

DEVELOPMENTS IN PATENT LAW 2005

(COURT DECISIONS)

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A. PATENTABILITY, VALIDITY, AND PROCUREMENT

1. WRITTEN DESCRIPTION

LizardTech, Inc. v. Earth Resource Mapping, Inc., 424 F.3d 1336 (Fed. Cir. 2005). The Federal Circuit affirmed the invalidity of a patent on the basis that the claims were broader than the disclosure. The patent specification repeatedly described a compression process as “seamless,” and the prosecution history also emphasized that it was “seamless.” According to the Federal Circuit, the specification only described a single way of performing a “seamless” compression, but that way was not recited in the claim at issue. The court stated that “a person of skill in the art would not understand how to make a seamless DWT generically and would not understand LizardTech to have invented a method for making a seamless DWT, except by ‘maintaining updating sums of DWT coefficients,’” a feature that was not recited in the claim. Therefore, the claim was invalid.

2. ON-SALE BAR

Sparton Corp. v. United States, 399 F.3d 1321 (Fed. Cir. 2005). An offer to sell a sonobuoy design did not constitute an invalidating offer to sell the patented invention because the subject matter of the sale did not include the later-claimed “release plate” of the patent. The Federal Circuit also rejected the argument that the patented release plate had been developed prior to the critical date – i.e., more than a year before the patent filing date. The court also stated that, “with no conception of an invention, there cannot be an offer for sale or a sale of that invention.”

3. PUBLIC USE

Invitrogen Corp. v. Biocrest Mfg., LP, 424 F.3d 1374 (Fed. Cir. 2005). A patent owner that used the patented process in its own laboratories more than one year before the filing date of its patent did not “publicly use” the invention for purposes of invalidating the patent. Because Invitrogen did not receive compensation for internally and secretly exploiting the process to develop future products that were never sold, the court concluded that its activities did not give rise to a public use bar. The Federal Circuit also rejected the “totality of the circumstances” test that seemingly was supported in its prior Netscape v. Konrad case, in view of the Supreme Court’s rejection of that doctrine in Pfaff v. Wells Electronics (an on-sale bar case). According to the Federal Circuit: “The proper test for the public use prong of the § 102(b) statutory bar is whether the purported use: (1) was accessible to the public; or (2) was commercially exploited.”

4. DEFINITENESS

IPXL Holdings, LLC v. Amazon.com, Inc., ___ F.3d ___, 2005 WL 3097877 (Fed. Cir. Nov. 21, 2005). A claim that recited “the system of claim 2 wherein . . . the user uses the input means to either change the predicted transaction information or accept the displayed transaction type and

transaction parameters” was held to be indefinite and thus invalid. Noting that “whether a single claim covering both an apparatus and a method of use of that apparatus is invalid is an issue of first impression in this court,” the Federal Circuit held that the claim was indefinite because it was unclear whether infringement of the claim occurred upon creation of a system that allowed the user to perform the recited step, or whether infringement occurred only when the user actually used the claimed apparatus in the recited manner. [Practice Note: watch for claims that mix and match manner of use features with structural features]

Datamize, LLC v. Plumtree Software, Inc., 417 F.3d 1342 (Fed. Cir. 2005). A claim that recited an “aesthetically pleasing look and feel” for a computer screen was held to be indefinite. According to the Federal Circuit, a claim cannot be interpreted to rely on the subjective opinion of a person selecting features to be included in a computer screen.

5. ANTICIPATION

Smithkline Beecham Corp. v. Apotex Corp., 403 F.3d 1331 (Fed. Cir. 2005). After an en banc rehearing vote, the Federal Circuit vacated its 2004 ruling in this case, which invalidated a patent covering Paxil based on prior public use, and replaced the opinion with a new ruling that invalidated the patent on the grounds of anticipation. According to the Federal Circuit, the claims were inherently anticipated by a prior patent, because the method of manufacturing shown in the prior patent “naturally results in the production of PHC hemihydrate.” Judge Newman dissented from the rehearing en banc, arguing that “a product that existed in trace amounts, although unknown and undetected and unisolated, is ‘inherently anticipated’ and barred from the patent system after it is discovered.”

