

## Top Ten Patent Cases 2010

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1. *Ariad v. Eli Lilly* – § 112, ¶ 1 “Possession”
2. *i4i v. Microsoft* – Panel Piñata Petition
3. *Mayo v. Prometheus* – Metabolite déjà vu
4. *Bilski v. Kappos* – Patent-Eligibility
5. *Arkansas Carpenters (Cipro®)* – “Reverse Payments”
6. *Solo Cup Lid Case* – False Marking Expired Patent Numbers April
7. *Microsoft v. Lucent* – Obviousness Evidentiary Standard
8. *Costco v. Omega* – International Exhaustion
9. *Princo v. ITC* – Patent Misuse
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  - Ortho Biotech* – *Qui Tam* Actions
  - FujiFilm v. Benum* – International Exhaustion April
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  - IRIS v. Japan Airlines* – Security Law Preemption of Patent Law
  - Harari v. Hollmer* – Fouche Incorporation-by-Reference
  - Light v. Fallon* – Claim Construction
  - In re Pfizer* – Viagra

April; July References are to oral argument months (exact given date in the text).

**About this List:** Harold C. Wegner is solely responsible for this list. The author is a former Director of the Intellectual Property Law Program and 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.

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**(1) *Ariad v. Eli Lilly* – § 112, ¶ 1 “Possession”**

In *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.*, argued *en banc* December 7, 2009, the court will determine whether there is a separate “written description” and “possession” requirement under 35 USC § 112, ¶ 1 *in addition to* the objective enablement requirement that has been a central feature of the patent law since the nineteenth century.

The “written description”/ “possession” requirement represents the capstone of the twenty year judicial career of a lifelong pharmaceutical executive who pioneered this policy-driven exercise in judicial legislation to conform to the perceived policy needs of the pharmaceutical industry. See *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956 (Fed.Cir.2002)(Lourie, J.); and *Univ. of Rochester v. G.D. Searle & Co.*, 358 F.3d 916, 920 (Fed.Cir.2004)(Lourie, J.).

***Issues before the En Banc Court:*** “The parties are requested to file new briefs addressing the issues raised in the petition:

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

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

**Sham Government Argument refuted by Empirical Study:** The government suggested that the number of “written description” rejections as a sole basis for denying patents “must be high...” whereas the Chief Judge speculated that “the practical impact is miniscule, negligible.” Professor Dennis Crouch, *Ariad v. Eli Lilly: Written Description Requirement*, Patently O (February 19, 2010).

Professor Dennis Crouch has now completed an empirical study which concludes that of his sample of 2858 Board decisions. His study reaches the conclusion that “none of the outcomes of those decisions would have been impacted by a legal change that entirely eliminated the written description requirement of Section 112 so long as the USPTO would still be allowed to reject claims based on the addition of “new matter” (perhaps under 35 U.S.C. Section 132). New-matter style written description requirement rejections were outcome determinative in 20 of the 2858 cases – about 1.0 % of the cases in my sample.”

The empirical study is set available as: Dennis D. Crouch, *An Empirical Study of the Role of The Written Description Requirement in Patent Prosecution* (February 18, 2010). University of Missouri School of Law Legal Studies Research Paper No. 2010-06. Available at SSRN: <http://ssrn.com/abstract=1554949>.

**Decision by May 31, 2010?** A decision is expected before the May 31st retirement of the incumbent Chief Judge. (The Chief Judge is not taking senior status but *resigns his commission* on that date. If the case is not decided by that date the new Chief Judge – if in the majority – may reassign authorship of the case. And, of course, the vote of the current Chief Judge would disappear from the picture of a then-ten member *en banc* Court.)

### **(2) *i4i v. Microsoft* – Panel Piñata Petition**

In *i4i Ltd. v. Microsoft Corp.*, petition for rehearing en banc pending from panel opinion, *i4i Ltd. v. Microsoft Corp.*, 589 F.3d 1246 (Fed. Cir. 2009)(Prost, J.), Petitioner presents three challenges to the panel decision, the first two Supreme Court-bound challenges to the panel's legal analysis and one to the damages keyed to attorney misconduct.

**Status:** The case is awaiting a decision whether to grant rehearing en banc. (The Petition was filed January 8, 2010; a Response was filed on January 26, 2010.)

**The Two Legal Errors:** Petitioner questions two points:

“ 1. [**Excessive Damages**] Whether a \$ 290,000,000 damages award – the largest ever sustained on appeal in a patent infringement case – can stand where:

“a. The award rests on expert testimony that fails minimum standards of reliability and is unmoored to the real world; and

“b. Microsoft preserved its objection to the excessiveness of the award by moving for new trial or remittitur?”

“2. [**Injunctive Relief**] Whether injunctive relief can be predicated solely on past harm?”

**Willfulness** is challenged as a point of fact misapprehended by the panel: “[T]he panel's opinion states that ‘Microsoft does not challenge... the sufficiency of the jury's willfulness finding’ This is plainly incorrect.” (citations omitted).

**The Road to *Certiorari*:** Just as Petitioner shifted horses to bring in the Theodore Olson appellate team in its successful effort in *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437 (2007), the same team has prepared the petition, here. The petition is signed by Thomas G. Hungar, former Deputy Solicitor General, listed by Westlaw as appearing in thirty-seven Supreme Court cases including *Illinois Tool Works Inc. v. Independent Ink, Inc.*, 547 U.S. 28 (2006); *KSR Intern. Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); and *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2007). The first two issues are clearly presented in a manner both to seek rehearing *en banc* but also to prepare the road to the Supreme Court for *certiorari* review.

***Excessive Damages Award:*** The principal argument at *this* tribunal appears focused upon excessive damages with detailed arguments pointing to conflicts with Supreme Court precedent.

***Injunctive Relief with no Future Need for Relief:*** It is clear that if the case finds its way to the Supreme Court the second issue will play at least as prominent a role in the *certiorari* petition: “Injunctive relief is ‘unavailable’ absent a showing of ‘future injury.’ *City of Los Angeles v. Lyons*, 461 U.S. 95, 111 (1983)(emphasis added). Notwithstanding this settled rule, the decision here sustained an injunction based only on a showing of distant *past* harm.”

Quoting *Lyons*, 461 U.S. at 111, petitioner argues that “[t]he decision squarely conflicts with ... decisions of the Supreme Court ... holding that even where a plaintiff has suffered past harm, the ‘irreparable injury [ ] requirement [ ] cannot be met where there is no showing of any real or immediate threat that the plaintiff *will be wronged again*’ in the future”.

***Willfulness, Distancing Petitioner from the Attorney Conduct Issue:*** The third issue is plainly one that was brought only for consideration at the level of the Federal Circuit. Petitioner distances itself from its trial counsel who was found to have been a basis for the willfulness award both by entirely eliminating the issue from the pleadings and by the fact that this same counsel, *who argued the appeal before the panel*, did not sign the pleadings.

**(3) *Mayo v. Prometheus* – Metabolite déjà vu  
(Diagnostic Method Eligibility)**

In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, Supreme Court No. 09-490, *opinion below*, *Prometheus Laboratories, Inc. v. Mayo Collaborative Services*, 581 F.3d 1336 (Fed. Cir. 2009)(Lourie, J.), the Supreme Court is given the opportunity to grant *certiorari* concerning the patent-eligibility under 35 USC § 101 of a medical diagnostic method.

**Status:** With the recent decision denying patent-eligibility under 35 USC § 101 in *Bilski v. Kappos*, it is now anticipated that a grant-vacate-remand (GVR) decision may be reached in this case.

Since there was *no decision* announced on January 25, 2010, and has not been rescheduled for a further Conference (as of February 13, 2010), it is likely that the Court has deferred a *certiorari* vote until after the decision in *Bilski v. Kappos*.

**Metabolite déjà vu:** Four years ago in the *Metabolite* case, the Court granted *certiorari* and went through briefing and oral argument on the very same issue; yet, a week before the end of the Term in June 2006 the Court *dismissed* the case for an improvident grant of *certiorari*. *Lab. Corp. of Am. Holdings v. Metabolite, Inc.*, 548 U.S. 124 (2006) (Breyer, J., dissenting from dismissal of *certiorari*).

**Daring the Court to Issue a GVR:** The panel opinion below acknowledged that the trial court had relied upon the dissent in *Metabolite*: “In reaching its conclusion [that the claimed subject matter lacks patent-eligibility under 35 USC § 101], the district court relied heavily on the opinion of three justices dissenting from the dismissal of the grant of *certiorari* in [Metabolite].” *Prometheus v. Mayo*, 581 F.3d at 1346 n.3. Indeed, the notes that the trial judge “discuss[ed] the dissent in [Metabolite] at length and stat[ed] that although the dissent ‘does not have precedential value, the Court finds Justice Breyer's reasoning persuasive’”. *Id.* (quoting trial court opinion). While *Metabolite* case is *factually* on all fours with the instant case, the panel dismissed the factual relevance of the *Metabolite* case because the *Metabolite* case “involved different claims from the ones at issue here.” *Id.*

As to “Justice Breyer's reasoning [which the trial court found] persuasive”, the panel nowhere chose to dignify the Supreme Court opinion with a rebuttal anywhere in the body of its opinion. Indeed, the primary reason given by the panel

as to why no discussion of the *Metabolite* case is necessary is because the Breyer “dissent is not controlling law[.]” *Id.*

***GVR, Giving the Federal Circuit an Opportunity to Answer Metabolite:*** If the Court does, indeed, grant *certiorari* for the purpose of vacating and remanding for further consideration of the case in light of *Bilski v. Kappos*, an underlying reason will surely be seen as giving the court an opportunity to reconsider the case in light of *Metabolite*. (There are manifestly good arguments to distinguish *Metabolite*, but the panel for whatever reason chose to thumb its nose at the Court through its simple footnote dismissal.)

