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PATENT HAPPENINGS®

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on judicial, legislative, and administrative developments in patent law.

HIGHLIGHTS

JUDICIAL HAPPENINGS

"Practicing the Prior Art" May Negate Intent

Accused infringers may attempt to defend against an infringement charge by contending that they are merely "practicing the prior art." While potentially having apparent common-sense appeal to a jury, the Federal Circuit has held that for a charge of *literal* infringement, a contention that the accused product merely practices the prior art does not provide a legally recognized defense.[1] The court has concluded that an allegation that an accused product "practices the prior art" effectively seeks to assert that the patent claim is invalid over the prior. But an accused infringer must prove a claim's invalidity with clear and convincing proof. Permitting a "practicing the prior art" defense for infringement, therefore, would essentially allow an accused infringer to avoid infringement liability based on the prior art without meeting the heightened proof burden to show invalidity.[2] Consequently, an accused infringer's contention that it cannot have literally infringed the patent because it was only practicing the prior art will fall on deaf ears at the Federal Circuit.

Nonetheless, there are some circumstances where a "practicing the prior art" defense can provide a defense to a charge of infringement. For example, where a patentee asserts infringement under the doctrine of equivalents, a "practicing the prior art defense" may, in some cases, have applicability under the theory that a scope of equivalents may not ensnare the prior art.[3]

The Federal Circuit added to the instances where a "practicing the prior art" defense may avoid infringement liability in *Kinetic Concepts, Inc. v. Blue*

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[1] *See generally*, Robert A. Matthews, Jr., *Annotated Patent Digest* § 11:10 — No "Practicing the Prior Art" Defense [*hereinafter* APD].

[2] *Tate Access Floors, Inc. v. Interface Architectural Resources, Inc.*, 279 F.3d 1357, 1367 (Fed. Cir. 2002).

[3] *See generally*, APD § 13:70 Scope of Equivalents Cannot Ensnare the Prior Art.

Sky Med. Gp., Inc., No. 2007-1340, 2009 WL 223733, *11 (Fed. Cir. Feb. 2, 2009). There, the patentee had charged the accused infringer with inducing infringement. Seeking to show it lacked the requisite intent to sustain a charge of inducing infringement,[4] the accused infringer argued that it believed its accused product practiced the prior art, and therefore it never intended to cause infringement. The patentee argued that since "practicing the prior art" does not provide a defense to literal infringement, the accused infringer's belief that its accused products practiced the prior art should have no relevance in defending against the charge of inducing literal infringement. The Federal Circuit disagreed. It stated that while "practicing the prior art' is not a defense to patent infringement . . . it does not follow that a defendant's belief that it can freely practice inventions found in the public domain cannot support a jury's finding that the intent required for induced infringement was lacking." *Id.*

Duty to Investigate Prior Art

Whether a patent applicant has a duty to investigate potential prior art as part of its duty of candor owed to the PTO depends on the circumstances of the individual case. The Federal Circuit has instructed that "a duty to investigate does not arise where there is no notice of the existence of material information."[5] Further, "[t]he mere possibility that material information may exist will not suffice to give rise to a duty to inquire; sufficient information must be presented to the attorney to suggest the existence of specific information the materiality of which may be ascertained with reasonable inquiry."[6] "Thus, no duty to inquire arises unless counsel is on notice of the likelihood that specific, relevant, material information exists and should be disclosed."[7]

The Federal Circuit addressed whether a duty to investigate should arise when a potential accused infringer provides a patent applicant with incomplete information regarding possible prior art in *Rothman v. Target Corp*., No. 2008-1375, 2009 WL 349474 (Fed. Cir. Feb. 13, 2009). The patent at issue concerned a tank-top style nursing garment. After the inventor had filed its patent application, the inventor, through its prosecution counsel, began licensing negotiations with a clothing manufacturer. The licensing agreements continued for approximately a year. After attracting the interest of a major retailer to market the nursing garment, the manufacturer appeared to have a change of heart as to its willingness to take a license. The manufacturer asserted to the inventor that it had previously created a nursing garment tank top, which it called "style 460," that was prior art to the inventor's claimed invention. The manufacturer made this allegation of a prior invention of the style 460 garment in a letter, but did not provide photographs, drawings, or samples of the alleged prior art nursing garment. The inventor's patent counsel disputed the factual accuracy of the prior art status and offered to discuss the patentability of the invention in view of the style 460 garment with the manufacturer. The manufacturer declined. Subsequently, the inventor's patent counsel submitted a "petition to make special" and provided the PTO with copies of the correspondence with the manufacturer, but did not investigate the style 460 garment any further. The patent eventually issued, and the patentee sued the manufacturer for infringement. The manufacturer asserted that the inventor had committed inequitable conduct, *inter alia*, by not disclosing the style 460 garment to the PTO. The jury agreed with the manufacturer and returned a verdict that the inventor had committed inequitable conduct.

