

UPDATE

SPRING/SUMMER 2012

SUPREME COURT RULES PROMETHEUS PERSONALIZED MEDICINE CLAIMS NOT PATENT-ELIGIBLE



BY: PAUL M. RIVARD

On March 20, 2012, the U.S. Supreme Court issued its ruling in *Mayo Collaborative Services v. Prometheus Laboratories,*

Inc., striking down patent claims directed to methods of optimizing patient treatment in which the level of a certain drug metabolite

stronger than the (unpatentable) claim in *Flook*.² *Diehr* involved a method for molding raw, uncured rubber into molded products that included steps of (1) continuously monitoring the temperature on the inside of the mold, (2) feeding the resulting numbers into a computer to continuously recalculate the mold-opening time, and (3) configuring

One question left unanswered in *Bilski* was whether satisfaction of the “machine or transformation” test provides a safe harbor for patent eligibility. The *Prometheus* Court squarely answered this question in the negative.

is measured to identify a need to increase or decrease dosage levels. The unanimous decision authored by Justice Breyer reversed the Federal Circuit’s finding of patent-eligibility based on the claims embracing the transformative steps of “administering” a drug and “determining” metabolite levels.

Relying heavily on its own precedent, the Court explained the *Prometheus* claim “presents a case for patentability that is weaker than the (patent-eligible) claim in *Diehr*¹ and no

the computer to signal a device to open the press. *Flook* involved a method for adjusting “alarm limits” in the catalytic conversion of hydrocarbons. The *Flook* method included steps of continuously monitoring operating conditions such as temperature, pressure, and flow rates; using a mathematical algorithm to calculate alarm limits; and adjusting the system to reflect the new alarm limit values. [MORE>](#)

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¹ *Diamond v. Diehr, et al.*, 450 U.S. 175

² *Parker v. Flook*, 437 U.S. 584

NO SAFE HARBOR IN “MACHINE OR TRANSFORMATION”

The Supreme Court’s 2010 decision in *Bilski v. Kappos* held that the “machine or transformation” test is “a useful and important clue” but “not the sole test for deciding whether an invention is a patent-eligible ‘process.’” The claimed process in *Bilski* was found not to satisfy the “machine or transformation” test and to be patent-ineligible. One question left unanswered in *Bilski* was whether satisfaction of the “machine or transformation” test provides a safe harbor for patent eligibility. The *Prometheus* Court squarely answered this question in the negative.

The Federal Circuit found the *Prometheus* claims patent-eligible based on the claimed steps of “administering” the drug (transforming the body) and “determining” metabolite levels (transforming the blood). The Supreme Court disagreed the “determining” step was necessarily transformative because of the possibility that newly developed techniques might not require transforming the blood. The Court did not appear to dispute the “administering” step was transformative, but nevertheless dismissed it as merely “picking out the relevant audience.” According to the Court, any transformative steps in the claims were insufficient to confer patent-eligibility because they “add nothing specific to the laws of nature other than what is well-understood, routine, conventional activity, previously engaged in by those in the field.”

COURT BLURS NOVELTY AND ELIGIBILITY QUESTIONS

The claims at issue require a step of “administering a drug providing 6-thioguanine to a subject.” The Court found this step simply refers to “a preexisting audience” of “doctors [who] used thiopurine drugs to treat patients suffering from autoimmune disorders.” The Court refused to rely on this step to confer patent eligibility, citing *Bilski* and *Diehr* as instructing “the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.”

The Court declined to follow the suggestion of the United States as *amicus curiae* in relying on other provisions of the Patent Act, such as § 102 (novelty) and § 103 (non-obviousness), to weed out unpatentable claims that embrace the application of a law of nature. The Court explained that when “evaluating the significance of additional steps, the §101 patent-eligibility inquiry and, say, the §102 novelty inquiry might sometimes overlap.”

The opinion mainly focuses on the practical preemptive effect of the claims rather than on particular claim language. The Court said its “precedents . . . warn us against interpreting patent statutes in ways that make patent eligibility ‘depend simply on the draftsman’s art’ without reference to the ‘principles underlying the prohibition against patents for [natural laws]’ . . . They warn us against upholding patents that claim processes that too broadly preempt the use of a natural law.” In this case, the Court found the patents at issue “tie up too much future use of laws of nature.”

“LESS CONVENTIONAL” STEPS SUFFICIENT?

The opinion stopped short of stripping all “old” steps out of a claim in the eligibility analysis. The Court left open the possibility that the recitation of “less conventional” steps

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in the “particular applications” of laws of nature might be sufficient to confer eligibility.

While future decisions will need to sort out what types of “less conventional” steps are needed for diagnostic claims to pass muster under § 101, perhaps a key takeaway of the decision for practitioners is the need to include process steps (apart from “administering” drugs and “determining” metabolite levels) that have some level of specificity so that the claims will not be regarded as preempting a law of nature.

A MATTER FOR CONGRESS?

Acknowledging the competing interests of the parties, namely the ability to secure patent rights to reward significant investment on one hand and the ability to freely conduct research on the other, the Court described

patent protection as “a two-edged sword” that “provides monetary incentives that lead to creation, invention, and discovery” but which “can impede the flow of information that might permit, indeed spur, invention, by, for example, raising the price of using the patented ideas once created.” The Court suggested any rules specific to patent eligibility of personalized medicine should be left to Congress. ■

SAVE THE DATE!

Banner & Witcoff’s Corporate Intellectual Property Seminar

Please save Friday, October 19 to attend Banner & Witcoff’s Corporate IP Seminar at the University of Chicago Gleacher Center in Chicago. We will host morning and afternoon sessions with topics selected to help you protect your corporation’s intellectual property assets.

If there are topics or questions you would like addressed during the seminar, please send them to us at event@bannerwitcoff.com. We look forward to seeing you in Chicago!