6. OBVIOUSNESS

Merck & Co. v. Teva Pharm. USA, Inc., 395 F.3d 1364 (Fed. Cir. 2005). The Federal Circuit invalidated as obvious Merck’s patent for Fosamax, a leading osteoporosis drug. In rejecting Merck’s evidence of commercial success, the court stated that because Merck had a right to exclude others from practicing a weekly dosing of the drug specified in the claims (due to another patent), market entry by others was precluded, and thus its evidence of commercial success was “weak.” Three judges dissented from an order refusing to rehear the case en banc, arguing that it was improper to give less weight to commercial success based on the inability of others to enter the market.

Cross Medical Prods, Inc. v. Medtronic Sofamor Danek, Inc., 424 F.3d 1293 (Fed. Cir. 2005). Evidence of a motivation to combine references need not be in the form of prior art. Evidence that a person of ordinary skill in the art recognized the same problem to be solved (as was solved by the patented invention) and suggested a solution is probative of a person of ordinary skill in the art’s willingness to search the prior art in the same field for a suggestion on how to solve that problem. In this case, the Federal Circuit held that a reasonable juror could have concluded that, at the time of the invention, clinical investigators using a prior art spinal implant (whose findings that the prior art

implant was difficult to position a wrench over a nut) provided sufficient evidence of motivation to combine another patent involving a differently-positioned nut.

7. UTILITY

In re Fisher, 421 F.3d 1365 (Fed. Cir. 2005). Patent claims directed to expressed sequence tags (ESTs) for identifying nucleic acid sequences did not have the necessary utility required by the patent statute. The PTO rejected claims directed to an EST (a nucleotide sequence that represents a fragment of a DNA clone) generated from a maize plant. Fisher's patent application disclosed that the ESTs could be used in various ways, such as to serve as a marker for mapping the maize genome; for providing a source for primers for use in a PCR process to duplicate the specific genes; and for identifying polymorphisms. The Federal Circuit held that none of the disclosed uses constituted "specific" and "substantial" utility. According to the court, any such utility must be "useful to the public as disclosed in its current form, not that it may prove useful at some future date after further research." The court upheld the PTO's guidelines for examining utility in patent applications, 66 Fed. Reg. 1092 (Jan. 5, 2001), which have been incorporated into the MPEP.

Ex Parte Lundgren, 76 U.S.P.Q.2d 1385 (Bd. Pat. Appl & Interf. September 28, 2005). In this unusual precedential opinion from the PTO's Board of Patent Appeals and Interferences, the PTO has taken the position that there is no "technological arts" requirement for patentability. The claim related to a method of compensating a manager including various steps, none of which were limited to any computer or any structural elements. In a split 3-2 decision, the Board held that there was no requirement in section 101 that an invention be "technological" in nature.

Laboratory Corp. of Am. Holdings v. Metabolite Labs, Inc., 125 S.Ct. 1413 (Feb. 28, 2005). The Supreme Court granted certiorari in this case, and curiously directed the Solicitor to address the question whether a patent that claims a method of detecting a form of vitamin deficiency by measuring the level of amino acids and correlating that level with a vitamin deficiency is invalid because one cannot patent "laws of nature, natural phenomena, and abstract ideas?" This case may have wide-ranging impacts not only on medical-related patents but also business method patents. The Federal Circuit's ruling in this case, reported at 370 F.3d 1354 (Fed. Cir. 2004) did not address this question.

8. EXPERIMENTAL USES

Electromotive Div. of General Motors Corp. v. Transportation Sys. Div. of General Elec. Co., 417 F.3d 1203 (Fed. Cir. 2005). Sales of patented bearings more than one year before the filing date of the patent invalidated the patent, and were not excused as "experimental use." After concluding that the sales were clearly commercial in nature, the court held that "a customer's awareness of the purported testing in the context of a sale is a critical attribute of experimentation. If an inventor fails to communicate to a customer that the sale of the invention was made in pursuit of experimentation, then the customer, as well as the general public, can only view the sale as a normal commercial transaction." The court further stated that "control [of testing] and customer awareness ordinarily

must be proven if experimentation is to be found.”

Lisle Corp. v. A.J. Mfg. Co., 398 F.3d 1306 (Fed. Cir. 2005). A patent owner who delivered prototypes of a patented tie rod to four different automobile repair shops more than 30 months before the filing date of the patent did not create an invalidating public use of the patented invention. The defendant argued that the patent owner failed to exercise sufficient control over the prototype tools. The court noted testimony by one of the co-inventors that information was needed regarding how well a wrench disc would fit on the tie rod, and whether the prototype tool would fit in the confined location of different automobiles. There was also evidence that the inventor contacted the mechanics every few weeks to see how the prototype was working, and that he modified the design based on feedback he received from mechanics.