On appeal, the Federal Circuit reversed the district court's denial of the patentee's motion for JMOL to overturn the jury's verdict. The court held that under the circumstances the inventor and its patent counsel did not have a duty to investigate the style 460 garment any further, and that it fulfilled its duty to the PTO by submitting to the PTO the letters discussing the style 460 garment. Writing for the court, Judge Rader explained: "Receipt of threatening letters containing vague descriptions of unsubstantiated prior art at the tail end of a souring business relationship does not create an automatic duty of disclosure. Otherwise, every potential patent licensee (and prospective infringer) could subject a patent applicant to the possibility of inequitable conduct sanctions on a whim." *Id.* at *13. The court noted that the

[4] *See DSU Medical Corp. v. JMS Co., Ltd.*, 471 F.3d 1293, 1305-06 (Fed. Cir. 2006) (*en banc*) (holding that to induce infringement a "defendant must have intended to cause the acts that constitute the direct infringement *and* must have known or should have known tha[t] its action would cause the direct infringement," thus, "the inducer must have an affirmative intent to cause direct infringement.") (emphasis added); *see generally*, APD § 10:54 Intent to Cause the Acts of Infringement is a Prerequisite.

[5] *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1382 (Fed. Cir. 2001). *See generally*, APD § 27:35 Duty to Investigate or Duty of Inquiry.

[6] *Id.*

[7] *Id.* at 1383.

manufacturer's course of conduct in engaging in licensing negotiations for over a year, and then "seemingly overnight … morph[ing] from interested suitor offering favorable royalty terms and expressing assurance of 'strong initial business' with a major retailer to a patent-eviscerating prior art holder," suggested that the manufacturer was acting in bad faith. *Id.* at *14. In view of this conduct, the court held that "no reasonable jury could attribute deceptive intent to [the patent counsel]'s decision not to disclose style 460 [garment] to the PTO." *Id.*

Noting that a patent applicant cannot be charged with culpable intent for not disclosing information it did not have,[8] the court ruled that the "simple declaration" by the accused infringer that it had its own prior tank-top style nursing garment did not create a duty for the inventor to investigate the style 460 garment where the accused infringer failed to give the patentee any additional information such as a physical sample, photograph, drawing, or description. *Id.* Under these circumstances, the court concluded that the response of the inventor's patent counsel "inviting further discussion regarding [the manufacturer's] style 460 [garment] fully satisfied [the patentee]'s investigatory and reporting duties." *Id.* The Federal Circuit also noted that the inventor's submission to the PTO of the correspondence with the manufacturer relating to the style 460 garment as part of the Petition to Make Special negated any intent to deceive the PTO. Accordingly, the court held that the record failed to show substantial evidence supporting the allegation of inequitable conduct, and that "no reasonable jury" could base a finding of inequitable conduct on the failure to disclose the style 460 garment. *Id.* at *15.

