

TOP TEN PATENT CASES*

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- (1) *Quanta v. LG* – Patent “Exhaustion”
- (2) *Bilski* – *En banc* Reconsideration of § 101 Patent-Eligibility
- (3) *In re Kubin* – Biotech Obviousness; *Enzo* Disclosure
- (4) *Classen v. Biogen* – “*Metabolite déjà vu*” Medical Diagnosis
- (5) *Egyptian Goddess* – Design Patent Infringement
- (6) *Alonso* – *Enzo* “Written Description”/“Possession”
- (7) *Biomedical v. California* – State Sovereign Immunity
- (8) *Paymentech* – Joint Infringement
- (9) *MuniAuction* – Post-*Paymentech* Joint Infringement
- (10) “*Nilssen II*” -- § 285 Inequitable Conduct Award

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The views expressed in this paper are personal to the author and do not necessarily reflect the views of any colleague, organization or client thereof. The author acknowledges representation of an amicus party in *State Street Bank* (see No. 2 *Bilski*), but has no current client relationship with that amicus party.

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Wegner's Top Ten Patent Cases

(1) *Quanta v. LG – Patent “Exhaustion”*¹

Historically and dating back to mid-nineteenth century Supreme Court case law, once a patent owner has sold his patented “Widget” the purchaser is free to use or sell that “Widget” free from any further claim by the patentee: The first sale of the patented “Widget” *exhausts* the patent right. *Bloomer v. McQuewan*, 55 U.S. (14 How.) 539 (1853), *Adams v. Burke*, 84 U.S. (17 Wall.) 453 (1873), and *Univis Lens Co.*, 316 U.S. 241 (1942). Exhaustion also occurs when a third party such as a licensee under title from the patentee makes the sale. But, in the landmark *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992)(Newman, J.), the Federal Circuit held that a patentee may have his cake and eat it, too: He may condition sale of a patented product to an agreement that the Widget’s purchaser may resell that Widget *with restrictions permitting the patentee to enforce the patent against a downstream purchaser.*

The Question Presented is whether *Mallinckrodt* trumps *Bloomer* and its progeny. Or, per the *Question Presented* in the *certiorari* petition, the issue is

“[w]hether the Federal Circuit erred by holding, in conflict with decisions of this Court and other courts of appeals, that [Respondent LG] 's patent rights were not exhausted by its license agreement with Intel Corporation, and Intel's subsequent sale of product under the license to petitioners.”

Status: A decision is expected in the coming weeks; oral argument took place January 16, 2008.

Other Issues Suggested by *Quanta*: Because *Quanta* is the first major Supreme Court patent exhaustion case since *Univis* – more than 65 years ago, the publicity surrounding the case is sure to generate further reconsideration of issues within the umbrella of patent exhaustion.

Licensing Some but Not All Controlling Patents: Directly implicated within the *Quanta* setting itself is whether a patentee may license *some* of its patents but retain others – and use those other patents to sue a downstream purchaser.

¹ *Quanta Computer, Inc. v. LG Electronics, Inc.*, No. 06-937, opinion below, *LG Electronics, Inc. v. Bizcom Electronics, Inc.*, 453 F.3d 1364 (Fed. Cir. 2006)(Mayer, J.).

Wegner's Top Ten Patent Cases

International Exhaustion: Does the sale of the patentee's Widget in, say, Canada under a parallel Canadian patent "exhaust" the patentee's right to enforce his *domestic* patent when the purchaser imports the product into the United States? Historically, there is no international exhaustion under United States patent law. The last Supreme Court *holding* on point was nearly 120 years ago in *Boesch v. Graff*, last cited by the Court in *dictum* on other issues more than thirty-five years ago in *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972) ("Our patent system makes no claim to extraterritorial effect; 'these acts of Congress do not, and were not intended to, operate beyond the limits of the United States,' *Brown v. Duchesne*, [60 U.S. (19 How.) 183, 195 (1856)], and we correspondingly reject the claims of others to such control over our markets. Cf. *Boesch v. Graff*, 133 U.S. 697 (1890).").

Japanese Supreme Court Canon International Exhaustion Dictum: Per the Supreme Court in its October 2007 pronouncement (reaffirming the decade-old *BBS* case), the general rule is that there *is* international exhaustion *unless* each customer taking title of the patented Widget is on notice that the product may not be imported into Japan: "When a patentee ... sells ... in a foreign country, the patentee is not allowed to claim his [patent] rights ... against importing the patented product in Japan ... (1) against the [purchaser] unless the patentee and the [purchaser] have agreed that the patented product shall [not be result] in Japan, and (2) against [subsequent purchasers]....".

(2) Bilski – En banc Reconsideration of § 101 Patent-Eligibility²

The nearly ten year old and final major opinion of the late dean of the court in *Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998)(Rich, J.), established a broad scope of patent-eligibility under 35 USC § 101; *Street Bank & Trust* has been distinguished if not repudiated in panel opinions in *In re Comiskey*, 499 F.3d 1365 (Fed. Cir. 2007)(Dyk, J.), and *In re Nuijten*, 500 F.3d 1346 (Fed. Cir. 2007)(Gajarsa, J.).

² *In re Bilski*, Fed. Cir. No. 2007-1130, __ Fed. Appx. __, 2008 WL 417680 (Fed. Cir. 2008)(en banc)(order granting *en banc* hearing).