9. ENABLEMENT

Callicrate v. Wadsworth Mfg. Inc., 427 F.3d 1361 (Fed. Cir. 2005). An earlier application to which a patent claimed priority sufficiently supported the later-filed claims for purposes of enablement, even though the material relied upon in the earlier application was prior art mentioned only in the background section and contained disparaging remarks regarding the prior art mechanisms.

10. PRIOR INVENTION UNDER 35 U.S.C. 102(g)

Invitrogen Corp. v. Clontech Labs, Inc., ____ F.3d ____, 2005 WL 3078495 (Fed. Cir. Nov. 18, 2005). An invention was held not to have been conceived until after it had been actually reduced to practice, because the inventors did not appreciate certain important features that were later discovered. The patents related to a genetically modified enzyme involved in DNA replication. Invitrogen developed a mutant reverse transcriptase (RT) known as “Rnase H minus,” which facilitated DNA replication, and actually reduced it to practice on January 27, 1987. Years earlier, scientists at Columbia University had experimented with random mutations to genes, and had in fact created in 1986 two mutations that were later proven to have the Rnase H minus properties. Not until March 7, 1987, however, did the scientists determine that the mutations had the properties of Rnase H minus. The validity of Invitrogen’s patent was later challenged under 35 U.S.C. 102(g) based on the prior invention by the Columbia scientists. The Federal Circuit held that the Columbia scientists’ work did not constitute prior conception, because the scientists did not appreciate that their “accidental” creation had the inventive features at issue until March 1987.

11. AUTHORITY OF PTO TO REQUEST INFORMATION

Star Fruits S.N.C. v. United States, 393 F.3d 1277 (Fed. Cir. 2005). The PTO is permitted to require that patent applicants respond to requests for information, even if that information is admittedly not material to patentability. Star Fruits filed a plant patent application, and the PTO issued a “requirement for information” under 37 C.F.R. § 1.105, seeking any information regarding the sale of the claimed plant anywhere in the world. Star Fruits refused to provide such information

on the grounds that it was not material to patentability, since overseas sales would not trigger a statutory bar. The PTO issued a notice of abandonment, and Star Fruits sued the PTO. The Federal Circuit upheld the requirement to respond to the request for information, finding that the PTO was entitled to interpret its own regulations, and that the PTO is authorized “to require any information that is either relevant to patentability under any nonfrivolous legal theory, or is reasonably calculated to lead to such relevant information.” Judge Newman dissented, arguing that the PTO could not demand information that was “contrary to law.”

B. INTERPRETATION OF PATENTS

1. CLAIM CONSTRUCTION

Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005) (en banc) In this long-awaited en banc decision intended to clarify the law of claim construction, the Federal Circuit essentially rolled back the Texas Digital line of “dictionary construction” cases and held that a court should primarily rely on the intrinsic evidence – including the specification and prosecution history – rather than dictionaries and treatises, when interpreting words in a claim. First, the Federal Circuit rejected the argument that a patent owner is entitled to the full range of dictionary definitions associated with a claim term. Second, the court rejected the argument that dictionary definitions are presumed to be correct unless the patent specification dictated otherwise. Third, the court rejected the argument that the patent specification should only be consulted if a dictionary definition is unclear. Fourth, the court reinforced the proposition that claim terms could be defined “by implication” in a patent specification, even if they were not explicitly defined. Fifth, the court held that it was appropriate for courts to consider dictionary meanings of terms as long as those definitions did not contradict the intrinsic evidence. Finally, the court stated that the legal maxim that claims should be interpreted in such a way as to preserve their validity was of “limited utility.” Despite numerous amicus briefs filed supporting the proposition that the Federal Circuit should defer to district court claim construction rulings, the court left intact its prior Cybor en banc ruling, which stated that claim construction is a purely legal issue for which no deference is to be given to the district court. Judge Mayer dissented, arguing that the Federal Circuit should give some deference to claim construction rulings by district courts.

See also, Bradley C. Wright, “Don’t Throw Out the Dictionaries: The Aftermath of Phillips v. AWH Corp.”, 17 Intellectual Property & Technology Licensing Journal, No. 9 (Sept. 2005), reprinted article included with these materials.