Extending 30-Month Stay of FDA Approval

In ANDA litigations under 35 U.S.C. § 271(e)(2), should a patentee file an infringement suit within 45 days after receiving the generic drug maker's Paragraph IV certification, FDA approval of the ANDA becomes subject to an automatic 30-month stay.[9] The statute explicitly gives a district court authority to shorten or extend the 30-month period if "either party to the action failed to reasonably cooperate in expediting the action."[10] Based on what it viewed as "uncooperative discovery practices" by the generic drug maker, the Federal Circuit affirmed an extension of a 30-month stay in *Eli Lilly and Co. v. Teva Pharmaceuticals USA, Inc.*, No. 2009-1071, 2009 WL 440569 (Fed. Cir. Feb. 24, 2009). There the generic drug maker failed to timely produce information regarding a new particle-size measuring methodology for the active pharmaceutical ingredient in its proposed drug product. The generic drug maker had amended its ANDA and disclosed the new measuring methodology approximately one month before the close of fact discovery, even though the generic allegedly had developed the new measuring technique as a way of avoiding infringement about eight months earlier. The district court held that, under the circumstances, the last minute recasting of the drug product merited extending the 30-month stay until trial began.

Over the dissent of Judge Prost, the Federal Circuit affirmed. Writing for the majority, Judge Rader concluded that the district court did not abuse its discretion in finding that the generic drug manufacturer failed to reasonably cooperate in expediting the action based on the generic drug maker's delay in producing critical discovery related to the new measuring techniques. *Id.* at *3-*5. Judge Rader explained that "[t]rial courts … may shorten or extend the thirty-month statutory period based on the parties' uncooperative discovery practices before the court." *Id.* at *4.

Judge Prost dissented on the ground that the district court never made an actual finding that the generic drug maker failed to "reasonably cooperate in expediting the action." She concluded that the district court only made findings that the generic drug maker's conduct did not give the patentee "a sufficient opportunity to identify the nature and composition of the raloxifene product" as the generic drug maker intends for it to be sold, and (2) "a reasonable amount of time to allow [the patentee]'s expert to test and report on the altered raloxifene samples provided by [generic drug maker] and for [the patentee] to assess and utilize that information and analysis in preparation for trial." In her view, neither of these findings directly responded to the statutory requirement of

[8] *See generally*, APD § 27:33 Actual Subjective Knowledge of the Existence of Information; *see also* APD § 27:56 Inventor Need Not Disclose Incomplete Information.

[9] 21 U.S.C. § 355(j)(5)(B)(iii). *See generally*, APD § 10:153 Patentee has 45 Days to File Suit to Get 30-Month Stay.

[10] 21 U.S.C. § 355(j)(5)(B)(iii). *See generally*, APD § 10:155 Extending 30-Month Stay; § 10:156 Cases Denying Requested Extension of Stay; § 10:157 Cases Shortening Stay; and § 10:158 Cases Extending Stay.

showing that the generic drug maker failed to "reasonably cooperate in expediting the action." *Id.* at *8.

Capability vs. Actual Configuration

Federal Circuit case law provides numerous examples of the court refusing to overlook an inventor's claim drafting errors.[11] The Federal Circuit's opinion in *Ball Aerosol and Specialty Container, Inc. v. Limited Brands, Inc*., No. 2008-1333, 2009 WL 291184, *8 (Fed. Cir. Feb. 9, 2009), presents another example of the court holding a patentee to the literal words of a claim and the adverse consequence resulting therefrom. The patent at issue in *Ball Aerosol* covered a candle tin made up of a candle holder and a cover. After the cover was removed from the holder, the candle holder could be placed on top of the cover so that during use the heat from the candle would not scorch the surface on which the candle tin rested. As part of accomplishing this task, the candle holder had protrusions on its bottom that were capable of resting on top of the cover when used. The asserted claim contained a limitation reciting "the protrusions *resting upon* the closed end of the cover to seat the holder cover." Notably this limitation did not recite that the protrusions were "configured to" or were "operable to" rest upon the closed end. Instead, with the use of an active verb, the claim language specified that the protrusions "rest[ed] upon" the cover.

The accused product allegedly was "reasonably capable" of being used in a manner whereby its candle holder could rest upon the cover in a manner that met the claim. However, the patentee had failed to produce evidence showing any actual uses of the accused product in that configuration, and the accused infringer had produced evidence that its accused product could be used in other configurations where the candleholder did not rest upon the cover. Nonetheless, the district court granted the patentee summary judgment of infringement. It concluded that since the claim was an apparatus claim, and not a method of use, the claim limitation was met if the accused infringer sold a product having all the component parts and the parts were "reasonably capable" of being assembled into the claimed configuration even if the components could be assembled into other configurations.