Wegner's Top Ten Patent Cases

The Chief Judge's Announcement of the February 2008 *En Banc* Conference:

The conflict with controlling precedent created an intolerable situation that had to be reconciled. As announced by Chief Judge Michel on January 28, 2008, in his keynote speech to a closed group of senior corporate patent counsel and *emeritus* patent counsel – the Association of Corporate Patent Counsel – the Federal Circuit was expected to have *en banc* votes on three major cases dealing with patent-eligibility under 35 USC § 101: “[O]f course, occasionally, we do rehear a case *en banc* and they are not insignificant. . . . We have pending before us right now petitions to rehear *en banc* three rather important cases dealing with patentable subject matter, the Section 101 cases. As many of you know, they are *In re Comiskey*, [*In re*] *Bilski*, and [*In re*] *Nuijten*. And we have a conference coming up soon at which we’ll make a final decision on whether to hear or rehear any or all of these cases *en banc*.”

The Five Issues Presented by the Court for Briefing: *State Street Bank* is found as the fifth numbered issue, while the more general issues of patent-eligibility under 35 USC § 101 are found under the second through fourth issues; the first issue is the only one fact-specific to the case at hand.

“(1) Whether claim 1 of the [*Bilski*] 08/833,892 patent application claims patent-eligible subject matter under 35 U.S.C. § 101?”

“(2) What standard should govern in determining whether a process is patent-eligible subject matter under [35 U.S.C. §] 101?”

“(3) Whether the claimed subject matter is not patent-eligible because it constitutes an abstract idea or mental process; when does a claim that contains both mental and physical steps create patent-eligible subject matter?”

“(4) Whether a method or process must result in a physical transformation of an article or be tied to a machine to be patent-eligible subject matter under [35 U.S.C. §] 101?”

“(5) Whether it is appropriate to reconsider *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998), and *AT & T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999), in this case and, if so, whether those cases should be overruled in any respect?”

Wegner's Top Ten Patent Cases

Briefing Status: *Amici* briefs are due April 7, 2008.

Argument Status: *Bilski* will be argued *en banc* before the Federal Circuit at 2:00 PM on Thursday, May 8, 2008, in the ceremonial courtroom on the court's second floor.

Foundation for *State Street Bank* – *Bergy* in Business Method Clothing: To fully understand the reasoning of the late Giles Sutherland Rich in *State Street Bank* – when he was in his mid-nineties and a year from the end of his life – it is useful to see his more thorough exposition of the case law relating to patent-eligibility in his epic opinion that paved the way for Supreme Court confirmation of patent-eligibility for “living” inventions. See *In re Bergy*, 596 F.2d 952, 959-67 (CCPA 1979), *cert. granted*, 444 U.S. 924 (1979), *vacated as to Bergy as moot*, 444 U.S. 1028 (1980), *judgment aff'd sub nom Diamond v. Chakrabarty*, 447 U.S. 303 (1980).

The Case for Patent-Eligibility: Earlier in the same week as the grant of the court's *en banc* order in *Bilski*, and consistent with the previously quoted remarks of Chief Judge Michel in his speech to corporate industry patent executives, the court denied *en banc* review in the *Nuijten* case, while a strong dissent from that denial on behalf of three members of the court provides a blueprint case *for* patent-eligibility:

“[O]ur [panel majority] decision conflicts with our own precedents as well as those of the Supreme Court. See *In re Nuijten*, 500 F.3d 1346, 1358 (Fed.Cir.2007) (Linn, J., concurring-in-part and dissenting-in-part). It conflicts with our own precedent because our predecessor court's decision in *In re Breslow*, 616 F.2d 516 (C.C.P.A.1980), forecloses the majority's conclusion, see *Nuijten*, 500 F.3d at 1356, that something “transient” or “fleeting” cannot constitute a “manufacture” under 35 U.S.C. § 101. And it conflicts with Supreme Court precedent because it ignores the Supreme Court's analysis of how, in general terms, § 101 is to be construed. As the Court discussed in *Diamond v. Chakrabarty*, patentable subject matter includes ‘anything under the sun that is made by man’ except for certain enumerated exceptions: ‘The laws of nature, physical phenomena, and abstract ideas have been held not patentable.’ 447 U.S. 303, 309 (1980). The majority's

Wegner's Top Ten Patent Cases

narrow construction of 'manufacture' ignores this framework.

“In addition, this case raises important questions about the relationship between § 101 and § 103. In this case, we affirm the PTO's rejection of claims to a signal *simpliciter*, but the PTO has allowed a claim to a storage medium containing the very same signal, on the grounds that the storage medium is a manufacture that can be rejected, if at all, only under some provision other than § 101. In particular, the PTO considers the patentability of such claims under the “printed matter” doctrine of § 103. *See In re Lowry*, 32 F.3d 1579 (Fed.Cir.1994). These distinctions make no practical sense and are poorly supported by precedent, which, to the contrary, requires a more holistic approach to the question of whether a claim is directed only to an unpatentable abstraction or whether it is directed to a patentable application of such an abstraction to an otherwise statutory invention. *Cf. Parker v. Flook*, 437 U.S. 584, 591 (1978) (“The process itself, not merely the mathematical algorithm, must be new and useful.”); *cf. also In re Abele*, 684 F.2d 902, 909 (C.C.P.A.1982) (‘As was the case in [*Diamond v. Diehr*], 450 U.S. 174 (1981),] ... the algorithm is but a part of the overall claimed process.’). The distinctions that are drawn between signals and storage media containing those signals would appear to apply equally to the distinctions between software and hardware and are artificial at best.” *In re Nuijten*, ___ F.3d ___, 2008 WL 361044 (Fed. Cir. 2008)(Linn, J., joined by Newman, Rader, JJ., dissenting from denial of reh’g en banc), *panel opinion*, 500 F.3d 1346 (2007)(Gajarsa, Linn, Moore, JJ.; Linn, J., dissenting with opinion).

