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*About the List: see page 2. [This List updated October 4, 2012]*
Supreme Court October 2012 Term

“Red Day” Sessions (arguments and sometimes decisions)

“Blue Day” Sessions (no arguments; decisions only): Several additional blue days will undoubtedly be added in June that will be announced shortly before such sessions.

Conferences (“Green Days”) Certiorari votes; Orders List next “red” or “blue” day.

*About the List: Harold C. Wegner is solely responsible for this list. The author is a former Professor of Law at the George Washington University Law School and is currently a partner in the international law firm of Foley & Lardner LLP. Any opinions or characterizations expressed in this paper represent the personal viewpoint of the author and do not necessarily reflect the viewpoint of any colleague, organization or client thereof.
PATENT “EXHAUSTION” CASES OF FIRST IMPRESSION ON THE ROAD TO THE SUPREME COURT

Two “exhaustion” cases are now at the Supreme Court. On October 29th, the Court will entertain argument in Top Ten No. (4) Kirtsaeng v. John Wiley & Sons, Inc., Supreme Court No. 11-697, which deals with international copyright exhaustion. Responsive to a CVSG Order in Bowman v. Monsanto, the Solicitor General has advised the Court not to grant certiorari.

Open Questions Never Addressed by the Supreme Court

“Exhaustion” of the patent or other intellectual property right refers to the patentee losing his right after a first sale of an IP-protected item to control the further alienation of the purchased item. The following questions are looming on the horizon which have never been addressed by the Supreme Court:

“International Patent Exhaustion”: Where a patent owner has parallel patent rights in the United States and a foreign country, does the patentee’s sale of a patented item in a foreign country “exhaust” his patent right so that he has no control over the importation or other alienability of the item in the United States. Laser Dynamics avoided the issue altogether while Ninestar directly deals with international exhaustion and may be on its way to the Supreme Court.

“Seed Patent Exhaustion”: Where a seed patentee sells his patented seed to a farmer who grows crops and harvests the seeds, is the patent right to the seeds “exhausted” as to the farmer’s harvested seeds? Bowman v. Monsanto squarely raises this issue.

Kirtsaeng v. John Wiley: International Copyright Exhaustion

Kirtsaeng involves the same denial of international exhaustion as in Omega S.A. v. Costco Wholesale Corp., 541 F.3d 982 (9th Cir. 2008)(Smith, Jr., J.), where the Court accepted review but then left the issue in the air with a 4-4 tie vote affirmance, Costco Wholesale Corp. v. Omega, S.A., 131 S.Ct. 565 (2010)(per curiam without opinion).
Question Presented: “This case presents the issue that recently divided this Court, 4-4, in Costco Wholesale Corp. v. Omega, S.A., 131 S. Ct. 565 (2010). Under § 602(a)(1) of the Copyright Act, it is impermissible to import a work ‘without the authority of the owner’ of the copyright. But the first-sale doctrine, codified at § 109(a), allows the owner of a copy ‘lawfully made under this title’ to sell or otherwise dispose of the copy without the copyright owner's permission.

“The question presented is how these provisions apply to a copy that was made and legally acquired abroad and then imported into the United States. Can such a foreign-made product never be resold within the United States without the copyright owner's permission, as the Second Circuit held in this case? Can such a foreign-made product sometimes be resold within the United States without permission, but only after the owner approves an earlier sale in this country, as the Ninth Circuit held in Costco? Or can such a product always be resold without permission within the United States, so long as the copyright owner authorized the first sale abroad, as the Third Circuit has indicated?”

The Flawed Jazz Photo Foundation to Deny International Patent Exhaustion

The Supreme Court has never ruled on the issue whether there is international patent exhaustion. The Federal Circuit has denied the existence of international exhaustion under its mistaken understanding that the Supreme Court has held against international exhaustion in an 1890 case which, however, has nothing to do with exhaustion of any kind, domestic or international.


The author of Ninestar Technology relies upon her earlier panel opinion in Jazz Photo to deny the existence of international patent exhaustion:
“As stated in Jazz Photo, ‘United States patent rights are not exhausted by products of foreign provenance. To invoke the protection of the first sale doctrine, the authorized first sale must have occurred under the United States patent.’ [Jazz Photo Corp. v. U.S. Int'l Trade Comm'n, 264 F.3d 1094, 1105 (Fed.Cir.2001)]. [Appellant] states that this case and the precedent on which it relied were incorrectly decided, and were overruled by the Supreme Court in Quanta Computer, Inc. v. LG Elecs., Inc., 553 U.S. 617, 632 n. 6 (2008). However, neither the facts nor the law in Quanta Computer concerned the issue of importation into the United States of a product not made or sold under a United States patent. In Fujifilm Corp. v. Benun, 605 F.3d 1366, 1371 (Fed.Cir.2010), the court remarked that ‘Quanta Computer, Inc. v. LG Electronics, Inc. did not eliminate the first sale rule's territoriality requirement.’” Ninestar Technology, 667 F.3d at 1378).

The sole basis for the Federal Circuit denial of international exhaustion is its panel opinion in Jazz Photo which is entirely keyed to Boesch v. Graff, 133 U.S. 697 (1890). The Court parenthetically summarizes the case in twenty-five words as holding that “a lawful foreign purchase does not obviate the need for license from the United States patentee before importation into and sale in the United States.” Jazz Photo, 264 F.3d at 1105.

But, Boesch v. Graff had absolutely nothing to do with exhaustion of a patent right because it is a condition precedent for exhaustion to exist that the patent owner receives compensation for sale of his patented product: This is the very essence of how the patent owner “exhausts” his patent right. But, the patentee in that case had nothing to do with the sale of the German-made burners. The sale in that case was by the patentee’s competitor without any royalty or other compensation to the patentee. Nothing right was “exhausted”.

Thus, for exhaustion to take place, the patentee must have gained a reward for his first sale of the product, whereupon the issue of exhaustion first enters the picture.

In Boesch v. Graff there was a sale of a patented burner in Germany by a competitor of the patentee who did not operate under the patent so there clearly was no issue of “exhaustion” of any kind. That there was no exhaustion of any kind was explained by the trial judge:
“Hecht, the man who has a right to manufacture in Germany [who sold the patented burners to the accused infringer], did not get his right from the patentee. He does not claim under the patent. * * * Hecht did not get his right from the patentee at all. He got it wholly independent of him, so that, even if the same invention is patented in this country, he got no right from the patentee in either country.”


**“Seed” Patent Exhaustion:** In Bowman v. Monsanto, farmer Bowman purchases Monsanto’s patented seed which he then uses to grow plants for the purpose of harvesting the seeds.

Bowman argues that Monsanto’s sale of the seed exhausts its patent right.

The Solicitor General in his CVSG brief advises the Court that there is no exhaustion issue at all: Growing plants from patented seeds to harvest the new seeds is said to be “making” the patented product. An analogy is made to infringing reconstruction of a patented article

**Petitioner’s Response to the SG:** While Petitioner answers the “making” argument (infra), its primary argument is focused upon a different point:
“Because the [Federal Circuit’s decision] is based on the conditional sale rational, this case is an appropriate vehicle through which the Court may resolve uncertainty created by the Federal Circuit's continued reliance on the *Mallinckrodt*, Inc. v. Medipart, Inc., 976 F.2d 700 (Fed. Cir. 1992),] line of cases. The Government attempts to minimize the tension created by this conflicting body of Federal Circuit law, arguing that “[i]t is not clear *** whether the Federal Circuit will continue to adhere to the *Mallinckrodt* line of cases after *Quanta.*” *Id.* at 11. But the Federal Circuit's *en banc* decision in *Princo Corp. v. Int'l Trade Comm'n*, 616 F.3d 1318 (Fed. Cir. 2010), does just that, citing *Mallinckrodt* and *B. Braun Medical, Inc. v. Abbott Laboratories*, 124 F.3d 1419 (Fed. Cir. 1997) for the proposition that “[a]s a general matter, the unconditional sale of a patented device exhausts the patentee’s right to control the purchaser's use of the device” and “[t]hat [the] ‘exhaustion’ doctrine *does not apply*, however, to a conditional sale or license.” *Princo*, 616 F.3d at 1328 (emphasis added). If the Federal Circuit intended to take the position that *Quanta* overruled *Mallinckrodt* *sub silentio*, see, e.g., *Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 615 F. Supp. 2d 575, 585 (E.D. Ky. 2009), a majority of Federal Circuit judges in *Princo* would not have made such a clear endorsement of the conditional sale approach to exhaustion. Uncertainty concerning the Federal Circuit's conditional sale doctrine abounds following *Quanta*. A need exists for this Court to clarify whether *Mallinckrodt* is good law. This case presents an opportunity for important clarification.”

**The “Making” Argument:** Petitioner answers the government’s argument that planting the patented seed “makes” a new (and thus infringing) seed: “The Government concedes that ‘planting soybean seed in order to produce a new crop is naturally described as ‘using’ the seed that was planted.’ U.S. Amicus Br. 14. Bowman took ownership of the commodity soybean seeds in an authorized sale. Pet. App. 8a (explaining that ‘the only permissible reading of the Technology Agreement *** is that it authorizes growers to sell seed to grain elevators as a commodity’).

Thus, Bowman's *use* of commodity soybean seeds for planting is beyond the reach of Monsanto's patent monopoly - any attempt by Monsanto to retain rights under the patent to exclude use is inconsistent with the doctrine of patent exhaustion as articulated by this Court for over 150 years.
This is because an authorized sale ‘carries with it the right to the use of that machine to the full extent to which it can be used.’ Adams v. Burke, 84 U.S. (17 Wall.) 453, 455 (1873) (emphasis added); see also United States v. Univis Lens Co., 316 U.S. 241, 250 (1942).”

(1) Myriad §101 Patent-Eligibility

A petition for certiorari will certainly be filed by the ACLU et al. petitioners in the Myriad case, Association for Molecular Pathology v. Myriad Genetics, Inc., Supreme Court No. 12-398, challenges the split 2-1 Federal Circuit confirmation of patent-eligibility under 35 USC § 101 of claims to “isolated DNA”.

Status: The Response to the Petition is due October 31, 2012. A vote whether to grant certiorari may take place near the end of this year; grant could lead to a merits argument in Spring 2013 with a decision by the end of June 2013.


