

### **Factual and Procedural Background**

In *Quanta*, LG Electronics, Inc. (LG) owned a large portfolio of patents covering numerous aspects of computer systems, and had entered into a broad cross-license agreement with Intel, Inc. (Intel) that authorized Intel to sell chips and chipsets manufactured under LG's patents. The agreement between LG and Intel contained an explicit disclaimer--the license to practice LG's system and method patents did not extend to any third parties to whom Intel might sell computer chips. As required by LG, Intel informed purchasers of Intel chips that LG owned system and method patents that covered the combination of computer components, and that LG was not granting the purchasers a license to practice these patents. Quanta Computers (Quanta) purchased chips and chipsets from Intel and combined them with other components to make fully-functioning computers that were within the scope of the LG system and method patents. LG sued Quanta for patent infringement.

The doctrine of patent exhaustion, or the "first sale" doctrine, has long limited the rights of a patentee following the first sale of a patented article. See, e.g., *Adams v. Burke*, 84 U.S. 453 (1873). The district court held that LG's patents had been exhausted by the unconditional sale of the chips from Intel to Quanta. *LG Electronics, Inc. v. Asustek Computer, Inc.*, 248 F. Supp. 2d 912, 917 (N.D. Cal. 2003). The Federal Circuit reversed, holding that the sale had been expressly conditional, and therefore LG's patent rights had not exhausted. *LG Electronics, Inc. v. Bizcom Electronics, Inc.*, 453 F.3d 1364, 1370 (Fed. Cir. 2006). Quanta petitioned the Supreme Court for certiorari, which the Court granted.

### **Proceedings in Supreme Court**

The question before the Supreme Court was whether Intel's sale of the chips to Quanta exhausted not only the LG patents that covered the chips themselves, but also other LG patents that covered the manufacture, use, and sale of Quanta computers containing the chips. On June 9, 2008, the Supreme Court issued its decision and held that the "authorized sale of an article that substantially embodies a patent exhausts the patent holder's rights and prevents the patent holder from invoking patent law to control post sale use of the article." *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109, 2120 (2008). Relying in large measure on *United States v. Univis Lens*, 316 U.S. 241 (1942), the Court sought to clarify the law of patent exhaustion.

Citing its decision in *Ethyl Gasoline Corp. v. United States*, 309 U.S. 436 (1940), the Court first said that it has "repeatedly held" that the exhaustion doctrine applies not only to product claims, but also to method claims: although "a patented method may not be sold in the same way as an article or device . . . methods nonetheless may be 'embodied' in a product, the sale of which exhausts patent rights." *Id.* at 2117.

The Court next considered under what circumstances the sale of a product triggers exhaustion, not only of the patent that actually covers the product, but also of some other related method or apparatus patent. The Court used a two-part test it had articulated in *Univis*: "[E]xhaustion was triggered by the sale of the [products] because their only reasonable and intended use was to

practice the patent and because they 'embodie[d] essential features of [the] patented invention.'" *Id.* at 2119.

Finding that LG's downstream system and method patents were exhausted, the Court was clear that the first part of the test was satisfied: "[T]he only apparent object of Intel's sales to Quanta was to permit Quanta to incorporate the Intel Products into computers that would practice the patents." *Id.* at 2112. The Court also held that the Intel chips substantially embodied LG's patents: "[T]he only step necessary to practice the patent is the application of common processes or the addition of standard parts. Everything inventive about each patent is embodied in the Intel Products." *Id.* The Court stressed the importance of the *nature* of the final steps in a related apparatus or method patent: if the final steps of the method or apparatus patent are "common and noninventive," *id.* at 2120, and involve the "application of common processes or the addition of standard parts," *id.* at 2119, then the patent is exhausted by the sale of the component article.

Finally, citing *General Talking Pictures Corp. v. Western Electric Co.*, 304 U.S. 175 (1938), the Court reaffirmed that the patentee must have authorized a sale for that sale to trigger exhaustion. In *Quanta*, the Court found that the sale from Intel to Quanta was authorized--the agreements between LG and Intel did not restrict "Intel's right to sell ... to purchasers who intend to combine [the Intel chips] with non-Intel parts." *Id.* at 2121. A major question expressly left unanswered by the Court is how "exhaustion" affects possible contract rights. The Court "note[d] that the authorized nature of the sale to Quanta does not necessarily limit LGE's other contract rights" and "express[ed] no opinion on whether contract damages might be available even though exhaustion operates to eliminate patent damages." *Id.* at 2122.

### **United States Involvement**

The United States filed an amicus brief at the petition stage recommending that certiorari be granted. The United States also filed an amicus brief on the merits, and argued, on behalf of the petitioner, Quanta, in whose favor the Supreme ruled.