(3) *In re Kubin*, Biotech Obviousness; Enzo Disclosure³

In re Kubin is an appeal from an expanded panel of the Board authored by perhaps the best known Administrative Patent Judge – a former Solicitor and later Vice-President of a pharmaceutical company. *Kubin* is simply one of the most important Board opinions in recent years, and by far the most important decision for biotechnology, which is discussed in more detail in Wegner, *Post-KSR Patent*

³ *In re Kubin*, Fed. Cir. App. No. 2008-1184, *opinion below*, *Ex parte Kubin*, 2007 WL 2070495 (PTO Bd. App. & Int. 2007)(Linck, APJ).

Wegner's Top Ten Patent Cases

Procurement [August 7, 2008], attached as a republished version, highlight marked in turquoise to show portions relevant to *Kubin*, including an introductory portion at pp. 3-4, a discussion of the PTO's repudiation of *In re Deuel*, 51 F.3d 1552 (Fed. Cir.1995)(Lourie, J.), at pp. 29-32, and the at least equally important question of the expansion of the "written description" line of case law at pp. 39-44.

Ex parte Kubin was recognized by the PTO itself at the time as being of very great importance for a variety of reasons beyond its noted author, including the virtually unprecedented action of having the decision ratified by the Board as "precedential" and the expansion of the Board to include six members including the Chief Administrative Patent Judge.

It remains to be seen whether the PTO requests an *en banc* hearing in light of the position the Board has taken that repudiates a Federal Circuit opinion – *Deuel*.

(4) *Classen v. Biogen* – "Metabolite déjà vu" Medical Diagnosis⁴

Issue: The Federal Circuit is faced with *Metabolite déjà vu*, an invention very close to the type of claim in *LabCorp v. Metabolite Labs., Inc.*, 126 S. Ct. 2921 (2006) (dissent from dismissal for improvident grant of certiorari). Unlike *Metabolite* where the issue was not phrased under 35 USC § 101, here, the claims in question were held invalid under that section.

Patentee-appellant's states the issue in a bland phrase the questions whether "the *Classen* patents 5,723,283; 6,420,139 and 6,638,739 invalid under 35 U.S.C. § 101?" The second issue raised by Merck is "[w]hether the district court properly granted summary judgment of invalidity under 35 U.S.C. § 101 on grounds of nonpatentable subject matter, given that the patents' claims cover *thinking about* whether a particular immunization schedule for infectious disease, even a prior art schedule, may reduce (relative to other schedules) the risk of later chronic disease, and *immunizing* with that schedule, either before (as to one patent) or after (as to two patents) *thinking about* that risk." (original emphasis).

Status: Awaiting decision (argument was held August 8, 2007)(Newman, Moore, Farnan, Jr., JJ.)

⁴ *Classen Immunotherapies, Inc. v. Biogen IDEC*, Fed. Cir. 2006-1634, *opinion below*, unreported (D. Md. 2006)(Quarles, J.), *earlier opinion*, 381 F.Supp.2d 452 (2005).

Wegner's Top Ten Patent Cases

Discussion: Even though the claims ‘include the active step of immunizing patients in accordance with a schedule determined to be low risk...’, *Classen* at p. 12, the claims were nevertheless held invalid under 35 USC § 101: “[I]nsignificant post-solution activity will not transform an unpatentable principle into a patentable process.’ ... [T]he ... patents are an indirect attempt to patent the idea that there is a relationship between vaccine schedules and chronic immune mediated disorders[;] the Court finds they are an attempt to patent an unpatentable natural phenomenon.’ *Id.* at p. 12 (quoting *Diamond v. Diehr*, 450 U.S. 175, 192 (1981)).

The Outcome ... What AIPLA, BIO and IPO have said: Success on appeal should turn on the merits of a case, but where the legal team on one side has tremendous firepower unmatched by an appellee, the outcome is far less predictable. Successful mega-pharma accused infringer below has superbly briefed the case on appeal.

While there has been much discussion about the dangers of *Metabolite* in the various bar and industry groups over the past year, it is in the *amici* briefing where the rubber meets the road. Here, there has been no help from AIPLA, BIO and IPO or any other *amici*, they have been nonexistent in this case. The question must be raised as to precisely how the *amici* committees of the several biotech, university and patent bar groups allocate their resources and focus their interests.

Understanding the Controversy: As explained by appellee Merck: “‘Classen ...has sued Merck ... for alleged direct and indirect infringement of Classen's patents relating to administering vaccines. Classen's patents stem from his (disputed) ‘discovery’ that early immunization against infectious disease protects against later development of chronic disease, although the claims of his patents are far broader and purport to cover the use of any immunization schedule, early or late, if the practitioner merely believes that the schedule used is better than some other. Yet all Merck has done that allegedly infringes is what it did well before Classen's ‘discovery’ - selling its vaccine against hepatitis B with the same recommended schedule for early immunization.