Friday, October 19, 2012
8:30 a.m. – 4:30 p.m.
University of Chicago’s Gleacher Center
Chicago, IL

For more information, please contact **Chris Hummel** at **202.824.3126** or **chummel@bannerwitcoff.com**



THE FUTURE OF MULTI-DEFENDANT PATENT CASES



BY: BINAL J. PATEL (L) AND TIMOTHY J. RECHTIEN (R)

On September 16, 2011, President

Obama signed

into law the America Invents Act (AIA), which effectuated some of the most sweeping changes in the patent laws since the Patent Act of 1952. One such change under the AIA impacts a patent plaintiff's ability to join accused infringers in a single action. Prior to the enactment of the AIA, patent owners such as nonpracticing entities would oftentimes file patent infringement suits naming dozens of disparate codefendants. The result was that multiple defendants were forced to coordinate a unified defense against the patent owner, despite the defendants having differing accused conduct. Section 299 of the AIA, entitled "Joinder of Parties" and which took effect upon enactment of the AIA, is designed to avoid this result.

Now, "accused infringers may not be joined in one action as defendants ... or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit." Rather, Section 299(a) requires that:

[A]ccused infringers may be joined in one action . . . only if:

- (1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of

- the same accused product or process;* and
- (2) *questions of fact common to all* defendants or counterclaim defendants will arise in the action.¹

The AIA's legislative history shows that this provision was essentially codifying the joinder jurisprudence already followed by a majority of jurisdictions² and abrogating the more lenient standard followed by the minority of jurisdictions, particularly, the Eastern District of Texas.³ Even prior to the enactment of the AIA, courts in the majority of jurisdictions were severing unrelated defendants from multiple-defendant lawsuits under Fed. R. Civ. P. 20 and 21. *See, e.g., EIT Holdings, LLC v. Yelp!, Inc.*, No. 10-5623, 2011 WL 2192820, at *2-3 (N.D. Cal. May 12, 2011) (dismissing from lawsuit unrelated defendants that operated different accused websites that implement different functionalities through different software and where the plaintiff had not alleged any conspiracy or that any defendant induced another to infringe); *Phillips Elecs. N. Am. Corp. v. Contec Corp.*, 220 F.R.D. 415 (D. Del. 2004) (two defendants were not properly joined where they sold different accused products manufactured by different third parties, even though the accused products were sold to the same customer).

Despite the fact that it is codifying the majority approach, the provision is significant because the bulk of patent litigation filings occur not in these jurisdictions, but rather, in the minority of jurisdictions, such as the Eastern District of Texas, that have up until now applied a more lenient joinder standard. In these minority jurisdictions, the mere existence of a common

¹ 35 U.S.C. 299 (emphasis added) Notably, Section 299 is not compulsory. An accused infringer may "waive the limitations set forth in this section with respect to that party." § 299(c). Additionally, an exception is that this provision does not apply to Hatch-Waxman litigations (*i.e.*, abbreviated new drug application or ANDA litigations). Similarly, Section 299 is limited to "any civil action arising under any Act of Congress relating to patents." Thus, this provision does not appear to apply to copyright or trademark cases or to ITC actions.

² 2 H. R. Rep. No. 112-98, at 55, n.61 (citing *Rudd v. Lux Prods. Corp.*, No. 09-6957, 2011 WL 148052 (N.D. Ill. Jan. 12, 2011)).

³ H. R. Rep. No. 112-98, at 55, n.61 ("Section 299 legislatively abrogates the construction of Rule 20(a) adopted in [seven enumerated cases, five from Texas]).

patent and accused products that had not been shown to be “dramatically different” from each other was sufficient to maintain joinder of multiple defendants. See, e.g., *Adrian v. Genetec Inc.*, No. 08-423 , 2009 WL 3063414, at *2 (E.D.

where the same underlying technology (e.g., protocol, technology standard) is being utilized.

While the full effect of Section 299 is yet to be seen, certain trends appear to be on the horizon. For example, with the anticipated

In particular, while courts have seen a drastic decline in *multi*-defendant lawsuits, they have experienced a simultaneous increase in the number of multiple *single*-defendant lawsuits.

Tex. Sept. 22, 2009) (declining to sever claims against multiple defendants under Federal Rule 20 or 21).

Notably, this joinder provision made an impact even before the AIA took effect. More specifically, in the days leading up to the enactment of the AIA, patent plaintiffs flooded the courts with multi-defendant lawsuits to avoid having to comply with the new requirements. The provision has continued to have an impact since the enactment of the AIA. In particular, while courts have seen a drastic decline in *multi*-defendant lawsuits, they have experienced a simultaneous increase in the number of multiple *single*-defendant lawsuits. Since mid-September 2011, patent plaintiffs have filed more than 400 separate cases against individual defendants. Although multi-defendant lawsuits will likely continue to exist in the future, they may be limited to situations involving joint tortfeasors, defendants being accused of the same product/service (e.g., customer suits), and situations

rise of multiple lawsuits involving the same patent(s) across many different courts, courts may be more likely to resort to multidistrict litigation (MDL) proceedings.⁴ Alternatively, courts in later-filed cases may be more agreeable to staying the litigation pending resolution of key milestones in a previously filed litigation. Courts handling multiple single-defendant suits may consolidate, or at least coordinate, the cases for discovery and pre-trial matters. Similarly, patent plaintiffs may seek to file Section 337 actions in the United States International Trade Commission as an alternative to the courts. As another example, there may be some reduction in the overall number of defendants since patent plaintiffs may choose not to bring suits in marginal cases or in cases involving low monetary recovery.

Section 299 of the AIA has already had and will likely continue to have a noticeable impact on the patent litigation landscape. The full effects of this provision, however, are yet to be seen. ■

⁴ See 28 U.S.C. 1407(a)

¹ ICANN, *29 March is Last Day to Register as New gTLD Applicant*, <http://newgtlds.icann.org/en/announcements-and-media/announcement-29feb12-en> (noting the March 29th and April 12th deadlines) (last visited Apr. 13, 2012).

