

# UPDATE

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## IN THIS ISSUE

- 1 USC's Trojans Hit a Home Run in a Trademark Battle over "SC"
- 5 Federal Circuit Shifts its Declaratory Judgment Jurisprudence
- 9 Federal Circuit Holds that USPTO has been Shortchanging on Patent Term Adjustments
- 12 You Are Patent Prosecution Counsel: Do you get to See the Highly Confidential Information in Litigation?
- 15 AMS: The End of a Presumption of Irreparable Harm in Preliminary Injunctions
- 18 Federal Circuit Clarifies Written Description Standard

## USC'S TROJANS HIT A HOME RUN IN A TRADEMARK BATTLE OVER "SC"



BY: RICHARD S. STOCKTON  
AND SURENDRA K. RAVULA  
(NOT PICTURED)

In *University of South Carolina v. University of Southern California*, No. 2009-1064 (Fed. Cir. Jan. 19, 2010), the U.S. Court of Appeals for the Federal Circuit affirmed the Trademark Trial and Appeal Board's (TTAB) decision to not cancel an "SC" word mark registration owned by the University of Southern California (Southern Cal), and refusing to register another "SC" design mark owned by the University of South Carolina (South Carolina) in view of, among other things, Southern Cal's "SC" word mark.

Ultimately, the appealed dispute revolved around whether Southern Cal was entitled to keep its word mark registration for "SC" for goods such as t-shirts (along with all of the rights and benefits deriving from the registration) and, if so, whether South Carolina's "SC" design mark created a likelihood of consumer confusion under the various *DuPont* factors (which would bar registration if found).

South Carolina is a public university in Columbia, South Carolina while Southern Cal is a private university in Los Angeles. At the time South Carolina filed for its "SC" design mark (which was used in 1952 only and was being brought back as a "throwback") for goods such as t-shirts, Southern Cal already owned "SC" word and design mark registrations for identical or similar goods.

When evaluating South Carolina's "SC" design mark application, the United States Patent and Trademark Office did not see a likelihood of confusion with any of Southern Cal's registered "SC" marks.

However, Southern Cal saw things differently, and opposed South Carolina's design mark application. As a basis for opposition, Southern Cal alleged a likelihood of confusion with its word and design mark registrations as well as Southern Cal's [MORE](#)





**South Carolina maintained that “the absence of evidence of actual confusion created ‘a strong inference that there is no likelihood of confusion.’”**

common law rights to “SC,” and the TTAB found a likelihood of confusion after assessing various *DuPont* factors. South Carolina appealed the TTAB’s findings with regard to several of these factors.

Specifically, with regard to the third *DuPont* factor (similarity of trade channels), South Carolina tried to parse the meaning of Southern Cal’s use of the “SC” mark in “university authorized” trade channels, arguing that this limitation would preclude purchasers from encountering South Carolina’s and Southern Cal’s products in the same trade channels (e.g., stores). The Federal Circuit showed little tolerance for this strategy and quickly dismissed South Carolina’s arguments on this point.

actual confusion created ‘a strong inference that there is no likelihood of confusion.’” The Federal Circuit held that while merchandise from the two schools may have been sold at similar stores, the evidence did not show that merchandise from the two schools was sold at the same store location let alone nearby one another at a store location for a long enough time to provide an opportunity for actual confusion to have occurred.

In initially making this argument, South Carolina perhaps overestimated the weight given to a *lack* of evidence of actual confusion as opposed to evidence of actual confusion. While the Federal Circuit has clearly viewed evidence of actual confusion as creating a

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With regard to the fourth *DuPont* factor (sophistication of consumers), the Federal Circuit noted that this issue was not dispositive. While acknowledging that purchasers of goods bearing the marks may be well-informed about either of the two schools, this fact alone did not overcome the clear evidence against South Carolina with regard to the first and second *DuPont* factors. “Even if the TTAB had mistakenly ruled on these secondary issues,” the Federal Circuit opined, “this error would not require reversal of the Board’s decision on the likelihood of confusion.”

Finally, with regard to the eighth *DuPont* factor (actual confusion), South Carolina challenged the Board’s finding that evidence of the absence of actual confusion weighed only slightly in South Carolina’s favor. South Carolina maintained that “the absence of evidence of

strong inference for a likelihood of confusion, the Court’s stance on weight given to evidence of no actual confusion is much less clear.

Ultimately, then, the Federal Circuit upheld the TTAB’s finding of a likelihood of confusion. However, as an alternative, South Carolina also sought to cancel Southern Cal’s “SC” design and word mark registrations (if they were cancelled, they would no longer block South Carolina’s “SC” design mark from being registered, regardless of whether a likelihood of confusion existed).

Unfortunately for South Carolina, Southern Cal’s “SC” word mark had been registered since 1994 and was “incontestable,” which sharply limited South Carolina’s grounds for cancelling Southern Cal’s “SC” word mark. Undeterred, South Carolina sought [MORE](#) >

[USC'S TROJANS, FROM PAGE 3]

cancellation based on the relatively uncommon grounds of Lanham Act Sections 2(a) and 2(b), alleging that Southern Cal's "SC" design mark registration was an official insignia of the State of South Carolina and/or created a deceptive suggestion of a connection to the State (these grounds of cancellation may be asserted at any time). However, the TTAB refused to consider these grounds, stating that only an agency of the State of South Carolina, not the university, had standing to rely on Sections 2(a) and 2(b).