“What is critical both for Classen's assertions of infringement and to distinguish his alleged invention over the evident Merck prior art is a mental conclusion reached by a health practitioner about a secondary benefit when immunizing a patient. According to Classen, a health practitioner who immunizes against hepatitis B using the same long-standing schedule now becomes an infringer by mentally

Wegner's Top Ten Patent Cases

considering Classen's 'discovery' and concluding, in agreement with Classen, that this long-used schedule has a benefit of reducing a patient's risk for later development of chronic disease such as diabetes. To infringe the claims as Classen construes them, the practitioner need not undertake any new physical steps to assess that benefit or to administer the vaccine, or even make any changes to the existing immunization schedule. It is the thought process in determining the existence of an immunization schedule's benefit for risk of a chronic disease that is the claimed Classen invention. * * *

“Under Classen's claim construction, a health practitioner who administers Merck's hepatitis B vaccine in precisely the same way as before becomes an infringer if he or she mentally concludes, based on information produced or collected by anyone (regardless of statistical or scientific validity), that doing so may reduce the patient's chances of developing a chronic disease such as diabetes. In short, to become an infringer, it is not necessary to change any physical act but only to reach a mental conclusion in accord with Classen that there is a secondary benefit from long-standing practice in reducing the risk of a chronic disease. Aside from the evident invalidity issues of nonpatentable subject matter and of inherent anticipation, this raises the issue that infringement is possible only by those who believe in Classen's theory when immunizing, while those who perform the same physical acts uninformed of Classen's theory or who do not believe it do not infringe.

“Classen has not shown that any possible infringer, let alone Merck, has reached a mental conclusion that Classen is correct. All Merck has done is continue to sell its hepatitis B vaccine with a recommended early schedule for immunization, just as before Classen's 'discovery.' In fact, the only evidence of record that might be construed as reflecting Merck's mental conclusions rejects Classen's view. Thus, the district court was correct in concluding that Merck has not infringed.

“The district court was also correct in concluding that Classen has patented a mental process of reaching a conclusion that his theory of risks and benefits associated with schedules for immunizations is correct. Such subject matter is not patentable. Alternatively, because Classen's patent claims would cover the practitioner's use of an existing immunization schedule simply because the practitioner now recognizes a previously unrecognized benefit 'discovered' by Classen, the claims are invalid for inherent anticipation.”

Wegner's Top Ten Patent Cases

Dodging a Bullet – Avoiding the Metabolite Issue: It is entirely conceivable that the *Metabolite* issue could be ducked by the panel if one is selected that is less uninterested in establishing new law but instead more interested in a correct decision without creating further controversy. Thus, there are plural issues in *Classen* that could be basis to render the *Metabolite* issue moot.

(5) *Egyptian Goddess – Design Patent Infringement*⁵

The panel opinion in *Egyptian Goddess* represents the further limitation of design patent protection, a slippery slope that can be traced back nearly a quarter century to *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984), with a further acceleration manifested in what may be seen in international design circles as the epitome of this trend in *Lawman Armor Corp. v. Winner Int'l, LLC and Winner Holding LLC*, 437 F.3d 1383 (Fed. Cir. 2006).

In a nutshell, design patents have become an increasingly important tool in the arsenal of intellectual property weapons for western manufacturers against knockoffs emanating from China and other East Asian countries. Both domestic design protection as well as Chinese and other foreign design protection can be important weapons to protect a western manufacturer against knockoffs, whether copies sometimes made in a contract partner's offshore operation in a "night shift" by factory workers seeking to satisfy their own markets or by more sophisticated pirates making minor modifications, seeking to pirate an original design.

Whereas Japan has instituted strong measures to *strengthen* design protection and whereas western and Japanese intellectual property experts have been encouraging a strengthening of the domestic systems in China and other East Asian countries, the trend from *Litton Systems* to *Lawman Armor* to the panel opinion in *Egyptian Goddess* has dramatically undercut such efforts – as well as weakening protection against imports here at home.

⁵ *Egyptian Goddess, Inc. v. Swisa, Inc.*, No. 2006-152, order granting reh'g en banc, 2007 WL 4179111 (Fed. Cir. 2007)(en banc)(order), vacating panel opinion, 498 F.3d 1354 (2007)(Moore, J.).

Wegner's Top Ten Patent Cases

Issues: The order for *en banc* briefing sets forth three questions:

“1) Should ‘point of novelty’ be a test for infringement of design patent?

“2) If so, (a) should the court adopt the non-trivial advance test adopted by the panel majority in this case; (b) should the point of novelty test be part of the patentee's burden on infringement or should it be an available defense; (c) should a design patentee, in defining a point of novelty, be permitted to divide closely related or ornamentally integrated features of the patented design to match features contained in an accused design; (d) should it be permissible to find more than one “point of novelty” in a patented design; and (e) should the overall appearance of a design be permitted to be a point of novelty? *See Lawman Armor Corp. v. Winner Int'l, LLC*, 449 F.3d 1190 (Fed. Cir. 2006).

“3) Should claim construction apply to design patents, and, if so, what role should that construction play in the infringement analysis? *See Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1577 (Fed.Cir.1995).”

Status: Briefing by Petitioner-appellant and its supporting *amici* as well as neutral *amici* is completed. Oral argument has not yet been scheduled.

The Controversy in Egyptian Goddess: Here, in the context of design patent infringement, the same question is being played out with design patent law, first with a tightening of the “point of novelty” infringement test two years ago in *Lawman Armor Corp. v. Winner Int'l, LLC*, 449 F.3d 1190 (Fed.Cir.2006), and the further extension of *Lawman Armor* in *Egyptian Goddess*. Both sides of the debate have valid public policy points which should be weighed by the legislature; in an extreme case where there is a consensus for change, at that point consideration might be given to the judicial legislation envisioned in *Lawman Armor* in *Egyptian Goddess*. Indeed, it will be interesting to see who weighs in for and against the new trend as manifested by the panel opinion in *Egyptian Goddess*.