² *Id.*

³ ICANN, *Statement on TLD Application System* (Apr. 12, 2012), <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-12apr12-en> (noting the system was temporarily taken offline).

⁴ ICANN, *TAS Interruption – Update* (20 April 2012), <http://newgtlds.icann.org/en/announcements-and-media/announcement-20apr12-en>.

⁵ ICANN, *New gTLD Program Statistics* (Apr. 17, 2012), <http://newgtlds.icann.org/en/program-status/statistics>.

⁶ *New gTLD Batching – The Art of Digital Archery*, NEVDOMAINS.ORG (Apr. 17, 2012), <http://www.newdomains.org/de/New%20gTLD%20Batching%20-%20The%20Art%20of%20Digital%20Archery>.

⁷ Geri L. Haight, *United States: Second Application Window for New gTLDs “Reaffirmed” by ICANN*, MONDAQ (Feb. 20, 2012), www.mondaq.com/unitedstates/x/165182/Trademark/Second+Application+Window+For+New+gTLDs+Reaffirmed+By+ICANN (speculating that although ICANN “reaffirmed” it would open a second application window “as expeditiously as possible,” there is a “growing concern that the potential applicants may miss out . . . if they did not participate in this first application round”); Joshua S. Jarvis, *Welcome to the New Regime: the New gTLD Application Window Launches*, TRADEMARK & COPYRIGHT L. BLOG (Jan. 12, 2012), www.trademarkandcopyrightlawblog.com/2012/01/articles/domain-names/welcome-to-the-new-regime-the-new-gtld-application-window-launches/ (noting the current window is the “only time” when parties may apply “at least for the foreseeable future”).

⁸ ICANN, *GTLD APPLICANT GUIDEBOOK* ¶ 1.1.2.5 (Jan. 11, 2012), available at <http://newgtlds.icann.org/en/applicants/agb>.

⁹ ICANN, *New gTLDs: What to Expect in 2012*, <http://newgtlds.icann.org/en/announcements-and-media/announcement-23jan12-en> (last visited Mar. 5, 2012).

¹⁰ ICANN, *TAS Interruption – Frequently Asked Questions*, <http://newgtlds.icann.org/en/applicants/tas/interruption-faqs> (last visited Apr. 25, 2012).

¹¹ *Id.*

¹² ICANN, *GTLD APPLICANT GUIDEBOOK*, *supra* note 8, at ¶ 1.1.2.2.

¹³ *Id.* at ¶ 1.1.2.3.

¹⁴ *Id.*

DOT DEADLINES: WHAT TO EXPECT WITH gTLDs IN 2012 AND HOW TO PROTECT YOUR RIGHTS AND BRANDS



BY: RICHARD S. STOCKTON (L) AND VICTORIA R.M. WEBB (R)

The new generic top-level domain application process launched in late 2011, and 2012 is bringing a flurry of gTLD-related activities and deadlines. Here’s a look at some of the key milestones, along with a few strategies for protecting your rights and brands.

THE CLOSE (BEGINNING MARCH 29, 2012):

The registration period for the online tool used to file gTLDs closed to new users on March 29, 2012.¹ The gTLD application window, originally set to close completely on April 12, 2012,² has been delayed due to a glitch in the online application system.³ Once the system reopens, it will remain open for “at least 5 business days.”⁴

ICANN, the Internet governing body overseeing the new gTLD process, previously announced that more than 800 users registered for the online tool as of March 25, 2012.⁵ Some observers estimate that between 1000 to 1500 gTLDs will be applied for by the end of the application window.⁶ Although there is currently no restriction against having another application window, some observers believe that ICANN will have its hands full with the first application window and that another window may not open for a long time, if ever.⁷ For now, if more than 500 applications are received in the current round, which at this point seems inevitable, ICANN will evaluate the applications in “batches,” with an initial batch of 500 and subsequent batches of 400 applications.⁸

THE REVEAL (MAY 2012):

The first major milestone after the close of the application window will be the reveal of application data, including applied-for gTLD character strings and their corresponding applicants.⁹ The target date for this reveal was originally April 30, 2012, but the glitch in the application system caused ICANN to postpone this date.¹⁰ ICANN will announce the date for the reveal following its announcement of the reopening of the application system.¹¹ Assuming the application system is quickly fixed by early May, the reveal will likely occur sometime in May 2012, as ICANN initially stated it would reveal the data “within two weeks of the close of the application submission period.”¹²

PUBLIC COMMENTS (MAY – JULY 2012):

Beginning with the reveal of applied-for gTLDs, ICANN will invite the public to submit written comments on the published gTLD applications at no fee.¹³ Anybody, including non-trademark owners and non-interested persons, may submit comments. Comments submitted during a 60-day period after the reveal will be considered by evaluation panels if the comments provide information about the applicant’s prima facie case for getting a gTLD.¹⁴

FORMAL OBJECTION PERIOD (MAY – DECEMBER 2012):

The reveal of application data will also trigger the start of an approximately seven-month formal objection period. During this time, parties may lodge formal objections on one of four grounds:

- **String Confusion Objection:** Existing TLD operators or gTLD applicants from the same round of applications¹⁵ may lodge a string confusion objection when the “applied-for gTLD string is confusingly similar to an existing TLD or to another applied-for gTLD string.”¹⁶
- **Legal Rights Objection:** The holder of a trademark or other legal right¹⁷ may file a legal rights objection when the “applied-for gTLD string infringes the existing legal rights of the objector,” including registered or unregistered trademark rights.¹⁸
- **Limited Public Interest Objection:** Any party¹⁹ may file an objection when the “applied-for gTLD string is contrary to generally accepted legal norms of morality and public order.”²⁰ However, given that there is no limitation on who can bring these objections, ICANN will perform a “quick look” review to weed out “frivolous and/or abusive objections.”²¹
- **Community Objection:** “Established institution[s] associated with a clearly delineated community”²² may lodge objections when “[t]here is substantial opposition to the gTLD application from a significant portion of the community to which the gTLD string may be explicitly or implicitly targeted.”²³

