and Convincing" Evidence of Invalidity

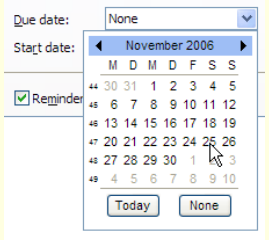
- Highlights – Permanent Injunctions
  - ***i4i Limited Partnership v. Microsoft Corp.***
    - In Considering Irreparable Harm, Past Harm May be Relied on in Assessing Irreparable Harm
      - ? Where preliminary inj is not sought or, if sought, not granted, presumably there is a concession or finding of no irreparable harm
      - Now, at end of the case, patentee is compensated for infringement
      - ? Isn't "past harm" *per se* part of compensation?
      - Fed Cir – says no – debatable opinion

## *i4i Limited Partnership v. Microsoft Corp.,* ___ F.3d ___(Fed. Cir. 2009) (J. Prost w/ JJ Schall and Moore) – NEW

- Past Harm May be Relied on in Assessing Irreparable Harm
  - i4i – patent – custom XML markup – metacodes <bold> stored separately from content
  - Jury – valid, willfully infringed, $200 million reasonable royalty damages
  - D Ct - $40 million b/c willfulness + narrow permanent inj
  - Microsoft – no showing of irreparable harm
  - D Ct - i4i was irreparably injured b/c Microsoft and i4i were direct competitors - i4i lost market share as a result of infringing Word products - i4i's products were rendered obsolete and i4i was req'd to change its business model
  - ? Comment – why not included in damages model?
  - Fed Cir – AFF'D - "[i]t was proper for the district court to consider evidence of past harm to i4i. Past harm to a patentee's market share, revenues, and brand recognition is relevant for determining whether the patentee 'has suffered an irreparable injury.' * * * Considering past harm to a patentee does not establish a 'general rule' or rely on the sort of 'broad classifications' rejected by the Supreme Court in ***eBay***; not all patentees will be able to show injury, and even those who do must still satisfy the other three factors."

## ❖ Highlights – Damages – Reasonable Royalty

- Entire Market Value Rule – Reasonable Royalty
  - The Royalty Base Can Always be the Value of the Entire Commercial Embodiment, as Long as the Magnitude of the Royalty Rate is Within an Acceptable Range as Determined by the Evidence




# Relief
# Actual Damages – Reasonable Royalty

***Lucent Technologies, Inc. v. Gateway, Inc.,*** 580 F.3d 1301 (Fed. Cir. 2009) (CJ Michel, w/ JJ Newman and Lourie) – p. 303

- The Royalty Base Can Always be the Value of the Entire Commercial Embodiment, as Long as the Magnitude of the Royalty Rate is Within an Acceptable Range as Determined by the Evidence
  - REV'D jury's award $357,693,056.18 as a lump-sum "reasonable royalty"
  - Lengthy (66 pages) - extensive commentary on ***Georgia-Pacific*** factors
  - "Day" patent – entering data in fields w/o using keyboard
  - Accused products - Outlook w/ calendar tool – user could enter date by pointing to calendar - Money + Windows Mobile - similar features
  - Large damage award – small feature – expected revisiting "entire market value" rule – did not – except in terms of noting smaller royalty rate would be applicable

## *Lucent Technologies, Inc. v. Gateway, Inc.,* Cont'd

- Microsoft (and Dell) - sold approx 110 million units - accused products = approx $ 8 billion.
- Lucent - theory of damages - 8% of sales revenue - $ 561.9 million.
- Microsoft - lump-sum payment of $ 6.5 million
- Fed Cir – Lucent req'd "running" royalty – jury rejected - ? Whether substantial evid supports $ 358 million "lump-sum" royalty – held NO.
- Fed Cir – not supportable under ***Georgia-Pacific*** factors
- Fed Cir - "[t]he first flaw with any application of the entire market value rule in the present case is the lack of evidence demonstrating the patented method of the Day patent as the basis—or even a substantial basis—of the consumer demand for Outlook."
- Fed Cir – "<u>Simply put, the base used in a running royalty calculation can always be the value of the entire commercial embodiment, as long as the magnitude of the rate is within an acceptable range (as determined by the evidence).</u>" Rejected calls for elimination of EMVR.