Free Motion Fitness, Inc. v. Cybex Int’l, Inc., 423 F.3d 1343 (Fed. Cir. 2005). In this post-Phillips case, the Federal Circuit nevertheless relied on a dictionary definition of “adjacent” to interpret the scope of the claim. The claim was directed to an exercise machine having a first end pivotally supported “adjacent the resistance assembly.” The defendant’s machine interposed an additional part between the first end and the resistance assembly, and argued that the claim term “adjacent” meant that the two parts had to be directly connected. The Federal Circuit disagreed, relying in part on a dictionary definition of “adjacent” meaning “not distant.” Judge Prost dissented,

arguing that “Connecticut is near New Jersey, but one does not describe them as ‘adjacent.’” She argued that the majority (Judges Dyk and Rader) were effectively applying the pre-Phillips broadest dictionary meaning case law.

Nystrom v. Trex Co., Inc., 424 F.3d 1136 (Fed. Cir. 2005). This case resulted in a changed result upon rehearing following the Federal Circuit’s en banc Phillips ruling. In its prior opinion, 374 F.3d 1105 (Fed. Cir. 2004), the Federal Circuit had upheld a claim interpretation for the word “board” (based on a dictionary definition) that broadly covered non-wood products. After rehearing, the Federal Circuit changed its mind, concluding that the term “board” was limited to wood products, in view of the many references to wood in the patent – i.e., the intrinsic evidence. Based on the new claim interpretation, the defendant – which used synthetic decking materials rather than wood – escaped infringement.

Boss Control, Inc. v. Bombardier Inc., 410 F.3d 1372 (Fed. Cir. 2005). A patentee was held to have acted as his own lexicographer to impart a narrow meaning to the word “interrupt.” Although the patent owner urged the ordinary meaning of “interrupt” – i.e., to shut off, the Federal Circuit noted that the patent specification distinguished a prior art system on the basis that it only provided for “on-off control.” The Federal Circuit concluded that this constituted a definition of the word “interrupt” – i.e., the claim required a two-stage, rather than a simple on-off interruption of power.

PC Connector Solutions LLC v. SmartDisk Corp., 406 F.3d 1359 (Fed. Cir. 2005). Patent claims reciting a “conventional computer input/output port” were held to be limited to computer ports in existence at the time the application was filed – 1988. Because the accused devices did not use the “conventional” multi-pinned structure in use in 1988, the devices did not infringe.

2. PROSECUTION HISTORY ESTOPPEL

Salazar v. Procter & Gamble Co., 414 F.3d 1342 (Fed. Cir. 2005). A patent applicant’s failure to respond to an examiner’s statement of reasons for allowance did not give rise to prosecution history estoppel precluding application of the doctrine of equivalents. One of the claims in an application was allowed without amendment or argument, but the examiner stated that the claim was allowable because it recited an “elastic” feature, which the examiner stated was different from prior art nylon bristles. The applicant did not respond to this statement, and in later litigation, the defendant argued that the patent owner was estopped from asserting the doctrine of equivalents as to the “elastic” feature. The Federal Circuit disagreed, holding that the patent owner was not estopped from asserting that nylon was equivalent to the recited “elastic” feature. The court relied in part on regulations in effect at the time, which stated that the failure to respond to such a statement “shall not give rise to any implication that the applicant or patent owner agrees with or acquiesces in the reasoning of the examiner.” Note: The regulation has since been amended to remove this sentence, but it is unclear whether the result would be different today.

C. ENFORCEMENT OF PATENTS

1. INJUNCTIONS

MercExchange, LLC v. eBay, Inc., 401 F.3d 1323 (Fed. Cir. 2005), cert granted, 2005 WL 3144112 (November 28, 2005). The Federal Circuit ruled that a permanent injunction should have been granted against eBay once MercExchange established infringement and validity after trial. The Federal Circuit rejected the district court's concern about issuing an injunction over "business method patents." The Federal Circuit also stated that "injunctions are not reserved for patentees who intend to practice their patents, as opposed to those who choose to license."

Note: On November 28, 2005, the Supreme Court granted certiorari in this case. In addition to the petition presented in the petition – i.e., whether injunctions should be granted as a matter of course in patent cases, the Supreme Court directed the parties to address the following question: Whether the Supreme Court should reconsider its precedents, including Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405 (1908), on when it is appropriate to grant an injunction against a patent infringer.