***Question Presented at the Supreme Court:*** “The Federal Circuit, reversing the district court, upheld Prometheus’s patent claims covering a process for correlating the level of certain chemicals in a patient’s blood with the patient’s health. By those claims, Prometheus seeks to monopolize the use of blood tests in the research, diagnosis, and treatment of disease, such that a physician violates the patent merely by thinking about the correlation between the test results and the patient’s health or treatment. This Court granted *certiorari* to determine whether basic scientific relationships may be monopolized in this way in *Laboratory Corp. of Am. Holdings v. Metabolite Labs., Inc.*, 548 U.S. 124, 135 (2006) (“*LabCorp*”), but dismissed the writ for lack of adequate issue preservation. Dissenting from dismissal, Justices Breyer, Stevens, and Souter explained that such patents are invalid under this Court’s precedents, and that resolving the issue presented in *LabCorp* was of great importance to innovative scientific inquiry and effective medical research and treatment. The question presented is as follows:

“Whether 35 U.S.C. § 101 is satisfied by a patent claim that covers observed correlations between patient test results and patient health, so that the claim effectively preempts all uses of these naturally occurring correlations.”

***Impact of Bilski v. Kappos:*** In the November 7, 2009, argument in *Bilski v. Kappos* argument, the court showed an awareness of the relationship of that case to the *Metabolite* case (and, hence, the *Mayo v. Prometheus* case as well). The government in its argument in *Bilski* urged the Court to decide the case on narrow grounds. Recognizing that a broadly worded affirmance of the Federal Circuit’s *en banc* decision could impact area such as medical diagnostic methods, the government expressly urged a narrow affirmance: “[W]e don't want the Court... in the area of ... medical diagnostic techniques to be trying to use this case as the vehicle for identifying the circumstances in which innovations of that sort would and would not be patent eligible, because the case really doesn't present any ...

question regarding those technologies. ... We thought that this case would provide an unsuitable vehicle for resolving the hard questions because the case doesn't involve ... medical diagnostic techniques, and therefore, we thought the Court would arrive at the position that I think, at least some members are feeling that you have arrived at, that you will decide this case, and most of the hard questions remain unresolved. And, frankly, we think that's true.”

**Mayo's Reply Brief – Express Link to the Pending *Bilski* Appeal:** With the hindsight benefit of having had a chance to observe the oral argument in *Bilski*, and obviously gauging Petitioner's chance of winning as minor, Petitioner Prometheus as its conclusion argues that the Court should at least grant review for the purpose of vacating, remanding and permitting the Federal Circuit to reconsider its decision anew, a GVR, while first noting the separate issues distinguishing *Bilski*:

“*Bilski*'s pendency does not lessen the need for plenary review, because *Bilski* will not settle the issue here. It involves the patentability of a method of financial risk management light years removed from the natural correlation of metabolite levels to patient health. And in the patent area, it is well understood that ‘industry-specific’ ‘judicial tailoring’ is necessary to accommodate the ‘diversity of industry needs and experience.’ *LabCorp*, 548 U.S. at 135; [Dan L. Burk & Mark A. Lemley, *The Patent Crisis and How the Courts Can Solve It* 108, 104 (2009)]. Indeed, the United States explicitly recognized that *Bilski* is an ‘unsuitable vehicle’ to determine the ‘patent eligibil[ity]’ of ‘medical diagnostic techniques’ because it ‘doesn't present \*\*\* any question regarding those technologies.’ Oral Arg. Tr., No. 08-964, at 36, 47 (U.S. Nov. 9, 2009); accord U.S. Br. in *Bilski*, No. 08-964, at 40. Patentees and patent defendants alike need certainty in this critical area of medical research and treatment.

“This Court should grant plenary review, or, at a minimum, grant, vacate, and remand in light of this Court's decision in *Bilski*.”

**Mayo's Reply Brief – “Leading Scholars” Bessen & Meurer, Burk & Lemley:**

“Leading scholars have explained that allowing patents on ‘abstract ideas,’ like taking mental note of natural biologic correlations, leads to claims over ideas ‘unknown to the inventor’ and means ‘future inventors face reduced incentives because they have to obtain a license’ in order to improve upon (or even disprove) the patented correlation. [James Bessen & Michael J. Meurer, *Patent Failure* 199-

200 (2008)]. Rules against patenting 'abstract ideas' or 'natural rules' are essential to prevent 'patents from covering entire concepts,' leaving room for innovators to work out new uses of abstractions and natural phenomena 'without fear of patent liability.' Dan L. Burk & Mark A. Lemley, *The Patent Crisis and How the Courts Can Solve It* 123-124 (2009); see *LabCorp*, 548 U.S. at 138 (patents over natural phenomena 'inhibit doctors from using their best medical judgment,' force them to enter unnecessary license agreements, 'divert resources' from healthcare to 'searching patent files,' and 'raise the cost of health care while inhibiting its effective delivery')."

**Mayo's Reply Brief – "Preemption"; "Disincentives to Medical Research":**

"Prometheus asserts that the Federal Circuit correctly upheld its patents because they describe a 'process' that comprises physical steps and includes physical 'transformations' that satisfy the Federal Circuit's 'machine or transformation' test. According to Prometheus, embedding the natural scientific principle that there is a correlation between metabolite levels and patient health into this 'process' is enough for patentability – even though the *only* step to which Prometheus allegedly made *any* contribution is putting numbers on the biologic correlation, the 'transformations' are part of everyday medical practice, and the practical effect of the patent is to preempt *all* uses of the natural correlation in medical research and treatment. That is not the law under this Court's preemption precedents. Congress never gave Prometheus power to stop Mayo Clinic from disagreeing with Prometheus's medical judgment and setting forth improved criteria to evaluate patient health. See *Brenner v. Manson*, 383 U.S. 519, 532, 534 (1966) (it was not the 'intent of Congress' in Section 101 that 'a process claim' should 'confer power to block off whole areas of scientific development' by creating a 'monopoly of knowledge').

"These disincentives to medical progress and optimal treatment are real. It is well documented that '[t]he notice function [of patents] does not always work,' so that '[c]learance costs' are high. James Bessen & Michael J. Meurer, *Patent Failure* 8, 10 (2008). If 'mental correlations' may be patented, a physician or researcher would 'nee[d] to check a very large number of patents' to be sure that no license is required for a proposed treatment, test, or research, and even then 'it would be very difficult to know what [the patents'] boundaries were' - uncertainty that creates 'an

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unavoidable risk of disputes and litigation' that is a powerful disincentive to innovation. *Id.* at 8-9, 27. The threat from 'patent trolls' - 'patentees who opportunistically take advantage of poor patent notice to assert patents against unsuspecting firms' - magnifies the risk that medical professionals face. *Id.* at 17."

### **(4) *Bilski v. Kappos* – Method Patent-Eligibility**

*Bilski v. Kappos*, Supreme Court No. 08-964, *opinion below*, 545 F.3d 943 (Fed. Cir. 2008)(*en banc*)(Michel, C.J.), remains the single hottest patent case in terms of general attention of the patent community.

**Status:** A decision could be rendered on any date that the court is in session between now and the end of June 2010 when the current 2009 Term comes to an end. (Argument took place November 7, 2009).

The next regular sessions of the court when a decision could be announced will be held at 10:00 AM on each of March 22-22 and 29-31; April 5, 19-21 and 26-28; and May 3, 17 and 24.

**Main Question Presented:** "Whether the Federal Circuit erred by holding that a 'process' must be tied to a particular machine or apparatus, or transform a particular article into a different state or thing ('machine-or-transformation' test), to be eligible for patenting under 35 U.S.C. § 101, despite this Court's precedent declining to limit the broad statutory grant of patent eligibility for 'any' new and useful process beyond excluding patents for 'laws of nature, physical phenomena, and abstract ideas.'"

***Bilski Likely Outcome (1)*:** The Court may *affirm* the holding below, but add an entirely new twist to the requirements for patent-eligibility under 35 USC § 101 which could also implicate Top Ten No. (3) *Mayo v. Prometheus* that would result in a GVR that would send that case back to the Federal Circuit for a fresh consideration in light of *Bilski*.

***Bilski Likely Outcome (2)*:** The possibility exists for a narrow affirmance on the basis that the invention in *Bilski* is to an "abstract idea" that is not patent-eligible.

***Bilski Likely Outcome (3)*:** Least likely of the three most likely outcomes would be a straight-forward affirmance of the *en banc* rationale below.

### ***A Narrow Affirmance Denying Patent-Eligibility to an “abstract idea”?***

Although the conventional wisdom is that the *en banc* opinion of the court below will be affirmed, there is a possibility that the affirmance will be narrow and not touch the more controversial “machine-or-transformation” test: The Court *could* simply affirm the decision below on the basis that the claimed invention is an “abstract idea”.

The Chief Justice asked Bilski’s counsel: “How is [claim 1] not an abstract idea? You initiate a series of transactions between commodity providers and commodity consumers. You set a fixed price at the consumer end, you set a fixed price at the other end, and that's it.” Bilski responded: “If that was a novel and unobvious method, then it should be patentable, but it's eligible as subject matter –” Whereupon, the Chief Justice answered: “Well, but your Claim 1 it seems to me is classic commodity hedging that has been going on for centuries.”

***The Government Supports a Narrow Affirmance:*** The government itself urged the Court to decide the case on narrow grounds. Recognizing that a broadly worded affirmance of the Federal Circuit’s *en banc* decision could impact area such as software and medical diagnostic methods, the government expressly urged a narrow affirmance: “I guess the point I'm trying to make is simply that we don't want the Court, for instance, in the area of software innovations or medical diagnostic techniques to be trying to use this case as the vehicle for identifying the circumstances in which innovations of that sort would and would not be patent eligible, because the case really doesn't present any ... question regarding those technologies. ... We thought that this case would provide an unsuitable vehicle for resolving the hard questions because the case doesn't involve computer software or medical diagnostic techniques, and therefore, we thought the Court would arrive at the position that I think, at least some members are feeling that you have arrived at, that you will decide this case, and most of the hard questions remain unresolved. And, frankly, we think that's true.”

***The Court's Absurd Hypothetical Examples:*** In an exercise of *reductio ad absurdum* several members seemingly had a contest to set forth the most extreme example of an unpatentable invention seemingly within petitioner’s ambit of patent-eligible subject matter, with Justice Scalia the obvious winner with his suggestion that a nineteenth century a nineteenth century horse whisperer’s training techniques were patent-eligible under the Bilski umbrella. Runners up were methods to, “buy low and sell high” (Chief Justice), speed dating (Justice Sotomayor) and law school teaching methods (Justices Breyer and Ginsburg).