- Highlights – Procedural Issues
  - ***i4i Limited Partnership v. Microsoft Corp.***
    - A Pre-Verdict Motion for JMOL on Damages is Required For Appellate Review of the "Reasonableness" of the Damage Award, i.e., to Take Advantage of ***Lucent***

## Reasonable Royalty – Procedural Issues

***i4i Limited Partnership v. Microsoft Corp.,*** ___ F.3d ___(Fed. Cir. 2009) (J. Prost w/ JJ Schall and Moore) – NEW

- A Pre-Verdict Motion for JMOL on Damages is Required For Appellate Review of the "Reasonableness" of the Damage Award, i.e., to Take Advantage of ***Lucent***
  - i4i – patent – custom XML markup – metacodes <bold> stored separately from content
  - Jury – valid, willfully infringed, $200 million reasonable royalty damages
  - D Ct - $40 million b/c willfulness + narrow permanent inj
  - Microsoft – urged Fed Cir to find that the $ 200 million award was not reasonable under ***Lucent***
  - Fed Cir - "We cannot, however, because the procedural posture of this case differs from ***Lucent***, and that difference controls this case. Although Microsoft now objects to the size of the damages award, we cannot reach that question because Microsoft did not file a pre-verdict JMOL on damages."
  - Fed Cir - "Microsoft waived its ability to have us decide that question by failing to file a pre-verdict JMOL on damages. Fed. R. Civ. P. 50(a), (b)."

## Highlights – Lost Profits Damages

- The First ***Panduit*** Factor [proof of demand for the patented item] Does Not Require A Showing of Demand For the Specific Feature (i.e., Claim Limitation) That Distinguishes The Patented Product From A Non-Infringing Substitute, But Simply Requires A Showing of Demand for the Patented Product
- When An Accused Infringer Does Not Have A Non-Infringing Product on the Market During the Relevant Time Period, the Accused Infringer Bears the Burden Under The Second ***Panduit*** Factor of Overcoming a Presumption of Unavailability
- In Contrast To Functionally-Integrated Components That Are Properly Subject To Lost Profits, There Is No Basis For Extending Such Recovery To Include Damages For Unpatented Items That Are Neither Competitive With Nor Function With The Patented Invention: Products Sold Solely As A Result Of A "Business Relationship" Do Not Qualify As Convoyed Sales
- All from ***DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc. (DePuy Spine II),*** 567 F.3d 1314 (Fed. Cir. 2009)

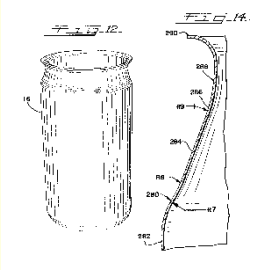
- Highlights – Enhanced Damages
  - Copying is not Relevant to ***Seagate's*** First "Objective" Prong, And Is Only Relevant to the Second "State of Mind" Prong
    - From ***DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc. (DePuy Spine II),*** 567 F.3d 1314 (Fed. Cir. 2009)

## Highlights – Attorney's Fees

- An Award of Attorney's Fees May be Awarded Based on Litigation Misconduct: A Preliminary Investigation Finding That Accused Products Do Not Have a Claim Limitation May Later Support a Charge of Objectively Baseless Litigation Brought in Bad Faith Despite a Later Proposed Claim Construction That Would Have Led to Infringement
- Although the "Reverse Doctrine of Equivalents" is Rarely Raised and Has Never Proved Successful, a Party Should Not Be Sanctioned for Raising It
- Failure to File a Timely Motion for Attorney's Fees May Result in a Denial of Attorney's Fees – Opposing a Motion to Dismiss on the Ground That the Defendant Seeks Attorney's Fees is Not Sufficient