The New Test of the Panel Opinion Majority: The panel majority introduces a test specific to combination patents that requires for “a *combination of individually known design elements* to constitute a point of novelty, *the combination must be a non-trivial advance over the prior art.*” Or, as part of the longer passage from which this quotation is taken –

Wegner's Top Ten Patent Cases

“Because the point of novelty determination is part of the infringement analysis, the initial burden is on the patentee to ‘present, in some form, its contentions as to points of novelty.’ [Bernhardt, *L.L.C. v. Collezione Europa USA, Inc.*, 386 F.3d 1371, 1383 (Fed.Cir.2004)] The point of novelty can be either a single novel design element or a combination of elements that are individually known in the prior art. *See Lawman Armor Corp. v. Winner Int'l, LLC*, 449 F.3d 1190, 1192 (Fed.Cir.2006) (supplemental opinion on petition for rehearing); *Litton [Sys., Inc. v. Whirlpool Corp.]*, 728 F.2d 1423, 1443-44 (Fed. Cir. 1984)]. The patentee is not free to set forth any combination of elements as the point of novelty, rather, the point of novelty must include features of the claimed design that distinguish it from the prior art. *Litton*, 728 F.2d at 1444; *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1118 (Fed.Cir.1998).

“For a *combination of individually known design elements* to constitute a point of novelty, *the combination must be a non-trivial advance over the prior art*. *See Smith v. Whitman Saddle Co.*, 148 U.S. 674, 682 (1893) (analyzing whether the accused device contained the aspects of the claimed design that ‘rendered it patentable as a complete and integral whole’); *Bernhardt*, 386 F.3d at 1384 (noting that the point of novelty determination ‘is not especially different from the factual determinations that the district courts routinely undertake’ in performing the obviousness inquiry); *cf. Litton*, 728 F.2d at 1444 (applying the results of the obviousness analysis when determining the point of novelty of the claimed design); *Goodyear*, 162 F.3d at 1119, 1121 (noting that the court ‘adopted the same points of novelty that it had relied on in determining that the ‘080 patent was not invalid for obviousness,’ and holding that ‘the district court did not clearly err in giving weight to those aspects of the ‘080 tread that were necessary design aspects in sustaining the validity of the patent’).” *Egyptian Goddess*, 498 F.3d at 1357-58; emphasis added; footnotes omitted.

Concerns Raised by the Dissent: A detailed dissent provides a rebuttal to the panel majority’s new test, *Egyptian Goddess, Inc. v. Swisa, Inc.*, 498 F.3d 1354, 1359-60 (Fed. Cir. 2007)(Dyk, J., dissenting).

The dissent first focuses upon the new “non-trivial advance” test for the point of novelty to determine infringement: It is concluded that “the majority opinion departs from our precedent in fashioning a new rule—that a combination of elements cannot constitute a point of novelty in design patent cases unless the combination constitutes a ‘non-trivial advance’ over the prior art. The majority equates its newly-fashioned non-trivial advance test with the requirement that a design patent

Wegner's Top Ten Patent Cases

be nonobvious over the prior art. It then appears to limit the application of that test to cases in which the point of novelty involves a combination of prior art elements.” *Egyptian Goddess*, 498 F.3d at 1359.

The dissent cautions that the panel majority’s test “conflate[es] the criteria for infringement and obviousness, [so that] the test eviscerates the statutory presumption of validity by requiring the patentee to affirmatively prove nonobviousness. *Id.* (citing 35 U.S.C. § 282). But, by statute, “[t]he burden of proof on obviousness rests with the accused infringer and must be established by clear and convincing evidence. Under the majority’s test, however, the patentee would have to prove nonobviousness in order to establish infringement.” *Id.*

As a *second* critique, “the majority’s approach is at the same time too narrow and too broad. It is too narrow because it applies a special test only to designs which involve a combination of design elements. It is clear to me that a single point of novelty test must apply to all points of novelty, not just those involving combinations. That has invariably been the approach of our past cases. The majority’s approach is also too broad because it extends an obviousness-like test to each point of novelty, not merely the overall design (which is presently the sole focus of the obviousness analysis).” *Id.*

The third point emphasizes that the new “non-trivial advance” test “requires a difficult and restrictive inquiry in design patent cases.” *Id.* How does a judge – or expert – focus upon a particular point of novelty? The dissent notes that “[p]oints of novelty in design patents are often not dramatically different from the prior art. It is difficult enough to assess whether an overall design would have been obvious; it is almost impossible to determine whether a particular design feature represents a trivial or substantial advance over the prior art.” *Id.*

Beyond the policy and practical concerns, the dissent argues that majority’s approach deviates from the case law. *Egyptian Goddess*, 498 F.3d at 1359-60.

Is an *Egyptian Goddess*-based standard Workable? Heretofore, design patent enforcement has been one bright spot in the patent law where Markman hearings and complex determinations were *not* needed. The court has itself recognized that the new case law under review creates a standard that is far more difficult for the courts and litigants to follow with great predictability. This is implied from the third question presented by the court in its order for briefing: “Should claim construction apply to design patents, and, if so, what role should that construction

Wegner's Top Ten Patent Cases

play in the infringement analysis?”

Policy Contrast to a Japanese Pro-Patentee Tool for Anti-Counterfeiting: The United States has taken a back seat to Japan in terms of use of the design patent law as a weapon against copyist infringers and counterfeiters. An earlier note, *Designed Patent Reform: Japan versus the Egyptian Goddess Case*, summarizes differences between the United States and Japan design law and practice and, particularly, the policy choice Japan has made to *strengthen* its design law particularly as a weapon for its pioneer industries against counterfeiters.