The Federal Circuit disagreed and reversed the summary judgment. According to the court, the specific claim language explicitly claimed a configuration of the candle holder resting upon the cover, and not just component parts that had the capability of having the candle holder rest upon the cover. Holding the patentee to the words of its claim, the court concluded that "infringement occurs only if the accused product is configured with the cover being used as a base underneath a candle holder with feet." The court further rejected the patentee's "reliance on cases that found infringement by accused products that were reasonably capable of operating in an infringing manner . . . since that line of cases is relevant only to claim language that specifies that the claim is drawn to capability[,]" and the claim did not claim a mere capability.[12] *Id.*[13]

Covenant Not to Sue for Past Infringement

Since at least the 1991 opinion in *Spectronics Corp.*[14] and the oft-cited 1995 opinion in *Super Sack*,[15] Federal Circuit law has recognized that a patentee, by granting the declaratory judgment plaintiff a covenant-not-to-sue can, in some circumstances, moot the case or controversy supporting a declaratory judgment claim challenging a patent.[16] As shown by the Federal Circuit's opinion in *Revolution Eyewear, Inc. v. Aspex Eyewear, Inc*., No. 2008-1050, 2009 WL 349356 (Fed. Cir. Feb. 13, 2009), however, not all covenants will moot a case or controversy.

Shortly before a trial on the issues of invalidity and unenforceability was scheduled to begin, the patentee, in *Revolution Eyewear*, gave the accused infringer a covenant-not-to-sue under the asserted patent "based upon any activities and/or products made, used, or sold

[11] *See generally*, APD § 5:45 —Patentee Stuck With the Claim Language Chosen.

[12] See also *Ormco Corp. v. Align Technology, Inc.*, 463 F.3d 1299, 1307 (Fed. Cir. 2006) (where claim to a dental system expressly claimed three or more dental appliances were supplied as part of the claimed system, rejecting argument that the claim only required that the three or more appliances could be "capable of" being supplied in one kit, the express language mandated that the three or more appliances be supplied as one system).

[13] The court, in *Ball Aerosol*, also reversed the district court's denial of the accused infringer's motion for summary judgment of invalidity for obviousness, and found the asserted claims were invalid as a matter of law. *Id.* at *7-*8. Hence, it is puzzling as to why the court opted to address the infringement issue since the invalidity ruling mooted the question of infringement.

[14] *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 636 (Fed. Cir 1991).

[15] *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1059 (Fed. Cir. 1995).

[16] *See generally*, APD § 37:63 Patentee Can Moot Apprehension.

on or before the dismissal of this action." *Id.* at *1. Thus, the covenant only applied to claims of past infringement. Relying on the fact that the accused infringer was not presently marketing the accused product, the accused infringer having voluntarily pulled its product from the market during the pendency of the suit, the district court determined that the covenant mooted the controversy between the parties. Consequently, it dismissed the accused infringer's declaratory judgment counterclaims. Finding that the district court erred in concluding that the particular covenant-not-to-sue mooted the controversy between the parties, the Federal Circuit reversed.

The Federal Circuit first noted that the Supreme Court's opinion in *MedImmune*,[17] did not change the long-standing rule recognized in *Super Sack* that an actual controversy between the parties must exist at all stages of a litigation. *Id.* at *3. Consequently, a covenant-not-to-sue, post *MedImmune*, may divest a trial court of jurisdiction "depend[ing] on what is covered by the covenant." *Id.*

The patentee, attempting to rely on the aspect of declaratory judgment jurisprudence that a controversy must have a "sufficient immediacy,"[18] argued that to have a justiciable controversy the accused infringer must have actually reinstituted its manufacture and sale of the accused product. Since the accused infringer had not done so, the patentee argued its covenant-not-to-sue for past infringement mooted the immediate controversy between the parties.