Questions Presented: “Many patients seek genetic testing to see if they have mutations in their genes that are associated with a significantly increased risk of breast or ovarian cancer. Respondent Myriad [ ] obtained patents on two human genes that correlate to this risk, known as BRCA1 and BRCA2. These patents claim every naturally-occurring version of those genes, including mutations, on the theory that Myriad invented something patent-eligible simply by removing (‘isolating’) the genes from the body. Petitioners are primarily medical professionals who regularly use routine, conventional genetic testing methods to examine genes, but are prohibited from examining the human genes that Myriad claims to own. This case therefore presents the following questions:

1. Are human genes patentable?

2. Did the [Federal Circuit] err in upholding a method claim by Myriad that is irreconcilable with this Court’s ruling in Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289 (2012)?
“3. Did the court of appeals err in adopting a new and inflexible rule, contrary to normal standing rules and this Court’s decision in MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118 (2007), that petitioners who have been indisputably deterred by Myriad’s ‘active enforcement’ of its patent rights nonetheless lack standing to challenge those patents absent evidence that they have been personally threatened with an infringement action?”

**Discussion: Issue (1) (patent-eligibility of “human genes”)** is the center stage question that, if certiorari is granted, threatens to tip the applecart in what had been a quiet area of legal certainty concerning patent-eligibility of microorganisms dating back more than thirty years to the landmark Chakrabarty decision. Of course, whether “human genes [are] patentable” is not the issue in the case, but makes for inflammatory reading.

**Issue (2) is concerned with a “Housey claim”,** viz., a method of discovery a drug which can be performed offshore without impunity: Introduction of the information from abroad based upon offshore performance of the claimed method is without a patent remedy under Bayer AG v. Housey Pharms., Inc., 340 F.3d 1367, 1376 (Fed. Cir. 2003). Since the claim has no commercial value beyond the cost of conducting research offshore, one may wonder what business interest Myriad has in pursuing this claim?

**Issue (3) deals with MedImmune.** Curiously, this question raises a moot point, i.e., the Court of Appeals found a controversy so that the issue is academic. Interestingly, the petition makes no mention of Already, LLC v. Nike, Inc., Supreme Court No. 11-982, opinion below, Nike, Inc. v. Already, LLC, 663 F.3d 89 (2nd Cir. 2011)(Lohier, J.), which also involves the interpretation of MedImmune. The Court has already granted certiorari in Already v. Nike.

(2) **Merck (K-Dur)-- ANDA “Reverse Payments”**

Plural Petitioners in Merck & Co., Inc. v. Louisiana Wholesale Drug Co., Inc., Supreme Court No. 12-245, and Upsher-Smith Laboratories Inc. v. Louisiana Wholesale Drug Co., Inc., Supreme Court No. No. 12-265, each seek review of the Third Circuit decision in In In re K-Dur, 686 F.3d 197 (3rd Cir. 2012), that crafted
a new standard to determine whether a “reverse payment” ANDA drug settlement is an antitrust violation.

**Status:** Responses are due September 24, 2012 (in *Merck*) and October 1, 2012 (in *Upsher*). A vote on *certiorari* is expected shortly.

**Question Presented in Merck:** Whether the federal antitrust laws permit a brand name manufacturer that holds the patent for a drug to enter into a settlement of patent litigation with a prospective generic manufacturer, where the settlement includes a payment from the brand manufacturer to the generic manufacturer but does not exclude competition beyond the scope of the patent.

**Question Presented in Upsher:** Whether the Third Circuit erred by holding, contrary to the Second, Eleventh, and Federal Circuits, that an agreement settling patent litigation that does not restrict competition outside the scope of the exclusionary right granted by the patent itself may presumptively violate the antitrust laws.

(3) **FTC v. Watson (Androgel) – ANDA “Reverse Payments”**

*FTC v. Watson Pharms., Inc.*, is the expected *certiorari* petition from a decision of the court of appeals, 677 F.3d 1298 (11th Cir. 2012), in the *Androgel* ANDA “reverse payment” settlement case, a split versus the Third Circuit’s Top Ten No. (6) *K-Dur* case where a petition for *certiorari* is now pending.

**Status:** A petition for *certiorari* is due October 16, 2012.

**Discussion:** The position of at least one member of the FTC explaining why a petition to the Supreme Court should be expected and the Agency’s position is explained in detail in a recent continuing education presentation, FTC Commissioner J. Thomas Rosch, *Pharmaceutical Patent Settlements and the Supreme Court*, CBI’s 2nd Annual Life Sciences Compliance, Legal, and Regulatory Congress, Washington, DC September 21, 2012.
In *GlaxoSmithKline v. Classen Immunotherapies*, Supreme Court No. 11-1078, *proceedings below sub nom Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057 (Fed. Cir. 2011)(Newman, J.), *on remand from the Supreme Court upon Order granting, vacating and remanding in light of Bilski*, 130 S.Ct. 3541 (2010), *earlier Federal Circuit opinion*, 304 Fed.Appx. 866 (Fed. Cir. 2008)(Moore, J.), petitioner questions the Federal Circuit limitation of the “safe harbor” of 35 USC § 271(e)(1) to exclude from infringement uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs” to activities prior to regulatory approval.


**Status:** On June 25, 2012, the Court issued a CVSG Order (a Call for the Views of the Solicitor General) whether to grant certiorari. A CVSG brief has no time limit; it is expected that the brief will be filed either very late summer but by the end of this year, whereupon the certiorari will be made.

**Only Question Presented:** “Congress has created a statutory safe harbor from patent-infringement liability for otherwise-infringing conduct that is ‘reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs.’ 35 U.S.C. § 271(e)(1). In this case, the Federal Circuit concluded that this safe harbor ‘is limited to activities conducted to obtain pre-marketing approval of generic counterparts.’ … The question presented is:

“Whether the Federal Circuit's interpretation of § 271(e)(1), which arbitrarily restricts the safe harbor to preapproval activities, is faithful to statutory text that contains no such limitation, and decisions of this Court rejecting similar efforts to impose extra-textual limitations on the statute.”

**The Unasked Question not Present to the Court:** The principal issue addressed by the split Federal Circuit panel focused on the patent-eligibility of claims that the patentee in his petition that the patentee summarizes as including “a risk evaluation...
step (I)”.* This raised issues of patent-eligibility under 35 USC § 101 which were the principal focus of the opinion below, and which might be considered basis for a GVR in view of *Mayo v. Prometheus*, if there had been a relevant *Question Presented*.

**Discussion:** Petitioner argues that post-regulatory approval testing that is required for submission to the FDA is included within the wording of the “safe harbor” of 35 USC § 271(e)(1).

**The Legislative History:** Patentee relies upon the legislative history that does not support the Petitioner’s viewpoint. It is, indeed, clear that the legislative history of the “safe harbor” is focused upon pre-approval testing that is mutually exclusive from the activities under consideration in this appeal. The patentee *does* make a convincing case that the legislative history is entirely focused on pre-approval testing. There is no dispute, however, that the post-approval testing involved in the instant case *is* within the literal wording of the statutory “safe harbor”. The patentee *does not* provide a detailed discussion as to why the Court should depart from its view that had disregarded the legislative history in *Merck v. Integra*.

**The Plain Meaning of the Statute:** The Court in *Merck v. Integra* first of all noted the broad scope of the statute, particularly as first interpreted by the Court in 1990:

“[I]t is apparent from the statutory text that § 271(e)(1)’s exemption from infringement extends to all uses of patented inventions that are reasonably related to the development and submission of any information under the FDCA. Cf. *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 665-69 (1990)], (declining to limit § 271(e)(1)’s exemption from infringement to submissions under particular statutory provisions that regulate drugs). * * * There is simply no room in the statute for excluding certain information from the exemption on the basis of the

* Classen Response to the Petition. More completely, Respondent states: “The ’139 and ’739 patents include a total of 183 claims which cover a routine method of therapeutic use and are directed to ‘immunizing a mammalian subject.’ They recite two method steps: (I) screening two or more immunization schedules; and (II) immunizing according to the lower risk schedule. The ’790 Patent has 213 claims directed to methods of immunization and compositions therefor, which provide for substantially preventing or reducing the symptoms of at least one infectious disease and at least one chronic immune-mediated disorder, and recite three method steps: (I) considering the association between an immunization schedule and one or more chronic immune-mediated disorder, (II) screening one or more potential recipients, and (III) immunizing according to the lower-risk schedule.
phase of research in which it is developed or the particular submission in which it could be included.” Merck v. Integra, 545 U.S. at 202 (footnote omitted).

Thus,

“Congress did not limit § 271(e)(1)'s safe harbor to the development of information for inclusion in a submission to the FDA; nor did it create an exemption applicable only to the research relevant to filing an ANDA for approval of a generic drug. Rather, it exempted from infringement all uses of patented compounds ‘reasonably related’ to the process of developing information for submission under any federal law regulating the manufacture, use, or distribution of drugs. See Eli Lilly, 496 U.S. at 674. We decline to read the ‘reasonable relation’ requirement so narrowly as to render § 271(e)(1)'s stated protection of activities leading to FDA approval for all drugs illusory.” Id., 545 U.S. at 206-07.

Respondent’s Constitutional Law Argument: “… If Petitioner's and Amicus PRMA’s interpretation of § 271(e)(1) were adopted by this Court, it would completely eviscerate the patent right enshrined in the United States Constitution in the field of pharmaceutical and medical device patents. Since, as pointed out by Petitioner and Amicus PRMA, there are many statutory and regulatory requirements for pharmaceutical drug and medical device manufacturers to comply with after FDA marketing approval for a drug or device has been obtained, extending § 271(e)(1) to encompass uses of a patented invention to comply with those requirements would provide pharmaceutical and medical device manufacturers with a complete defense to a claim of patent infringement that would last throughout the life of the patent or the life cycle of the drug or device, whichever expired first. …”

(5a)/(5b) CLS Bank v. Alice/WildTangent – Patent-Eligibility

Status: Concurrent petitions were filed at the Federal Circuit on August 22, 2012, for rehearing en banc (in CLS Bank) and hearing en banc (in WildTangent); the WildTangent petition was denied on September 24, 2012.