Formal objections must be filed electronically with an appropriate Dispute Resolution Service Provider (DRSP) listed on the ICANN website.²⁴ Additionally, each objection must be filed in English, and if an objector wishes to file more than one objection, each objection must be filed separately.²⁵ Substantively, objections must include the objector’s name and contact information, the objector’s basis for standing, a description of the grounds of the objection, and copies of any documents pertinent to the objector’s basis for the objection.²⁶ Moreover, objections can be no more than the lesser of 5000 words or 20 pages, excluding any attachments.²⁷ Finally, the

objector will be required to pay a filing fee.²⁸

Once objections are filed, the gTLD applicant will have an opportunity to file a response to the objection.²⁹ The dispute resolution process will then continue with an administrative review, possible mediation, and finally the issue of an expert determination by the dispute resolution panel.³⁰ Alternatively, the applicant and objector may reach a settlement, or the applicant may decide to withdraw its initial gTLD application in response to a formal objection.³¹

INITIAL EVALUATIONS BEGIN (APPROXIMATELY JULY – DECEMBER 2012):

Beginning approximately 8 weeks after the close of the application period,³² initial evaluation panels will conduct string and applicant reviews.³³ During string reviews, the panels will evaluate whether the applied-for strings are “confusingly similar” to existing TLDs or other applied-for gTLD strings.³⁴ The panels will also evaluate whether the applied-for gTLD string violates an already reserved string, contributes to instability on the Internet, or is a prohibited geographic name.³⁵ During applicant reviews, the panels will evaluate the applicant organization, focusing on technical, operational, and financial capabilities, as well as Internet stability issues.³⁶

ICANN will publish the results of the initial evaluation period mid-November 2012, including whether the applications have passed or failed the evaluations.³⁷ If the application passed the initial evaluation, the gTLD will be on its way to final clearance and will eventually transition to be live on the Internet by as early as 2013.

If the application fails the initial evaluations, applicants can request additional, or extended, evaluation.³⁸ The extended evaluation period will allow the applicant to clarify information in the application through one **MORE>**

¹⁵ *Id.* at ¶ 3.2.2.

¹⁶ *Id.* at ¶ 3.2.1.

¹⁷ *Id.* at ¶ 3.2.2.

¹⁸ *Id.* at ¶ 3.2.1.

¹⁹ *Id.* at ¶ 3.2.2.

²⁰ *Id.* at ¶ 3.2.1.

²¹ *Id.* at ¶ 3.2.2.

²² *Id.*

²³ *Id.* at ¶ 3.2.1.

²⁴ ICANN, *Objection and Dispute Resolution Fact Sheet*, available at <http://www.icann.org/en/topics/new-gtlds/objection-dispute-resolution-fact-sheet-14dec11-en.pdf> (last visited Mar. 5, 2012).

²⁵ ICANN, GTLD APPLICANT GUIDEBOOK, *supra* note 8, at ¶ 3.3.1.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at ¶ 3.3.2.

²⁹ ICANN, *Objection and Dispute Resolution Fact Sheet*, *supra* note 24.

³⁰ *Id.*

³¹ *Id.*

³² ICANN, GTLD APPLICANT GUIDEBOOK, *supra* note 8, at ¶ 1.1.2.5 (noting initial evaluations begin “immediately after the administrative completeness check concludes); *id.* at ¶ 1.1.2.2 (noting the administrative completeness check “is expected to be completed . . . in a period of approximately 8 weeks” after close of the application period).

³³ *Id.* at 2-2.

³⁴ ICANN, *New gTLDs: What to Expect in 2012*, *supra* note 9.

³⁵ *Id.*

³⁶ ICANN, GTLD APPLICANT GUIDEBOOK, *supra* note 8, at 2-2.

³⁷ ICANN, *New gTLDs: What to Expect in 2012*, *supra* note 9.

³⁸ ICANN, GTLD APPLICANT GUIDEBOOK, *supra* note 8, at ¶ 2.3.

[gTLD, FROM PAGE 7]

additional exchange of information between the applicant and the evaluation panel.³⁹ The applicant will have 15 days to request the extended evaluation and must do so expressly.⁴⁰ Additionally, some evaluations and objections may result in “string contentions” if the applied-for gTLD will create user confusion

extended evaluation if the application fails the initial evaluation. While the foregoing overview provided a general summary, a full guidebook on the application and approval process is available through ICANN’s website.⁴³

Non-applicant clients who own protectable trademarks should monitor ICANN’s

Additionally, if the trademark owner believes an applied-for string is confusingly similar to its trademark, the owner should consider lodging a legal rights objection during the formal objections period.

due to similarity to other applied-for gTLDs, existing TLDs, or protected trademarks.⁴¹ These applications will result in contention resolution for evaluation of priority or auction.⁴²

publication periods, including the initial reveal of gTLD strings and applicants. Additionally, if the trademark owner believes an applied-for string is confusingly similar to its trademark, the owner should consider lodging a legal rights objection during the formal objections period. Alternatively, non-applicant clients may also participate in the public comment period early in the process, but must tie the comment to an applicant’s prima facie application to be considered during evaluations.