Examining the totality of the circumstances, the Federal Circuit disagreed. The Federal Circuit noted that the accused infringer had stated that it planned to reintroduce its accused product in the market upon the successful conclusion of the suit. The patentee had stated in response that if the accused infringer reintroduced its accused product, the patentee would bring a new infringement suit. Given that the accused infringer already had a specific concrete product that it wanted to introduce to the market, the Federal Circuit held that the circumstances did not effectively ask the district court to grant an advisory opinion to a would-be future competitor. *Id.* at *5. Instead, the court found that the accused infringer's stated intention of wanting to return its specific accused product to the market and the patentee's position that it would sue the accused infringer if the accused infringer reintroduced the accused product showed that a "real and substantial" controversy continued to exist. *Id.* The controversy touched upon "legal relations of the parties having adverse legal interests" since it affected whether the accused infringer could return to the market "without risking treble damages." And, the controversy could be redressed with a judicial determination on the issue of invalidity and enforceability. Accordingly, the Federal Circuit found that the controversy met the requirements stated in *MedImmune* to support subject matter jurisdiction. *Id.*

The Federal Circuit did agree with the patentee, that the patentee had no legal obligation to repudiate a suit for future infringement. But, it also concluded that by retaining the right to sue the accused infringer in a future suit for future acts of infringement based on the product accused of infringement in the current suit, the patentee thereby "preserved th[e] controversy at a level of 'sufficient immediacy and reality' to allow [the accused infringer] to pursue its declaratory judgment counterclaims.[19] *Id.* at *6.

Withdrawing Infringement Claims

The actual case or controversy requirement sufficient to sustain Article III standing for a claim of patent infringement or a declaratory judgment claim of invalidity applies individually to each asserted claim of a patent.[20] Hence, if during the course of an infringement suit a patentee withdraws its infringement allegations as to some of the originally asserted claims and grants the accused infringer a covenant-not-to-sue on the withdrawn claims, the patentee may moot a district court's subject matter jurisdiction for the withdrawn claims.[21] Applying this principle in *Arrow*

[17] *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 132 n.11 (2007) (stating the Federal Circuit's reasonable-apprehension-of-suit test for declaratory judgment claims "conflicts" with Supreme Court precedent). *See generally*, APD § 37:15 Post-*MedImmune* "All Circumstances" Standard for Showing Actual Controversy.

[18] *See generally*, APD § 37:34 Requirement of "Immediacy and Reality" and APD 37:35 Accused Infringers Actual Accused Activity or Concrete Steps to Engage in Such Activity.

[19] *See also*, APD § 37:64 Act Must Estopp Patentee from Future Suits on that Product.

[20] *See generally*, APD § 15:5 Actual Case or Controversy Requirement.

[21] *E.g., Teva Pharma. Indus., Ltd. v. Dr. Reddy's Labs., Ltd.*, 2008 WL 630050, *4-*5 (D.N.J. Mar. 5, 2008) (ruling that patentee's statement in its opposition brief to the accused infringer's motion for summary judgment of invalidity that it would not assert claim 1 of the asserted patent against the accused infringer in this suit or in any future litigation mooted the controversy between the parties to support subject matter jurisdiction as to that claim, also rejecting the argument that patentee's assertion of claim 1 in a separate action against a customer of the accused infringer showed the case

Communication Labs., Inc. v. John Mezzalingua Assoc., Inc., 2009 WL 290398, *4-*5 (N.D.N.Y. Feb. 5, 2009), the district court opted not to construe claim terms that were unique to claims of the patent for which the patentee had withdrawn its allegations of infringement. The patentee argued that since it was no longer asserting the withdrawn claims, no controversy existed for these claims. The accused infringer argued that a controversy remained as to the withdrawn claims because the patentee had not given the accused infringer a covenant-not-to-sue directed to the withdrawn claims. Taking the patentee at its word, the district court held that it "deem[ed] [the patentee]'s statement that it 'no longer asserts' Claim 14 as constituting an unconditional promise not to sue [the accused infringer] in the future for infringement of Claim 14 with respect to any products previously or currently imported, used, sold, or offered for sale by [the accused infringer]." *Id.*

Tempering *TS Tech* in Texas

Many thought that the Federal Circuit's opinion in *TS Tech*,[22] where the Federal Circuit granted mandamus reversing the Eastern District of Texas's denial of a motion to transfer an infringement action, would spell the end of patent cases in that forum. Indeed, the first two post-*TS Tech* published opinions from the E.D. Texas granted motions to transfer infringement actions.[23] The recent opinion from Judge Folsom in *Novartis Vaccines and Diagnostics, Inc. v. Hoffman-La Roche Inc*., 2009 WL 349760, *3-*6 (E.D. Tex. Feb. 3, 2009), shows that despite *TS Tech* and *In re Volkswagen*,[24] some circumstances can support denying an accused infringer's motion to transfer venue of an infringement action even if the forum's only tie with the infringement suit is that some accused product, sold on a nation-wide basis, was sold in the forum.