***Bilski's Response to the Absurd Hypothetical Examples:*** One observer noted that to each hypothetical, “[Bilski] staunchly kept to his position that what should be considered a patent-eligible process be broadly construed, refusing to concede that any method posed as a hypothetical by the Court should be *per se* ineligible. These far-fetched hypothetical methods included methods for teaching antitrust law without putting students to sleep (Justice Breyer), speed-dating (Justice Sotomayor), horse-whispering (Justice Scalia), as well as more concrete examples (‘an estate plan, tax avoidance, how to resist a corporate takeover [or] how to choose a jury,’ by Justice Ginsberg). The Court was clearly concerned about conferring the broadest scope to method claims, such as ‘anything that helps any businessman succeed is patentable because we reduce it to a number of steps,’ according to Justice Breyer. To each of these instances, [Bilski] argued that such a claim was ‘potentially patentable,’ subject to the other requirements of the statute. To Justice Sotomayor's question about how to limit patent eligibility to ‘something reasonable’ if it is not limited to technology or the sciences, [Bilski] argued that the useful arts excludes ‘[s]peaking, literature, poems’ and that ‘a corporation [or] a human being’ were not included in the statutory categories of the useful arts. However, [Bilski] did not specifically assert that Bilski's claim should be patent-eligible, merely that the Federal Circuit's test was without support in the plain language of the statute or any of the Court's earlier precedent.” Kevin Noonan, *Supreme Court Bilski Argument*, Patent Docs (November 9, 2009), <http://www.patentdocs.org/2009/11/supreme-court-bilski-argument.html>.

### **(5) *Solo Cup Lid Case – False Marking Expired Patent Numbers***

In the *Solo Cup Lid Case*, *Pequignot v. Solo Cup*, Fed. Cir. 2009-1547, a *qui tam* plaintiff as a member of the public seeks to enforce a “false marking” action against defendant manufacturer who sold 21 *billion* cup lids that had patent markings to *expired* patents and thus were falsely marked. At a maximum penalty of \$ 500 each this would amount to *ten trillion dollars* – or at a penny an article \$ 21 million dollars – or a tenth of a penny at \$ 2.1 million dollars.

The *Solo Cup Lid Case* is considered in more detail in a study released by Justin Gray jointly prepared with this writer, *The New Patent Marking Police: Answering Clontech and Forest Group*, <http://www.grayonclaims.com/home/2010/1/8/the-new-patent-marking-police-answering-clontech-and-forest.html>.

**Status:** Oral argument is scheduled for April 6, 2010.

***Arcadia Machine Precedent on False Marking of an Expired Patent:*** To win, appellant *qui tam* plaintiff has the burden of overcoming the leading case at the Federal Circuit concerning false marking based upon the continued marking of expired patents. In *Arcadia Machine*, the court excused any false marking “errors ... caused by patent expirations.” *Arcadia Machine & Tool Inc. v. Sturm, Ruger & Co.*, 786 F.2d 1124, 1125 (Fed. Cir. 1986).

***Appellant's Statement of the Issues:*** “Congress has authorized ‘any person’ to sue for a statutory penalty of up to \$500 per offense for falsely marking any unpatented article with a word or number importing that the article is patented. 35 U.S.C. § 292. *Qui tam* relator Matthew A. Pequignot brought this action against Solo Cup Company (‘Solo’) for violating § 292. It is undisputed that Solo intentionally marked tens of billions of products with patents that it knew were expired and did not protect its products. It is also undisputed that Solo intentionally marked millions of other products that it knew were unpatented with the statement that they ‘may be covered by one or more U.S. or foreign pending or issued patents.’ The district court found that Solo had engaged in illegal false marking when it marked its products with expired patents and the ‘may be covered’ language, but granted summary judgment for Solo on the ground that Solo had not false marked with the intent required by § 292. The issues presented by this appeal are:

“1. Did the district court apply the wrong legal test for intent under § 292 when it rejected the objective criteria test set forth in *Clontech Laboratories, Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352-53 (Fed. Cir. 2005), under which intent is ‘established in law’ by proof of a misrepresentation coupled with the false marker's knowledge of falsity, and ruled that Solo's assertions of subjective good faith (that it false marked to save money and it thought that it was acting legally based on the advice of counsel) negated the intent element?

“2. Were there genuine disputes of fact concerning Solo's intent that were material to the district court's erroneous legal standard that should have precluded the court from granting summary judgment for Solo even if that erroneous legal standard applied?

“3. Is each false marking on an unpatented article an ‘offense’ for which a penalty of not more than \$500 shall be imposed, as the plain and unambiguous language of

§ 292 provides, or is the 'offense' the initial decision to embark on a course of false marking, no matter how many articles are falsely marked, as the district court held?

"4. Was [the qui tam plaintiff] entitled to summary judgment on the issues of Solo's liability and the number of offenses that Solo committed for which a penalty shall be imposed when it was undisputed that (i) Solo false marked with the requisite intent satisfying the objective criteria defined in *Clontech*; and (ii) Solo falsely marked at least 21,757,893,672 articles?"

***Appellee's Statement of the Issues:*** Appellee restates issues (1) and (4):

"1. Did the district court apply the wrong legal test for determining existence of a 'purpose of deceiving the public' under § 292 in holding that *Clontech's* permissible 'inference' of such a purpose is rebuttable? And did the district court err in holding that such inference was rebutted in this case by uncontradicted and undisputed evidence that left no genuine issue of material fact for trial?"

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"4. Was Pequignot entitled to summary judgment on the issue of Solo's liability in the absence of any evidence that Solo had an actual intent, purpose or motive "to deceive the public," and on the issue of what, in this case, could be an "offense" for which a statutory penalty could be imposed?"

***Discussion:*** This case builds upon the holding by a panel in the week between Christmas and the New Year in *Forest Group, Inc. v. Bon Tool Co.*, 590 F.3d 1295 (Fed. Cir. 2009)(Moore, J.), holding that *each article* is subject to a separate "false marking" penalty which under the statute may be up to \$ 500.

Relief was denied to the *qui tam* plaintiff in the decision below which found a lack of requisite intent as to the false marking of an expired patent number. To rule for plaintiff on appeal would represent the first time that a false marking penalty was imposed by the Federal Circuit as to an expired patent, contrary to the precedential *Arcadia Machine* case.

***Forest Group, an Apparently Final Decision:*** The plaintiff's third issue is identical to the holding in the *Forest Group* case which is now an *apparently* final decision, and one that may well be final before the oral argument in this case. (The deadline for a petition for *certiorari* expires March 28, 2010, less than ten days

before the oral argument. The mandate has already issued, as no petition for rehearing was filed in *Forest Group*.)

***Should Forest Group be Clarified En banc?*** Neither party has sought to have the *Solo Cup Lid* case heard *en banc* as the plaintiff is obviously very pleased with the precedential status of *Forest Group* and appellee is obviously seeking to have the issue rendered moot (as seen from his presentation of the issues presented to the court). It is manifest that the panel to which this case is assigned should refrain from revisiting *Forest Group* unless it chooses to refer the matter to the *en banc* court. No matter whether the *en banc* court chooses to adopt or modify *Forest Group* this would be an important step to validate, repudiate or modify a panel opinion of such great importance.

***The Kingsdown Procedure:*** An *en banc* reconsideration of *Forest Group* could be accomplished via the procedure for partial referral of the case to the *en banc* court as was first done in *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 n.16 (Fed. Cir. 1988)(*en banc* in part)( Markey, C.J.), later followed in *DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1304 (Fed. Cir. 2006)(*en banc* in part)(Rader, J.); and *Abbott Laboratories v. Sandoz, Inc.*, 566 F.3d 1282, 1291 n.1 (Fed. Cir. 2009) (*en banc* in part) (Rader, J.).

To be sure, the *Kingsdown* procedure is strongly disputed as conflicting with the procedures available to the Federal Circuit in a very sharply worded opinion in *Abbott v. Sandoz*, 566 F.3d at 1299 (Newman, J., dissenting, joined by Mayer, Lourie, JJ.). Yet, nowhere in the dissent is there any mention of either *Kingsdown* or *DSU* where the very same procedure was used. In *Kingsdown*, the dissenting author and the second named member of the dissent in *Abbott v. Sandoz* were a part of a unanimous court that established the procedure in that case while the third named member of the panel was not yet a member of the court; in *DSU* both the author of the dissent and the junior member of the dissenting group in *Abbott v. Sandoz* were part of the majority opinion without any dissent as to the procedure, while the third member of the panel joined a concurring opinion in *DSU* that did not at all challenge the *en banc* procedure in that case while stating that the concurring members “agree with the court's analysis ... [but] do not consider it necessary to address this issue *en banc*.” *DSU*, 471 F.3d at 1311 (Michel, C.J., joined by Mayer, J.).

***Supreme Court QuiTam Pending Petition:*** On February 22, 2010, the Court issued a CVSG order in the *Ortho Biotech* case (separately considered in the Top Ten cases, *infra*).

***More than 100 Patent Marking Cases before the End of 2010:*** At the current pace of filings, by the end of this year there will be more than 100 patent marking cases, largely against manufacturers who legitimately marked their products with patent numbers but then failed to remove the patent numbers when they expired.

The large number of filings by the “parent marking police” is continually updated by Justin Gray, *False Marking Case Information*, <http://www.grayonclaims.com/false-marking-case-information>.

***Will Congress Moot this Case through Legislation?*** Widespread industry opposition to *Forest Group* from all sectors has led to a the provision of what could end up to be a same year fix to an unpopular Federal Circuit decision. Such an immediate legislative reaction has precedent in the 1984 *Roche v. Bolar* decision that was overruled by statute barely before the ink was dry on the opinion. See *Eli Lilly and Co. v. Medtronic, Inc.*, 496 U.S. 661, 670 (1990)(discussing *Roche Products, Inc. v. Bolar Pharmaceutical Co.*, 733 F.2d 858 (Fed. Cir. 1984), overruled by statute). A longer gestation period took place to deal with offshore infringement; see *Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 444-45 (2007)(discussing *DeepSouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972), overruled by statute).

The “Manager’s Amendment” of S.515 would restyle the patent reform bill as *The Patent Reform Act of 2010* that would statutorily overrule the entire *qui tam* false marking action be an express repeal of the current wording of 35 USC § 292(b). (Instead, the new false marking statute would provide that “[a] person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages adequate to compensate for the injury.”)