South Carolina's sole victory on appeal related to this narrow standing issue. Specifically, the Federal Circuit concluded that the TTAB took an "unnecessarily limited view of standing," noting that South Carolina had demonstrated a "reasonable belief" that it would be damaged by Southern Cal's registration of the "SC" mark and that it had a personal stake in the outcome—this was sufficient to establish standing.

But after allowing South Carolina to bat, the Federal Circuit struck out its cancellation arguments, noting for example that "to prevail on a section 2(a) Lanham Act claim for cancellation..., a party must show that

the challenged mark is 'unmistakably associated' with another person or institution." Here, the Federal Circuit concluded that South Carolina had failed to make this showing, and in fact even contradicted it, because South Carolina had previously identified 16 other universities that used the initials "SC" as part of its effort to defeat Southern Cal's likelihood of confusion arguments.

South Carolina also sought to cancel Southern Cal's "SC" design mark on more conventional grounds. However, to do so, South Carolina had to establish "priority" of use (*i.e.*, that it used "SC" first and continued to use it), and South Carolina's sporadic on-and-off use of "SC" marks (for example, South Carolina only used a "C" on its baseball caps during the 1980s since "throwbacks" were not fashionable at the time) doomed this counterclaim—not to mention the TTAB declined to allow South Carolina to rely on the State of South Carolina's use of "SC" in order to establish priority of trademark rights (South Carolina did not appeal this dismissal).

This case highlights the need to secure the "high ground" afforded by a US trademark registration (or to prevent others from obtaining that high ground), even for seemingly established marks. Moreover, this case underscores the need to establish a long-term branding strategy involving legal assessments so that long-term trademark rights are not just pitched based on what's fashionable at the time. Had South Carolina been more proactive in these regards, it may have been able to establish trademark rights that were more than 100 years old, and would have been able to keep Southern Cal from dominating the "SC" mark and this case.

Along these lines, it is also worth noting that Southern Cal's "SC" word mark registration, which arguably was too broad to begin with, was left unchallenged for years and was only attacked by South Carolina in response to the opposition and after the best options for attack were already foreclosed (due to the registration becoming, for example, "incontestable"). Had South Carolina challenged Southern Cal's "SC" word mark registration earlier, the result may have been far different. ■



"SC" up to bat

# FEDERAL CIRCUIT SHIFTS ITS DECLARATORY JUDGMENT JURISPRUDENCE



BY: TIMOTHY J. RECHTIEN

Federal law provides businesses with the ability to sue a patent holder to obtain a “declaratory judgment” that their products are not infringing the patent holder’s patent. The ability to bring these declaratory judgment suits is important to many businesses, especially to those businesses that receive threats from patent holders that can be classified as “patent holding companies,” “non-practicing entities” or “patent trolls.” The freedom to sue, however, is not absolute. Rather, it is limited by a jurisdictional bar. In a recent decision on the subject, *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358 (Fed. Cir. 2009) (“*Acceleron*”), the Federal Circuit arguably lowered that bar—at least in cases wherein the patent holder is a holding company. In doing so, the court explained that its decision “marks a shift from past declaratory judgment cases.”

## DECLARATORY JUDGMENT GENERALLY

Under the Declaratory Judgment Act, “any court of the United States... may declare the rights and other legal relations of any interested party seeking such declaration” where there exists “a case of actual controversy.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 126 (2007) (citing 28 U.S.C. § 2201(a)). In the patent litigation context, a declaratory judgment action typically arises where a potential patent infringer brings suit against the relevant patent holder seeking a declaration of non-infringement or patent invalidity. The potential patent infringer, however, cannot simply file a lawsuit out of the blue. Rather, before a potential infringer can enter the doors to the courthouse, there must be a “definite and concrete” dispute

between the parties. In other words, there must be “a case of actual controversy.”

In *MedImmune*, the Supreme Court acknowledged that there is no bright-line rule for distinguishing cases that satisfy the actual controversy requirement and those that do not. *Id.* According to the Court, “the question in each case is whether the facts alleged, *under all the circumstances*, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient reality to warrant the issuance of a declaratory judgment.” *Id.* (emphasis added).

## THE FEDERAL CIRCUIT’S DECISION IN ACCELERON

In *Acceleron*, the Federal Circuit applied the Supreme Court’s “all the circumstances” test and reversed the district court’s dismissal of the plaintiff’s declaratory judgment suit. In doing so, the court first detailed “all the circumstances” that led to the plaintiff, Hewlett-Packard Company (“HP”), filing its declaratory judgment suit against the defendant, Acceleron LLC (“Acceleron”).