In *Novartis*, the patentee sued several entities relating to an accused infringing drug product. The sued entities included the developer of the drug product, who resided in North Carolina; the developer's exclusive licensee who manufactured the accused drug product in Colorado, Michigan and Switzerland; and the distributor of the accused product who packaged the drug product in New Jersey. The drug product was sold nation-wide. No specific activity had been done in Texas other than the sale of the accused product. The accused infringers sought to transfer the action to North Carolina where the drug product was developed. The named inventors of the patent resided in California, but in anticipation of litigation had shipped their documents to the forum.

The accused infringer argued that the majority of the sources of proof favored transfer to the North Carolina forum since the accused product had been developed in North Carolina.[25] Judge Folsom disagreed. He noted that the sources of proof were geographically diverse in view of the activities done in California, Colorado, Michigan, New Jersey and Switzerland, and this distinguished over *TS Tech.* According to the court, documents would have to be shipped an extra 800 miles compared to the distances they would have to be shipped if the case was not transferred. Thus, it concluded that "the Eastern District of North Carolina is still not a venue in which evidence is more easily accessible overall." *Id.* at *4. The court also noted that unlike the circumstances of *TS Tech* and *Volkswagen*, neither the Texas forum nor the proposed North Carolina forum would have absolute subpoena power over all the potential

or controversy remained); *MedImmune, Inc. v. Genentech, Inc*., 535 F. Supp. 2d 1000, 1004-08 (C.D. Cal. Feb. 7, 2008) (ruling that patentee's partial covenant-not-to-sue on all but one claim of the patent required limiting the invalidity challenge to that one claim, even though the patentee had not given its covenant until after the district court had conducted its *Markman* hearing); *see also*, APD § 37:63 Patentee Can Moot Apprehension.

[22] *In re TS Tech USA Corp.*, 551 F.3d 1315, 1318-23 (Fed. Cir. 2008). For a summary of *TS Tech* see *Patent Happenings*, Jan. 2009 at pp. 1-3.

[23] *PartsRiver, Inc. v. Shopzilla, Inc*., 2009 WL 279110, *2 (E.D. Tex. Jan. 30, 2009) (granting motion to transfer to ND Cal. where plaintiff and six of the defendants resided in California and the remaining defendant resided in Washington); *Odom v. Microsoft Corp.*, 2009 WL 279968, *6-*7 (E.D. Tex. Jan. 30, 2009) (granting motion to transfer venue to Oregon, the patentee's home, where the accused infringer resided in Washington, and ruling that where the majority of key witnesses resided in the Northwest transfer was warranted).

[24] *In re Volkswagen of America Inc.*, 545 F.3d 304, 317-18 (5th Cir. 2008) (*en banc*), *cert. denied* (Feb. 23, 2009).

[25] The accused infringers' argument appears to be based on the "center of gravity" concept under which some courts have found that if a patentee has not brought its infringement suit in its home forum, the most convenient forum to litigate the suit will be the forum having the "center of gravity" of the accused infringing activity. Typically, this will be the forum where the accused product was developed or made. *See generally*, § 36:171 "Center of Gravity of the Infringing Activity." In *Novartis*, there may not have been one "center of gravity" since the accused product was made at a location different from where it was developed.

witnesses. The court concluded "that a transfer from one district without absolute subpoena power to another without absolute subpoena power is not clearly more convenient-such a transfer will merely reallocate inconvenience to the transferee district. In such a situation, this factor does not weigh in favor of transfer." *Id.* at *5. The court cautioned that it "[wa]s not prepared to find that nationwide suits-such as this one-must be litigated in a centralized venue[.]" *Id.* But in its view, it found that the facts of the case suggested that the proposed transferee forum was "not more convenient for many involved." It thus ruled that the accused infringers had "not *clearly demonstrated* that transfer is appropriate," as needed to show "good cause" for transferring an action. *Id.* at *6.