Discussion: CLS Bank was a panel opinion, 685 F.3d 1341 (Fed. Cir. 2012)(Linn, Prost, O’Malley, JJ.), rev’g, 768 F. Supp. 2d 221 (D.D.C. 2009), where a panel majority sharply distinguishes Mayo v. Prometheus and the earlier Bilski v. Kappos as to the scope of patent-eligible subject matter under 35 USC § 101, limiting the scope of patent-ineligible inventions based upon the subject matter being “abstract”. A sharply worded dissent by the third member of the panel enhances the chance for grant of certiorari (Prost, J., dissenting).

There is a concerted strategy by the accused infringers in CLS Bank and the WildTangent case. Parallel petitions for en banc rehearing or hearing were concurrently filed. Petitioners in both WildTangent and CLS Bank each ask the Federal Circuit for an en banc decision to generate a dividing line between an abstract method that lacks patent-eligibility and a method that does possess patent-eligibility. The two closely related petitions each ask in essence the same question.

In CLS Bank the issue is:
“Whether the method, system, and media claims [in CLS] are patent-ineligible because, albeit computer-implemented, they recite no more than an abstract fundamental mechanism of financial intermediation with no inventive concept.”

In WildTangent, the issue is:
“When does a patent's reference to the use of a general purpose computer or an Internet website transform an otherwise unpatentable abstract concept into a process that satisfies the subject-matter eligibility requirement of 35 U.S.C. § 101?”

(The CLS Bank petition also asks “[w]hether Whether the new test for patent-eligibility articulated by the panel majority [in CLS Bank] is inconsistent with Bilski’s and Mayo’s approach to 35 U.S.C. § 101[.]”)

The WildTangent Petition for Hearing En Banc: The reason for grant of a rehearing en banc in this case is explained in the WildTangent petition:

“This case concerns the application of 35 U.S.C. § 101 to business methods implemented on a generic computer or over the Internet. The Court held that the concededly abstract economic principle underlying the ’545 patent at issue – using advertising as a form of currency – was patent eligible under § 101 because it
involved an ‘extensive computer interface.’ Ultramercial, LLC v. Hulu, LLC, 657 F.3d 1323, 1328 (Fed. Cir. 2011), vacated by WildTangent, Inc. v. Ultramercial, LLC, 132 S. Ct. 2431 (2012). In so holding, the Court recognized that the ‘broadly claimed method’ in the ‘545 patent did not specify any computer programming. Id. at 1329. But the Court reasoned that the claims ‘likely’ required ‘computer programming’ because, in particular, the steps called for use of ‘an Internet website.’ Id. at 1328. In June[, 2012], the Supreme Court vacated that decision and ordered this Court to reconsider this case in light of Mayo Collaborative Services v. Prometheus Laboratories, Inc., 132 S. Ct. 1289 (2012). WildTangent, Inc. v. Ultramercial, LLC, 132 S. Ct. 2431 (2012). In light of intervening decisions of this Court, WildTangent asks the Court to heed that mandate by en banc hearing.”


Kirtsaeng v. John Wiley & Sons, Inc., Supreme Court No. 11-697, opinion below, 654 F.3d 210 (2d Cir. 2011)(Cabranes, J.), has the same denial of international exhaustion as in Omega S.A. v. Costco Wholesale Corp., 541 F.3d 982 (9th Cir. 2008)(Smith, Jr., J.), where the Court accepted review but then left the issue in the air with a 4-4 tie vote affirmance, Costco Wholesale Corp. v. Omega, S.A., 131 S.Ct. 565 (2010)(per curiam without opinion).

Status: Argument is scheduled for October 29, 2012; a decision is expected before
the end of June 2013.

Question Presented: “This case presents the issue that recently divided this Court, 4-4, in Costco Wholesale Corp. v. Omega, S.A., 131 S. Ct. 565 (2010). Under § 602(a)(1) of the Copyright Act, it is impermissible to import a work ‘without the authority of the owner’ of the copyright. But the first-sale doctrine, codified at § 109(a), allows the owner of a copy ‘lawfully made under this title’ to sell or otherwise dispose of the copy without the copyright owner's permission.

“The question presented is how these provisions apply to a copy that was made and legally acquired abroad and then imported into the United States. Can such a foreign-made product never be resold within the United States without the copyright owner's permission, as the Second Circuit held in this case? Can such a foreign-made product sometimes be resold within the United States without permission, but only after the owner approves an earlier sale in this country, as the
Ninth Circuit held in Costco? Or can such a product always be resold without permission within the United States, so long as the copyright owner authorized the first sale abroad, as the Third Circuit has indicated?”

**Discussion:** This case is considered in more detail under *Patent “Exhaustion” on the Road to the Supreme Court*, pp. 3 et seq.

(7) **Already v. Nike – MedImmune Controversy**


Here, Petitioner challenges the situation where the owner of the intellectual property right promises not to assert that right against the party’s then-existing commercial activities. A parallel ruling has been made by the Federal Circuit in the patent context, *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 497 F.3d 1340 (Fed. Cir. 2007).

**Question Presented:** “Whether a federal district court is divested of Article III jurisdiction over a party’s challenge to the validity of a federally registered trademark if the registrant promises not to assert its mark against the party’s then-existing commercial activities.”

**Status:** Argument is scheduled for November 7, 2012; a decision is expected before the end of the Term in June 2013.

**Discussion:** Petitioner argues that the Federal Circuit rule of *SuperSack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1058 (Fed. Cir. 1995), is inconsistent with *MedImmune*:

“Shortly following this Court’s *MedImmune* decision, the continued viability of the *SuperSack* rule in the patent context was openly questioned by Federal Circuit Judge Dyk. *See Benitec Australia, Ltd. v. Nucleonics, Inc.*, 497 F.3d 1340, 1350-
55 (Fed. Cir. 2007) (Dyk, J., dissenting). Judge Dyk wrote: (i) ‘[t]here is a strong public interest in permitting accused infringers to challenge invalid or unenforceable patents,’ id. at 1350; (ii) under this Court’s precedents, ‘once declaratory jurisdiction has been established, the burden shifts to the party seeking to divest the court of jurisdiction to prove that there is no longer a current case or controversy,’ id. at 1352; and (iii) ‘[i]t is particularly inappropriate to place the burden of establishing continuing jurisdiction on declaratory plaintiffs where, as here, the claim of mootness is the result of the opposing party’s acts designed, at least in part, to defeat declaratory jurisdiction.’ Id. at 1353. Judge Dyk concluded that the stringent postcommencement mootness standard – the standard that the Ninth Circuit applied in Bancroft & Masters, Inc. v. Augusta National Inc., 223 F.3d 1082 (9th Cir. 2000) – controlled whether a federal court could proceed to decide a validity challenge following receipt of a covenant not to sue. Id. at 1353-54.”

(8) **Retractable Technologies – Cybor Claim Construction**


**Status:** The Solicitor General has been invited to file a brief with the recommendations of the Justice Department whether to grant certiorari (a “CVSG”). The brief is expected in late 2012. (There is no time limit for such a brief; the Order asking for the CVSG was issued June 29, 2012).

**Questions Presented in No. 11-1154:** “In this case, two district judges construed the term ‘body’ in a patent claim to include multi-piece bodies as well as one-piece bodies. On appeal, a sharply divided panel of the Federal Circuit reviewed the district court's claim construction de novo and construed the term ‘body’ to mean ‘one-piece body,’ based upon language in the patent specification.

“The Questions Presented are:

“1. Whether a court may depart from the plain and ordinary meaning of a term in a patent claim based on language in the patent specification, where the patentee has neither expressly disavowed the plain meaning of the claim term nor expressly defined the term in a way that differs from its plain meaning.
“2. Whether claim construction, including underlying factual issues that are integral to claim construction, is a purely legal question subject to de novo review on appeal.”

**Dissents of Three Members of the Court:** The first dissent states:

“Claim construction is the single most important event in the course of a patent litigation. It defines the scope of the property right being enforced, and is often the difference between infringement and non-infringement, or validity and invalidity. Despite the crucial role that claim construction plays in patent litigation, our rules are still ill-defined and inconsistently applied, even by us. Commentators have observed that claim construction appeals are ‘panel dependent’ which leads to frustrating and unpredictable results for both the litigants and the trial court. See, e.g., *Fed. Cir. Split for 2nd Time In 2011 On Use of Patent Specification In Claim Construction*, BNA Patent,Trademark & Copyright Law Daily (noting the “disagreement within the Federal Circuit on the extent to which judges may look to the patent specification to interpret claims continues”); *Court Continues to Struggle with Claim Construction*, Patently-O (2011), http://www.patentlyo.com/patent/2011/07/court-continues-to-struggle-with-claim-construction.html (noting the “panel dependence” in claim construction); see also Wegner, H.C., *Arlington Indus. v. Bridgeport Fittings: The 20 Year Claim Construction Debate*, IP Frontline, http://www.ipfrontline.com/depts/printabletemplate.aspx?id=24829 (‘Until there is a final resolution of this debate there will never be clarity in claim construction at the Federal Circuit.’). Nowhere is the conflict more apparent then in our jurisprudence on the use of the specification in the interpretation of claim language. The familiar mantra is ‘there is a fine line between construing the claims in light of the specification and improperly importing a limitation from the specification into the claims.’ *Retractable Techs., Inc. v. Becton, Dickinson & Co.*, 653 F.3d 1296, 1305 (Fed.Cir.2011). This case is a good vehicle to address two important claim construction principles: the role of the specification in construing the claims and whether deference should be given to the district court in the claim construction process.”

*Retractable Technologies*, 659 F.3d at 1370 (Moore, J., joined by Rader, C.J., dissenting from the denial of the petition for rehearing en banc).

“I would … grant en banc review [ ] to consider whether deference should be given to the district court’s claim construction. We have waited five years (since *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039 (Fed.Cir.2006), where six judges claimed a willingness to review *Cybor* for that ever-elusive perfect
vehicle to review the issue of deference to the district court's claim construction. The Supreme Court held that claim construction was a “mongrel practice.” *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 378, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996). As such it is clearly a mixed question of law and fact and deference should be given to the factual parts.