# Relief
# Limitations on Damages - Marking

- Highlights – Marking
  - The Marking Requirement Does Not Apply When Only Method Claims Are Asserted Even Though the Patent Has Unasserted Apparatus Claims



# Relief
# Limitations on Damages - Marking

## *Crown Packaging Technology, Inc. v. Rexam Beverage Can Co.,* 559 F.3d 1308 (Fed. Cir. 2009) (J Moore w/ JJ Bryson, Gajarsa) – p. 324

- The Marking Requirement Does Not Apply When Only Method Claims Are Asserted Even Though the Patent Has Unasserted Apparatus Claims
  - Rexam – cc'd – patent – method + apparatus for "necking" a can
  - L'd Belvac Prod. Machinery to producer "neckers" but req'd purchasers to get L for practicing method – Crown did not get L – Rexam asserted only method claims
  - ***American Medical*** (1993) – both apparatus + method claims asserted – obligation to mark apparatus
  - ***Hanson v. Alpine Valley*** (1983) – no obligation to mark if only method claims asserted
  - Fed Cir – bound by ***Hanson***

# Relief
# False Marking

- Highlights – False Marking
  - The False Marking Statute Encourages Qui Tam Actions and Sets a Maximum Penalty of $ 500 per Mismarked Article

***Forest Group, Inc. v. Bon Tool Co.,*** ___ F.3d ___ (Fed. Cir. 2009) (J Moore w/ JJ Rader, Plager) – NEW

- The False Marking Statute Encourages Qui Tam Actions and Sets a Maximum Penalty of $ 500 per Mismarked Article

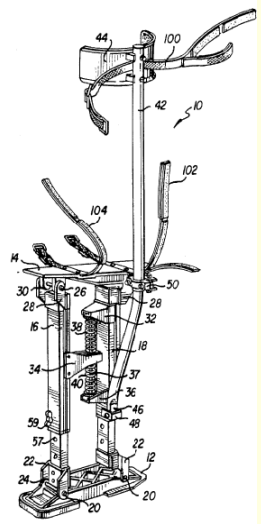
  § 292 (a) * * * Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article the word "patent" or any word or number importing the same is patented, for the purpose of deceiving the public; or Whoever marks upon, or affixes to, or uses in advertising in connection with any article the words "patent applied for," "patent pending," or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public - <u>Shall be fined not more than $500 for every such offense</u>.

  (b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.

"patented" "patent pending"

## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Forest's patent – construction stilt – claims req'd "resiliently lined yoke"
- Bon Tool cc'd § 292 "false marking
- D Ct - "resiliently lined yoke" = "a yoke or clamp lined with a material that is capable of being elastically or reversibly deformed" – req'd lining distinct from yoke itself
- D Ct – s/j non-infringement - no evid that yoke in Bon Tool stilt had separate lining
- D Ct – s/j for Bon Tool § 292 – after Nov 15, 2007, Forest had knowledge its stilts not cvr'd b/c similar construction by another d ct in related case – fined Forest $500
- Fed Cir – REV'D - $500 fine applies on a <u>per article</u> basis



## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Fed Cir - "[t]he plain language of the statute does not support the district court's penalty of $500 for a decision to mark multiple articles. Instead, the statute's plain language requires the penalty to be imposed on a per article basis. * * * We conclude that the statute clearly requires that each article that is falsely marked with intent to deceive constitutes an offense under 35 U.S.C. § 292."
- 1910 1st Cir - ***London v. Everett H. Dunbar Corp.,*** - held statute imposed single fine for continuous false marking
- Fed Cir – distinguished - Patent Act of 1870 – "he shall be liable for every such offense to a penalty of not less than one hundred dollars" - penalty = minimum penalty $ 100.
- 1st Cir - statute's $100 minimum penalty would make application on a per article basis inequitable.

## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Fed Cir – 1952 – statute changed from $100 minimum to $500 max fine
- Fed Cir - "Both the statutory language and the underlying policy rationale supporting the ***London*** court's interpretation changed. Under the current statute, district courts have the discretion to assess the per article fine at any amount up to $500 per article. Congress' affirmative change of the statute's penalty from a minimum to a maximum fine eliminated the policy consideration expressed by the court in ***London*** of not imposing disproportionate fines for the false marking of small and inexpensive articles."

## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Fed Cir – re policy considerations - "If an article that is within the public domain is falsely marked, potential competitors may be dissuaded from entering the same market. False marks may also deter scientific research when an inventor sees a mark and decides to forego continued research to avoid possible infringement. * * * False marking can also cause unnecessary investment in design around or costs incurred to analyze the validity or enforceability of a patent whose number has been marked upon a product with which a competitor would like to compete. * * * <u>These injuries occur each time an article is falsely marked. The more articles that are falsely marked the greater the chance that competitors will see the falsely marked article and be deterred from competing. * * * This court's per article interpretation of § 292 is consonant with the purpose behind marking and false marking</u>."

## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Forest - a "per article" interpretation of § 292 would start "a new cottage industry" of false marking litigation.
- Fed Cir - "[t]his, however, is what the clear language of the statute allows," pointing to the qui tam actions provided in § 292(b)."
- Fed Cir - "Rather than discourage such activities, the false marking statute explicitly permits qui tam actions. By permitting members of the public to sue on behalf of the government, Congress allowed individuals to help control false marking. The fact that the statute provides for qui tam actions further supports the per article construction. Penalizing false marking on a per decision basis would not provide sufficient financial motivation for plaintiffs — who would share in the penalty — to bring suit. It seems unlikely that any qui tam plaintiffs would incur the enormous expense of patent litigation in order to split a $500 fine with the government. Forest's per decision construction is at odds with the clear language of the statute and, moreover, would render the statute completely ineffective."

## *Forest Group, Inc. v. Bon Tool Co.,* - Cont'd

- Fed Cir - "[t]his does not mean that a court must fine those guilty of false marking $500 per article marked. The statute provides a fine of 'not more than $500 for every such offense.' * * * By allowing a range of penalties, the statute provides district courts the discretion to strike a balance between encouraging enforcement of an important public policy and imposing disproportionately large penalties for small, inexpensive items produced in large quantities. In the case of inexpensive mass-produced articles, a court has the discretion to determine that a fraction of a penny per article is a proper penalty."

# District Court Practice & Procedure
# Declaratory Judgments

Highlights

- **Federal Circuit Cases After *MedImunne***

# Declaratory Judgments - Jurisdiction

## *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.,* 563 F.3d 1358 (Fed. Cir. 2009) (J Newman w/ JJ Schall + Moore) – p. 344

- A Covenant Not to Sue for Past Infringement Does Not Divest the Court of Declaratory Judgment Jurisdiction for Future Infringement by Same Products
  - Revolution sued Aspex - patent magnetically-attached auxiliary eyeglasses
  - Aspex c/c d/j non-infringement, invalidity and unenforceability
  - Aspex discontinued selling allegedly infringing eyewear
  - 1st appeal – Fed Cir rev'd s/j invalidity – remanded
  - D Ct – set for trial – 2 weeks < trial – Revolution e-mail's covenant-not-to-sue for past infringement – moves to dismiss – D Ct dismisses
  - Fed Cir – REV'D – did not cover future infringement + Aspex still believed invalid and not infringed – still actual controversy