The legislation is considered in more detail by Justin Gray, *False Marking: Senate Proposes to End False Marking Onslaught*, <http://www.grayonclaims.com/home/2010/3/4/false-marking-senate-proposes-to-end-false-marking-onslaught.html>.

***A Retroactive Statutory Override would Moot the Present Appeal:*** The effective date provision would immediately end the *current* litigation, and do so even after a decision by the Federal Circuit as long as the litigation remains pending. Thus, “[t]he amendment [ending *qui tam* actions under 35 USC § 292(b)] ... shall apply

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to all cases, *without exception*, pending on or after the date of the enactment of this Act.” (emphasis added).

To the extent that the period for rehearing and/or the period for seeking *certiorari* review by the Supreme Court would extend until very late this year, should Congress enact S.515 that includes the current text of the Manager's Amendment, the present action would be extinguished.

### **(6) *Microsoft v. Lucent* – Obviousness Evidentiary Standard**

In *Microsoft Corp. v. Lucent Technologies, Inc.*, No. 09-1006, *opinion below sub nom Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301 (Fed. Cir. 2009)(Michel, C.J.), accused infringer Microsoft challenges the evidentiary standard for an obviousness ruling.

**Status:** Respondent's brief in opposition to the *certiorari* petition is due March 26, 2010. It is expected that a decision whether to grant review will be reached before the end of the current October 2009 Term. If *certiorari* is granted, the case would be briefed over the summer and argued during the October 2010 Term that runs through June 2011.

**Questions Presented:** “In this case, the Federal Circuit affirmed a verdict of patent infringement over a challenge to the sufficiency of the evidence. After reviewing the record, the Federal Circuit pointed only to expressly speculative expert testimony and lawyer characterization of the evidence (not the evidence itself) to support the verdict. In affirming the verdict, the Federal Circuit itself characterized this speculative and argumentative ‘evidence’ as ‘less than the weight of the evidence,’ but ‘just more than a mere scintilla.’ The questions presented are:

“1. Whether a jury verdict of patent infringement can stand when it is supported only by speculative ‘evidence’ and lawyer argument, or whether the standards for entry of judgment as a matter of law that apply in all other federal cases should apply equally in patent cases.

“2. Whether a new trial is required in a patent infringement case, as in all other cases, when the verdict is found to be contrary to the weight of the evidence.”

**Discussion:** Petitioner explains that “[i]n this case, the Federal Circuit adopted and applied new and unique substantive standards for post-trial review of jury verdicts of infringement. Unlike every other circuit, the Federal Circuit here concluded that speculative testimony and lawyer argument provide a sufficient evidentiary basis to support a jury verdict. Further, even on its own evaluation of the record, the Federal Circuit acknowledged that the verdict was contrary to the weight of the evidence, but nonetheless allowed the verdict to stand rather than order a new trial. These modifications to legal standards that are not unique to patent law are contrary to Congress’s intent and threaten to undermine the rational and orderly enforcement of the patent laws. This Court should accept review to restore uniformity to the standards for post-trial review of jury verdicts, and to ensure that patent litigation is governed by the same standards that have been deemed fair and appropriate for all litigation.”

**(7) *Arkansas Carpenters (Cipro®)* – “Reverse Payments”**

In *Arkansas Carpenters Health and Welfare Fund v. Bayer AG*, 2nd Cir. No. 05-2851-cv(L), the Second Circuit, *en banc*, is to determine whether a “reverse payment” Abbreviated New Drug Application litigation settlement in litigation over Cipro® is an antitrust violation.

**Status:** Supplemental briefing to address the questions raised by the Court for *en banc* consideration was completed in August 2009.

**Discussion:** If the Second Circuit answers that the “reverse payment” creates an antitrust violation, this would set up a *direct* conflict with the Federal Circuit’s negative answer to the same question over Cipro® in *In re Ciprofloxacin Hydrochloride Antitrust Litigation*, 544 F.3d 1323 (Fed. Cir. 2008), *cert. denied sub nom Arkansas Carpenters Health and Welfare Fund v. Bayer AG*, 129 S.Ct. 2828 (2009).

A direct inter-circuit conflict of this nature would represent a case where the Court may well grant *certiorari*.

**(8) *Costco v. Omega* – International Exhaustion**

In *Costco Wholesale Corp. v. Omega, S.A.*, Supreme Court No. 08-1423, *opinion below*, *Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982 (9th Cir. 2008)(Smith, Jr., J.), the question of international exhaustion of intellectual property rights is raised in the context of copyright law. Since October 5, 2009, there has been an outstanding invitation by the Supreme Court for the Solicitor

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General to file a brief expressing the views of the United States whether to grant *certiorari*.

International exhaustion involves the principle that the intellectual property rights holder who places goods on sale outside the United States “exhausts” his patent right so that a purchaser is free to import into and use and sell purchased goods in the United States.

*Costco v. Omega* raises the issue of international exhaustion in the context of copyright law, which may have implications as to the parallel considerations of international exhaustion in the context of *patent* law. “International exhaustion” for patents has been *denied* in the United States by the Federal Circuit in *Jazz Photo* and *Fuji Photo*. In “Quanta II”, *LG Electronics, Inc. v. Hitachi, Ltd.*, 2009 WL 667232 (N.D.Cal. 2009)(Wilkins, J.), a trial court has repudiated *Jazz Photo* and *Fuji Photo* on the basis that the decisions are inconsistent with the subsequent ruling in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2008).

**Question Presented:** “Under the Copyright Act's first-sale doctrine, 17 U.S.C. § 109(a), the owner of any particular copy ‘lawfully made under this title’ may resell that good without the authority of the copyright holder. In *Quality King Distribs., Inc. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135, 138 (1998), this Court posed the question presented as ‘whether the ‘first sale’ doctrine endorsed in § 109(a) is applicable to imported copies.’ In the decision below, the Ninth Circuit held that *Quality King* (which answered that question affirmatively) is limited to its facts, which involved goods manufactured in the United States, sold abroad, and then re-imported. The question presented here is:

“Whether the Ninth Circuit correctly held that the first-sale doctrine does not apply to imported goods manufactured abroad.”

**Post-TransCore International Patent Exhaustion:** In *TransCore, LP v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271 (2009)(Gajarsa, J.), a panel broadly interprets the scope of exhaustion under *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2008). In *Quanta*, “the Supreme Court reiterated unequivocally that ‘[t]he longstanding doctrine of patent exhaustion provides that the initial authorized sale of a patented item terminates all patent rights to that item,’ and that ‘[e]xhaustion is triggered only by a sale authorized by

the patent holder[.]” *TransCore*, 563 F.3d at 1274 (quoting *Quanta*, 128 S.Ct. at 2115, 2121).

In *Transcore* itself, the court had to determine whether to broadly interpret *Quanta*: “The question for this court is whether an unconditional covenant not to sue authorizes sales by the covenantee for purposes of patent exhaustion. We hold that it does.” *Id.*

***The Open Question of International Patent Exhaustion:*** While the factual dispute before the Supreme Court in *Quanta* dealt with an authorized *domestic* sale, a remaining question left on remand is whether an authorized *foreign* sale establishes patent exhaustion: Is there *international* patent exhaustion where the authorized sale by the patentee takes place *outside* the United States and the purchaser transfers title in the United States? It is clearly expected that at some point in time the Supreme Court will need to answer this additional question. See Harold C. Wegner, *Post-Quanta, Post-Sale Patentee Controls*, 7 J. Marshall Rev. Intell. Prop. L. 682, 698 (2008).

#### **(9) *Princo v. ITC* – Patent Misuse**

In *Princo Corp. v. International Trade Com'n*, petition for rehearing granted from panel opinion, 583 F.3d 1380 (Fed Cir. 2009) (per curiam), the court will reconsider a patent misuse issue.

**Status:** Awaiting decision (*en banc* argument held March 3, 2010.)

**Discussion:** The following explanation of the case is taken directly from one of the several *amici* submissions:

The panel opinion addresses allegations of misuse connected with Sony's “Lagadec” patent, one of several pooled patents licensed together for use in manufacturing Orange Book-compliant recordable compact discs and related products. See *Princo Corp. v. International Trade Com'n*, 563 F.3d 1301 (2009). ... [T]he panel's opinion analyzed whether an alleged agreement between Sony and Philips to license Lagadec only for Orange Book-compliant technology would amount to misuse when Lagadec allegedly also supported competing technologies. The panel apparently assumed that the “rule of reason” applied, but it also referred to *per se* illegal price fixing, noting that “[a]greements preventing patent licensing of competing technologies” are “not within the rights granted to a patent holder”. The panel ultimately determined that there were no apparent procompetitive

benefits to such a restriction, and concluded that such an agreement in this case could constitute misuse. *Id.* The panel, however, remanded the case to the International Trade Commission (“ITC”) to determine whether the alleged agreement actually existed and to assess the extent to which the Lagadec technology could have been used to develop a viable alternative technology platform.

...AIPLA strongly urges the *en banc* Court to clearly articulate that the licensing conduct at issue in this case is *only* properly analyzed under the rule of reason, and not the *per se* rule. Moreover, AIPLA strongly urges the *en banc* Court to clearly place the burden of proving anticompetitive effect under the rule of reason on the party invoking the patent misuse defense or asserting antitrust claims (in this case, Princo). Under these circumstances, the burden of proof should require objective evidence that the challenged conduct results in demonstrable anticompetitive effects. Otherwise, there is the risk of chilling some intellectual property licensing practices that are, on balance, procompetitive. ...

By applying the rule of reason and holding parties to their burden of proving anticompetitive effect, the Court can strike the appropriate balance between the complementary goals of intellectual property law and antitrust principles. This approach will help maintain strong protections for intellectual property, which foster innovation, competition, and consumer benefits. It will ensure that licensing practices are not condemned absent proof of actual and substantial anticompetitive harm. And when there are demonstrable anticompetitive effects that outweigh the procompetitive benefits, the long-standing, well-established rule of reason approach allows the courts to address that conduct as the law requires.

Brief *Amicus Curiae* of the American Intellectual Property Law Association (citations omitted).