To that end, the court explained that Acceleron is a patent holding company which had acquired ownership of the patent at issue on May 31, 2007. Less than four months later, Acceleron wrote to HP “to call [HP’s] attention to the [patent at issue],” to inform HP that the patent at issue related to Blade Servers—a product sold by HP—and to inform HP that [MORE>](#)



[FEDERAL CIRCUIT SHIFTS, FROM PAGE 5]

Acceleron would expect a response to its letter within two weeks. In response, HP's litigation counsel wrote back to Acceleron stating that HP wanted more information from Acceleron and that HP wanted both companies to agree to refrain from taking any legal action for a

product line, without more, cannot establish adverse legal interests between the parties, let alone the existence of a 'definite and concrete' dispute." *Id.* at 1362. According to the court, "[m]ore is required to establish declaratory judgment jurisdiction." *Id.*

**"A communication from a patent owner to another party, merely identifying its patent and the other party's product line, without more, cannot establish adverse legal interests between the parties, let alone the existence of a 'definite and concrete' dispute."**

period of 120 days. Four days later, Acceleron wrote back to HP explaining that Acceleron did not believe there was any basis for HP to file a declaratory judgment action, that Acceleron would not promise to refrain from filing suit, and that Acceleron would give HP two weeks in which to respond.

Two weeks later, HP filed a declaratory judgment suit against Acceleron in the District of Delaware, seeking a declaratory judgment of non-infringement and invalidity of the patent at issue. The district court dismissed the case, however, finding that, at the time HP filed suit, the potential for litigation was still "too speculative a prospect to support declaratory judgment jurisdiction."

Given this statement, one might have expected the court to have adopted Acceleron's argument that, because Acceleron never explicitly asserted its rights under the patent at issue in correspondence with HP—by way of, for example, threatening to sue for infringement or demanding a license—there was simply no controversy to support HP's suit. The court, however, rejected this argument.

The court explained that the test for declaratory judgment jurisdiction in patent cases is objective, and that the "purpose of a declaratory judgment action cannot be defeated simply by the stratagem of a correspondence that avoids the magic words such as 'litigation' or 'infringement.'" *Id.* The court further observed that Acceleron was solely a licensing entity and that, unlike a practicing entity, only receives benefits from its patent through enforcement of that patent. *Id.* at 1364. This, according to the court, added significance to the fact that Acceleron refused HP's request to refrain from filing suit for 120 days. *Id.*

In the end, the court held that "[u]nder the totality of the circumstances... it was not unreasonable for HP to interpret Acceleron's letters as implicitly asserting its **MORE**>

On appeal, the Federal Circuit disagreed and reversed. *Acceleron*, 587 F.3d at 1364. After explaining that *MedImmune* had lowered the bar for determining declaratory judgment jurisdiction, the court cautioned that nevertheless, "a communication from a patent owner to another party, merely identifying its patent and the other party's



*Fed Circuit makes a shift*

[FEDERAL CIRCUIT SHIFTS, FROM PAGE 6]

rights under the [patent at issue],” and that “conduct that can be reasonably inferred as demonstrating intent to enforce a patent can create declaratory judgment jurisdiction.” *Id.* at 1363. Thus, the court found that an actual controversy existed to support declaratory judgment jurisdiction. *Id.* at 1364.

## CONCLUSION

In light of the Federal Circuit’s decision in *Acceleron*, both inside and outside counsel should think twice before sending letters to another entity identifying their client’s patent and the other entity’s relevant product line. This is especially true if counsel represents a patent holding company. Under the totality of the circumstances, this type of letter—despite the lack of an explicit threat of litigation or infringement—may create the foundation for declaratory judgment jurisdiction.

On the other hand, inside and outside counsel receiving letters on behalf of their clients from patent holders—and especially patent holding companies—that contain an implicit assertion of rights under a patent against an identified product, may now feel more confident that if they file a declaratory judgment suit to protect their client, that suit will not be dismissed for want of jurisdiction. ■

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Michael Krashin’s practice encompasses all areas of intellectual property law, including patents, trademarks, trade secrets and copyrights and has involved a wide range of technologies.



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## FEDERAL CIRCUIT HOLDS THAT USPTO HAS BEEN SHORTCHANGING ON PATENT TERM ADJUSTMENTS



BY: ROBERT H. RESIS

If you hold a patent that issued more than three years after filing, you should check to see if it is entitled to a greater patent term adjustment than was calculated by the United States Patent and Trademark Office (USPTO) at the time of issuance. On January 7, 2010, the Federal Circuit held that the USPTO has been misinterpreting the patent term adjustment (PTA) statute, 35 U.S.C. § 154. *Wyeth v. Kappos*, Appeal No. 09–1120, *aff'g*, *Wyeth v. Dudas*, 580 F. Supp. 2d 138 (D.D.C. 2008).

The adjustment statute provides guarantees of patent term by providing adjustments due to periods of delay by the USPTO. A patent is entitled to a one-day extension of its term for every day that issuance of a patent is

(1) overlap, the period of any adjustment granted under this statute shall not exceed the actual number of days the issuance of the patent was delayed.” §154(b)(2)(A). The USPTO has been granting adjustments for the greater of the A delays or the B delays, but not A + B delays. In the USPTO’s view, the entire period during which an application is pending is the “B period” for purposes of identifying “overlap.”