“The majority's approach to claim construction in this case is virtually identical to the analysis performed under § 112's written description requirement, which is an entirely factual analysis. If the majority [ ] is correct that as part of claim construction, we must determine the nature of the invention described in the specification and ensure that the scope of the claims are limited only to the actual invention disclosed, we must acknowledge the factual underpinnings of this analysis and there should be deference. The majority here gave no deference, rejected the district court's construction and overturned a jury verdict of infringement. It is time to rethink the deference we give to district court claim constructions and the fallacy that the entire process is one of law.” *Id.* at 1373.

**Dissent from a 17 year Veteran as a Trial Court Judge:** A second dissent bluntly states that “[i]t is time to revisit and reverse our decision in *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed.Cir.1998)(en banc). Because … the court's decision necessarily would change if even minimal deference were afforded to the trial judge's claim construction, I dissent from the refusal to hear this case en banc.” *Retractable Technologies*, 659 F.3d at 1373 (O’Malley, J., dissenting from the denial of the petition for rehearing en banc).

She explains her reasoning:

“The Supreme Court [in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996),] did not assign the task of claim construction to trial judges because it believed the meaning of patent claims is a pure question of law. Rather, the Supreme Court classified the exercise of claim construction as a ‘mongrel’ practice, involving both legal and factual inquiries. *Id.* at 378. The Court simply concluded that, because the Seventh Amendment to the U.S. Constitution did not demand that the issue be decided by a jury and judges were better equipped to address it, claim construction should be placed in the hands of trial judges. *Id.* at 388–89. Importantly, the Supreme Court did not affirm this court's earlier conclusion that resort to a jury was unnecessary because claim construction is a pure question of law. Compare *id.* at 378, with *Markman v. Westview Instruments Inc.*, 52 F.3d 967, 977–79 (Fed.Cir.1995) (en banc)[ ]. The Supreme Court instead engaged in a detailed historical analysis to determine whether the Seventh
Amendment compelled resort to a jury on the unique question of claim construction—an analysis which would have been wholly unnecessary if the Supreme Court agreed with our description of claim construction as a purely legal one. *Markman*, 517 U.S. at 378–84.

“Despite this seemingly clear guidance from the Supreme Court, we reiterated in *Cybor* that our court will treat all claim construction determinations as pure questions of law, reviewable with zero deference. 138 F.3d at 1455–56. That decision was ill considered thirteen years ago and has not proven ‘beneficial’ to patent jurisprudence “in the long run.” *See id.* at 1463 (Plager, J., concurring) (‘Whether this approach to patent litigation will in the long run prove beneficial remains to be seen.’).”

“Post- *Markman*, district judges have been trained to—and do—engage in detailed and thoughtful analysis of the claim construction issues presented to them. They conduct live hearings with argument and testimony, sometimes covering several days, and certainly always extending beyond the mere minutes that courts of appeals have to devote to live exchanges with counsel. Simply, ‘the trial court has tools to acquire and evaluate evidence that this court lacks.’ *Cybor*, 138 F.3d at 1477 (Rader, J., dissenting). While no one would urge deference to cryptic, unthinking rulings born of little or no real inquiry, where, as here, the trial court has thoroughly vetted all relevant aspects of the claim constructions at issue, ‘careful consideration of the institutional advantages of the district court would counsel deference.’ *Id.* at 1478. Indeed, the Supreme Court has held that a deferential standard of review is warranted for mixed questions of law and fact ‘when it appears that the district court is ‘better positioned’ than the appellate court to decide the issue in question....’ *Salve Regina College v. Russell*, 499 U.S. 225, 233 (1991)(quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)). *See also First Options of Chicago, Inc. v. Kaplan*, 514 U.S. 938, 948 (1995)(‘The reviewing attitude that a court of appeals takes toward a district court decision should depend upon ‘the respective institutional advantages of trial and appellate courts....’’ (quoting *Salve Regina College*, 499 U.S. at 233, 111 S.Ct. 1217)).” *Id.* at 1374.

**The Fact Intensive Nature of Claim Construction:** At the appellate level a claim construction issue is limited to several thousand words of an appeal brief that usually has several other issues, and three or four or so minutes of a fifteen minute argument on appeal. This is in contrast to the extensive period of time that a trial judge takes for the initial claim construction. In the instant case, the dissent by the veteran experienced trial judge explains:
“The claim construction on which the resolution of this case turns was vetted by not just one trial judge, but two. The claim term at issue is a syringe's ‘body.’ Becton Dickinson argues that the term ‘body’ should be limited to a one-piece body; Retractable Technologies argues that the construction should allow for a multiple-piece body.

“Before reaching this court, the construction of [the disputed] term ['body'] had been debated by multiple lawyers and had been considered by two district judges. In a prior case involving some of the patents in suit here, Judge Leonard Davis of the Eastern District of Texas construed the term ‘body’ to allow for multiple pieces. Judge Davis had the benefit of a live claim construction hearing and extensive briefing from the parties before he construed the claim term. Judge David Folsom, also of the Eastern District of Texas, presided in this case. Judge Folsom again conducted a live claim construction hearing after briefing from the parties. Judge Folsom ultimately agreed with Judge Davis's construction of the term ‘body’ in the prior case and applied it here. The parties proceeded to trial on that claim construction. The jury found that both of Becton Dickinson's accused syringes infringed the asserted claims. When the panel reversed Judge Folsom's claim construction, it upended the jury verdict and set aside the product of years of litigation before two judicial officers. In other words, the decision here did not promote the consistency and uniformity in patent law that Cybor was intended to foster; the decision here accomplished the opposite.” Id. at 1375 (citations omitted).

Federal Circuit Splits on Factual Points in Claim Construction: “The fact… that the panel members could not agree on the proper claim construction in this case… underscores the complicated and fact-intensive nature of claim construction and the need to rethink our approach to it.” Id. at 1376.

Even the majority opinion manifests the close nature of claim construction issues: “There is a fine line between construing the claims in light of the specification and improperly importing a limitation from the specification into the claims. In reviewing the intrinsic record to construe the claims, we strive to capture the scope of the actual invention, rather than strictly limit the scope of claims to disclosed embodiments or allow the claim language to become divorced from what the specification conveys is the invention.” Id. at 1375 (quoting Retractable Techs, 653 F.3d at 1305 (Lourie, J.))
The split in the claim construction in this case is further cited as evidence of the difficulty for *de novo* appellate review:

“An exercise that requires review of often extensive documentary evidence and, in some cases, expert evidence for purposes of ‘capturing the scope of the actual invention’ sounds tellingly like a factual inquiry, not a legal one. The fact that this inquiry is to be undertaken from the point of view of one skilled in the art at the time of the invention, moreover, underscores this conclusion. Where, as here, there is fair debate about the scope of the invention …, we should defer to reasoned district court choices. Reasonable minds can—and do—differ over the correct interpretation of the term ‘body’ as used in the patent in suit. These are not the circumstances under which we should be reversing carefully reasoned claim constructions and putting aside years of litigation in the process.” *Id.* at 1375-76.

**(9) Akamai – Active Inducement (Divided Infringement)**

*Akamai Technologies, Inc. v. Limelight Networks, Inc.,* opinion below, ___ F.3d ___, 2012 WL 3764695 (Fed. Cir. 2012)(en banc)(per curiam), is the expected petition for *certiorari* to review an issue of active inducement under 35 USC § 271(b), a subject last visited by the Supreme Court just last year in *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S.Ct. 2000 (2011). *Akamai* is a truly remarkable ruling; it reaches the unique and creative conclusion that active inducement liability can exist where there is no direct infringer.


The *per curiam* majority opinion is on behalf of six of the eleven members of the Court (Rader, C.J., Lourie, Bryson, Moore, Reyna, Wallach, JJ.). Five members of the Court dissented; four disagreed over the issue of inducement (Linn, J., dissenting, joined by Dyk, Prost, O’Malley, JJ.) while the dean of the court disagreed with both the majority and what she styles as the “Linn cadre[ ]” (Newman, J., dissenting).

**Status:** Absent an extension of time, the petition for *certiorari* is due November 30, 2012. A vote whether to grant *certiorari* would be expected this Winter.
(10) *Bowman v. Monsanto* – Patent “Seed” Exhaustion


**Status:** A decision whether to grant *certiorari* is expected in the Orders List on October 9, 2012. The case is scheduled for Conference of October 5, 2012.

**Question Presented:** “Patent exhaustion delimits rights of patent holders by eliminating the right to control or prohibit use of the invention after an authorized sale. In this case, the Federal Circuit refused to find exhaustion where a farmer used seeds purchased in an authorized sale for their natural and foreseeable purpose - namely, for planting. The question presented is:

“Whether the Federal Circuit erred by (1) refusing to find patent exhaustion in patented seeds even after an authorized sale and by (2) creating an exception to the doctrine of patent exhaustion for self-replicating technologies?”

This case is considered in the commentary on exhaustion, *Patent “Exhaustion” Cases of First Impression on the Road to the Supreme Court*, supra.
In *NOVA Chemicals Corp. (Canada) v. The Dow Chemical Co.*, Supreme Court No. 12-243, opinion below, *Dow Chemical Co. v. Nova Chemicals Corp. (Canada)*, 458 Fed.Appx. 910 (Fed. Cir. 2012)(Prost, J.), the second *Question Presented* raises the issue of indefiniteness, an issue raised in former No. (6) *Reynolds v. Star*, that was dismissed prior to a vote on *certiorari*.

**Status:** Awaiting Conference (Petition Response filed September 24, 2012)

**Questions Presented:** “1. Whether the Federal Circuit improperly created a special rule in patent infringement cases that shifts to the defendant the burden of proof to disprove standing.

“2. Whether the Federal Circuit's test for patent indefiniteness, which upholds claims as long as their meaning ‘is discernible [by a reviewing court], even though the task may be formidable and the conclusion may be one over which reasonable persons will disagree,’ effectively eliminates the Patent Act's requirement that claims be definite and this Court's longstanding precedent that patent claim descriptions be neither vague nor ambiguous.”

**A Lesson for a First Year Law Student:** The lower tribunal was split over the first issue which is one the dissenting voice styled as something that “law schools still teach [to] first year law students.” *Dow Chemical v. Nova Chemicals*, 458 Fed.Appx. at 935 (Reyna, J., dissenting).