Additional information and updates on the gTLD process can be found through ICANN’s website: <http://newgtlds.icann.org/en>. ■

GENERAL ACTION ITEMS:

Clients who are gTLD applicants will have a busy year. Applicants will need to monitor the initial reveal to determine if other applied-for strings are confusingly similar. They can submit objections and public comments, and applicants will need to respond to objections lodged against them. Additionally, applicants will need to correspond with the evaluation panels during initial evaluations, and may need to apply for

BANNER & WITCOFF RAISES THE BAR

To meet the urgent need for increased funding for legal services, the D.C. Access to Justice Commission formally launched the “Raising the Bar in D.C.” campaign, with the endorsement of the D.C. Bar Foundation and the D.C. Bar. The campaign’s goal is to substantially increase financial support to the District’s legal services community by establishing benchmarks for law firm giving and annually recognizing and celebrating those firms that have donated at benchmark levels.

Banner & Witcoff and 22 other law firms were recognized for donating \$3 million to local legal service providers as part of the inaugural fundraiser of “Raising the Bar in D.C.” Banner & Witcoff was recognized as a silver level donor.



³⁹ ICANN, *New gTLDs: What to Expect in 2012*, *supra* note 9.

⁴⁰ ICANN, *GTLD APPLICANT GUIDEBOOK*, *supra* note 8, at ¶ 2.3.

⁴¹ *Id.* at ¶ 4.1.

⁴² *Id.*

⁴³ ICANN, *gTLD Applicant Guidebook* (Jan. 11, 2012), available at <http://newgtlds.icann.org/en/applicants/agb>.

STREAMLINING PATENT LITIGATION THROUGH NON-STATUTORY TOOLS



BY: ERIC J. HAMP (L)
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Fueled by high financial stakes and the specter of

injunctions, patent litigation is incredibly complex, expensive and can involve protracted battles at every step of the process. Consequently, it can be important to understand the tools available to streamline and economize pending

INITIAL DISCLOSURES

One important tool is the early disclosure of critical information, which is often accomplished through local patent rules² and is also encouraged by the Patent Damages Committee.³ For example, a patentee can be required to disclose all documentation related to the development of the invention, the prosecution history, ownership and sales of the patented invention.⁴ On the other hand, the

With recent attention focused on statutory patent reform, it is important not to overlook the host of emerging non-statutory proposals that have been advanced by courts, bar organizations, and individual judges for making patent litigation more efficient.

or expected patent litigation. With recent attention focused on statutory patent reform, it is important not to overlook the host of emerging non-statutory proposals that have been advanced by courts, bar organizations, and individual judges for making patent litigation more efficient. Importantly, because courts have the inherent power to control their dockets these recommendations and variants thereof can be used in any jurisdiction, provided counsel can present cogent grounds for their adoption.¹ Following this article is a check-list highlighting some of the tools recommended for making patent litigation more efficient.

DISCOVERY REFORM

While discovery can be an arduous process, particularly when working with expansive electronic records, there are many tools for streamlining the discovery process in patent litigation.

accused infringer can be required to provide documentation related to the operation and construction of the accused product/method and copies or a description of all known prior art.⁵ Each party can also be required to provide documents related damages, covering license agreements, royalty rates and sales information for the invention and the accused product(s).⁶ Requiring parties to produce evidence on all of these grounds is intended to focus the issues early and help eliminate unfair surprise later in the case.

CONTENTION DISCLOSURES

By mandating the prompt disclosure of the specific bases for claims and defenses, local patent rules and the Sedona Conference have advocated requiring parties to “crystallize their theories” and “adhere to those theories” throughout the case.⁷ Patentees’ disclosures can include at least the asserted claims, the type(s) of alleged infringement, **MORE▶**

¹ See, e.g., Hon. Randall R. Rader, Chief Judge U.S. Court of Appeals for the Fed. Cir., *The State of Patent Litigation*, Address before the 2011 Eastern District of Texas Bench and Bar Conference, at 10 (September 27, 2011), (transcript available at www.patentlyo.com/files/raderstateofpatentlit.pdf) [hereinafter “Rader Address”]; Federal Circuit Advisory Council, *AN EDISCOVERY MODEL ORDER*, at 2; available at (http://www.ca9.uscourts.gov/images/stories/announcements/Ediscovery_Model_Order.pdf) (2011) (“Fortunately, district courts have inherent power to control their dockets to further ‘economy of time and effort for itself, for counsel and for litigants.’”) (citing *Landis v. North Am. Co.*, 299 U.S. 248, 254 (1936)).

² The following Districts have enacted Local Patent Rules: (N.D. Cal.); (S.D. Cal.); (N.D. Ga.); (D. Idaho); (N.D. Ill.); (S.D. Ind.); (D. Mass.); (D. Minn.); (E.D. Mo.); (D. Nev.); (D.N.J.); (E.D.N.C.); (W.D.N.C.); (N.D. Ohio); (S.D. Ohio); (W.D. Pa.); (E.D. Tex.); (S.D. Tex.); and (W.D. Wash.).

³ Dr. Alan Cox, et al., *COMPENSATORY DAMAGES ISSUES IN PATENT INFRINGEMENT CASES: A HANDBOOK FOR FEDERAL DISTRICT COURT JUDGES*, at 7, (2010) available at http://www.law.berkeley.edu/files/bcft_PatentDamages_Ed.pdf (last visited January 20, 2012).

⁴ See, e.g., N.D. Ill. L.P.R. 2.1.

⁵ *Id.*

⁶ Cox et al., *supra* note 3, at 7.