# Declaratory Judgments - Jurisdiction

## *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc.,* Cont'd

- "Critical distinction" from ***Super Sak*** – covenant did not apply to same products re future infringement
- Aspex w/drew product "out of an abundance" of caution" – but maintained patent was invalid/non-infringed/unenforceable – would re-introduce same product (key distinction) – met ***MedImmune*** criteria – defendant's proposed activity "at risk" – not an advisory opinion

# Declaratory Judgments - Jurisdiction

***Hewlett-Packard Co. v. Acceleron LLC,*** 587 F.3d 1358 (Fed. Cir. 2009) (CJ Michel w/ JJ Newman and Moore) – p. 345

- Receiving a Non-Threatening Letter From a Non-Competitive Patent Holding Company May Be Sufficient to Support Declaratory Judgment Jurisdiction
  - Seems to lower the bar for D/J jurisdiction for "non-competitor patent holding company[ies]," a/k/a "patent trolls."
  - Acceleron – patent holding co – HQ Tyler, Tx – incorporated Del – sent ltr – HP's GC:

I am writing to call your attention to the referenced patent. * * * This patent was recently acquired by Acceleron, and relates to Blade Servers.

We would like an opportunity to discuss this patent with you. In order to provide a productive atmosphere in which we can do so, we ask that you agree that all information exchanged between the parties will not be used for any litigation purposes whatsoever, including but not limited to any claim that Acceleron has asserted any rights against any of your ongoing or planned activities, or otherwise created any actual case or controversy regarding the enclosed patent.

Should you wish to engage in discussions regarding this patent with us, please return an executed copy of this letter to me in the enclosed stamped, self-addressed envelope. When we receive your acknowledgement, we will send you a package of information relating to this patent. I will look for your response by September 28, 2007, and if I do not hear from you by that time, I will assume you have no interest in discussing this patent.

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- HP responded:

"I have been evaluating the patent you sent and am interested to learn any further information you have so that I am able to conduct a complete and accurate assessment. HP shares your interest in creating a productive atmosphere for us to discuss the '021 patent. Accordingly, in response to your request that HP not file a declaratory judgment action, HP would be willing to agree not to file such an action for a period of 120 days if Acceleron similarly will agree not to file an action against HP during the same 120 day period. If such a mutual standstill agreement is acceptable, please let me know and I will send you an agreement to that effect directly."

- Acceleron Responded:

"I do not believe that HP has any basis for filing a declaratory judgment action, and I think that my letter provides both parties appropriate protections to create a productive atmosphere in which to discuss the '021 patent.

So, if you are interested in discussing this patent with us, please send me a signed copy of my previous letter to you by no later than October 19, 2007. If I do not receive [one] by then, I will understand that you are not interested in discussing this patent, and you do not have anything to say about the merits of this patent, or its relevance to your Blade Server products."

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- HP filed d/j – D Del – D Ct granted Acceleron's motion to dismiss – reasoned - Acceleron's "failure to specifically request a confidentiality agreement and to accept [HP's] 120-day stand-still proposal weigh[ed] the scale in favor of finding jurisdiction," but on the other hand, the absence of "a statement of infringement, identification of specific claims, claim charts, prior pleadings or litigation history, or the identification of other licensees"
- D Ct - Acceleron's letters to HP, weighed against finding d/j jurisdiction
- Fed Cir – REV'D - took both parties to task
- ***MedImmune, Inc. v. Genentech, Inc.*** – ct has d/j juris if "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."
- ***SanDisk Corp. v. STMicroelectronics, Inc.*** - d/j jurisdiction exists "where 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."

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- HP d/j fell "squarely" within ***SanDisk***.
- Fed Cir - strenuously disagreed: "We see nothing 'squarely' about this case and ***SanDisk*** does not support HP's proposition. Intentionally or not, ***MedImmune*** may have lowered the bar for determining declaratory judgment jurisdiction in all patent cases; certainly it did so in the licensor-licensee context. * * * But a lowered bar does not mean no bar at all. Indeed, a declaratory judgment plaintiff must show that the dispute is 'definite and concrete, touching the legal relations of parties having adverse legal interests; and that it be real and substantial and admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.' * * * Thus, a communication from a patent owner to another party, merely identifying its patent and the other party's product line, without more, cannot establish adverse legal interests between the parties, let alone the existence of a 'definite and concrete' dispute. More is required to establish declaratory judgment jurisdiction."