In *Wyeth*, the Federal Circuit held that the USPTO has been incorrectly using the greater of the “A” delay period or the “B” delay period under 35 U.S.C. § 154 to determine the appropriate adjustment, rather than combining the two. The Federal Circuit held that if an A delay occurs on one day and a B delay occurs on a different day, those two days do not “overlap” under section 154(b)(2).

**The Federal Circuit held that the USPTO has been incorrectly using the greater of the “A” delay period or the “B” delay period under 35 U.S.C. § 154 to determine the appropriate adjustment, rather than combining the two.**

delayed by a failure of the USPTO to comply with deadlines under § 154(b)(1)(A), e.g., the deadline of fourteen months for a first office action. Delays of this type are called “A delays.” A patent is also entitled to a one-day extension for every day greater than three years after the filing date that it takes the patent to issue, with certain exclusions, under § 154(b)(1)(B). Delays of this second type are called “B delays.”

The extensions for A delays and B delays are subject to a limitation concerning “overlap”—that “[t]o the extent that periods of delay attributable to grounds specified in paragraph

On January 21, 2010, the USPTO announced that it would not appeal the *Wyeth* decision. On January 29, 2010, the USPTO made available a form PTO/SB/131, which permits a no-fee request for recalculation of the PTA for patents issued before March 2, 2010. The form also includes a 180-day cut off from the issue date up through March 2, 2010, and 180 days prior to January 29, 2010 is August 2, 2009. See <http://www.uspto.gov/forms/sb0131.pdf> and [http://www.uspto.gov/patents/announce/pta\\_wyeth.pdf](http://www.uspto.gov/patents/announce/pta_wyeth.pdf).

Even after the USPTO’s announcement of the no-fee request form for PTA **MORE▶**

[FEDERAL CIRCUIT HOLDS, FROM PAGE 9]

recalculation, several “Wyeth” suits have still been filed in the District of Columbia. At least some of these suits appear to be made as a cautionary measure to preserve rights because the USPTO has not acted yet on a request for PTA recalculation. *See e.g., Galderma Research & Development v. Kappos*, Civil Action No. 10-cv-00271 (filed February 19, 2010) (“Although Galderma has filed a Request for Recalculation at the Patent Office, it is filing this action because the USPTO’s Federal Register at 75 FR 5044 states: ‘Patentees are reminded this is an optional procedure, and that any patentee who wishes to preserve his or her right to review in the U.S. District Court for the District of Columbia of the USPTO’s patent term adjustment determination must ensure that he or she also takes steps required under 35 U.S.C. 154(b)(3) and (b) (4) and 37 CFR 1.705 in a timely manner.’”); *Boehringer Ingelheim Pharma GmbH & Co. KG v. Kappos*, Civil Action No. 10-cv-00253 (filed February 18, 2010) (“The USPTO has not yet acted on Boehringer Ingelheim’s Form SB/131 submission, which is a newly available option for administrative relief;” and “Boehringer Ingelheim submits this Complaint... thereby preserving its rights to judicial relief.”). *See also Arius Two, Inc. v. Kappos*, Civil Action No. 10-cv-00225 (filed February 16, 2010); and *Merck Sharp & Dohme Corp.*, Civil Action No. 10-cv-00203 (filed February 5, 2010).

At least one other case against the USPTO is seeking to challenge the 180-day deadline. *See General Hospital Corp. v. Dudas*, Civil Action No. 09-cv-00109 (filed January 16, 2009). In *General Hospital*, the patent issued on May 6, 2008, which meant that an action filed in the District of Columbia was due November 2, 2008. The Complaint alleges that the district court’s decision in *Wyeth* on December 24, 2008, “constituted a change in the law sufficient to invoke the doctrine of equitable tolling to allow for the filing of this complaint at this time.” It remains to be seen whether this challenge will be successful. On April 16, 2010, the court administratively closed the *General Hospital* case, while a stay of the case remains in effect. ■



## BANNER & WITCOFF ADDS RENOWNED IP LITIGATOR TO GROWING LITIGATION PRACTICE

### IP LITIGATOR V. BRYAN MEDLOCK, JR. JOINS THE FIRM AS SENIOR COUNSEL



Mr. Medlock is a nationally-recognized patent trial lawyer with more than 35 years of experience trying patent cases. Mr. Medlock has served as counsel in more than 200 patent cases, with a 75% win rate in jury trials. He served as counsel for Kimberly-Clark in successfully litigating several large cases characterized in the press as the “Diaper Wars” and recently defended AT&T in an East Texas Federal District Court against a claim in excess of \$150 million.