⁷ *Nova Measuring Instruments Ltd. v. Nanometrics, Inc.*, 417 F. Supp. 2d 1121, 1123 (N.D. Cal. 2006); The Sedona Conference, *Report on the Markman Process*, at 2 (2010) available at http://www.thosedonaconference.org/content/miscFiles/publications_html?grp=wgs150 (last visited January 21, 2012).

the accused products, a claim chart and any basis for willful infringement.⁸ Conversely, the accused infringer must provide its own claim charts for non-infringement and invalidity, each piece of prior art and explanations for any grounds of invalidity or unenforceability.⁹ Typically, contentions cannot be amended absent a showing of good cause.¹⁰

ELECTRONICALLY STORED INFORMATION CONFERENCES

The large volume of electronically stored information (“ESI”) and the associated expenses of dealing with it has become a significant cost issue in patent cases. To help address this, the Seventh Circuit Electronic Discovery Program requires parties to meet early in the case to discuss sources of discovery and establish the scope of preservation, narrowing the contentious issues and allowing prompt attention by the court to problem areas.¹¹ Two district courts have enacted their own e-discovery programs that urge or require similar meetings.¹² The Seventh Circuit program also requires parties to designate an “e-discovery liaison” who is typically an employee of the party that has access to the party’s electronic systems, has knowledge of those systems as well as the technical aspects of electronic discovery, and is aware of the party’s electronic discovery efforts.¹³ Use of a liaison can be an important tool to help parties craft a discovery plan that is based on technological feasibility and economy.

PROTECTIVE ORDERS

Because parties in patent disputes are often direct competitors, broad protective orders are commonplace in patent cases.¹⁴ The Patent Damages Committee observes that these orders often need to be imposed as early in the case as possible to avoid delays in discovery and should be crafted to address the scope and types of discovery by designating multiple

levels of confidentiality when needed.¹⁵ The Seventh Circuit Discovery Program also encourages early discussion regarding protective orders.¹⁶ This practice is credited with mitigating distracting discovery disputes when sensitive information is a necessary component of the case while still protecting the interests of the disclosing party.¹⁷

REGULATING THE ONGOING DISCOVERY PROCESS

There are a number of initiatives to streamline the ongoing discovery process. One of the most prominent initiatives, the concept of “proportionality,” is led by the Sedona Conference but is also endorsed by the Seventh Circuit Discovery Program,¹⁸ the Federal Circuit Advisory Council,¹⁹ the Patent Damages Committee²⁰ and multiple district court discovery programs.²¹ The Sedona Conference recommends courts balance the burden of obtaining requested evidence against its genuine benefit for the case in light of the needs of the case, the amount in controversy, the parties’ resources and the importance of the issues.²² Importantly, principles of proportionality dictate that less expensive, more efficient forms of discovery be exhausted before resorting to costly and typically less productive ESI discovery, e.g., discovery of email.²³ Other proposals advocate for firmer deposition limits absent substantial justification,²⁴ provide relaxed waiver and clawback provisions,²⁵ or prohibit indiscriminate ESI search terms unless they are combined with another narrowing term.²⁶

PHASING DISCOVERY

While several of the proposals discussed above address the weighing of burdens versus the benefits of particular discovery requests, in some cases it may be helpful for litigants to apply this approach on a bigger scale and divide the discovery process into phases. For example, the Federal Circuit **MORE▶**

⁸ N.D. III. L.P.R. 2.2.

⁹ N.D. III. L.P.R. 2.3.

¹⁰ N.D. III. L.P.R. 3.4; *Cox et al.*, *supra* note 3, at 17.

¹¹ 7th CIR. ELECTRONIC DISCOVERY COMMITTEE, *STANDING ORDER RELATING TO THE DISCOVERY OF ELECTRONICALLY STORED INFORMATION*, 2-4, http://www.discovery.pilot.com/sites/default/files/StandingOrder8_10.pdf.

¹² THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS, *Guidelines for Discovery of Electronically Stored Information (ESI)*, 2-3, <http://www.ksd.uscourts.gov/wpcontent/uploads/2010/03/electronicdiscoveryguidelines.pdf>; Paul W. Grimm *et al.*, *Suggested Protocol for Discovery of Electronically Stored Information (“ESI”)*, 3, <http://www.mdd.uscourts.gov/news/news/esiprotocol.pdf>.

¹³ 7th CIR. ELECTRONIC DISCOVERY COMMITTEE, *supra* note 11, at 3.

¹⁴ *Cox et al.*, *supra* note 3, at 11.

¹⁵ *Id.*

¹⁶ 7th CIR. ELECTRONIC DISCOVERY COMMITTEE, *supra* note 11, at 2.

¹⁷ *Cox et al.*, *supra* note 3, at 11-12.

¹⁸ 7th CIR. ELECTRONIC DISCOVERY COMMITTEE, *supra* note 11, at 2.

¹⁹ Federal Circuit Advisory Council, *supra* note 1, at 3-4.

²⁰ *Cox et al.*, *supra* note 3, at 15-16.

²¹ THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS, *supra* note 12, at 2; Grimm *et al.*, *supra* note 12, at 1.

²² The Sedona Conference, *THE SEDONA CONFERENCE MORE COMMENTARY ON PROPORTIONALITY IN ELECTRONIC DISCOVERY*, 11 SEDONA CONFERENCE J. 289, 294 (2010), available at <http://www.thesedonaconference.org/dl/f?orm?did=Proportionality2010.pdf> (last visited January 21, 2012).

²³ *Id.* at 294-97.

²⁴ *Cox et al.*, *supra* note 3, at 14-15.

²⁵ Federal Circuit Advisory Council, *supra* note 1, at 4. The Maryland Electronic Discovery Program also discusses clawback agreements. Grimm *et al.*, *supra* note 12, at 4.

²⁶ Federal Circuit Advisory Council, *supra* note 1, at 3.