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- Fed Cir, though, disagreed w/ Acceleron that it had never asserted its rts under the patent-in-suit b/c the correspondence did not contain language threatening to sue or demanding a license.
- Fed Cir – returning to CJ Markey's opinion in ***Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.***:
- "the sad and saddening scenario that led to enactment of the Declaratory Judgment Act. In the patent version of that scenario, a patent owner engages in a danse macabre, brandishing a Damoclean threat with a sheathed sword. Guerrilla-like, the patent owner attempts extra-judicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. Before the Act, competitors victimized by that tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an in terrorem choice between the incurrence of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests. * * * The purpose of a declaratory judgment action cannot be defeated simply by the stratagem of a correspondence that avoids the magic words such as 'litigation' or 'infringement.' "

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- Fed Cir – "it is implausible (especially after ***MedImmune*** and several post-***MedImmune*** decisions from this court) to expect that a competent lawyer drafting such correspondence for a patent owner would identify specific claims, present claim charts, and explicitly allege infringement."
- Acceleron - patent owner may contact another party "to suggest incorporating the patented technology into the other party's product, or to attempt to sell the patent to the other party."
- Fed Cir - "disingenuous" – "We do not doubt that such scenarios as presented by Acceleron occur, and perhaps quite frequently. However, we doubt that in those situations, the patent owners would assert a patent as 'relevant' to the other party's specific product line, impose such a short deadline for a response, and insist the other party not file suit. * * * We also agree with the district court that 'the receipt of such correspondence from a non-competitor patent holding company * * * may invoke a different reaction than would a meet-and-discuss inquiry by a competitor, presumably with intellectual property of its own to place on the bargaining table.' * * * Under the totality of the circumstances, therefore, it was not unreasonable for HP to interpret Acceleron's letters as implicitly asserting its rights under the [patent-in-suit]."

# Declaratory Judgments - Jurisdiction

## *Hewlett-Packard Co. v. Acceleron LLC,* Cont'd

- Fed Cir – "conduct that can be reasonably inferred as demonstrating intent to enforce a patent can create declaratory judgment jurisdiction," +++++ "observe that Acceleron is solely a licensing entity, and without enforcement it receives no benefits from its patents. This adds significance to the fact that Acceleron refused HP's request for a mutual standstill—and such a limited standstill is distinguishable from a covenant not to sue, * * *."
- Fed Cir - "our decision in this case undoubtedly marks a shift from past declaratory judgment cases. However, ***MedImmune*** has altered the way in which the Declaratory Judgment Act applies to patent law cases, requiring that legal interests be evaluated in patent cases under the general criteria of the Act. Our jurisprudence must consequently also evolve, and in this case the facts demonstrate adverse legal interests that warrant judicial resolution."

# Motions to Transfer

## Principal Statements/Holdings

- (1) In Seeking a Transfer, It is Not Necessary to Identify "Key Witnesses" Nor is the District Court Required to Evaluate the Potential Importance of the Witnesses' Testimony;
- (2) The Transferor Court's Centralized Location is Not a Proper Factor When No Witnesses Reside Within That District;
- (3) It is Not Necessary That the Transferee Forum Be More Convenient for "All" Witnesses;
- (4) Location of Documents Remains a Factor Despite Modern Forms of Electronic Storage;
- (5) That The Defendant Had Previously Filed a Different Action in the Transferor District is Irrelevant;
- (6) There is No Requirement Under § 1404(a) That a Transferee Court Have Jurisdiction Over the Plaintiff or That There be Sufficient Minimum Contacts With the Plaintiff; There is Only a Requirement That the Transferee Court Have Jurisdiction Over the Defendants in the Transferred Complaint