## BANNER & WITCOFF BLOGS

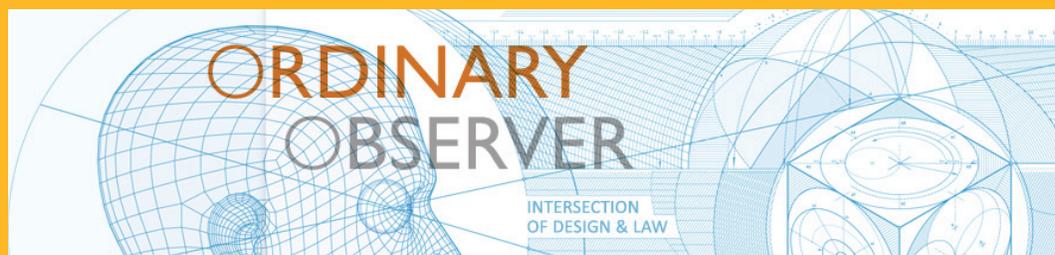
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# YOU ARE PATENT PROSECUTION COUNSEL: DO YOU GET TO SEE THE HIGHLY CONFIDENTIAL INFORMATION IN LITIGATION?



BY: CHARLES W. SHIFLEY

## EXECUTIVE SUMMARY

If you are patent prosecution counsel for a client involved in patent litigation, you may or may not get to see the confidential information in the litigation. You can affect the access you may or may not have by organizing your client and litigation relationships in ways intended to affect the access. As litigation counsel or through your litigation counsel, you can also affect the access by how you argue the case. In two recent cases with mutually opposite results, Banner & Witcoff lawyers gained access for a client's counsel, and barred access by a client opponent's counsel.

attempt to include "prosecution bars," which are attempts to prevent the access of "patent application counsel" to attorney's eyes only information. More and more documents are classified "AEO."

## THE LAW OF "PROSECUTION BARS"

The law is largely undeveloped as to "bars" to access of counsel responsible for patent application prosecution and procurement to attorney's eyes only information. A Federal Circuit case is universally understood to state that "the factual circumstances surrounding each individual counsel's activities, association, and relationship with a party... must govern" the access.<sup>1</sup> Beyond this one court of appeals decision, the case law is composed of a

## The law is largely undeveloped as to "bars" to access of counsel responsible for patent application prosecution and procurement to attorney's eyes only information.

## INTRODUCTION

A common issue in current patent litigation is whether the counsel responsible for patent application prosecution and procurement should have access to all the information marked confidential in the litigation. The issue arises as the parties negotiate and if necessary, brief to the court the issues of a confidential information protective order. Many confidential information protective orders have two "tiers" or levels of confidentiality. They have a first, "confidential," tier, and a highly confidential tier, typically restricting access to such information to litigation attorneys. The highly confidential tier is thus also an "AEO," or "attorney's eyes only," tier. More and more of the AEO tiers of these orders that are being negotiated and briefed in court

nonprecedential and unpublished case,<sup>2</sup> a non-Federal Circuit trade secret case,<sup>3</sup> and cases at the level of the federal district courts.<sup>4</sup> As a result, the case law is almost completely not binding on future court decisions.

Not surprisingly, the case law at the district court level diverges into two opposing lines of cases. In a first line, several district courts have held that in some circumstances, involvement in patent prosecution can appropriately lead to a prosecution bar.<sup>5</sup> In a second line, several district courts have held that involvement in patent prosecution should not bar attorney access to any confidential information.<sup>6</sup> The split is generally over whether patent prosecution can be considered "competitive decisionmaking."<sup>7</sup> **MORE>**

<sup>1</sup> See *U.S. Steel Corp. v. U.S.*, 730 F.2d 1465, 1468 (Fed. Cir. 1984).

<sup>2</sup> *In re Sibia Neurosciences, Inc.*, 1997 WL 688174 (Fed. Cir. 1997) (unpublished). See, e.g., *Phoenix Solutions Inc. v. Wells Fargo Bank*, N.A., 254 F.R.D. 568, 580 (N.D. Cal. 2008) (unpublished Sibia opinion not considered and contention that Sibia rationale should control decision found improper).

<sup>3</sup> *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir. 1992).

<sup>4</sup> See *infra*.

<sup>5</sup> See *Method Electronics, Inc. v. DPH-DAS LLC*, 2010 WL 174554 (E.D.MI. 2010) for citations to the cases.

<sup>6</sup> See *Method* again for citations to the cases.

<sup>7</sup> *Id.*

[YOU ARE PATENT, FROM PAGE 12]