In a similar analysis, Judge Ward denied a motion to transfer in *MHL Tek, LLC v. Nissan Motor Co.*, 2009 WL 440627, *4-*7 (E.D. Tex. Feb. 23, 2009). There, the court found that the accused infringers failed to show that the proposed transferee forum in Michigan was "clearly more convenient than the plaintiff's chosen forum" where the defendants were scattered throughout the U.S. and some resided in Japan, South Korea and Germany. Judge Ward concluded that the Texas forum appeared to be just as centrally located as the Michigan forum. He remarked that the case was not one where all of the witnesses or documents are concentrated in one part of the country, close to the proposed transferee forum. *Id.* Showing what may perhaps be another strategy for patentees to avoid *TS Tech*, Judge Ward noted that the patentee had filed in the forum another suit against unrelated accused infringers asserting the same patent. He concluded that judicial economy favored keeping the suit in the forum so that one court would hear all the infringement claims for both suits. *Id.* at *7.[26]

Settlement Agreement Not § 287 Notice

Under § 287 of the Patent Act, if a patentee makes a product covered by its patent and fails to mark the product with the patent number the patentee may not recover damages for infringement based on infringing activity done before the patentee gave actual notice to the accused infringer of the patentee's charge of infringement.[27] Under Federal Circuit precedent, "actual notice requires the affirmative communication of a specific charge of infringement by a specific accused product or device."[28] Thus, a patentee must identify to the accused infringer the specific product it accuses of infringement. Relying on this requirement, the district court in *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 2009 WL 260981, *14 (M.D. Pa. Feb. 4, 2009), granted an accused infringer summary judgment that the patentee could not recover damages for infringement done before the patentee gave actual notice to the accused infringer of its allegations of infringement by the accused infringer's redesigned products.

In *Arlington*, the parties had previously settled an infringement action involving the same patent but different accused products. In the settlement agreement the accused infringer had promised not to sell new products that infringed the patent. Thereafter, the accused infringer began selling a redesigned product. The patentee subsequently accused the redesigned product of infringing its patent. But, the patentee did not notify the accused infringer that it contended that the redesigned products infringed until December 2005. Since the accused infringer had been selling its redesigned products before December 2005, it sought summary judgment that the patentee could not recover infringement damages for any sales it made

[26] For other recent cases refusing to transfer a patent case brought in a forum having little connection to the patentee because the court deemed the forum to be the most centrally located see *Invitrogen Corp. v. General Elec. Co.*, 2009 WL 331889, *2-*5 (E.D. Tex. Feb. 9, 2009) (denying accused infringer's motion to transfer venue of a first action to Maryland even though court, on the same day, granted the accused infringer's motion to transfer a second action to Maryland on the basis that the second action involved three patents that the Maryland court had previously adjudicated, where the patentee had its witnesses and proof on the West Coast and the accused infringer had its witnesses and proof in the Northeast); *Russell Corp. v. Miken Sports, LLC*, 2009 WL 249707, *2-*3 (N.D. Ohio Feb. 2, 2009) (denying motion to transfer because accused infringer failed to show how transferring to Minnesota would be clearly more convenient where the patentee was based in Georgia, and the accused infringers were based in New York and Minnesota, and thus Ohio seemed to be centrally located). *Contra*, *PharmaNet, Inc. v. DataSci Ltd. Liability Co.*, 2009 WL 396180, *15-*16 (D.N.J. Feb. 17, 2009) (denying patent holding company's motion to transfer plaintiff's declaratory judgment action to forum where patentee had other suits pending where plaintiff had brought suit in its home forum and the patentee's suits were filed after the plaintiff had filed its suit).

Additional cases granting and denying motions to transfer infringement actions are collected in § APD § 36:182 Cases Transferring Patent Action and § 36:183 Cases Refusing to Transfer Patent Action.

[27] *See generally*, APD § 30:163 Providing Actual Notice When Patentee Did Not Mark.