More completely: “I believe that law schools still teach first year law students that whether standing exists should always be one of the first questions considered when a lawsuit is likely to be filed. When a genuine question of standing is presented, its resolution should not be delayed by the parties or by the court, as every day spent in a litigation brought without standing is wasteful.” *Id.*

**Counsel Chastised:** “Counsel, as fiduciaries to their clients and officers of the court, are obligated to diligently work to prevent such unnecessary burdens on the justice system.” *Id.*
Chevron v. Naranjo – DJ Justiciable Controversy


*Status:* A decision whether to grant *certiorari* is expected in the Orders List on October 9, 2012. The case is scheduled for Conference of October 5, 2012.

*Question Presented:* “The Declaratory Judgment Act (‘DJA’), 28 U.S.C. § 2201 et seq., provides that federal courts may, ‘[i]n a case of actual controversy . . . declare the rights and other legal relations of any interested party seeking such declaration.’ 28 U.S.C. § 2201(a). Consistent with its plain text, this Court and courts of appeals have long held that the DJA permits a putative defendant preemptively to seek a declaration that it has a valid defense to suit. See, e.g., *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007); *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 244 (1937).

“Petitioner Chevron [ ] sought a declaration that an unprecedented $ 18.2 billion judgment entered against it in Ecuador was unenforceable under the standards of the New York Uniform Foreign Money Judgments Recognition Act, N.Y. C.P.L.R. 5301 et seq. The district court determined that Chevron was likely to succeed in showing that the Ecuadorian judgment was unenforceable because it was tainted by bias and fraud. Without disturbing those findings, the Second Circuit reversed on the ground that, as a matter of law, the DJA does not authorize a party to obtain a declaration that it has a valid defense to a potential suit if the underlying substantive statute does not provide for such relief.

“Notwithstanding 75 years of precedent to the contrary from this Court and other courts of appeals, was the Second Circuit correct that the DJA does not permit a party to assert a defense to suit anticipatorily where the underlying substantive statute does not itself authorize such declaratory relief?”
Conflict with the Federal Circuit: “In direct conflict with the decision below (but consistently with this Court's precedents), courts of appeals have considered it irrelevant that the asserted defense itself would not independently support a cause of action – as is almost always true, because otherwise the plaintiff would merely plead the cause of action instead of invoking the DJA. Thus, for example, the Federal Circuit has explained that an ‘assertion of invalidity of a patent by an alleged infringer is not a 'claim' but a defense to the patent owner's 'claim.' ‘Foster v. Hallco Mfg. Co.,’ 947 F.2d 469, 479 (Fed. Cir. 1991) ‘In a declaratory judgment action,’ therefore, ‘invalidity is but an anticipatory defense, and the 'claim' of the declaratory judgment suit is based on the facts related to the patent owner's charge of infringement.’ Id. (emphasis added).

“The Second Circuit's contrary view shatters this uniformity in a high-profile case that has generated widespread attention and debate. If allowed to stand, the Second Circuit’s holding – that the fact that an underlying statute permits a right to be established ‘only defensively’ bars a federal DJA claim asserting the defense – promises to sow widespread confusion as litigants attempt to reconcile it with the previously settled understanding that the principal purpose of DJA actions is to enable parties to raise defenses anticipatorily.” [footnote omitted].

Seed Growers v. Monsanto – MedImmune Justiciability

In Organic Seed Growers and Trade Association v. Monsanto Co., Fed. Cir. 2012-1298, opinion below, 11 Civil 2163 (NRB)(S.D.N.Y. 2012), the declaratory judgment plaintiffs challenge the denial of a justiciable controversy versus a patentee who has allegedly accused others of infringement (but not the plaintiffs).

Status: Briefing stage. (Appellants’ opening brief was filed July 5, 2012.)

Issue Presented (per Appellants): “Do farmers and seed selling businesses who are foregoing full use of their property and incurring significant burden to avoid being contaminated by a patent holder’s transgenic seed and then accused of patent infringement by the patent holder who has asserted its patents against other that, like Plaintiffs, want nothing to do with the patent holder’s seed, have standing to seek a declaratory judgment to redress their injuries?”.
Myriad, déjà vu: The plaintiffs are a who’s who of seed farmers and seed organizations pitted against Monsanto. Like the pending Myriad case where a large number of coplaintiffs have filed suit where either all or nearly all have no justiciable controversy with the patentee, the same can be said of the instant case. Unlike Myriad where the Federal Circuit has retained jurisdiction, following the District Court, here, in Seed Growers the District Court denied a justiciable controversy, making this the center stage issue on appeal.

Montgomery v. Kappos -- Anticipation

In Montgomery v. Kappos, Supreme Court No. 2012-182, opinion below, In re Montgomery, 677 F.3d 1375 (Fed. Cir. 2012)(Dyk, J.), Petitioner-patent applicant Montogomery challenges an anticipation rejection on the basis that the prior art reference is to an embodiment that had never been carried out.

Status: Petition briefing stage; Respondent’s brief due October 9, 2012.

Question Presented: “Undisputed facts produce either of two contradictory outcomes at The Court of Appeals for the Federal Circuit because different judges apply conflicting rules for “inherent anticipation.” The Circuit acknowledges this intra-Circuit conflict, yet has rebuffed every request to resolve the conflict en banc. Petitioner thus asks this Court to do so. The question presented is:

“Whether a research proposal which was never in fact performed can, as a matter of law, inherently anticipate a patent claim under Tilghman v. Proctor, 102 U.S. 707 (1880)?”

Discussion: The majority states: “Montgomery urges that inherent anticipation requires that the claimed method have been actually performed…. [A]nticipation ‘requires only an enabling disclosure,’ not ‘actual creation or reduction to practice,’ …—the prior art patent inherently anticipated as long as it “disclose[d] in an enabling manner the administration of loratadine to patients.” [Schering Corp. v. Geneva Pharm., Inc., 339 F.3d 1373, 1380 (Fed.Cir.2003)] see also SmithKline Beecham Corp. v. Apotex Corp., 403 F.3d 1331, 1343–44 (Fed.Cir.2005) (holding a chemical patent inherently anticipated and stating that it was irrelevant whether the inherently disclosed chemical was ever actually produced).”
Montgomery, 677 F.3d at 1379-80. In sharp disagreement, the third member of the panel states:

“An unbounded concept of inherency, as Schering illustrates, threatens to stymie innovation by withdrawing from the realm of patentability that which has not before been known, used, or benefited from. Properly understood, anticipation by inherency is far more limited. See Tilghman v. Proctor, 102 U.S. 707, 711 (1880) (declining to find anticipation by inherency where a skilled artisan ‘certainly never derived the least hint’ of the claimed process from the prior art). Nevertheless, recent cases have followed Schering’s expansive holding. See, e.g., SmithKline Beecham Corp. v. Apotex Corp., 403 F.3d 1331, 1343–44 (Fed.Cir.2005). Whether the majority's holding in the present case will have a serious adverse effect on innovation is unclear, but I believe that the majority has found inherency where it does not exist.

“The keystone of the inherency doctrine is inevitability. For anticipation by inherency, a later-claimed invention must have necessarily resulted from the practice of a prior art reference. Our precedent has been steadfast in this strict requirement of inevitability. See, e.g., Bettcher Indus., Inc. v. Bunzl USA, Inc., 661 F.3d 629, 639 (Fed.Cir.2011) (‘Inherency ... may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.’ (internal quotation marks omitted)); Hansgirg v. Kemmer, 26 CCPA 937, 102 F.2d 212, 214 (1939) (same). Absent inevitability, inherency does not follow even from a very high likelihood that a prior art method will result in the claimed invention. See, e.g., Glaxo Inc. v. Novopharm Ltd., 52 F.3d 1043, 1047 (Fed.Cir.1995) (holding that even though the defendant's experts reproduced a prior art method ‘thirteen times and each time they made [the claimed] crystals,’ the patentee's chemists twice produced different crystals from the same method, thus precluding inherency).

“Were inevitability not required for inherency, a mere proposal for further experimentation could anticipate a claimed invention. That is not the law, however. There is nothing inevitable about a proposal. On this point, our precedent is straightforward: ‘An invitation to investigate is not an inherent disclosure.’ Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings, 370 F.3d 1354, 1367 (Fed.Cir.2004). This maxim applies a fortiori in arts necessitating laboratory
research, clinical studies, and other trial-and-error experimentation. In the unpredictable arts, rarely if ever will an untested proposal necessitating further study and optimization meet the stringent inevitability requirement of inherent anticipation. Although a patent should not be awarded if a claimed invention is previously described in a printed publication or patent, or obvious thereover, innovation should not be impeded by mere speculation.”

*Montgomery*, 677 F.3d at 1383-84 (Lourie, J., dissenting)

**In re Lee – Double Patenting (Nonobvious Subject Matter)**

*In re Lee*, Fed. Cir. App. No. 2012-1296, is an appeal from the split Board decision in *Ex parte Lee*, App. No. 2011-002616, Ser. No. 10/850,072 (PTO Bd. App. & Int. 2011)(Grimes, APJ), affirming a double patenting rejection: The Board breaks new legal ground into a nonstatutory basis for denial of patentability as the majority *expressly acknowledges* that the invention is nonobvious over the prior art relied upon for the double patenting rejection.

**Status:** Merits briefing stage. (The appeal was docketed April 2, 2012.)

**Discussion:** The Patent Office *reversed* an obviousness rejection based upon unexpected results in rebuttal of a prima facie case of obviousness, but *affirmed* a rejection on the same rationale but keyed to double patenting. The Board relies on *dicta* in several cases, overlooking *In re Papesch*, 315 F.2d 381 (CCPA 1963)(Rich, J.) and the reasoning of the *Papesch* line of case law. The *Papesch* line of case law is explained in Wegner, *Post-KSR Chemical Obviousness, déjà vu* (December 16, 2011), available at [www.GrayOnClaims.com/hal](http://www.GrayOnClaims.com/hal).

**The Majority Acknowledges Patentability over the Earlier Lee Patent:** The reasoning of the Board is explained in the majority opinion: “Appellant argues that the showing of unexpected results in the Lee Declaration rebuts the obviousness-type double patenting rejection for the same reason that it rebuts the rejections based on 35 U.S.C. § 103.