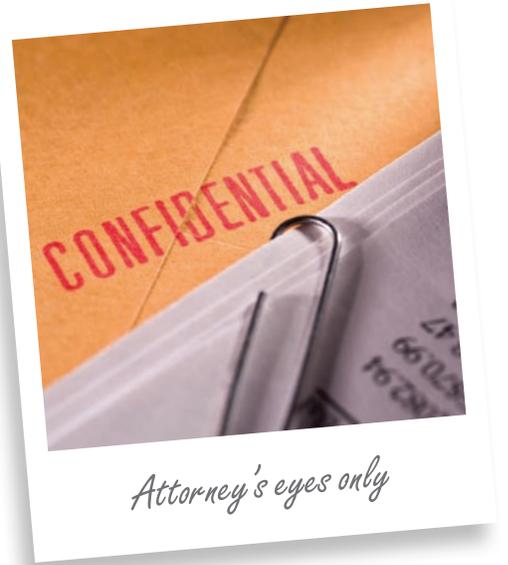
## WHAT YOU SHOULD DO / WHAT YOUR COUNSEL SHOULD DO

If you are patent application counsel for a client involved in patent litigation, you can affect the access you may or may not have to the litigation AEO information. Lessons can be drawn from two recent cases in which Banner & Witcoff (B&W) lawyers were advocates, one in which B&W lawyers gained access for a client's counsel, who was the author of this article, and one in which B&W lawyers, including the author, barred access by a client opponent's counsel. In the first case, a "PNA"<sup>8</sup> case, the author was both litigation counsel and prosecution counsel. The client had no other prosecuting law firm, had few if any patent and prosecution lawyers other than the author, had no one else with experience back through earlier inventions by the same inventors and in the same vein as those of pending continuation applications most at issue, and had client representatives educated in the prosecution process and engaged as prosecution decisionmakers. In the second case, a "Delphi"<sup>9</sup> case, opposing counsel had no inside patent counsel with which he was interacting, or any other educated decisionmakers, he had others at his law firm involved in the client's prosecution, the client had other law firms involved in its prosecution, and while counsel had some history of prosecution with the client, he did not have involvement in the original prosecution of a continuation case that was most in controversy. As will be seen in relation to case arguments, you can affect your access by whether you organize your client and litigation relationships to be like those in the first case, or like those in the second case.

As litigation counsel or through your litigation counsel, you can also bring these relationships to bear and affect the access to information, by

how you argue for your confidential information protective order. In the *PNA* case, B&W's opponent broadly argued that counsel's involvement in decisions about patent scope should lead to a prosecution bar. B&W argued in response that an argument so phrased and adopted would lead to the result that no prosecuting attorney could ever review AEO information. A blanket exclusion was rejected by the Federal Circuit when it established that the factual circumstances of each individual counsel's activities, association, and relationship with a party had to govern the decision on access.<sup>10</sup> B&W also argued the hardship to the B&W client if its counsel could not access AEO information because of past representation of the client in infringement litigation on the same patent.

In the *Delphi* case, B&W argued not that counsel's mere involvement in decisions about patent scope should lead to a prosecution bar, but that based on the specific circumstances of opposing counsel's relationship with his client, he should be barred. Counsel claimed in a filed affidavit that he was not a competitive decisionmaker, but did not support his conclusion with an explanation of the circumstances of his prosecution. Among other facts identified for the court to avoid an argument that if adopted would lead to an improper blanket exclusion, B&W identified the facts that counsel had no inside patent counsel with which he was interacting, such that he was making decisions on patent scope *for* the client, not *with* the client, that he had others at his law firm involved in the client's **MORE>**



<sup>8</sup> *Greenstreak Group, Inc. v. P.N.A. Construction Technologies*, 251 F.R.D. 390 (E.D.Mo. 2008). The case is referenced as a "PNA" case because "PNA" was the B&W client.

<sup>9</sup> See *Methode* again. The case is referenced as a "Delphi" case because Delphi was the B&W client.

<sup>10</sup> See *U.S. Steel*, footnote 3 above.

[YOU ARE PATENT, FROM PAGE 13]

prosecution such that he was not personally indispensable, that the client had other law firms involved in its prosecution such that even the firm was not indispensable, and that while counsel had some history of prosecution with the client, he did not have involvement in the original prosecution of a continuation case that was most in controversy. Many of these facts were found through United States Patent and Trademark Office (USPTO) website research, and not denied through court questioning of counsel at a hearing on the matter.

Lessons from these two B&W cases where opposite results were gained include that a

prosecution counsel who wants AEO litigation information access should take care not to involve other lawyers in prosecution such that the appearance is that he or she is dispensible, and that the persons at the client whom counsel interacts with should be educated to the prosecution process and engaged in it such that counsel does not appear to be making the decisions of

the prosecution, but rather taking direction from those other persons. Lessons also include that in arguing for and against prosecution bars, care must be taken to consider where the potential arguments lead, and to avoid arguments that would lead to blanket exclusions or inclusions of all prosecution counsel in all cases, as such arguments will likely be unsuccessful. Further, in arguing to the court, those involved should recognize

that prosecution counsel can be undercut or supported by facts that are available from public sources such as the USPTO website, where anyone can research to find facts toward arguments that counsel is dispensible or indispensable. Arguments should be attentive to these public sources of facts. Counsel who is the subject of decision may also consider whether being present in court at any hearing on the matter is advisable or inadvisable.

### CONCLUSION: CONTROL YOUR ACCESS BY ORGANIZING YOUR CLIENT AND LITIGATION RELATIONSHIPS

If you are patent prosecution counsel for a client involved in patent litigation, you may or may not get to see the AEO confidential information in the litigation. In advance, you can affect the access you may or may not have by organizing your client and litigation relationships such that you do not appear to have ultimate prosecution decisionmaking power, and you appear to be indispensable as your client's lawyer in both prosecution and litigation. As litigation counsel or through your litigation counsel, you can also affect the access you may or may not get by avoiding arguments that would lead to blanket inclusions of all prosecution counsel in all cases, and arguing specific facts, including those found through USPTO website research. Banner & Witcoff lawyers were able to gain client mutually opposite results in two recent cases. They provide valuable lessons in how to present yourself and your case. ■



*Competitive decision making*

## AMS: THE END OF A PRESUMPTION OF IRREPARABLE HARM IN PRELIMINARY INJUNCTIONS



BY: MATTHEW P. BECKER

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The recent decision in *Automated Merchandising Systems, Inc. v. Crane Co.*, No. 2009–1158 (Fed. Cir. December 16, 2009) marked the Federal Circuit's third opportunity to finally resolve the implications of the Supreme Court's decision *eBay Inc. v. MercExchange L.L.C.*, 547 U.S. 388 (2006) on the presumption of irreparable harm in patent cases where a patent owner seeks a preliminary injunction.