### **(10) Golden Hour – Joint (Divided) Infringement**

In *Golden Hour Data Sys., Inc. v. emsCharts, Inc.*, Nos. 2009-1306, *proceedings below*, 2009 WL 943273, 91 USPQ2d 1565 (E.D.Tex. 2009)(Ward, J.), appellant-patentee seeks to overcome a finding of noninfringement where appellant seeks to distinguish *BMC Resources, Inc. v. Paymentech, L.P.* 498 F.3d 1373, 1380 (Fed.Cir.2007); and *MuniAuction, Inc. v. Thomson Corp.* 532 F.3d 1318 (Fed.Cir.2008).

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**Issue:** The second issue as stated by appellant is “[w]hether the district court erred in overturning the jury verdict of joint infringement, given [accused infringer] emsCharts' control and direction over the use and sale of the infringing product.”

**Status:** Oral argument was held March 1, 2010 (Newman, Friedman, Dyk, JJ).

**Discussion:** The District Court opinion includes the following discussion:

“It is well settled law that infringement requires a showing that a defendant has practiced each and every element of the claimed invention. *Warner-Jenkinson Co., Inc. v. Hilton Davis Corp.*, 520 U.S. 17, 40 (1997). The ‘traditional standard ‘requir[es] a single party’ to practice each and every element for there to be infringement. *BMC Resources, Inc. v. Paymentech, L.P.* 498 F.3d 1373, 1380 (Fed.Cir.2007). ‘A party cannot avoid infringement, however, simply by contracting out steps of a patented process to another entity. In those cases, the party in control would be liable for direct infringement.’ *Id.* at 1381. Therefore, to prove joint infringement, the patent holder must prove that ‘one party exercises ‘control or direction’ over the entire process such that every step is attributable to the controlling party, i.e. ‘the mastermind.’ ‘*MuniAuction, Inc. v. Thomson Corp.* 532 F.3d 1318 (Fed.Cir.2008) (quoting *BMC Resources*, 498 F.3d at 1380-81). ‘[T]he control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by the other party that are required to complete performance of a claimed method.’ *BMC Resources*, 498 F.3d at 1379.

“The Federal Circuit insisted that the direction or control standard does not ‘provide a loophole for a party to escape infringement by having a third party carry out one or more of the claimed steps on its behalf.’ *Id.* However, the court ‘acknowledge[d] that the standard requiring control or direction for a finding of joint infringement may in some circumstances allow parties to enter arms-length agreements to avoid infringement.’ *BMC Resources* 498 F.3d at 1381. That concern, however, did not warrant expanding the rules governing joint infringement. *Id.* Additionally, those concerns ‘can usually be offset by proper claim drafting. A patentee can usually structure a claim to capture infringement by a single party.’ *Id.*”

***Ortho Biotech – Qui Tam Actions***

In *Ortho Biotech Products v. United States ex rel. Duxbury*, Supreme Court No. 09-654, the Court has asked the Solicitor General for a CVSG brief as to the position of the United States whether to grant *certiorari*.

**Status:** The Solicitor General has no time limit as to when a CVSG brief needs to be filed. It is not expected that a CVSG brief will be filed until late Summer (at the earliest). The Orders List asking for the CVSG filing was issued on February 22, 2010.

**Discussion:** This case may have relevance to the false marking *qui tam* actions now populating patent dockets, including No. (5) *Solo Cup Lid* case.

**Questions Presented:** There are two questions in the petition:

“1 Whether a federal court lacks subject-matter jurisdiction over a *qui tam* suit under the False Claims Act [ ], 31 U.S.C. §§ 3729 *et seq.*, that repeats publicly disclosed allegations from prior litigation, where the FCA relator did not provide the government with information on the suit's allegations before the public disclosure.

“2. Whether an FCA relator, alleging that the defendant induced a third party to submit false or fraudulent claims, can satisfy Rule 9(b) of the Federal Rules of Civil Procedure without identifying a single false or fraudulent claim, but merely by alleging facts sufficient “to strengthen the inference of fraud beyond possibility.”

***FujiFilm v. Benum – International Exhaustion***

In *FujiFilm Corp. v. Benum*, Fed. Cir. App. No. 2009-1487, an accused infringer seeks to have the Federal Circuit rule that its earlier decision in the same line of cases was overruled by the Supreme Court in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2008).

**Status:** Argument is scheduled for April 5, 2010.

**Issue:** The first (of four) issues presented by appellant is whether “the decision of the United States Supreme Court in *Quanta Computer LP. v. LG Electronics, Inc.*,

\_\_\_ U.S. \_\_\_, 128 S. Ct. 2190, 170 L. Ed. 2d 996 (2008) eliminate the ‘territoriality’ requirement for patent exhaustion which this Court announced in *Jazz Photo Corporation v. United States International Trade Commission*, 294 F.3d 1094 (Fed. Cir. 2001)?”

**Discussion:** Appellant argues that “[t]he The United States Supreme Court's decision in *Quanta Computer LP v. LG Electronics, Inc.*, \_\_\_ U.S. \_\_\_, 128 S. Ct. 2109 (2008), held that a patentee's rights in a good are exhausted by the authorized sale of a good which substantially embodies the patented invention. The location of the authorized sale is irrelevant for purposes of triggering patent exhaustion. In so ruling, the Supreme Court in *Quanta* overruled, *sub silentio*, this Court's decision in *Jazz Photo Corp. v. United States International Trade Commission*, 264 F.3d 1094 (Fed. Cir. 2001), which held that patent exhaustion was only triggered by an authorized sale of a patented good *in the United States.*”

***Relationship to the Post-Supreme Court Quanta Proceedings:*** . In

“*Quanta II*”, *LG Electronics, Inc. v. Hitachi, Ltd.*, 2009 WL 667232 (N.D.Cal. 2009)(Wilkins, J.), a trial court has repudiated Federal Circuit precedent denying international exhaustion on the basis that the Federal Circuit decisions are inconsistent with the subsequent ruling in *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2008).

***Relationship to the Costco Supreme Court Proceedings:*** .

*Costco v. Omega* raises the issue of international exhaustion in the context of copyright law, which may have implications as to the parallel considerations of international exhaustion in the context of *patent* law. The outcome of this case at the Supreme Court may influence the ultimate outcome of the present appeal.

***In re Tanaka – Reissue “Error”***

*In re Tanaka* (not docketed as of this writing) is an appeal from *Ex parte Tanaka*, 2009 WL 5819322 (Bd.Pat.App. & Interf. 2008), dealing with “error” under the reissue statute, 35 USC § 251.

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**Issue:** Per the Board's opinion, "the issue before [the Board] is whether the reissue declaration can satisfy the error required under 35 U.S.C. § 251 when the Appellant is only adding a narrower dependent claim by reissue to the existing patented claims simply as a hedge against possible invalidity of the original claims."

**Status:** The case is at a very early stage with the possibility for amicus participation.

### ***Hyatt v. Kappos* – § 145 Presentation of New Evidence**

Rehearing *en banc* has been ordered in *Hyatt v. Kappos*, Fed. Cir. App. No. 2007-1066, *vacated panel opinion, Hyatt v. Doll*, 576 F.3d 1246 (Fed. Cir. 2009)(Michel, C.J.). The *en banc* rehearing provides a vehicle to reopen the door to the presentation of evidence in a trial *de novo* under 35 USC § 145.

**Status:** Oral argument *en banc* is scheduled for July 8, 2010 at 2:00 PM.

**The Split (now Vacated) Panel Opinion:** The panel majority followed the view of the Solicitor taking a hard line on the presentation of new evidence at a § 145 trial. The exclusion of new evidence by the panel majority was criticized in the dissent that succinctly summarizes the traditional view of the law:

“[T]he majority blurs the line between an appeal pursuant to § 141 and the civil action of § 145. The admissibility of new evidence is exactly what distinguishes § 145 from § 141. “We must be vigilant to preserve to patent applicants the alternative procedures that the law provides, and to preserve the historical distinction between them.” *Fregeau [v. Mossinghoff]*, 776 F.2d 1034, 1041 (Fed.Cir.1985)(Newman, J., concurring-in-part). The legislative history and Supreme Court precedent make clear that the hallmark distinction is the admissibility of ‘all competent evidence,’ ‘to build up a new record,’ ‘to start *de novo* in court,’ ‘and file testimony bringing in evidence that they could have brought in before [the PTO] but did not bring in before.’ This evidence, admissible in this civil action, should be governed as the Supreme Court indicated by ‘equity practice and procedure,’ i.e., the Federal Rules of Evidence and Civil Procedure.

“Since only the presence of new evidence invokes the *de novo* standard of review (otherwise the district court will give the Board fact findings substantial evidence deference, *see Fregeau*, 776 F.2d at 1038), the majority's decision in this case makes the § 145 action virtually indistinguishable from an appeal under §

141. This version of a 'civil action' under § 145 is contrary to Congressional intent and to the Supreme Court's rulings. While it is sound policy to encourage full disclosure to administrative tribunals such as the PTO, we are not the body that makes the decision of how best to do this. Congress held numerous hearings over this legislation, considered the concerns over permitting a civil action, and decided to enact the legislation despite these concerns." *Hyatt v. Doll*, 576 F.3d 1289-90 (Moore, J., dissenting).

**Issues:** The Court asks the parties to identify limitations on the admissibility of evidence in section 145 proceedings:

“(i) Does the Administrative Procedure Act require review on the agency record in proceedings pursuant to section 145?

“(ii) Does section 145 provide for a de novo proceeding in the district court?

“(iii) If section 145 does not provide for a de novo proceeding in the district court, what limitations exist on the presentation of new evidence before the district court?”

**PTO Attempt to Severely Limit New Evidence:** The PTO for some time has been attempting to squelch patent applicants and patentees from taking the § 145 route to review decisions of the Office. See Dennis Crouch, *Appealing BPAI Rejections in Ex Parte Reexaminations*, Patently O (February 10, 2010)(discussing the work of Charles Miller). The writer was involved in a § 145 case where the principal attack by the Office was not on the evidence presented but on whether evidence could be admitted. *Takeda Pharmaceutical Co., Ltd. v. Dudas*, 511 F.Supp.2d 81, 86-87 (D.D.C. 2007)(Hogan, C.J.), *subsequent proceedings on other grounds sub nom Takeda Pharmaceutical Co. v. Doll*, 561 F.3d 1372 (Fed. Cir. 2009).