Pfizer, Inc. v. Teva Pharm. USA, Inc., ___ F.3d ___, 2005 WL 3110828 (Fed. Cir. Nov. 22, 2005). An injunction against Teva Pharmaceuticals was upheld, preventing Teva from marketing a blood pressure drug including ACE inhibitors. Teva had filed an Abbreviated New Drug Application (ANDA) under the Hatch-Waxman Act, asserting that Pfizer's patent was invalid. Pfizer and Warner-Lambert sued, seeking a preliminary injunction. Upon showing likelihood of success on the merits, the district court had presumed irreparable harm to Pfizer, the patent owner. The Federal Circuit held that, even though the patent owner had granted an exclusive license under the patent, irreparable harm should still be presumed, leading to the preliminary injunction. The fact that other infringers in the marketplace were competing with the patent owner also did not overcome the irreparable harm needed to support a preliminary injunction.

2. RESEARCH EXCEPTION OF 35 U.S.C. § 271(e)(1)

Merck KGaA v. Integra Lifesciences I, Ltd., 125 S.Ct. 2372 (2005). Integra owned patents relating to certain types of peptides. Merck performed preclinical research on the peptides in an effort to determine whether they could be used to treat cancer, and Integra sued for patent infringement. Merck argued that its research was protected by 35 U.S.C. § 271(e)(1), which exempts from infringement research uses related to the development and submission of a new drug application. The Federal Circuit ruled against Merck, finding that its research was not directly related to a new drug application but was instead only general research to identify new pharmaceutical compounds. The Supreme Court reversed, holding that the research exemption extends to "all uses of patented inventions that are reasonably related to the development and submission of any information under the FDCA."

3. EXTRATERRITORIAL EFFECT OF PATENTS

Eolas Technologies Inc. v. Microsoft Corp., 399 F.3d 1325 (Fed. Cir. 2005), cert. denied, 126 S. Ct. 568 (Oct. 31, 2005). Microsoft was held liable for infringement of its software (Internet Explorer) that it sent overseas. Eolas claimed royalty damages for both foreign and domestic sales of Windows with Internet Explorer. Microsoft exported a limited number of “golden” master disks containing the software, and manufacturers overseas used that disk to replicate the code on computer hard drives for sale outside the United States. The Federal Circuit agreed that the code on the master disks constituted “components” of the infringing product for combination outside the United States under 35 U.S.C. § 271(f). The Federal Circuit ordered a new trial, however, on invalidity grounds.

AT&T Corp. v. Microsoft Corp., 414 F.3d 1366 (Fed. Cir. 2005). Microsoft’s export of “master” computer disks to foreign computer companies, which then duplicated software on the disks when installing them on new computers, constituted an infringing export of a “component” of a patented invention under 35 U.S.C. § 271(f), and Microsoft was liable in damages not only for the extent of the exported disks, but for the copies of the disks that were made overseas. Based on how software is supplied (i.e., by copying), and the word “supplied” in the patent statute, the court concluded that sending a single copy abroad with the intent that it be replicated invokes liability for foreign-made copies. The court rejected Microsoft’s position “as it fails to account for the realities of software distribution” and it “would be subverting the remedial nature of § 271(f), permitting a technical avoidance of the statute by ignoring the advances in a field of technology.” Judge Rader, who authored the Eolas decision (above), dissented, arguing that foreign-made copies should not be included for purposes of damages.

NTP, Inc. v. Research In Motion, Ltd., 418 F.3d 1282 (Fed. Cir. 2005). Upon rehearing, the Federal Circuit clarified its earlier ruling in this case, reported at 392 F.3d 1336 (Fed. Cir. 2004), and held that although a method claim could not be infringed unless all of the steps of the patented method were performed within the territorial boundaries of the United States, an apparatus that was primarily used within the boundaries of the United States could infringe a claim directed to the apparatus, even though part of the apparatus was located outside the United States. RIM’s well-known Blackberry system routes email messages to wireless handheld devices. When an email is received at the user’s computer system, the email is copied and sent to RIM’s “relay” computer located in Canada, which then transmits the message to the user’s device through a wireless network. As to apparatus (system) claims, the Federal Circuit held that “use” of the claimed invention occurs at “the place at which the system as a whole is put into service, i.e., the place where control of the system is exercised and beneficial use of the system obtained.” Because RIM’s customers in the United States controlled the transmission of the information and also benefited from such an exchange of information, the fact that part of the system was located in Canada did not preclude direct infringement under 35 U.S.C. § 271(a). As to the method claims, however, the Federal Circuit held that “a process cannot be used within the United States . . . unless each of the steps is performed within this country.” Because at least one of the steps of the method claims was performed in Canada, infringement of the method claims could not be upheld. The Federal Circuit also rejected