In *eBay*, the Supreme Court did away with a general rule that a permanent injunction should issue following a finding of patent infringement. *eBay*, however, provided little guidance on whether, or how a district court should apply its holding to patent cases involving preliminary injunctions.

In *AMS*, the Federal Circuit held that the presumption of irreparable harm in preliminary injunction cases was "no longer the law" following *eBay*, but did so in a non-precedential opinion.

*eBay* has caused confusion in the district courts as to its applicability in patent cases where a patent owner seeks a preliminary injunction. Under Federal Circuit precedent pre-*eBay*, a strong showing of likelihood of success on the merits resulted in a presumption of irreparable harm. See e.g., *Smith Intl.'s v. Hughes Tool Co.*, 718 F2d 1573, 1580–81 (Fed. Cir. 1983); *Pfizer, Inc. v. Teva Pharms. USA, Inc.*, 429 F.3d 1364, 1381 (Fed. Cir. 2005).

District courts have split on whether it was proper post-*eBay* to invoke the presumption of irreparable harm following a strong showing of a likelihood of success on the merits. Compare *Bushnell, Inc. v. Brunton Co.*, 2009 WL 4251633, \*19 (D. Kan. Nov. 25, 2009) (holding that a presumption of irreparable harm may not be invoked post-*eBay*); *Tiber Labs., LLC v. Hawthorn Pharm., Inc.*, 527 F.Supp.2d 1373, 1380 (N.D. Ga. 2007) (same); with e.g., *Eisai Co. v. Teva Pharms. USA, Inc.*, No. 05–5727, 2008 WL 1722098, at \*10 (D.N.J. Mar. 28, 2008) (finding that the presumption of irreparable harm for preliminary injunctions in patent infringement actions survived *eBay*); *Powell v. Home Depot U.S.A., Inc.*, 2009 WL 3855174, \*12–13 (S.D. Fla. Nov. 17, 2009) (same).

Some district courts construed *eBay* narrowly in holding that the presumption of irreparable harm in the context of a preliminary injunction survived *eBay*. Those district courts noted that the *eBay* decision focused on addressing the Federal Circuit's then "general rule" that an injunction should issue upon a finding of infringement, and not specifically on a presumption of irreparable harm. See *Eisai*, 2008 WL 1722098, at 10; *Powell*, 2009 WL 3855174, at \*13; *Christiana Indus.*, 443 F.Supp.2d at 884.

District courts finding that *eBay* rejected the Federal Circuit's presumption of irreparable harm in the preliminary injunction context interpreted *eBay* as rejecting any special injunction rules or presumptions applicable in patent cases. See e.g. *Tiber Labs.*, [MORE▶](#)

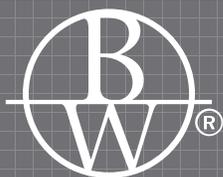
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*LLC v. Hawthorn Pharm., Inc.*, 527 F.Supp.23 1373, 1380 (N.D. Ga. 2007).

The Federal Circuit Court of Appeals has had at least two earlier opportunities to address whether a presumption of irreparable harm could be invoked in a preliminary injunction context post-*eBay*. In *Abbott Labs. v. Andrx Pharms*, 452 F.3d 1331 (Fed. Cir. 2006), the court suggested that the presumption of irreparable harm still applied: “Abbott has not established a likelihood of success on the merits. As a result, Abbott is no longer entitled to a presumption of irreparable harm.” *Id.* at 1347 (emphasis added).

In *Sanofi-Syntelabo v. Apotex, Inc.*, 470 F.3d 1368 (Fed. Cir. 2006), the district court entered a preliminary injunction and relied on a presumption of irreparable harm. The Federal Circuit affirmed the entry of a preliminary injunction, but declined to address the argument that *eBay* eliminated the presumption of irreparable harm because the Federal Circuit found sufficient evidence supporting a finding of irreparable harm. *Id.* at 1383 n.9

The *AMS* case marks the first time the Federal Circuit has directly addressed the implications of *eBay* on preliminary injunctions in patent cases. In *AMS*, the district court entered a preliminary injunction finding the patentee’s evidence of lost revenue and market share established irreparable harm. The district court also relied on several Federal Circuit cases that established a presumption of irreparable harm to find that the defendant needed to prove that any harm from denying an injunction was calculable and finite.

The Federal Circuit reversed, finding that the evidence of *AMS*’s lost revenue and market share was insufficient to establish

irreparable harm. In doing so, the Federal Circuit characterized its precedent relied upon by the district court as setting forth the “old presumption” and stated that “this is no longer the law” following *eBay*.