### ***Intervet v. Merial – Parallel Global Proceedings***

In *Intervet, Inc. v. Merial Ltd.*, Fed. Cir. App. No. 2009-1568, *opinion below*, 643 F.Supp.2d 97 (D.D.C. 2009), the Federal Circuit hears an appeal where there have already been court decisions on European counterparts of the same patent.

**Status:** Argument expected Summer 2010; briefing stage. (Appellee's brief is not yet available on Westlaw.)

**Issues (per appellant):** “[1] Whether the district court erred in its construction of three claim terms...:

“(i) ‘porcine circovirus type II’ (‘PCV-2’);

“(ii) ‘ORFs 1 to 13;’ and

“(iii) ‘an isolated DNA molecule comprising a nucleotide sequence encoding an epitope which is specific to PCV-2 and not specific to PCV-1’?”

“[2] Whether the district court erred in granting summary judgment of noninfringement despite substantial evidence on which a reasonable jury could find that Intervet's accused vaccine infringes Claims 9, 15, 16, 32, 33, and 35 of the [ ] patent?”

“[3] Whether the district court erred in finding that prosecution history estoppel precludes Merial from relying on the doctrine of equivalents?”

**Discussion:** In *Intervet UK Ltd. V. Merial*, [2010] EWHC 294 (Pat) (High Court [Patents] 2010)(Arnold, J.), a British trial court held certain claims of the counterpart patent invalid and in any event noninfringed. The British judgment also notes further parallel proceedings in the Netherlands, in Munich at the European Patent Office and in the United States which it found relevant to its own proceedings:

“For reasons that will appear, it is relevant to note that there have already been proceedings between [the same parties] concerning the Dutch counterpart of the Patent in the Netherlands, which resulted in a judgment of the District Court of the Hague dated 9 December 2009. There have also been proceedings between [the same parties] and others concerning a corresponding US patent, which resulted in two opinions of the United States District Court for the District of Columbia dated 28 November 2007 and 12 August 2009. In addition, the Patent is under opposition before the European Patent Office.”

### ***SRI v. Internet Security – Statutory Presumption of Validity***

In *SRI International, Inc. v. Internet Security Systems, Inc.*, Fed. Cir. App. No. 2009-1562, the accused infringer-appellant Internet Security challenges a jury verdict sustaining patent validity where preliminary negative reexamination results were not presented to the jury and where, following *dictum* in *KSR*, a clear and convincing should not have been followed.

**Prior Proceedings:** Previously, several patents had been held invalid under 35 USC § 102(b), a split panel reversed on the basis that the prior publication was not

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prior art, *SRI International, Inc. v. Internet Security Systems, Inc.*, 511 F.3d 1186 (Fed. Cir. 2008)(Rader, J.), over a vigorous dissent, *SRI v. Internet Security*, 511 F.3d at 1198 (Moore, J.).

**Status:** An argument is expected for the second quarter of 2010. (The second of Appellants' briefs was filed December 7, 2009. As of February 13, 2010, the appellee's brief was not available on Westlaw.)

**Second Issue (per Appellant *Internet Security*):** “[W]hether Defendants are entitled to a new trial because the district court erred by admitting one and only one side of the evidence concerning the PTO's consideration of the prior art and by failing to instruct the jury to consider the presumption of patent validity in light of the PTO's findings on reexamination.”

**Third Issue (per Appellant *Symantec*):** “Did the district court err by denying a new trial after (a) refusing to instruct the jury regarding the preclusive effect of this Court's prior decision regarding *Emerald 1997*, (b) excluding adverse reexaminations decisions while allowing SRI to mislead the jury, and (c) requiring Defendants to prove invalidity by “clear and convincing evidence” in the face of a related invalidity judgment and adverse reexamination decisions?”

**Discussion (per *Internet Security*):** Somewhat different approaches were used by the two legal teams. The following discussion is taken from the brief from former Solicitor General Paul Clement:

“[§ II-]B. The District Court Should Have Instructed The Jury That The Presumption Of Validity Must Be Considered In Light Of The Reexaminations.

“... Defendants' proposed jury instructions would have informed the jury that ‘it may consider the PTO's decision to declare re-examinations and initially reject the claims-in-suit when determining whether or not Defendants have rebutted the presumption of validity ....’ A550-51. The court should have given that instruction for the same reasons it should have admitted evidence of the reexaminations.

“More fundamentally, the district court erred in instructing the jury that it had to find invalidity by clear and convincing evidence. By statute, a patent is presumed to be valid. 35 U.S.C. § 282. This Court has erroneously interpreted that presumption to require accused infringers to prove invalidity by clear and

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convincing evidence *in all cases*. See *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359-60 (Fed. Cir. 1984). The Court need not reach this issue to order a new trial in this case because the relevant evidence was not even admitted. But if this Court were to uphold the district court's insistence on giving the jury a wholly misleading view of the facts, the impropriety of applying a heightened presumption of patent validity in the circumstances of this case would come to the fore.

“The Supreme Court ‘presume[s]’ that the preponderance of the evidence standard, rather than the clear and convincing one, applies in disputes between private parties. *Grogan v. Garner*, 498 U.S. 279, 286 (1991). By contrast, the clear and convincing standard applies only in two narrow circumstances: when Congress has expressly required it; and in certain rare civil cases where important liberty interests are at stake, such as deportation or denaturalization. See *Addington v. Texas*, 441 U.S. 418, 424 (1979); *Thomas v. Nicholson*, 423 F.3d 1279, 1283 (Fed. Cir. 2005). Neither of those circumstances is present here.

“The statutory presumption of validity does not provide a basis for a clear and convincing evidence standard. Numerous other statutory presumptions are overcome by only a preponderance of the evidence, including: the presumption of validity for copyrights, *Medforms, Inc. v. Healthcare Management Solutions, Inc.*, 290 F.3d 98, 114 (2d Cir. 2002); the Lanham Act provision that registration constitutes a *prima facie* case that a trademark, or service mark is valid, see *Online Careline, Inc. v. Am. Online, Inc.*, 229 F.3d 1080, 1087 (Fed. Cir. 2000); the presumption that decisions of the Customs Service are correct, *St. Paul Fire & Marine Ins. Co. v. United States*, 6 F.3d 763, 768-69 (Fed. Cir. 1993); and the ‘presumption of service connection for [veterans] injuries that occur during active duty,’ *Thomas*, 423 F.3d at 1282.

“The Supreme Court has consistently held that such traditional principles govern in patent cases. See, e.g., *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007). Here as in *eBay*, ‘[n]othing in the Patent Act indicates that Congress intended ... a departure’ from traditional principles in setting a standard of proof for patent validity. *eBay*, 547 U.S. at 391-92.”

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“Moreover, as the Supreme Court recently observed, ‘[t]he rationale underlying the presumption’ is ‘that the PTO, in its expertise, has approved the claim.’ *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 426 (2007). That rationale cannot support the application of a clear and convincing evidence standard in at least two circumstances: when the PTO has rejected the patent on reexamination and when the PTO did not consider some of the relevant art in issuing the patent. Especially where, as here, *both* of those circumstances are present, the clear and convincing evidence standard cannot be justified by the respect and deference due to the PTO’s expertise, because the heightened standard serves to *prevent* due deference to the PTO’s actual actions, a complete corruption of its purpose. If deference has any meaning at all, courts and juries owe deference to *all* PTO decisions, not only to the PTO’s *first* decision or to those decisions that favor patentees.”

### ***Riezler v. Allen – Sovereign Immunity***

In *Riezler v. Allen*, Fed. Cir. App. No. 2009-1528, appellee Riezler (together with co-plaintiff Severi Med GmbH) has appellant Allen et al. (and do-defendant Metabolite Laboratories) in a suit implicating sovereign immunity including the Eleventh Amendment.

**Status:** Argument April 9, 2010.

**Issues:** “2. Whether the Eleventh Amendment to the U.S. Constitution bars Appellees’ federal and state claims against two University of Colorado professors sued for their patenting and assignment of inventions pursuant to the University’s patent policy.

“3. Whether the district court improperly denied Appellants’ motion to dismiss state and federal claims as barred by the Colorado Governmental Immunity Act and the Eleventh Amendment without considering the facts supporting immunity and without making any factual findings supporting the denial of immunity.”

**Discussion:** Only appellant’s briefs are available on Westlaw at this time.

### ***Daiichi Sankyo v. Matrix – KSR Obviousness***

In *Daiichi Sankyo Company, Ltd. v. Matrix Laboratories, Ltd.*, Fed. Cir. 2009-1511, accused infringer Matrix challenges the trial court ruling sustaining validity of the patent.

**Status:** Oral argument is expected in the second quarter of 2010.

**Issues (per appellant):** 1. Did the district court err when it refused to consider improved ARBs of the DuPont '902 patent as lead compounds?

“2. Did the district court err when it found no reason or motivation to prepare olmesartan medoxomil from the lead compounds of the DuPont '902 patent?”

“3. Did the district court err when it found that “secondary considerations” overcame Mylan's prima facie showing of obviousness?”

**Issues (per Appellee):** “Where the District Court held that Mylan failed to prove obviousness by clear and convincing evidence, based on detailed findings that:

“the '902 patent compounds would not have been “lead” compounds, given the availability of many other, more attractive leads;

“the '902 patent compounds are not structurally similar to olmesartan medoxomil and the prior art taught away from the necessary modifications, in the face of hundreds of other, more likely alternatives;

“one of ordinary skill in the art would not have had a reasonable expectation of success in obtaining an improved ARB but instead would have expected decreased activity; and

“the objective indicia of unexpected results and commercial success weighed against a finding of obviousness has the appellant proven that each one of these findings was clearly erroneous, as it must, to prevail.”

### ***In re Jung* – PTO Board Presumptions**

In *In re Jung*, Fed. Cir. App. No. 2010-1010, *proceedings below, Ex parte Jung*, 2008 WL 4974150 (PTO Bd. App. & Int. 2008)(Timm, APJ), *reh'g den.*, 2009 WL 1995983 (2009), several premises of recent PTO Board opinions are challenged that deal with the standard of “reversible [Examiner] error” and prima facie obviousness.