Advisory Council's Model Order specifies that parties exchange initial disclosures regarding the core issues of the case before parties can

recommends that the hearing be scheduled in the middle of the discovery process to provide the possibility of concurrent summary

Chief Judge Rader recently suggested that “summary judgment is the key to efficient resolution of disputes,” and that even if no case dispositive motions are appropriate, the use of summary judgment to resolve issues can lower the time and expense of trial.

resort to email discovery requests.²⁷ This requires parties to exhaust and evaluate the more easily found evidence that has a greater likelihood of relevance to the case before moving to more costly discovery mechanisms. The Seventh Circuit Program encourages parties to discuss phasing²⁸ and the Sedona Conference provides that parties should first produce and evaluate the “clearly relevant” information to then determine if more burdensome discovery is actually necessary.²⁹ Similarly, the Maryland Discovery Program requires a party seeking additional, more costly information to provide narrow search requests and with the factual basis explaining the need for each request.³⁰

MARKMAN HEARINGS

The Sedona Conference has provided a number of recommendations regarding the Markman process. Beginning with the initial case management conference, Sedona suggests discussing the format and content of the hearing, such as the evidentiary standards or the need for live testimony or a tutorial, in an effort to cut down on motion practice leading up to the hearing.³¹ Sedona further recommends that parties submit a statement identifying those terms on which the parties agree and states each party's proposed constructions of disputed claim terms 45 days before briefing is due to focus attention upon the critical language and foster agreement on less important terms.³² Sedona also

judgment motions,³³ except for larger cases until the parties are able to narrow the patents and claims at issue as much as possible before trial.³⁴

USE OF SUMMARY JUDGMENT

Chief Judge Rader recently suggested that “summary judgment is the key to efficient resolution of disputes,”³⁵ and that even if no case dispositive motions are appropriate, the use of summary judgment to resolve issues can lower the time and expense of trial.³⁶ For example, the Patent Damages Committee notes that evidence of notice to the alleged infringer of the patent or a non-infringing use of an accused article can settle particular damages theories as a matter of law.³⁷ Likewise, district courts can grant summary judgment on particular claim limitations of the asserted patent.³⁸ There are also proposals to align summary judgment with other stages of the case to conserve resources. For example, the Patent Damages Committee recommends that summary judgment on damages issues can be tied to Daubert challenges of damages experts.³⁹ By staging summary judgment in synch with key patent litigation issues, a court can efficiently resolve linked matters rather than addressing them again at a much later stage of the case.

SETTLEMENT AND ALTERNATIVE DISPUTE RESOLUTION

As the momentum of litigation proceeds toward trial and positions **MORE>**

²⁷ *Id.* at 2-3.

²⁸ 7th CIR. ELECTRONIC DISCOVERY COMMITTEE, *supra* note 11, at 2.

²⁹ The Sedona Conference, *supra* note 22, at 297.

³⁰ Grimm *et al.*, *supra* note 12, at 23.

³¹ The Sedona Conference, *supra* note 7, at 1.

³² *Id.* at 2-3.

³³ *Id.*

³⁴ *Id.*

³⁵ Rader Address, *supra* note 1, at 6.

³⁶ *Id.* at 12-13.

³⁷ Cox *et al.*, *supra*, note 3, at 18

³⁸ See, e.g., *SynQor, Inc. v. Artesyn Technologies, Inc.*, No 7-497, 2011 WL 3625036, at *26 (E.D. Tex., Aug. 7, 2011)

³⁹ Cox *et al.*, *supra* note 3, at 17

[STREAMLINING, FROM PAGE 11]

harden, parties' views of when settlement opportunities exist may not align. To help ensure that settlement considerations maintain a prominent position in the parties' litigation calculus, a number of local rules raise the issue throughout the litigation process. For example, the District of Nevada requires three mandatory settlement conferences, one after the party's contention disclosures, one after the Markman construction and the final one just before trial.⁴⁰ Other districts approach settlement in other ways, such as requiring discussion alternative dispute resolution at the beginning of the case,⁴¹ mandating settlement offers and responses,⁴² or requiring counsel for each party and representatives with settlement authority to meet and discuss mediation or arbitration.⁴³ These procedures can be built into a case management plan to ensure that relevant settlement moments are not missed in the heat of active litigation.

CONCLUSION

By considering the proposals discussed in this paper at the outset of a case litigants have a menu of options from which they can develop and recommend streamlining case management proposals to opposing counsel and the court. Importantly, identifying which tools are best for any given case begins with a thorough understanding of your client's goals in the litigation. To that end, considering the checklist that follows and discussing the mechanisms above with your client can become a regular part of your initial case assessment and go a long way to ensuring that recommended case management procedures further your client's strategic goals in the most efficient manner possible. ■

⁴⁰ D. Minn. L.R. 16. 1-19

⁴¹ D. Minn. L.R. 26.1

⁴² *Id.* Form 4 (Rule 26(f) Report for Patent Cases), available at www.mnd.uscourts.gov/local_rules/forms/Form-4.doc <http://www.mnd.uscourts.gov/local_rules/forms/Form-4.doc>

⁴³ S.D. Ohio L.R. 104.1.

INITIAL CASE PLANNING – STREAMLINING CONSIDERATIONS

INITIAL DOCUMENT DISCLOSURES

Would initial exchange of documents facilitate future discovery efforts? Initial document disclosures could cover topics relating to:

- the sale or transfer of the claimed invention prior to the date of the patent application;
- the conception and development of the claimed invention;
- communications with the United States Patent and Trademark Office;
- ownership of the asserted patent;
- licenses, market share data, profitability, royalty rates, damages;
- operation/construction of the accused device(s); and
- prior art.

CONTENTION DISCLOSURES

Contention disclosures require parties to frame key issues at logical points in a case's life. Consider:

For Plaintiff: Identification of asserted claims and type(s) of infringement alleged; accused products/conduct and infringement claim chart(s); priority date(s) for each asserted claim; alleged willful infringement; and damages.

For Defendant: Responsive non-infringement claim chart(s); identification of prior art and grounds for invalidity; invalidity claim chart(s); and explanation of non-prior art based invalidity arguments.

ELECTRONICALLY STORED INFORMATION

Three key areas should be discussed: (1) use of proportional, targeted requests consistent with relevant systems at issue; (2) phasing of ESI discovery so that the most relevant, accessible systems are discovered first; and (3) preservation and production procedures and protocols. Consider involving ESI liaisons early in the discovery process.