“We agree, however, with the Examiner that ‘while a Declaration showing unexpected results can overcome a [§] 103(a) obviousness rejection, the same Declaration cannot overcome an obviousness double patenting rejection’ (Answer 11). The Examiner’s position is supported by the case law. See *Geneva Pharms., Inc. v. GlaxoSmithKline PLC*, 349 F.3d 1373, 1378 n.1 (Fed. Cir. 2003) (‘The distinctions between obviousness under 35 U.S.C. § 103 and nonstatutory double
patenting include: . . . Obviousness requires inquiry into objective criteria suggesting non-obviousness; nonstatutory double patenting does not.’); Procter & Gamble Co. v. Teva Pharms. USA, Inc., 566 F.3d 989, 999 (Fed. Cir. 2009) (‘In general, the obviousness analysis applies to double patenting, except for three distinctions. . . . Finally, double patenting does not require inquiry into objective criteria suggesting non-obviousness.’).

“Thus, unexpected results cannot be relied on to rebut a rejection for nonstatutory, obviousness-type double patenting. . . .” (internal citations omitted).

**Going Rogue, Departure from a Long Line of Case Law:** Ex parte Lee appears to be a rogue departure from precedent centered around the opinions of one particular judge that stems from *dictum* in his 2010 opinion in *Terenghi*:

“[The] evidence of unexpected results... is not commensurate with the scope of claim 1.... And, in any event, secondary considerations of nonobviousness cannot be relied on to overcome a rejection for obviousness-type, or nonstatutory, double patenting. *See Geneva Pharmas., Inc. v. GlaxoSmithKline PLC*, 349 F.3d 1373, 1378 n.1 (Fed. Cir. 2003) (‘Obviousness requires inquiry into objective criteria suggesting non-obviousness; nonstatutory double patenting does not.’).” *Ex parte Terenghi*, 2010 WL 3167278 (BPAI 2010)(Grimes, APJ)(dictum)

Prior to *Lee*, the same judge in *Mansour* presented the rationale that appears to have been electronically pasted into the *Lee* opinion:

‘Despite the commonly used reference to ‘obviousness-type’ double patenting, the analysis of obviousness under § 103 and the analysis for nonstatutory double patenting differ, among other ways, in that secondary considerations of nonobviousness, such as unexpectedly superior results, are not considered in the context of nonstatutory double patenting. *See Geneva Pharmas., Inc. v. GlaxoSmithKline PLC*, 349 F.3d 1373, 1378 n.1 (Fed. Cir. 2003) (‘Obviousness requires inquiry into objective criteria suggesting non-obviousness; nonstatutory double patenting does not.’); Procter & Gamble Co. v. Teva Pharms. USA, Inc., 566 F.3d 989, 999 (Fed. Cir. 2009) (‘[D]ouble patenting does not require inquiry into objective criteria suggesting nonobviousness’). Thus, unexpected results cannot be relied on to rebut a rejection for nonstatutory (obviousness-type) double patenting.” *Ex parte Mansour*, 2011 WL 110559 (BPAI 2011)(Grimes, APJ).

The difficulty with reliance upon a *dictum* in a footnote in *Geneva v. GlaxoSmithKline* is that the *Papesch* line of case law establishes that unexpected
results are in fact “primary” indicia of nonobviousness of the invention as a whole. The Lee line of case law is contrary to a long understanding that nonobviousness of an invention as a whole under Papesch is suitable to overcome both a Section 103 rejection and obviousness double patenting.

**Departure from an Established Line of Interpretation:** Apart from the rogue cases penned by the same judge, previous opinions of the Board had recognized that a showing of unexpected results sufficient to overcome a double patenting rejection is also sufficient to overcome a double patenting rejection. Administrative Judges Winters and Schafer, two of the more highly respected senior members of the Board, have both explained that unexpected results to overcome a section 103 rejection also apply to overcome an obviousness double patenting rejection.

Judge Winters explains the parallels between obviousness and obviousness double patenting in the context of unexpected results. *Ex parte Portman,* 2003 WL 25284218 (BPAI 2003). He points out that “the examiner has not established a prima facie case of obviousness or obviousness-type double patenting. Accordingly, applicants need not rely on the proffered exhibits to rebut any such prima facie case.” *Id.* n.1 (emphasis added). Another case from the same year as Portman is *Ex parte Reiffenrath,* 2003 WL 25285336 (BPAI 2003)(On Request for Rehearing)(Lieberman, APJ). Judge Lieberman explained:

“[W]e find that [the Federal Circuit] in at least one instance has reviewed and considered a Declaration purporting to show unexpected results to overcome a rejection on the grounds of obviousness-type double patenting. [The Federal Circuit] considered the Declaration and found that it failed to provide the unexpected results necessary to rebut the prima facie case of obviousness. See *In re Longi,* 759 F.2d 887, 896-97 (Fed. Cir. 1985). Accordingly, we hold that under appropriate circumstances a declaration under 37 CFR § 1.132 submitted as a rebuttal to a sustainable rejection on the grounds of obviousness-type double patenting must be considered.” *Id.*

Judge Schafer in *Ex parte Tydings* teaches that the principles relating to unexpected results for nonobviousness “apply equally to obviousness-type double patenting”. *Ex parte Tydings,* 2009 WL 303977 n.2 (BPAI 2009)(Schafer, APJ). More completely, the Judge Schafer explains:
“The prima facie case [of obviousness] is based upon the claimed subject matter and the teachings of the prior art without considering any other evidence. In re Schneider, 481 F.2d 1350, 1354 (CCPA 1973) (‘By that we mean that viewing only the references and the claimed subject matter, and not considering any evidence of unexpected results, it would appear that the references could be combined as proposed by the examiner and that the conclusion that the claimed subject matter would have been obvious is reasonable.’) These principles apply equally to obviousness-type double patenting except that the prior art is the claims of a patent.” Id. (emphasis added).

The identical reasoning is found in a second Tydings decision, Ex parte Tydings, 2009 WL 303989 (BPAI 2009)(Schafer, APJ).

The Board follows the same rationale in Ex parte Jinks, 2009 WL 789952 (BPAI 2009)(Prats, APJ). As explained by Judge Prats: “[W]e are not persuaded that the Examiner failed to make a prima facie case that claim 16 would have been obvious …, nor are we convinced that Appellants have presented sufficient evidence of unexpected results to overcome the Examiner's prima facie case. We therefore affirm the Examiner's rejection of claim 16 on the ground of nonstatutory obviousness-type double patenting….’”) Id.

In Wegehaupt, the Board affirmed a double patenting rejection because of the absence of unexpected results. Ex parte Wegehaupt, 2008 WL 503562 (BPAI 2008)(Kimlin, APJ). Judge Kimlin stated “that Appellant has proffered no objective evidence which establishes that the use of a membrane accumulator as a dampener in the claimed process for spraying a moving fibrous material web produces unexpected results.” Id. In Ex parte Green, 2008 WL 503544 (BPAI 2008)(Kimlin, APJ), a similar observation was made. Green (“[W]ith respect to the § 103 and double patenting rejections, we note that Appellants base no argument upon objective evidence of nonobviousness, such as unexpected results.”).
**Ninestar v. ITC -- International Exhaustion**

*Ninestar Technology Co., Ltd. v. International Trade Com'n*, is the expected petition for *certiorari* from the panel opinion in 667 F.3d 1373 (Fed. Cir. 2012) (Newman, J.).

*Status:* The certiorari petition is due November 2, 2012.

*Discussion:* This case is considered in more detail under *Patent “Exhaustion” on the Road to the Supreme Court*, pp. 3 et seq.

**California Grape – Sovereign Immunity**

In *California Table Grape Com'n v. Delano Farms Co.*, Supreme Court No. 11-1371, *opinion below*, *Delano Farms Co. v. California Table Grape Com'n*, 655 F.3d 1337 (Fed. Cir. 2011)(Bryson, J.), petitioner seeks resolution over an inter-circuit conflict over an issue of sovereign immunity.

*Status:* Response due October 18, 2012.

*Question Presented:* “Does the waiver of sovereign immunity in 5 U.S.C. § 702 apply to a claim that does not challenge the legality of ‘agency action’ or ‘final agency action’ within the meaning of the Administrative Procedure Act - or even any government action or inaction of any kind - but instead challenges the validity of government owned property based solely on actions by private parties?”

*Discussion:* The petition asks for resolution of an inter-circuit conflict:

“[The] Federal Circuit held that the Administrative Procedure Act waives the sovereign immunity of the United States in actions that do not challenge any act or failure to act by the government but rather seek to declare government-owned patents invalid based solely on the actions of private parties. That decision conflicts with decisions of the Second, Fourth, Fifth, Sixth, and Ninth Circuits regarding the scope of the APA's waiver of sovereign immunity, contradicts the plain terms of 5 U.S.C. § 702, and disregards Congress's decision not to waive sovereign immunity in this type of challenge to the government's personal property.”
**Byrne v. Wood, Herron & Evans – Federal Circuit Jurisdiction**

In *Byrne v. Wood, Herron & Evans, LLP*, Supreme Court No. 11-1497, Petitioner seeks certiorari from the opinion below, __ F.3d __, 2012 WL 1020277 (Fed. Cir. 2012) (Order denying reh’g en banc), where the Court maintained its broad jurisdiction over state claims implicating a patent matter.

The same issue is present in *Gunn v. Minton*, Supreme Court No. 11-1118 (the next reported case), which is a petition from the Texas Supreme Court decision which is the discussed in the dissent in *Byrne v. Wood, Herron & Evans*.

**Status:** A decision whether to grant certiorari is expected in the Orders List on October 9, 2012. The case is scheduled for Conference of October 5, 2012.

**Discussion:** Arguments directed to the Supreme Court are found in the dissent in a dissent:

“It is time we stop exercising jurisdiction over state law malpractice claims. I dissent from the court's refusal to consider this matter en banc so that the case law through which we have expanded the scope of our jurisdiction to these purely state law matters can be reconsidered and revamped.