The Federal Circuit also wrote that *eBay* “discarded” the “presumption of irreparable harm based just on proof of infringement.”

Although *AMS* contains the clearest guidance as to the fate of the presumption of irreparable harm in a preliminary injunction context post-*eBay*, the decision is “non-precedential.” Moreover, the portion of *AMS* addressing *eBay* is arguably dicta because the district court did not rely on a presumption of irreparable harm and because the Federal Circuit also reversed the finding of likelihood of success on the merits, a decision that could have disposed of the appeal. See *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1350 (Fed. Cir. 2001) (“Our case law and logic both require that a movant cannot be granted a preliminary injunction unless it establishes... likelihood of success on the merits.”)

Thus, *AMS* marks the third time that the Federal Circuit has not provided clear and binding precedent on the implications of *eBay* on the presumption of irreparable harm in preliminary injunction contexts. While “non-precedential,” the *AMS* decision will undoubtedly influence district courts faced with deciding whether the presumption of irreparable harm remains available post-*eBay*. ■



*Preliminary injunction contexts*

## FEDERAL CIRCUIT CLARIFIES WRITTEN DESCRIPTION STANDARD



BY PAUL M. RIVARD

On March 22, 2010, the U.S. Court of Appeals for the Federal Circuit issued its en banc decision in *Ariad v. Eli Lilly*, reaffirming that 35 U.S.C. § 112, ¶1 contains a written description requirement separate from an enablement requirement. The court ruled that claims to a method of treating diseases by regulating a protein in human cells were invalid for lack of written description.

The question of whether a claimed invention is adequately described in a specification often

assert claims that are broad far beyond the scope of the disclosure provided in the specification.”

Though agreeing with the panel’s conclusion, the en banc court acknowledged that “[t]he term ‘possession’... has never been very enlightening.” The court emphasized that the inquiry must focus on “the four corners of the specification from the perspective of a person of ordinary skill in the art” and that “the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.”

**“The specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.”**

arises when claims are amended or presented after a patent application is filed. The question also may arise, as it did in *Ariad*, in the context of originally filed claims. As the court noted, questions of this latter type are “particularly acute in the biological arts,” where claims often identify a function or result while the specification may not recite sufficient materials to accomplish that function or result.

Prior to the rehearing en banc, the Federal Circuit panel of three of its judges held the specification did not demonstrate that the inventors “possessed” the invention by “sufficiently disclosing molecules capable of reducing [protein] activity.” The panel determined the patent contains no working examples, or even “prophetic” examples, of reducing protein activity, or a description of the synthesis of hypothetical molecules that could be used for this purpose. The panel noted the patentee “chose to

Much of the opinion focused on the statutory language and whether Supreme Court precedent had recognized a separate written description requirement. The court found it significant that the language of the statute was not significantly changed from that in existence prior to the 1836 Act, which required claims for the first time. In other words, the statutory requirement for claims did not replace the statutory requirement that the specification contain a written description of the invention. Also, as recently as in *Festo*, the Supreme Court reiterated that § 112, first paragraph requires that the specification “describe, enable, and set forth the best mode.”

The case attracted several amici, some of whom argued that the court’s written description jurisprudence amounts to a “super enablement” standard for chemical and biotechnology inventions. The Federal Circuit rejected this

[FEDERAL CIRCUIT REAFFIRMS, FROM PAGE 18]

argument, explaining that this “doctrine never created a heightened requirement to provide a nucleotide-by-nucleotide recitation of the entire genus of claimed genetic material; it has always expressly permitted the disclosure of structural features common to the members of the genus.”

The court reasoned that the written description requirement also serves the policy goal of maintaining a balance in the *quid pro quo* of granting exclusive patent rights in exchange for public disclosure of the invention. The Federal

Circuit seemed particularly concerned with patents imposing additional costs on downstream research and discouraging further invention. The court was not persuaded that maintaining the separate written description requirement would adversely impact the pace of innovation or the number of patents obtained by universities.

Judges Linn and Rader filed dissenting opinions, arguing that the statute does not contain a written description requirement separate from the enablement requirement. ■

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For details and registration information:  
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Email us at [event@bannerwitcoff.com](mailto:event@bannerwitcoff.com)  
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#### CONTRIBUTORS

**Matthew P. Becker**  
mbecker@bannerwitcoff.com

**Surendra K. Ravula**  
sravula@bannerwitcoff.com

**Timothy J. Rechten**  
trechten@bannerwitcoff.com

**Robert H. Resis**  
rresis@bannerwitcoff.com

**Paul M. Rivard**  
privard@bannerwitcoff.com

**Charles W. Shifley**  
cshifley@bannerwitcoff.com

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#### CHICAGO

10 South Wacker Dr.  
Suite 3000  
Chicago, IL 60606  
312.463.5000  
312.463.5001 (fax)

#### WASHINGTON

1100 13th St., NW  
Suite 1200  
Washington, DC 20005  
202.824.3000  
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28 State St.  
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Boston, MA 02109  
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503.425.6801 (fax)