NTP's arguments that RIM was liable for "exporting" products under section 271(f) or "importing" components under section 271(g).

Union Carbide Chem. & Plastics Tech. Corp. v. Shell Oil Co., 425 F.3d 1366 (Fed. Cir. 2005). Exporting a catalyst that was used overseas in a process patented under U.S. law constitutes a violation of 35 U.S.C. § 271(f)(2). The patent covered a process for producing ethylene oxide using a catalyst. Shell exported the catalyst overseas, where it was used in the patented process. The Federal Circuit held that exporting the catalyst constituted exporting a "component of a patented invention," even though the patent covered only a process. The Federal Circuit relied in part on its recent Eolas and AT&T cases, which involved application of § 271(f).

MEMC Elec. Materials v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369 (Fed. Cir. 2005). A foreign defendant who supplied technical assistance to a U.S. corporation, which ultimately infringed a U.S. patent, could be held liable for induced infringement. The defendant manufactured and sold (outside the U.S.) silicon wafers to Samsung Japan, which then sold the wafers to Samsung Austin, a U.S. entity. E-mails from the defendant to Samsung Austin suggested that the defendant provided technical support and test data on the wafers for the purpose of obtaining Samsung Austin's approvals for purchase. Based on the e-mails from the foreign defendant and evidence of on-site visits to Samsung Austin at which technical details of the wafers were discussed, the Federal Circuit held that a reasonable jury could find that the foreign defendant induced infringement of the U.S. patent.

4. FALSE PATENT MARKING

Clontech Labs, Inc. v. Invitrogen Corp., 406 F.3d 1347 (Fed. Cir. 2005). In a case of first impression, the Federal Circuit interpreted the federal patent misbranding statute, 35 U.S.C. § 292, which imposes a fine of up to \$500 for every offense of misbranding a patent number on an unpatented article. First, the Federal Circuit upheld a requirement of intent to deceive the public, which eliminates liability for unintentional misbranding of products. Second, the court held that "the party accused of false marking did not have a reasonable belief that the articles were properly marked (i.e., covered by the patent)." Third, the court vacated a finding by the trial court that the patent owner should have been on notice that certain of its products were not covered by the patent after it conducted tests, because the test results were murky. Finally, the court upheld the trial court's determination that certain products that were admittedly not covered by any patent claim were falsely marked. The Federal Circuit rejected Invitrogen's argument that there was no harm in including additional patents on the articles that admittedly did not cover the product.

5. UNENFORCEABILITY DUE TO PROSECUTION LACHES

Symbol Tech., Inc. v. Lemelson Medical, Educ. & Research Found., 422 F.3d 1378 (Fed. Cir. 2005), modified on rehearing, 2005 WL 3193651 (Nov. 16, 2005). In this closely-watched case, the Federal Circuit upheld the application of prosecution laches against Lemelson and declared his patents unenforceable due to dilatory actions in prosecution before the PTO. Lemelson's patents

claimed priority to applications filed in the 1950s, although many of the patents did not issue until the 1980s and 1990s. The district court ruled that the patents were unenforceable because of unreasonable and unexplained delays in prosecution. The Federal Circuit affirmed, noting that “refiling an application solely containing previously-allowed claims for the business purpose of delaying their issuance can be considered an abuse of the patent system. . . . Patent applications should normally be permitted to issue when they have been allowed and the statutory requirements complied with.” Upon rehearing, the Federal Circuit extended its ruling to the claims of all patents in the lawsuit, despite the fact that Lemelson had only asserted certain claims of the patents.