This court has justified expanding the reach of our jurisdiction to cover state law malpractice claims by reading *Christianson v. Colt Industries Operating Corp.*, 486 U.S. 800 (1988), to authorize our doing so. Specifically, our case law concludes that, whenever a patent law issue is raised in the context of a state law claim and must be resolved in the course of that otherwise state law inquiry, federal jurisdiction will lie, as will exclusive appellate jurisdiction in this court. That reading of *Christianson* is wrong, however. Supreme Court precedent permits federal courts to exercise federal question jurisdiction over state law claims only in the rare case where a federal issue is ‘actually disputed and substantial,’ and where doing so will not upset ‘any congressionally approved balance of federal and state judicial responsibilities.’ *Grable & Sons Metal Prods., Inc. v. Darue Eng'g & Mfg.*, 545 U.S. 308, 314 (2005). ‘[T]he mere presence of a federal issue in a state cause of action does not automatically confer federal-question jurisdiction.’ *Merrell Dow Pharm. Inc. v. Thompson*, 478 U.S. 804, 813 (1986). Rather, courts must undertake a four-step inquiry as to whether: (1) a federal issue is a necessary element of a
state law claim; (2) a federal issue is actually disputed; (3) a federal issue is substantial; and (4) exercising federal jurisdiction will disturb the balance of federal and state judicial responsibilities. Grable, 545 U.S. at 314. In choosing to exercise jurisdiction over malpractice claims arising out of patent matters, we have ignored the latter two parts of the inquiry.”

Byrne, __ F.3d at __ (O’Malley, J., joined by Wallach, J., dissenting from denial of the petition for reh’g en banc).

“Uncabined” Jurisdiction, Voices from the Texas Supreme Court: Further ammunition is provided in an even more recent concurring opinion:

“This case exemplifies the mischief our jurisdictional over-reaching has caused in situations where a state law claim involves an underlying patent issue. Indeed, in objecting to a state court dismissal of a state law malpractice claim based on our case law, three dissenting Texas Supreme Court justices identified this very case as emblematic of the problems created by this court's case law. Minton v. Gunn, 355 S.W.3d 634, 653 (Tex.2011) (Guzman, J., dissenting) (‘[T]he Supreme Court's fears have already been realized in USPPS .... ‘[T]he reach of the Federal Circuit's section 1338 reasoning is uncabinied, and can potentially sweep any state law case that touches on substantive patent law (or, for that matter, the other areas of law covered by section 1338, such as copyright and trademarks) irrevocably into federal court.’”).”


Intra-Circuit Dispute: Four members of the Federal Circuit have written or joined opinions rebutting the dissent: One member flatly rejects the view that the Federal Circuit practice conflicts with the Supreme Court precedent: “[I am not] persuaded by Judge O'Malley's arguments that our case law contradicts Supreme Court precedent.” USPPS, __ F.3d at __ (Prost, J., concurring). In this regard, she is echoing her agreement with a concurrence in Byrne, __ F.3d at __ (Dyk, J., joined by Newman, Lourie, JJ., concurring in the denial of the petition for rehearing en banc).

Status: A decision whether to grant certiorari is expected in the Orders List on October 9, 2012. The case is scheduled for Conference of October 5, 2012.

Question Presented: “Did the Federal Circuit depart from the standard this Court articulated in Grable & Sons Metal Products, Inc. v. Darue Eng’g & Mfg., 545 U.S. 308 (2005), for “arising under” jurisdiction of the federal courts under 28 U.S.C. § 1338, when it held that state law legal malpractice claims against trial lawyers for their handling of underlying patent matters come within the exclusive jurisdiction of the federal courts? Because the Federal Circuit has exclusive jurisdiction over appeals involving patents, are state courts and federal courts strictly following the Federal Circuit’s mistaken standard, thereby magnifying its jurisdictional error and sweeping broad swaths of state law claims - which involve no actual patents and have no impact on actual patent rights - into the federal courts?”

Discussion: There is no conflict to resolve between the Texas Supreme Court and the Federal Circuit. Rather, the dissent in Byrne v. Wood, Herron & Evans relies upon the dissent in the Texas Supreme Court opinion to show why the Federal Circuit majority is wrong.

The petition in Gunn v. Minton is reviewed by Professor Dennis Crouch, Federal Jurisdiction over Patent Malpractice Cases – Supreme Court Shows Interest in Gunn v. Minton, Patently O (April 27, 2012).

Focus on Byrne v. Wood, Herron & Evans, L.L.P.: A supplemental brief was filed focusing upon this Federal Circuit case decided after the petition was filed:

“In Byrne the Federal Circuit denied rehearing en banc on the issue of whether the court should revisit its jurisdictional rule that state law legal malpractice claims arising out of patent matters come within the federal courts' “arising under” jurisdiction. Two judges of the court dissented from the court's decision to deny rehearing en banc on the jurisdiction issue, because ‘it is time we stop exercising jurisdiction over state law malpractice claims.’
“The Federal Circuit, which created the jurisdictional morass at issue in this case, is ... split within itself regarding whether to abandon the misguided and overly-broad jurisdictional standard it articulated in *Air Measurement Tech., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262 (Fed. Cir. 2007) and *Immunocept, L.L.C. v. Fulbright & Jaworski, L.L.P.*, 504 F.3d 1281 (Fed. Cir. 2007). Ten judges on the Federal Circuit voted to deny rehearing *en banc* and leave the court's jurisdictional standard in place, while two judges dissented.

“The *Byrne* case thus illustrates two significant reasons why this Court should grant the petition in this case. First, the Federal Circuit is not going to correct the problem itself. The court's 10-2 split illustrates that the misguided *Air Measurement* standard will remain in place and continue to wreak havoc until this Court corrects it. Second, the dissenting opinion explains very starkly that the five years since *Air Measurement* was decided have proved just how misguided the Federal Circuit's jurisdiction standard is:

‘Ultimately, even if it was unclear in 2007 that our case law would sweep an entire class of state law malpractice actions into federal court, our recent experience renders no doubts about that point. And extending jurisdiction over these cases has done little, if anything, to promote uniformity in patent law.’”

### ClearValue – Jury Verdicts

In *ClearValue, Inc. v. Pearl River Polymers, Inc.*, Supreme Court No. 12-212, opinion below, 668 F.3d 1340 (Fed. Cir. 2012)(Moore, J.), Petitioner challenges the standard for overturning a jury verdict upholding a patent.

**Status:** Response due October 9, 2012.

**Question Presented:** “[35 USC § 282] provides that ‘[a] patent shall be presumed valid.’ 35 U.S.C. § 282. This Court held in *Microsoft Corp. v. i4i Ltd. Partnership*, 131 S. Ct. 2238 (2011), that this presumption is not merely a procedural device to shift the burden of proof, but is substantive in nature and requires proof of invalidity by clear and convincing evidence. The jury in this case found Petitioners' patent valid. Despite § 282, the [Federal Circuit] nullified that finding and invalidated the patent, holding that there was no “substantial evidence” to support the jury's finding. The question presented is:
“Whether 35 U.S.C. § 282 and the Seventh Amendment require conclusive proof of invalidity as a matter of law in order to overturn a jury's finding upholding the patent, or whether a lesser showing will suffice.”

**Soverain v. Newegg – “All Elements” (Centillion)**

*Soverain Software LLC v. Newegg Inc.*, Fed. Cir. No. 2011-1009, as one of the several issues on appeal, questions an infringement judgment of a “systems” claim, raising issues following *Centillion Data Systems, LLC v. Qwest Communications Intern., Inc.*, 631 F.3d 1279 (Fed. Cir. 2011)(Moore, J.).

**Status:** Awaiting decision; argument August 4, 2011 (Newman, Prost, Reyna, JJ.)

**Issue as Phrased by Appellant:** “Did the district court misapply the all-elements rule by... refusing to enter judgment as a matter of law that Newegg did not induce infringement of the system claims ..., given that Newegg and its customers separately owned and controlled distinct components of the accused system...?”

**Discussion:** This case presents a challenge to a District Court decision finding infringement of a system claim that now finds support from the Federal Circuit’s recent panel opinion, *Centillion Data Systems, LLC v. Qwest Communications International, Inc.*, 631 F.3d 1279, 1284 (Fed.Cir.2011)(Moore, J.) (“NTP [, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1317 (Fed.Cir.2005),] ... interpreted the definition of ‘use’ under § 271(a). We hold that to ‘use’ a system for purposes of infringement, a party must put the invention into service, *i.e.*, control the system as a whole and obtain benefit from it.”).

**Three-Dimensional Media – Claim Construction**


**Status:** Response due October 15, 2012.
Questions Presented: "In Markman v. Westview Instruments, this Court afforded the power of construing the meaning of patent claim terms to judges. Markman v. Westview Instruments, Inc., 517 U.S. 370, 372 (1996). The justification for this Court's decision in Markman was in large part to provide uniformity and consistency to the interpretation of a patent's exclusive rights. Id. at 390-91. Unfortunately, the United States Court of Appeals for the Federal Circuit has failed in this endeavor, wreaking confusion and uncertainty on the patent system. In particular, the Federal Circuit refused to elaborate the proper standard for when and to what extent it is appropriate to limit the scope of a claim based upon the specification.

“The Federal Circuit's abdication of its role is particularly salient here, where the court simply refused to consider the claim construction issue, notwithstanding inconsistent interpretations of the same patent by the Patent Examiner, the Board of Patent Appeals and Interferences, and a district court in a related litigation.

“The questions thus presented are:

(1) when and to what extent is it appropriate to narrow the scope of a patent claim based upon the specification[;] and

(2) has the Federal Circuit's failure to clarify the reach of the Broadest Reasonable Interpretation standard led to an unwarranted expansion of the standard's application by the Board of Patent Appeals and Interferences?"

Technology Patents – Joint Infringement

In Technology Patents LLC v. Deutsche Telekom AG, Fed. Cir. No. 11-581, one of many issues raised is a question of “joint infringement” or “divided infringement”.

Status: Awaiting decision (Argument July 11, 2012; Bryson, Prost, Reyna, JJ.)

First Issue: “1. Whether the district court erred in granting summary judgment of non-infringement in favor [certain defendants], by failing to distinguish between ‘system’ and ‘method’ claims and requiring Technology Patents LLC (‘TPL’) to meet the ‘control or direction’ vicarious liability standard of Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318 (Fed. Cir. 2008), to establish ‘use’ of ‘system’ claims, where:
“(i) there is a single user - e.g., customers use the ‘system’ as a whole of claims 4-6, 8-9, 11-18 and 21-35 when sending messages as explained in Centillion Data Systems v. Qwest Communications, 631 F.3d 1279, 1283-86 (Fed. Cir. 2011), and NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1316-18 (Fed. Cir. 2005);

“(ii) the district court failed to distinguish between ‘system’ and ‘method’ claims, contrary to Centillion and NTP; and

“(iii) ‘there is no need for the vicarious liability analysis from BMC or Muniauction when there is a single user, as explained in Centillion.”