[28] *Amsted Indus. Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 186 (Fed. Cir. 1994); *see generally*, APD § 30:171 Notice Must Identify Specific Product.

before December 2005. The patentee argued to the district court that the settlement agreement, and the accused infringer's promise therein not to infringe, should constitute sufficient notice under § 287. The district court disagreed. It noted that the settlement agreement did not identify the redesigned product as an infringing product. Thus, while the settlement agreement "broadly prohibited Bridgeport from infringing Arlington's '050 patent," it "did not place Bridgeport on actual notice that its [redesigned] products infringed Arlington's patent, nor could it." *Id.* Consequently, the court found that the patentee failed to meet the statutory requirements of giving actual notice, and could not recover patent infringement damages for infringing activity done before it gave actual notice in December 2005. The court also noted, however, that the patentee might be able to assert breach of contract damages for the alleged infringing activity done before December 2005 based on the breach of the settlement agreement. *Id.* The court left for a later time the interesting question of whether § 287 preempted the patentee from claiming contract damages.[29]

Advertising Product as Being "Innovative"

Section 43(a)(1)(A) of the Lanham Act prohibits the use of statements that cause confusion as to the "origin" of a good. Some holders of intellectual property rights have attempted to use this provision to impose liability on an infringer who advertises its infringing product as being new. Under this theory, an infringer's advertising that its product is new or innovative falsely suggests that the infringer is the creator, i.e., originator, of the technology. In the copyright context, the Supreme Court rejected this theory in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003). There, the Court held that "origin" as used § 43(a)(1)(A) does not refer to the author of the work, but the entity that manufactured the advertised product. *Id.* at 37-38.

In *Baden Sports, Inc. v. Molten USA, Inc.*, No. 2008-1216, 2009 WL 349358 (Fed. Cir. Feb. 13, 2009), the Federal Circuit considered a false origin Lanham Act claim in the context of a product that infringed a patent. The patentee had argued that an infringer violated the Lanham Act by advertising its infringing dual-cushioned basketballs as being "innovative." According to the patentee, this falsely suggested that the infringer was the creator of the idea of patented dual-cushioned basketball to the patentee's detriment. The jury agreed and awarded the patentee over eight million dollars in damages for the infringer's false advertising.

Applying Ninth Circuit law, and following *Dastar*, the Federal Circuit reversed. Noting that nothing in the record suggested that the infringer was not the producer of the advertised basketballs, it held that the infringer's actions in advertising its infringing product as being "innovative" did not state an actionable Lanham Act violation under the false "origin" prong. *Id.* at *5.

The court also ruled that advertising the infringing product as being "innovative" did not, under Ninth Circuit law, amount to an actionable misrepresentation regarding the "nature, characteristics, and qualities" of the infringing product under § 43(a)(1)(B) of the Lanham Act. The Federal Circuit found that Ninth Circuit law requires that, to be actionable, a misrepresentation must concern the physical or functional attributes of the product, and not its intellectual property status. *Id.* *6. Accordingly, whether or not the basketballs were "innovative" did not rise to an actionable misrepresentation under Ninth Circuit law. *Id.* at *7. The Federal Circuit noted, however, that under the law of a different regional circuit, the result might have been different. *Id.* at *7 n.1.

FIRM HAPPENINGS

On February 27, 2009, the firm filed in the Supreme Court of the United States an *amicus curiae* brief in the matter of *Bilski v. Doll*, No. 08-964, on behalf of Medistem Inc. The brief urges the Supreme Court to grant the writ of certiorari on the basis that the *en banc* court's pronouncement in *Bilski* that the "machine-or-transformation" test is the "only" test for determining patent eligibility for process inventions is too restrictive, contradicts Supreme Court precedent, and risks excluding from patent protection important process inventions in the areas of diagnosing and treating diseases, particularly in the emerging field of personalized medicine. Medistem Inc. engages in research and development of regenerative medicine products in the area of adult stem cells.

We are happy to report that Judge Rader cited the *Annotated Patent Digest* in *Eli Lilly and Co. v. Teva Pharmaceuticals USA, Inc.*, 2009 WL 440569, at *5 n.* (Fed. Cir. 2009), discussed *supra*.

[29] *See generally*, APD § 2:35 Patent Law Preempting State Law.

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