(6) *Alonso – Enzo* “Written Description”/“Possession”⁶

Issue: Paraphrased from appellant’s brief, in essence, is a claim to a genus of anti-cancer antibodies supported by proof of a satisfactory treatment with one antibody? The patent applicant seeks to *distinguish* the *Enzo* line of case law that emanates from *Regents of the University of California v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), instead of challenging that case law.

Appellant’s Failure to Challenge the Enzo Line of Cases: To the extent that the *Enzo* line of cases is controlling, here, the question must be raised: With the biotech industry so vehemently attacking the “written description”/ “possession” line of case law, why does the appellant, here, *accept* that line of case law, indeed embracing that line of case law, when that line of case law is in conflict with numerous precedent and may well be challenged in the *Kubin* case.

It is difficult to avoid noticing an apparent positional conflict as counsel for appellant, here, is also counsel for its major client for which it won the case of *Regents of the University of California v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), that established the *Enzo* line which forms a cornerstone for the patent strategy of that client.

Appellant’s Argument: Appellant’s brief summarizes the background and the issues presented:

“The single claim at issue recites a novel method for treating a particular type of cancer, neurofibrosarcoma, using human-human monoclonal antibodies directed to the patient's tumor. The method uses the patients' own tumor cells as means to generate the therapeutic antibodies, and the specification of the application

⁶ *In re Alonso*, Fed. Cir. App. 2008-1079.

Wegner's Top Ten Patent Cases

contains a 19-page detailed description of how to make these antibodies. Moreover, the application as filed establishes that Dr. Kenneth Alonso (the Applicant) specifically made an antibody according to the specification, deposited the hybridoma line secreting that antibody with the ATCC, and successfully treated a human neurofibrosarcoma patient with the antibody as required by the claim. Further, the Board specifically held that the very claim at issue here is enabled for its 'full scope' under § 112.

“Thus, there can be no reasonable question that Dr. Alonso was in ‘possession’ of the claimed method as required by this Court's precedent to satisfy the written description requirement, particularly given the Board's holding both as a matter of fact and law that the claim was enabled for its full scope. The Board, however, relied on this Court's precedent of *Regents of the University of California v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), and *University of Rochester v. G.D. Searle & Co.*, 358 F.3d 916 (Fed. Cir. 2004), for the proposition that tie specification does not provide an adequate written description because the claimed method generates a large ‘genus’ of antibodies, which according to the Board, is not adequately described. But, as set forth in detail below, the Board misapplied the reasoning of *Lilly* and *Rochester* to the largely undisputed facts at issue here. These cases are designed to prevent a patent applicant from preempting the future by claiming something that has not yet been invented. This situation is manifestly not present in the instant case where Dr. Alonso actually used the claimed treatment method.

“Further, this Court has clearly held that a genus *can* be defined by functional characteristics where such characteristics are ‘coupled with a known or disclosed correlation between function and structure.’ *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 964 (Fed. Cir. 2002). Here, the antibodies used in the claimed method share the function of binding and attacking the neurofibrosarcoma tumor, and they will necessarily have common structural features, as they will all bind to a specific antigen on the neurofibrosarcoma cell. The Board simply did not apply this legal standard in reaching its decision.”

...

“II. STATEMENT OF THE ISSUES

“Whether the Board erred in affirming the Examiner's rejection of a method of treating a particular type of cancer using an antibody specific to that person's tumor, pursuant to the written description requirement of 35 U.S.C. § 112, where (1) the Applicant specifically made such an antibody, (2) the Applicant deposited the hybridoma line producing the antibody with the ATCC, (3) the Applicant

Wegner's Top Ten Patent Cases

successfully treated a human patient with the antibody, (4) where there is a known correlation between the structure and function of antibodies generated according to the specification, and (5) the Board specifically held the claim was enabled for its full scope.”

(7) *Biomedical v. California – State Sovereign Immunity*⁷

Issues: “1. Whether a state's waiver of Eleventh Amendment immunity in one action extends to a subsequent action involving the same parties and the same underlying transaction or occurrence.

“2. Whether a state waives its Eleventh Amendment immunity in patent actions by regularly and voluntarily invoking federal jurisdiction to enforce its own patent rights.”

Status: The case remains in the petition briefing stage; the State of California’s opposition has been moved back to March 24, 2008.

Discussion: This case represents the latest challenge to state sovereign immunity by universities. Quarterbacked by Supreme Court appellate expert Andrew J. Pincus, this represents a relatively serious challenge to precedent established in the late 1990’s.

In its brief *amicus curiae* supporting grant of review, the Chamber of Commerce summarizes the policy arguments against the broad application of sovereign immunity:

“[T]he Federal Circuit held that the doctrine of sovereign immunity prevented petitioner Biomedical Patent Management Corporation [] from bringing suit against the California Department of Health Services [] for patent infringement - even though [California] itself had put the same infringement issues in dispute by intervening in a prior case against [Biomedical]. The Federal Circuit also summarily rejected [Biomedical]’s argument that the State of California's systematic invocation of the federal courts to enforce its own federal patent rights constituted a general waiver of sovereign immunity with respect to suits brought against it under the patent laws.

⁷ *Biomedical Patent Management Corp. v. State of California*, No. 07-956, *opinion below*, 505 F.3d 1328 (Fed. Cir. 2007)(O’Malley, J.).

Wegner's Top Ten Patent Cases

“That ruling creates an obvious and inordinate imbalance. State institutions own myriad patents. In 2006, the University of California alone was awarded more patents than Pfizer, Merck, and SmithKline Beecham combined. Under the decision below, however, States and state entities can vigorously enforce such patent and intellectual property rights in federal court, at the same time rejecting federal court jurisdiction whenever others seek to enforce their intellectual property rights against the State. That imbalance pervades all aspects of intellectual property relationships between States and the private sector. In licensing negotiations, States and state entities do not merely play hardball because they know they cannot be sued; they, in light of sovereign immunity, will sometimes even decline to negotiate for the right to use intellectual property they concededly are using.