PROTECTIVE ORDERS

Consider whether information likely to be discovered will require outside counsel eyes' only protection? Should special procedures apply to disclosure of information to patent prosecutors?

REGULATING THE ONGOING DISCOVERY PROCESS

Consider what document review systems will be used throughout the litigation and what form of production will best facilitate review. Consider formalizing agreements to minimize the risk of waiving attorney-client-privileges and/or work product protections, especially where voluminous ESI productions will be made. Consider relaxing claw-back provisions for inadvertently produced documents. Discuss phasing of discovery to further principles of proportionality and to focus on most relevant, most accessible sources of discovery, especially ESI discovery, first.

MARKMAN HEARINGS

Develop case management plan deadlines for identifying key disputed claim terms. Consider whether a technology synopsis would assist the court. Will live testimony be helpful or necessary? Should federal evidence rules be relaxed for any hearing? Evaluate when claim construction will be most likely to focus the issues and narrow the dispute.

USE OF SUMMARY JUDGMENT

Consider when a given case is likely to encounter summary judgment moments and whether multiple opportunities for filing summary judgment motions should be scheduled. Evaluate whether discrete summary judgment issues can coincide with other stages of the case, for example, during claim construction, expert reports, and/or damages discovery.

SUPREME COURT DECIDES *GOLAN V. HOLDER*



BY: ERNEST V. LINEK

Public Domain?—Maybe Not

When information enters the public domain it is free for anyone to use it—right? Maybe yes and maybe no. This uncertainty is likely the better answer in light of the recent decision by the Supreme Court in *Golan v. Holder* decided January 18, 2012.

The *Golan* case stems from Congressional action that was deemed necessary to bring the U.S. into full compliance with the international copyright agreement known as the Berne Convention (Berne or the Convention), which the United States joined in 1989. The Convention requires member countries to recognize the copyrights of “foreign works” the same way they recognize copyrights by their own citizens.

Congress enacted section 514 of the Uruguay Round Agreements Act in view of Berne, to restore copyright protection to foreign works that fell into the “public domain” in order to harmonize U.S. and international copyright laws, and fulfill the international treaty obligations under the Convention. Justice Ginsburg’s majority opinion was joined by Chief Justice Roberts and Justices Scalia, Kennedy, Thomas and Sotomayor. Justice Kagan recused herself from the case.

Section 514 of the Uruguay Round Agreements Act (URAA) grants foreign authors copyright protection under Berne to works protected in their country of origin, but lacking protection in the United States for any of three reasons: (1) the United States did not protect works from the country of origin at the time of

publication; (2) the United States did not protect sound recordings fixed before 1972; or (3) the author had not complied with certain U.S. statutory formalities.

Petitioners are orchestra conductors, musicians, publishers, and others who formerly enjoyed free access to works §514 removed from the public domain. They maintain that Congress, in passing §514, exceeded its authority under the Copyright Clause and transgressed First Amendment limitations.

The District Court granted the government’s motion for summary judgment that Section 514 was constitutional. On appeal, the Tenth Circuit, affirming in part, agreed that Congress had not offended the Copyright Clause, but remanded for First Amendment review of Section 514. On remand, the District Court granted summary judgment to petitioners on the First Amendment claim, holding that Section 514’s constriction of the public domain was not justified by any of the asserted federal interests. On a second appeal, the Tenth Circuit reversed, ruling that Section 514 was narrowly tailored to fit the important government aim of protecting U. S. copyright holders’ interests abroad.

The case was then appealed to the Supreme Court which held that Section 514 does not exceed Congress’ authority under the Copyright Clause.

The Supreme Court found nothing in the Copyright Clause, historical practice, or its own precedents precluded restoring copyright protection to these public domain foreign works. The Court also rejected the argument

that this revived copyright protection violated the First Amendment.

The majority held that the text of the Copyright Clause of the U.S. Constitution does not exclude application of copyright protection to works in the public domain.

The 2003 case of *Eldred v. Ashcroft*¹ was deemed by the majority to be largely dispositive of petitioners' claim that the Clause's confinement

The majority held that the text of the Copyright Clause of the U.S. Constitution does not exclude application of copyright protection to works in the public domain.

of a copyright's lifespan to a "limited Tim[e]" prevents the removal of works from the public domain.

In *Eldred*, the Court upheld the Copyright Term Extension Act (CTEA), which extended, by 20 years, the terms of existing copyrights. The text of the Copyright Clause, the Court observed, contains no "command that a time prescription, once set, becomes forever 'fixed' or 'inalterable,'" and the Court declined to infer any such command.²

However, in *Eldred*, nothing was removed from the public domain. Instead, copyright protection, for existing protected works, was granted an extended term of another 20 years by the Congress.

According to the majority, the arguments presented by the petitioners in *Golan* were just as invalid as the arguments presented in *Eldred*.

The copyright terms afforded the foreign works restored by Section 514 are no less "limited" than those the CTEA lengthened. Nor had the "limited Tim[e]" already passed for the works at issue here—many of them works formerly denied any U. S. copyright protection—for a period of exclusivity must begin before it may end.

Justice Breyer, joined by Justice Alito, argued in dissent that extending copyright protection to

works previously in the public domain failed to "promote the progress of science" because it provided no incentive for the production of new works. As Justice Breyer wrote in his dissent:

The fact that, by withdrawing material from the public domain, the statute inhibits an important preexisting flow of information is sufficient ... to convince me that the copyright clause, interpreted in the light of the First Amendment, does not authorize Congress to enact this statute.

The surprising breadth of the court's opinion could be viewed as a warning that no "public domain" work may ever be off-limits for future Congressional activity in the area of copyright protection. ■

¹ *Eldred v. Ashcroft*, 537 U.S. 186

² *Eldred*, 537 U. S., at 199.

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