**Status:** Briefing stage; awaiting briefing by the PTO as appellee.

**Third Issue:** “Did the Board err by applying a standard of review on appeal that required [appellant] to ‘identify reversible error in an examiner’s finding’ rather than by applying a standard of review that properly put the burden on the examiner to properly support his rejections?”

**The *Kahn* Standard, Turning Federal Circuit precedent Upside Down:**

The PTO has recently generated a boilerplate standard of “reversible error” that is keyed to dictum in *In re Kahn*, 441 F.3d 977 (Fed. Cir. 2006). In numerous Board opinions, the burden is stated to be “to prove reversible error in the Examiner’s rejections.” While *Kahn* is briefly mentioned in appellant’s brief (pp. 43-44), a longer discussion of *Kahn* is warranted, and demonstrates precisely why the Office is wrong on the third issue.

Without question, *Kahn* is one of the more important Federal Circuit opinions on obviousness. Indeed, the Supreme Court quotes *Kahn* with approval for the statement that “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”. *KSR Intern. Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007)(quoting *Kahn*, 441 F.3d at 2006).

***A Complement to a Final Rule that was Withdrawn:*** The emergence of *Kahn* for the “reversible error” standard appears to have been complementary to the PTO’s final 2008 rule, 37 CFR § 41.37(o), but the rulemaking package was in violation of the Paperwork Reduction Act and was never in fact implemented. “Answer” to “Comment 48”, *Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals* (final rule)(withdrawn), 73 FR 32938-01, 32960-61 at 32960 (2008).

The “final” 2008 rule acknowledges that “[i]t is true that opinions of the former Court of Customs and Patent Appeals and Federal Circuit state that the initial burden is on the PTO to establish a prima facie case. However, the Director is not aware of any CCPA or Federal Circuit opinion which states that the decision of the Office on appeal is presumed to be erroneous.” *Id.*

***From Setbacken to Today:*** Dictum from *Kahn* is frequently cited by the Board for a standard of review of “reversible error” by the examiner based upon a passage taken from *Kahn* more than two years after the decision in that case and a year after the *KSR* decision. Starting with cases in 2008 including *Ex parte Setbacken*,

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2008 Westlaw 4277751 (PTO Bd.Pat.App. & Interf. 2008)(Nagumo, APJ), the “reversible error” standard keyed to language in *Kahn* became popular in Board opinions:

“The burden on ... Appellant[ ] is to prove reversible error in the Examiner's rejections. *In re Kahn*, 441 F.3d 977, 985-86 (Fed. Cir. 2006) (‘On appeal to the Board, an applicant can overcome a rejection [under § 103] by showing insufficient evidence of prima facie obviousness or by rebutting the prima facie case with evidence of secondary indicia of nonobviousness.’) (quoting *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998)).” There are now 115 published opinions in Westlaw with similar statements.

***Kahn Restatement of the Law of Prima Facie Obviousness:*** The dictum in *Kahn* relevant to the law of prima facie obviousness does not break new ground: “The concept of prima facie obviousness in ex parte patent examination is but a procedural mechanism to allocate in an orderly way the burdens of going forward and of persuasion as between the examiner and the applicant”. *In re Piasecki*, 745 F.2d 1468, 1471-72 (Fed. Cir. 1984).

The law here is an outgrowth of “structural obviousness” as explained in *In re Papesch*, 315 F.2d 381 (CCPA 1963)(Rich, J.). Prima facie obviousness keyed to “[t]he question of ‘structural similarity’ in chemical patent cases has generated a body of patent law unto itself.” *In re Jones*, 958 F.2d 347, 349 (Fed. Cir. 1992)(Rich, J.)(citing Helmuth A. Wegner, *Prima Facie Obviousness of Chemical Compounds*, 6 Am.Pat.L.Assoc.Q.J. 271 (1978), which at p. 272 traces the doctrine to *Bender v. Hoffmann*, 1898 C.D. 262).

***Sticking to what the Court said in Kahn:*** *Kahn* gives no magic presumption to the examiner's conclusions and does not provide basis for any new standard of “reversible error”. Indeed, in the very sentence from *Kahn* that is so often quoted, the Examiner must be reversed if the applicant demonstrates that he or she has shown “insufficient evidence of prima facie obviousness”.

***Error Beyond “Quibbl[ing]”:*** In *Ex parte Ibarra*, 2010 WL 191277 (U.S. PTO Bd.Pat.App. & Interf. 2010)(Negumo, APJ), the “reversible error” standard common to many Board opinions since 2008 has been refined. While finding error in the Examiner’s action, the Examiner was nevertheless affirmed: “Although the Examiner's finding ... might be quibbled, ... we cannot say this error is harmful.”

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**870 Opinions following Kahn:** In over 870 Board opinions available on Westlaw, the following language is typical, here, taken from *Ex parte Hirsch*, 2010 WL 200363 (Bd.Pat.App. & Interf. 2010)(Horner, J.):

“Appellants have the burden on appeal to the Board to demonstrate error in the Examiner's position. See *In re Kahn*, 441 F.3d 977, 985-86 (Fed. Cir. 2006) (‘On appeal to the Board, an applicant can overcome a rejection [under § 103] by showing insufficient evidence of *prima facie* obviousness or by rebutting the *prima facie* case with evidence of secondary indicia of nonobviousness.’) (quoting *In re Rouffet*, 149 F.3d 1350, 1355 (Fed. Cir. 1998)).”

In over 120 of these opinions there is *also* a discussion of the *Oetiker* case, as seen, here, for example, from *Ex parte Gaston*, 2010 WL 227981 (PTO Bd. App. & Int. 2010)(Hairston, APJ):

“The Examiner bears the initial burden of presenting a *prima facie* case of obviousness, and Appellants have the burden of presenting a rebuttal to the *prima facie* case. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). Appellants have the burden on appeal to the Board to demonstrate error in the Examiner's position. See *Kahn*, 441 F.3d at 985-86.”

Citing *Oetiker*, 977 F.2d at 1445, the Board further states that “[o]nce the Examiner has satisfied the burden of presenting a *prima facie* case of obviousness, the burden then shifts to Appellants to present evidence and/or arguments that persuasively rebut the Examiner's *prima facie* case.”

**Late Stage Evidence to Challenge Prima Facie Unpatentability:** Appellant notes that if the PTO establishes *prima facie* unpatentability where appellant has not previously “submit[ed] prophylactic rebuttal evidence” that appellant faces a dilemma:

“Appellants are not aware of any case from this Circuit addressing squarely ... whether an applicant may challenge an examiner’s *prima facie* case for art-based rejections, and thus the associated burden shifting, to the Board (and even this Court), without submitting prophylactic rebuttal evidence.... And, if so, does such a challenge preserve the ability of the applicant to later reopen prosecution on the merits of the rejection if that *prima facie* challenge is ultimately unsuccessful.”

A predecessor Court offers some guidance: Where claims were held *prima facie* (structurally) obvious in a first case, *In re Herr*, 304 F.2d 906 (CCPA 1962), new

evidence was permitted in a continuing case to rebut the prima facie case was permitted without imposition of res judicata, *In re Herr*, 377 F.2d 610 (CCPA 1967). The second *Herr* case has been cited with approval in *In re Donohue*, 766 F.2d 531, 533 (Fed. Cir. 1985), where, as in *Herr*, the appellant had lost claims in a first appeal to the Court, while new evidence was presented in the continuing application:

“Appellant has made a record different from that in [in the parent case in *In re Donohue*, 632 F.2d 123 (CCPA 1980),]by submitting the Fields affidavit. This new record presents a new issue of patentability with respect to whether the previously-sustained anticipation rejection can still be maintained. In view of this new issue, the PTO properly declined to make a formal *res judicata* rejection and addressed the question of whether the Fields affidavit overcomes the rejection of the claims based on Nomura. See *In re Ackermann*, 444 F.2d 1172, 1176, (CCPA 1971); *In re Russell*, 439 F.2d 1228, 1230 (CCPA 1971); *In re Herr*, 377 F.2d 610, 611 (CCPA 1967).” *Donohue*, 766 F.2d at 533.

#### ***Stauffer v. Brooks Brothers – False Marking Constitutionality***

In *Stauffer v. Brooks Brothers, Inc.*, Fed. Cir. No. 2009-1428, 615 F.Supp.2d 248 (S.D.N.Y.,2009), Constitutional questions are raised in relation to false marking actions under 35 USC § 292 which have been the subject of *Forest Group, Inc. v. Bon Tool Co.*, \_\_\_ F.3d \_\_\_, 2009 WL 5064353 (Fed. Cir. 2009)(Moore, J.), and the pending appeal in Top Ten No. (5) the *Solo Cup Lid Case, Pequignot v. Solo Cup*, Fed. Cir. 2009-1547, where the plaintiff is claiming a right of up to \$ 500 damages for each of over 21 billion cup lids sold with expired patent markings.

**Status:** Argument is expected in the second quarter of 2010.

The statement of the issues is taken from the briefs of the qui tam plaintiff-relator and the United States; the briefing by the defendant-appellee is not available on Westlaw.

**Issues as defined by the Qui Tam Plaintiff-Relator:** “1. In granting Brooks Brothers' motion to dismiss Stauffer's Complaint (for false patent marking) under Fed. R. Civ. P. 12(b)(1) on the issue of Stauffer's Article III standing, did the District Court apply the correct procedure and legal standard in its vetting of

Stauffer's Complaint for an *injury in fact* to the public, or to the United States, assignable to Stauffer by the government?

“2. In granting Brooks Brothers' motion to dismiss Stauffer's Complaint (for false patent marking) under Fed. R. Civ. P. 12(b)(1) on the issue of Stauffer's Article III standing, did the District Court err in considering materials outside of the pleadings?

“3. In granting Brooks Brothers' motion to dismiss Stauffer's Complaint (for false patent marking) under Fed. R. Civ. P. 12(b)(1) on the issue of Stauffer's Article III standing, did the District Court err in effectively requiring that an *injury in fact* to the public, or to the United States, be *proven* by Stauffer to be the *direct result of deceptive intent* on the part of Brooks Brothers?”