# Motions to Transfer

- (7) The Speed With Which a Case May be Brought to Trial in the Transferor Court May Be Considered, But Should Not Outweigh All Other Factors
- (8) The Existence of Multiple Lawsuits Involving the Same Issues is a Paramount Consideration When Determining Whether a Transfer is in the Interest of Justice - justified not transferring
- (9) Electronically Sending 75,000 Pages of Documents to Local Counsel Cannot Serve as a Basis for Resisting a Transfer of Venue: "Absolute Subpoena Power" Means Subpoena Power "for both depositions and trial"
- (10) Hypothesizing That Documents Are Likely Spread Among Several Locations, and That the Eastern District of Texas Could Therefore Serve As a "Centralized" Location is a Faulty Rationale
- (11) In a case Featuring Most Witnesses and Evidence Closer to the Transferee Venue With Few or No Convenience Factors Favoring the Venue Chosen by the Plaintiff, the Trial Court Should Grant a Motion to Transfer
- (12) District Court Erred in Giving Plaintiff's Choice of Forum Too Much Deference

# Personal Jurisdiction

## Highlights

- Attendance at a Trade Show by a Foreign Manufacturer May Lead to Personal Jurisdiction in the U.S. Even Though Prominent Signs Explain That Devices Have Not Been Approved by the FDA
- The Act of Filing an Application for a U.S. Patent at the USPTO is Sufficient to Subject the Filing Attorney to Personal Jurisdiction in a Malpractice Claim That is Based Upon That Filing and is Brought in Federal Court
- Contacts Material to Specific Jurisdiction Analysis in a Declaratory Judgment Action Are Not Just Any Activities Related to the Patent-at-Issue, But Rather the Relevant Activities Are Those That the Defendant Purposefully Directs at the Forum Which Relate in Some Material Way to the Enforcement or the Defense of the Patent
- District Court Does Not Err in Refusing to Permit Jurisdictional Discovery Where No Formal Motion Has Been Made: ***Commissariat a l'Energie Atomique v. Chi Mei Optoelectronics Corp.*** Limited to Third Circuit Law and Facts of Case

# Sanctions

## Highlights

- A Preliminary Investigation Finding That Accused Products Do Not Have a Claim Limitation May Later Result in Rule 11 Sanctions Despite a Later Proposed Claim Construction That Would Have Led to Infringement
- At Least in the Second, Fourth, Sixth and Eleventh Circuits, the Twenty-One Day “Safe Harbor” Provision of Rule 11 Requires That a Motion for Rule 11 Sanctions Mut be Filed Prior to Final Judgment
- Final Judgment Occurring Within the Twenty-One Day “Safe Harbor” Provision Precludes Award fo Rule 11 Sanctions Because th Party is Precluded From Securing the Benefits of That Provision
- Striking Pleadings and Dismissing an Action for Discovery Violations is a “Remedy of Last Resort” – District Court Abuses Its Discretion When Other Lesser Sanctions Are Available

# Laches

- Highlights
  - An Inability to Determine Whether a Product Infringes Refutes "knew or should have known" For Purposes of Laches

# Miscellaneous

- Highlights
  - District Court May Exclude Evidence in a §145 Proceeding Where the Applicant Had an Opportunity to Submit Such Evidence to the PTO, and Did Not
  - Claim Preclusion Applies Where Sole Differences Between First and Second Generation Products Relate to Terms Construed in Prior Suit
  - Failing to Distinguish Between Multiple Defendants, Especially When Combined With Other Alleged Litigation Misconduct, May Lead to a Finding That an Appeal is Both Frivolous as Filed and Frivolous as Argued
  - PTO Regulations Interpreting A and B Term Adjustments Under § 154(b) Held Contrary to the Language of the Statute

COX | SMITH