**Discussion:** The issue of joint infringement is now pending before the en banc Court in the Akamai and McKesson cases, discussed separately in Top Ten Patent Cases.

**Joy MM Delaware – “Best Mode”**

In Joy MM Delaware, Inc. v. Cincinnati Mine Machinery, Co., App. Nos. 2012-1153, -1154, a best mode issue is raised that, for patents not already in litigation as of September 16, 2011, is no longer a basis to challenge patent validity. This is thus one of the cases that may be of dollar interest to the parties but has no practical impact going forward.

**Status:** Awaiting decision (Argument July 11, 2012; Bryson, Prost, Reyna, JJ.)

**Issue:** The third issue is simply: “Did the district court err by invalidating claim 2 of the patent in suit for violation of the best mode requirement?”

**Discussion:** Appellant-patentee argues that “[t]he District Court failed to apply this Circuit's precedent that the best mode requirement is not violated if unintentionally undisclosed information is well known to those of skill in the art.”

**PlaSmart – KSR Obviousness**

In PlaSmart, Inc. v. Kappos, __ Fed. Appx. __, 2012 U.S. App. LEXIS 10239 (Fed. Cir. 2012)(Lourie, J.), a petition for rehearing en banc has been filed for the Court to reconsider an alleged conflict with KSR.

**Status:** Awaiting decision on petition for rehearing en banc.
**Discussion:** The panel determined that the claimed scooter was obvious under 35 USC § 103, applying the teachings of *KSR*:

“Although the ultimate determination of obviousness under § 103 is a question of law, it is based on several underlying factual findings, including (1) the scope and content of the prior art; (2) the level of ordinary skill in the pertinent art; (3) the differences between the claimed invention and the prior art; and (4) evidence of secondary factors, such as commercial success, long-felt need, and the failure of others. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). ‘The combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.’ *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 416 (2007). In other words, when there exists a finite number of identified, predictable solutions to a known problem, a combination that results in ‘anticipated success’ is likely the product not of innovation, but of ordinary skill and common sense. *Id.* at 421. That is the case here.”

**Petition for Rehearing En Banc Reason (I):** Petitioner’s Statement under Fed. Cir. R 35(b) first states that he “believe[s] the panel decision … is contrary to … KSR…” Whether there is a conflict with the holding in *KSR* presents a proposition difficult to sustain.

**Petition for Rehearing En Banc Reason (II):** His second reason is that he “believe[s] the panel decision raises a precedent-setting question of exceptional importance. There is scant Federal Circuit authority to support an obviousness rejection when not all the elements of a claimed invention are found within the prior art. The only two cases that can be located that support this rationale have never been cited by any other panel to support that proposition.”

This may be an overstatement, given that there are many areas where there are novel claimed elements yet they are deemed obvious, as explained in the *Dillon* case: “[T]he cases establish that if an examiner considers that he has found prior art close enough to the claimed invention to give one skilled in the relevant chemical art the motivation to make close relatives … of the prior art compound(s), then there arises what has been called a presumption of obviousness or a *prima facie* case of obviousness.” *In re Dillon*, 919 F.2d 688, 696 (Fed. Cir.)
Argumentation in the Blogosphere: Petitioner has taken his argument to the blogosphere, writing in his own blog about the case. See Eugene Quinn, How Much Deference Should the CAFC Give the USPTO?, IPWatchdog (July 11, 2012), www.IPWatchdog.com.

In re Hubbell – Double Patenting

In In re Hubbell, Fed. Cir. App. No. 2011-1547, appellant raises four (4) separate arguments against the Patent Office denial of his claims under obviousness double patenting.


Issues: “1. Whether the Board erred in applying the judicially created doctrine of obviousness-type double patenting to the claims at issue, where this application shares only a common inventor with the cited patent, rather than an identical inventive entity or common ownership.

“2. Whether Appellants should be allowed to file a terminal disclaimer, as an equitable measure, if an obviousness-type double patenting rejection is applicable to this case.

“3. Whether Appellants should be entitled to a two-way test for obviousness based on public policy, if an obviousness-type double patenting rejection is applicable to this case.

“4. Whether Appellants are entitled to a two-way test for obviousness based on PTO delay, if an obviousness-type double patenting rejection is applicable to this case.”

Appellant then provides a “Statement” that, in fact, his main issue is only the first one stated above: “The primary issue on appeal is whether the Board’s obviousness type double patenting rejection is proper in light of the fact that Hubbell’s application and the [ ] patent do not have a common assignee or identical inventive entities.”
The Solicitor’s Argument:

“Hubbell does not dispute that claim 1 of the [ ] patent anticipates representative claim 18 of the '509 application. Instead, in a litany of new policy arguments, Hubbell argues that, because of the fact pattern here, the Board's obviousness type double patenting rejection should be reversed or, at a minimum, Hubbell should be permitted to file a terminal disclaimer.

“Hubbell agrees that one of the policy reasons behind an obviousness type double patenting rejection is to prevent harassment of alleged infringers by multiple assignees of issued patents. But Hubbell argues that this Court should not affirm an obviousness type double patenting rejection when, like here, the conflicting application and patent were never commonly owned. But whether or not the application and patent were ever commonly owned is immaterial to the policy of preventing harassment by multiple assignees. To that end, the only relevant fact is whether the issued patents have different assignees, not whether the applications that led to those issued patents ever had different assignees.

“Hubbell next argues that he is ‘entitled’ to the two-way obviousness type double patenting test or, failing that, that this Court should apply the two-way test as an ‘equitable measure.’ Neither argument can prevail. Because Hubbell has admitted that he is partially responsible for the delay that caused the claims of the [ ] patent to issue first - by failing to present the claims of the '509 application earlier - Hubbell is not ‘entitled’ to the two-way test. And Hubbell's reliance on In re Borah and In re Braat to support his ‘equitable’ argument fails for the same reason. In both of those cases, unlike here, the two-way obviousness type double patenting test was applied because the USPTO was responsible for causing the second-filed application to issue first. Finally, Hubbell does not establish that he would prevail if the two-way test were applied. Instead, Hubbell merely states, in a footnote, that the ‘inclusion of a degradation site [in claim 1 of the [ ] patent] is not obvious in view of the claims of the present application.’

“If this Court affirms the Board's obviousness type double patenting rejection, Hubbell contends that he should be allowed to submit a terminal disclaimer like that provided for in the regulations implementing the CREATE Act. But Hubbell does not meet the threshold requirement of the CREATE Act - a joint research agreement. Accordingly, Hubbell has not established any basis for allowing him to file a terminal disclaimer.
“Hubbell does not dispute that claim 1 of the [ ] patent anticipates representative claim 18 of the '509 application. Instead, in a litany of new policy arguments, Hubbell argues that, because of the fact pattern here, the Board's obviousness type double patenting rejection should be reversed or, at a minimum, Hubbell should be permitted to file a terminal disclaimer.

“Hubbell agrees that one of the policy reasons behind an obviousness type double patenting rejection is to prevent harassment of alleged infringers by multiple assignees of issued patents. But Hubbell argues that this Court should not affirm an obviousness type double patenting rejection when, like here, the conflicting application and patent were never commonly owned. But whether or not the application and patent were ever commonly owned is immaterial to the policy of preventing harassment by multiple assignees. To that end, the only relevant fact is whether the issued patents have different assignees, not whether the applications that led to those issued patents ever had different assignees.

“Hubbell next argues that he is ‘entitled’ to the two-way obviousness type double patenting test or, failing that, that this Court should apply the two-way test as an ‘equitable measure.’ Neither argument can prevail. Because Hubbell has admitted that he is partially responsible for the delay that caused the claims of the [ ] patent to issue first - by failing to present the claims of the '509 application earlier - Hubbell is not ‘entitled’ to the two-way test. And Hubbell's reliance on In re Borah and In re Braat to support his ‘equitable’ argument fails for the same reason. ***

“If this Court affirms the Board's obviousness type double patenting rejection, Hubbell contends that he should be allowed to submit a terminal disclaimer like that provided for in the regulations implementing the CREATE Act. But Hubbell does not meet the threshold requirement of the CREATE Act - a joint research agreement. Accordingly, Hubbell has not established any basis for allowing him to file a terminal disclaimer.”
Allergan v. Watson – KSR Question of Law


Status: A certiorari vote is expected at the Conference on October 12, 2012.

Question Presented: “Under 35 U.S.C. § 103(a), an invention is patentable unless the differences between the invention and what was known in the prior art are such that the invention would have been ‘obvious’ at the time it was made to a person having ordinary skill in the art.

“The Federal Circuit has held that for an invention to have been obvious, the prior art must have given the skilled artisan a ‘reasonable expectation’ that he would succeed at achieving the claimed invention, and it has treated the question of whether such a ‘reasonable expectation’ existed as a question of fact. Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1361 (Fed. Cir. 2007).

“In Graham v. John Deere Co., 383 U.S. 1 (1966), this Court held ‘the ultimate question of patent validity is one of law’ that depends on several ‘basic factual inquiries.’ In Microsoft Corp. v. i4i Ltd. P’ship, 131 S. Ct. 2238 (2011), three Justices stressed the importance of ‘separating [the] factual and legal aspects of an invalidity claim.’ Id. at 2253 (Breyer, J., concurring).

“The question presented is as follows:

“Is it a question of law whether a given likelihood that an invention would succeed is sufficient to establish the invention was obvious, and, if so, what factors may be considered in determining whether that likelihood is sufficient to show obviousness in a given case?”

“Is it a question of law whether a given likelihood that an invention would succeed is sufficient to establish the invention was obvious, and, if so, what factors may be considered in determining whether that likelihood is sufficient to show obviousness in a given case?”
Discussion: It is virtually certain that *certiorari* will be denied because, *inter alia*, Petitioner not only questions whether the *KSR* issue is one of law, but also presents an undefined, open-ended question: The Petition demands that if the Court agrees with Petitioner’s position, that *in addition*, the Court should state “, what factors may be considered in determining whether that likelihood is sufficient to show obviousness in a given case.”