***Issues as defined by the United States:*** “In *Vermont Agency of Natural Resources v. United States ex ret. Stevens*, 529 U.S. 765, 771-78 (2000), the Supreme Court held that, under the False Claims Act, when the United States assigns to a private person its chose in action against a defendant who has filed a false claim with the U.S. Government, that private person has standing under Article III of the Constitution to pursue the legal action on behalf of himself and the United States. The mechanism by which this assignment takes place is called a ‘qui tam action’ ..., and the private plaintiff in such suits is known as a ‘relator.’ In *Vermont Agency*, the Supreme Court ruled in favor of such Article III standing even when the relator individually has suffered no personal injury by the defendant's false claim.

“These consolidated appeals present two questions:

“1. Whether the district court correctly ruled that, despite the Supreme Court's decision in *Vermont Agency*, when Congress by statute assigns to a relator the authority to pursue a qui tam case under [35 USC §] 292(b) for patent mismarking, the relator lacks constitutional Article III standing unless he can show concrete injury to himself, defendants' competitors, or the economy of the United States.

“2. Whether the district court correctly denied the United States leave to intervene in order to argue that Congress can consistently with Article III of the Constitution assign to a relator the ability to pursue a *qui tam* action for patent mismarking.”

***IRIS v. Japan Airlines – Security Law Preemption of Patent Law***

In *IRIS Corp. v. Japan Airlines Intern. Co., Ltd.* Fed. Cir. App. No. 2010-1051, *proceedings below*, 2009 WL 3245910 (E.D.N.Y. 2009), patentee challenges Japan Airlines' use of its patented invention that was excused by the trial court because of a perceived conflict between the patent law and the Enhanced Border Security Act, 8 U.S.C. § 1221.

**Status:** The appeal is in the briefing stage. Argument as early as the second quarter of 2010 is possible.

**Appellant's Statement of the Issue:** "Does Defendant-Appellee Japan Airlines ..., a commercial airline, have the right to infringe plaintiff's patent during the course of its operations, without compensating plaintiff, when the act of infringement is committed in fulfillment of one of the numerous obligations imposed upon commercial airlines as a condition of doing business; specifically the obligation to examine passengers' electronic passports as required by the Enhanced Border Security Act, 8 U.S.C. § 1221, *et seq.*?"

***Harari v. Hollmer – Fouche Incorporation-by-Reference***

In *Harari v. Hollmer*, *opinion below*, 2009 WL 742691 (U.S. PTO Bd.Pat.App. & Interf. 2009)(J. Lee, APJ), appellant seeks to amend an original incorporation by reference that fails to identify the earlier application by serial number, relying upon the leading case, *In re Fouche*, 439 F.2d 1237 (CCPA 1971).

**Status:** Awaiting decision (argument Mar. 5, 2010, Bryson, Archer, Prost, JJ.).

**Issues (per Appellant):** "1. Whether the involved U.S. Patent Application No. 09/310,880 includes the subject matter of U.S. Patent Application No. 07/337,579.

"2. Whether an incorporation by reference statement is to be interpreted, under 35 U.S.C. § 120, as of the filing date of the original application, rather than as of the filing date of a continuation application, when the identical incorporation by reference statement appears in the original application and each subsequent continuation application.

"3. Whether subject matter incorporated by reference into a parent application is also part of a continuation application that is an exact duplicate of the parent application.

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“4. Whether a person having ordinary skill in the art would understand that U.S. Patent Application No. 07/337,579 was incorporated into the involved patent application by reference, in light of the entire context and prosecution history of the involved application.

“5. Whether the application number and filing date of U.S. Patent Application No. 07/337,579, inserted into the involved U.S. Patent Application No. 09/310,880 by preliminary amendment, was new matter.

“6. Whether the Board erred in entering judgment in favor of appellees and in failing to grant appellants' motion seeking the benefit of their previous continuation applications pursuant to 35 U.S.C. § 120.

***Sole Issue (per Appellee):*** “Whether the incorporation by reference language found in [the present application], as originally filed, properly identified abandoned U.S. Patent Application No. 07/337,579 (‘the source '579 application’) to allow its disclosures to be copied into the involved [present] application since Harari relies on those disclosures to provide written description support under 35 U.S.C. § 112, first paragraph, for claims 76-80 of the involved [present] application.”

### ***iLight v. Fallon – Claim Construction***

In *iLight Technologies, Inc. v. Fallon Luminous Products Corp.*, Fed. Cir. App. No. 2009-1342, the appeal demonstrates yet again the complexities of Federal Circuit patent claim construction.

***Status:*** Awaiting decision. Argument was held March 2, 2010 (Mayer, Schall, Gajarsa, JJ.)

***Issues (per Appellant):*** “1. Did the district court err as a matter of law in construing the terms ‘rod’ and ‘rod-like’, ‘preferentially scatters light,’ and ‘light reflecting surface’ and ‘light absorbing surface’ contrary to the plain language, common specification and disclaimers in the prosecution history, and is Fallon entitled to judgment as a matter of law of noninfringement under the correct constructions because it is undisputed that the accused products contain a hollow, and not solid piece that uniformly and not preferentially scatters light and because the accused products' structure was disclosed and illustrated in a provisional application and was expressly abandoned during prosecution?”

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"2. Did the district court err as a matter of law in construing a six-word preamble as not only a limitation but also an entire new set of functional limitations requiring over one-hundred words to adequately describe, and is Fallon entitled to a new trial regarding invalidity under the correct constructions because the record shows that the erroneous construction was integral to distinguishing the prior art.

"3. Did the district court err as a matter of law in failing to invalidate claims for indefiniteness where the claims require a subjective opinion to distinguish between infringing and noninfringing subject matter?"

**Issues (per Appellee):** "1. Did the district court commit reversible error in construing the disputed claim terms of the patents-in-suit?

"2. Did the district court err in denying Fallon's post-trial motions based, in part, on Fallon's failure to establish, by clear and convincing evidence, that any asserted claim of the patents-in-suit was invalid for indefiniteness?

"3. Is Fallon precluded from arguing on appeal that the district court erred in denying Fallon's post-trial motions asserting the alleged indefiniteness of the term 'substantially uniform light intensity pattern,' where Fallon failed to raise that issue below in its pre-verdict motion for judgment as a matter of law?"

**Portraying the Judge as a Country Bumpkin:** Appellee portrays the appellant's brief as a portrayal of the trial setting as a "backwoods courthouse": "By the use of carefully selected excerpts from the transcript of the claim construction hearing, Fallon seeks to depict a hearing in a backwoods courthouse in 'rural' Cookeville, Tennessee, resulting, in Fallon's view, in an illogical claim construction concocted by the district court in such a way that would favor the 'hometown' party. Fallon's folksy depiction is not supported by the facts. First, the district court judge, Judge William J. Haynes, presides primarily over matters in the Nashville Division of the Middle District of Tennessee, which is hardly rural or backwoods. Second, iLight's corporate headquarters are located in Chicago, Illinois, not Cookeville, Tennessee. Third, and most importantly, the district court's claim construction ruling is logical and consistent with well-settled legal principles. As the district court stated at the hearing, the claim construction ruling was formulated in light of the claims, the remainder of the specifications of the patents-in-suit, the prosecution histories, and the briefs and oral arguments of the parties, as well as extrinsic evidence not in conflict with the intrinsic evidence." (citations omitted)

***In re Pfizer – Viagra***

In *In re Pfizer*, an anticipated appeal in the Viagra case, *Ex parte Pfizer, Inc.*, 2010 WL 532133 (PTO Bd.Pat.App. & Interf. 2010), plural rejections including prior art and double patenting are basis to deny patentability of a key Pfizer Viagra patent. The Board's ruling is keyed, *inter alia*, to a finding that "horny goat weed" is anticipatory of the Pfizer blockbuster drug as part of a massive effort by multiple parties to challenge the patent that stretched has gone on for eight years.

**Status:** Absent a petition for reconsideration, an appeal is expected in the coming months to the Federal Circuit with eventual briefing in the second half of 2010.

**Whither "Special Dispatch"?** It is likely that the entire proceeding through a court appeal will take a full ten (10) years. The unfair nature of the reexamination proceeding is manifested by a brief snippet from the opinion of the Board that captures the essence of a multi-party attack.

**Winners and Losers, Everyone is a Loser after Ten Years:** To the extent that the patent challengers are correct and the Viagra patent was wrongly granted, what will end up as an approximately ten year process means that consumers are the big losers for the delay. To the extent that the invalidity ruling is flawed, Pfizer has been greatly wronged through the procedural nightmare manifested by this opinion.

**A Trial de novo under 35 USC § 145:** To the extent that the Board decision focuses upon new twists to the evidence that should be further rebutted by the patentee, the more than ten year effort by the PTO to squelch § 145 actions in reexamination has been successful to the extent of an amendment in 1999 that has effectively blocked this route to patentees. The continued hostility of the Office to § 145 actions is most recently manifested in the ongoing saga of *Hyatt v. Kappos* where evidence was squelched at the trial level, an action initially affirmed but just yesterday reopened for *en banc* review.

***From the Board decision:*** "The 012 patent issued on October 22, 2002. A first reexamination, Control No. 90/006,617, was ordered by the Director of the Patent and Trademark Office on September 29, 2003. A second request for reexamination, Control No. 90/006,886, was filed by third party requester Lilly ICOS LLC on December 15, 2003. Reexamination was ordered in the '886 reexamination proceeding on February 6, 2004. A third request for reexamination,

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Control No. 90/007,110, was filed by third party requester Bayer AG and Bayer Pharmaceuticals Corporation on July 7, 2004. Reexamination was ordered in the '110 reexamination proceeding on September 13, 2004. A fourth request for reexamination, Control No. 90/007,478, was filed by third party Requester ICOS Corporation on March 23, 2005. Reexamination was ordered in the '478 reexamination proceeding on May 16, 2005. A Patent Owner statement was filed with respect to the first reexamination proceeding only. The '478 reexamination proceeding was merged with the three previously merged '617, '886, and '110 reexamination proceedings. A fifth request for reexamination, Control NO. 90/007,614, was filed by third party requester Lilly Corporation on July 5, 2005. This request was denied because it was determined not to cite any new and different patents or printed publications which would raise a new substantial new question not already of record in the pending merged reexamination proceeding." [citations and footnotes omitted]