6. WILLFUL INFRINGEMENT

Imonex Serv., Inc. v. W.H. Munzprufer Dietmar Trenner GMBH, 408 F.3d 1374 (Fed. Cir. 2005). A finding of willful patent infringement was upheld on the basis that the patented devices, marked with the patent numbers, were shown to defendants at trade shows years prior to the filing of the lawsuit, and that widespread literature in the industry mentioning the “patented” technology triggered a duty of care. The defendants, despite having a duty of due care, took no action at the time, but waited until after being sued to obtain opinion of counsel. Although no inference of willfulness was invoked, the defendants failed to satisfy their duty of care in light of the circumstances.

7. INEQUITABLE CONDUCT

Purdue Pharma L.P. v. Endo Pharm. Inc., 410 F.3d 690 (Fed. Cir. 2005). The Federal Circuit held unenforceable patents covering OxyContin because of statements in the specification to the effect that it had been “surprisingly discovered” that the claimed formulation controlled pain over a substantially narrower range of dosage in patients. The inventors, however, had no scientific proof to support this allegation, which was instead based on insight. During prosecution, the applicants emphasized the “surprisingly improved results” of the claimed formulation in order to overcome obviousness rejections, but it had no tests to support those “results.” These implied misrepresentations were both material to patentability and accompanied by intent to deceive, the latter of which could be “inferred from Purdue’s statements and the context in which they were made.”

Pharmacia Corp. v. Par Pharm., Inc., 417 F.3d 1369 (Fed. Cir. 2005). Inequitable conduct committed during prosecution of one patent did not infect another patent that was linked only via a terminal disclaimer to the unenforceable patent. The Federal Circuit relied in part on language in the terminal disclaimer, which “emphasizes that validity doctrines will apply separately to the two patents that share an expiration date.” According to the Federal Circuit, “this language shows that the patentee justifiably expected individual treatment of the patents beyond their shared expiration date.”

8. ANTITRUST/PATENT MISUSE

U.S. Philips Corp. v. Int’ Trade Comm’n, 424 F.3d 1179 (Fed. Cir. 2005). A package patent licensing arrangement in which licensees were forced to pay royalties on numerous patents covering CD technology did not constitute an illegal tying arrangement constituting patent misuse. The Federal Circuit overturned an ITC determination that the arrangement was illegal. Some of the patents were “essential” to making CDs while others were optional. Philips charged a uniform licensing fee regardless of which of the nonessential patents were used. According to the Federal Circuit, “it is entirely rational for a patentee who has a patent that is essential to particular technology, as well as other patents that are not essential, to charge what the market will bear for the essential patent and to offer the others for free.” Additionally, the ITC had ruled that some of the “essential” patents were not in fact “essential” because there were other alternatives to the patented approach. The Federal Circuit overturned that finding, noting that under the ITC’s approach, patents that initially were deemed to be “essential” could over time become “nonessential” due to advances in technology, and the courts should not penalize the patent owner for such a situation.

Independent Ink, Inc. v. Illinois Tool Works, Inc., 396 F.3d 1342 (Fed. Cir. 2005), cert granted, 125 S.Ct. 2937 (June 20, 2005). A patent owner that tied the sale of a patented product to the sale of an unpatented product was presumed to have “market power” for purposes of antitrust liability. Trident, a subsidiary of Illinois Tool Works, holds a patent over its printhead technology. Trident’s standard licensing agreement allows purchasers to use its patented printheads only if they also purchase their ink from Trident. Thus, the sale of patented printheads is conditioned on the purchase of unpatented ink. Independent Ink sued for antitrust violations, but the district court granted summary judgment in favor of Trident, finding that it had failed to prove market power. The Federal Circuit reversed, interpreting several old Supreme Court cases as supporting the proposition that market power could be presumed where a patent was used to tie unpatented technology. The Supreme Court has granted certiorari in this case.

9. FEDERAL PATENT LAW PREEMPTION

Ultra-Precision Mfg. v. Ford Motor Co., 411 F.3d 1369 (Fed. Cir. 2005). A state law claim for unjust enrichment based on Ford Motor’s alleged use of ideas originated by the plaintiff’s employees was preempted by federal patent law. Employees of Ultra-Precision provided Ford with a new design for an air conditioning compressor for an automobile. Although the design eventually was patented, the patent did not cover Ford’s design. Ford used the design but refused to pay Ultra-Precision for the design. The Federal Circuit held that a state law claim for unjust enrichment based on providing the design to Ford would frustrate the federal objective of creating an incentive to develop inventions that are patentable.