“Perhaps worse still, businesses that are concerned about being victims of a State's infringement suit cannot seek declaratory judgments to determine the legality of their conduct, because any such suit will be met with a claim of sovereign immunity. They thus are forced either to undertake the potentially infringing conduct and confront possibly ruinous liability, or steer well clear of the ‘zone’ of the State's patent even if a claim of infringement (or the patent's validity) would be debatable. The *in terrorem* effect of even a marginal suit by the state entity - and the absence of any way to get a declaration of rights in advance - permits the State to assert an overly expansive construction of its patent to deter competition without fear of challenge.

“Those consequences are neither a necessary nor an inevitable result of this Court's decision in *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 627, 647-648 (1999), and its companion decision, *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 527 U.S. 666 (1999). It is now firmly established that, when a State invokes the jurisdiction of the federal courts in a particular lawsuit, it waives its sovereign immunity with respect to that lawsuit. See *Lapides v. Bd. of Regents of the Univ. Sys. of Ga.*, 535 U.S. 613, 619-620 (2002). By the same token, the State's repeated ‘voluntary invocation’ of federal-court jurisdiction as part of a broad pattern of litigation conduct under the patent laws should effect a *general* waiver of sovereign immunity with respect to suits brought by other parties under those same laws. That permutation of the waiver issue is of singular importance because of its enormous impact on the balance between state and private intellectual property rights.” [record citations omitted]

(8) *Paymentech* – Joint Infringement⁸

Issue: Possibly going to the Supreme Court is the following issue: Where no single party performs all acts of a patented combination but several parties collectively (but not under the direction of any one party) perform all the steps, does infringement liability attach under a theory of “joint infringement” as suggested in *dictum* in *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d 1331 (Fed.Cir.2006)? The panel opinion in *Paymentech* gave a negative answer to this question, repudiating such *dictum*.

Status: The *certiorari* petition falls due May 12, 2008.

Discussion: In *Paymentech*, no single party performed all steps of a patented method, so that there was no single, direct infringer under 35 USC § 271(a) of *all* aspects of the claimed method. The patentee could have, but didn't, present claims where all steps were performed by a single actor, which would then have created a case of direct infringement by that actor; if the actor were a customer as the direct infringer, then the operator of the system could well be held liable as an active inducer under 35 USC § 271(b).

But, there must be a single actor who is a direct infringer: As explained in the panel opinion, citing *Warner-Jenkinson Co., Inc. v. Hilton Davis Corp.*, 520 U.S. 17 (1997), “infringement requires a party to perform or use each and every step or element of a claimed method or product.” *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1378-79 (Fed. Cir. 2007)(Rader, J.)

Dismissing a theory of active inducement or other vicarious liability, “the law imposes vicarious liability on a party for the acts of another in circumstances showing that the liable party controlled the conduct of the acting party. *Engle v. Dinehart*, 213 F.3d 639 (5th Cir.2000) (unpublished decision) (citing Restatement (Second) of Agency § 220cmt. d). In the context of patent infringement, a defendant cannot thus avoid liability for direct infringement by having someone else carry out one or more of the claimed steps on its behalf. In *Cross Medical Products [v. Medtronic Sofamor Danek*, 424 F.3d 1293, 1311 (Fed.Cir.2005)], this

⁸ *BMC Resources, Inc. v. Paymentech, L.P.*, Supreme Court Petition Due May 12, 2008, *opinion below*, 498 F.3d 1373 (Fed. Cir 2007).

Wegner's Top Ten Patent Cases

court refused to attribute the acts of surgeons in making the claimed apparatus to the medical device manufacturer because the medical device manufacturer representative, who appeared in the operating room and identified instruments for the surgeons, did not direct the surgeons' actions. The Court remanded the case for a determination of whether the surgeons directly infringed by making the claimed apparatus and whether the medical device manufacturer could be held vicariously liable for such infringing acts. 424 F.3d at 1312.” *Paymentech*, 498 F.3d at 1379.

Carefully discussing the key case relied upon by appellant with conflicting *dictum*, *On Demand Machine Corp. v. Ingram Industries, Inc.*, 442 F.3d 1331 (Fed.Cir.2006), the panel stated that “[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. It would be unfair indeed for the mastermind in such situations to escape liability.” *Paymentech*, 498 F.3d at 1381.

To be sure, gray areas remain: “This court acknowledges that the standard requiring control or direction for a finding of joint infringement may in some circumstances allow parties to enter into arms-length agreements to avoid infringement. Nonetheless, this concern does not outweigh concerns over expanding the rules governing direct infringement. For example, expanding the rules governing direct infringement to reach independent conduct of multiple actors would subvert the statutory scheme for indirect infringement. Direct infringement is a strict-liability offense, but it is limited to those who practice each and every element of the claimed invention. By contrast, indirect liability requires evidence of “specific intent” to induce infringement. Another form of indirect infringement, contributory infringement under § 271(c), also requires a mens rea (knowledge) and is limited to sales of components or materials without substantial noninfringing uses. Under BMC's proposed approach, a patentee would rarely, if ever, need to bring a claim for indirect infringement.” *Paymentech*, 498 F.3d at 1381.

Better Claim Drafting Would Have Won the Case: Bluntly, the court, citing Mark A. Lemley *et al.*, *Divided Infringement Claims*, 33 AIPLA Q.J. 255, 272-75 (2005), states that “[t]he concerns over a party avoiding infringement by arms-length cooperation can usually be offset by proper claim drafting. A patentee can usually structure a claim to capture infringement by a single party.” *Paymentech*, 498 F.3d at 1381.

Responding negatively to the plea of the patentee to save it from bad claim drafting, the court states that “this court will not unilaterally restructure the claim

Wegner's Top Ten Patent Cases

or the standards for joint infringement to remedy these ill-conceived claims.” *Id.*, quoting *Sage Prods. Inc. v. Devon Indus. Inc.*, 126 F.3d 1420, 1425 (Fed.Cir.1997): “[A]s between the patentee who had a clear opportunity to negotiate broader claims but did not do so, and the public at large, it is the patentee who must bear the cost of its failure to seek protection for this foreseeable alteration of its claimed structure.”

(9) MuniAuction – Post-Paymentech Joint Infringement⁹

Issue: In defending a “joint infringement” decision below where multiple parties performed differing steps of a method claim, appellee seeks to deal with the intervening *Paymentech* case by showing “direction” or “control” of all steps by the accused infringer to distinguish the *Paymentech* “standard requiring control or direction [by one party] for a finding of joint infringement,” *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1380-81 (Fed. Cir 2007).

Status: Oral argument is scheduled for March 6, 2008, pitting rising Covington star litigator and former Federal Circuit clerk Richard Rainey for appellant versus legendary Niro senior partner Raymond Niro.

(10) “Nilssen II” -- § 285 Inequitable Conduct Award¹⁰

Here, a patentee appeals an attorney fee award under 35 USC § 285, in a case where the patentee has lost a merits appeal on inequitable conduct.

Issues (per appellant):

“1. Whether the court clearly erred in finding that this case is ‘exceptional’ under 35 U.S.C. § 285 based on (a) technical findings of inequitable conduct that had virtually nothing to do with patentability, (b) a finding that the litigation was frivolous based on the same findings of inequitable conduct, and (c) a finding of litigation misconduct based on actions that cannot fairly be called ‘misconduct’ and in any event had little or no impact on the outcome of the case.

⁹ *MuniAuction, Inc. v. Thomson Corp.*, Fed. Cir. 2007-1485 (argument March 6, 2008), *opinion below*, 502 F.Supp.2d 477 (W.D. Pa. 2007)(Lancaster, J.)

¹⁰ *Nilssen v. Osram Sylvania, Inc.*, Fed. Cir. No. 2007-1198 (argument March 5, 2008), prior panel decision on merits finding inequitable conduct, 504 F.3d 1223 (Fed. Cir. 2007)(Mayer, Lourie, Linares, JJ.).

Wegner's Top Ten Patent Cases

“2. Whether the court abused its discretion in awarding attorneys' fees to [the accused infringer] under 35 U.S.C. § 285 based only on its finding that the case was exceptional without stating any of the factors it weighed in exercising its discretion, and where no gross injustice would have resulted if the parties bore their own fees.

“3. Whether the court erred as a matter of law in holding that manifest injustice would result if [the accused infringer] were required to reimburse Nilssen for expert witness fees pursuant to Federal Rule of Civil Procedure 26(b)(4)(C)(i).”

Appellant Relies on Law Firm Press Release: In its reply brief, one of the sources cited as basis for reversal is a law firm press release: “[Winning party]’s counsel has acknowledged that th[e] case was the ‘first of its kind’ in finding inequitable conduct based on a ‘collection’ of apparently inadvertent errors across a series of patents. *See* Sterne Kessler Press Release (June 30, 2006), *available at* <http://skgf.com/media/news/news.273.pdf>. A close case of first impression is far from frivolous.” Appellant’s Reply Brief, p. 16, citation omitted

If a Lawyer, “A Fool for a Client”: The merits decision of court had attracted attention because of the standard imposed upon a *pro se* inventor. As background, of course, every lawyer recognizes that even the very best lawyer should not represent himself *pro se* in a court proceeding:

“Even a skilled lawyer who represents himself is at a disadvantage in contested litigation. Ethical considerations may make it inappropriate for him to appear as a witness. He is deprived of the judgment of an independent third party in framing the theory of the case, evaluating alternative methods of presenting the evidence, cross-examining hostile witnesses, formulating legal arguments, and in making sure that reason, rather than emotion, dictates the proper tactical response to unforeseen developments in the courtroom. The adage that ‘a lawyer who represents himself has a fool for a client’ is the product of years of experience by seasoned litigators.” *Kay v. Ehrler*, 499 U.S. 432, 437-38 (1991)(Stevens, J.)(footnote omitted).

Wegner's Top Ten Patent Cases

But, the Inventor, here, was Pro Se: Here, however, the inventor represented himself – and he was neither a lawyer nor patent agent:

“Mistakes do happen, but inadvertence can carry an applicant only so far. Thus, we cannot find that the court's holding of unenforceability was an abuse of discretion. Perhaps some of the errors were attributable to Mr. Nilssen's representing himself during the prosecution of his patents. It surely was true that he knew more about the subject matter of his inventions than most, or even any, attorney. That is almost always the case with an invention, particularly one dealing with complex subject matter. However, the patent process is a complicated one, one that requires both technical and legal credentials in order to effectively prosecute patents for inventors. The same credentials are generally required to prosecute patents on one's own inventions. *Mr. Nilssen, while apparently gaining considerable knowledge of the patenting process, thought he didn't need professional patent help. The result of this case, regrettably, proves that he was wrong.*” *Nilssen*, 504 F.3d at 1235 (emphasis added).