### **Importance of the Case**

The implications of the *Quanta* decision will extend across many industries. Patentees and licensees will want to reexamine their licensing arrangements and practices to determine whether the relevant patents are exhausted by the form of a sale. Even if patent rights are exhausted, a patentee may still be able to enforce restrictions through contractual terms, although the Court did not address the permitted scope of such terms. The permissible scope of such terms will need to await later decisions.

**Factual and Procedural Background**

Teleflex Inc. and Technology Holding Co. (together, “Teleflex”) sued KSR International Co. for infringement of a patent claim directed to an “adjustable pedal assembly for use with automobiles having engines that are controlled electronically with a device known as an electronic throttle control.” *Teleflex, Inc. v. KSR Int’l*, 119 Fed. Appx. 282, 283 (Fed. Cir. 2005). KSR asserted, among other defenses, that the patent was obvious.

The district court granted summary judgment to KSR on obviousness. The court determined that a prior art patent “disclosed all of the structural limitations of claim 4 with the exception of the electronics control,” and “[electronic controls were well known in the prior art.” *Id.* at 286-87. The court also found that “a person of ordinary skill in the art would have been motivated to combine [the prior art patent] and electronic control references.” *Id.* at 287.

In an unpublished decision, the Federal Circuit vacated and remanded, holding that the district court erred in its obviousness analysis by failing “to make specific findings as to whether there was a suggestion or motivation to combine the teachings of the [prior art patent] with an electronic control in the particular manner claimed by claim 4.” *Id.* at 288.

**Proceedings in Supreme Court**

In its petition for certiorari, KSR contended that the Federal Circuit’s decision was emblematic of the Federal Circuit’s overly stringent approach to obviousness, which KSR argued had effectively lowered the bar for obtaining a patent. KSR presented the following question:

Did the Federal Circuit err in holding that the claimed invention cannot be held “obvious,” and thus unpatentable under 35 U.S.C. § 103(a), in the absence of some proven “teaching, suggestion, or motivation” that would have led a person of ordinary skill in the art to combine the relevant prior art teachings in the manner claimed?

The Supreme Court reversed, broadening the standard to be used in deciding if a patent claim is “obvious,” and hence unpatentable. Prior to *KSR*, the basic test applied by the U.S. Patent and Trademark Office (“USPTO”) and the Federal Circuit was the so-called “teaching, suggestion, or motivation” (TSM) test “under which a patent claim is only proved obvious if ‘some motivation or suggestion to combine the prior art teachings’ can be found in the prior art, the nature of the problem, or the knowledge of a person having ordinary skill in the art.” *KSR Int’l Co. v. Teleflex, Inc.*, 127 S.Ct. 1727, 1730 (2007). The Supreme Court rejected the Federal Circuit’s “rigid approach” in favor of an “expansive and flexible approach.” *Id.* Although the Court did not articulate an express alternative test, it did provide some guidelines and presumptions as well as a different approach.

The Supreme Court’s approach is fundamentally different in two important ways. First, the Supreme Court changed the underlying bias of the obviousness analysis. Rather than focusing on why patents *should* be granted or upheld, the Supreme Court discussed the importance of “declining to allow patents for what is obvious” *Id.* at 1739. Second, the Court looked at the

“person of ordinary skill” in a different light. Rather than assuming that a person of ordinary skill would not create something new unless taught, suggested, or motivated to do so, the Supreme Court emphasized that those of “ordinary skill” are creative, not automatons, and *are likely* to make many obvious, non-patentable advances. *Id.* at 1741.

The Court also seemed to change the standard in assessing inventions that are “obvious to try.” The Federal Circuit has long held that a patent is not invalid simply because it is “obvious to try.” Rather, in order to show obviousness, one would also have to show that there was a “reasonable likelihood of success.” The Supreme Court, however, stated that “the fact that a combination was obvious to try might show that it was obvious under § 103.” *Id.* at 1742.

### **United States Involvement**

The United States filed an amicus brief at the petition stage recommending that certiorari be granted. The United States also filed an amicus brief on the merits on behalf of the petitioner KSR, in whose favor the Supreme ruled.

### **Importance of the Case**

Overall, the *KSR* decision sets a higher bar for patentability and will likely result in fewer patents surviving validity attacks and more patent applications being rejected by the USPTO.

**Factual and Procedural Background**

AT&T holds a patent on a computer used to digitally encode and compress recorded speech. Microsoft's Windows operating system has the potential to infringe the patent because Windows incorporates software code that, when installed, enables a computer to process speech in the manner claimed by the patent. For computers made abroad, Microsoft shipped a so-called "golden master" disk containing the Windows software to the foreign manufacturer who, in turn, made multiple copies of the software on the "golden master" and installed the copies on the computers that were eventually sold. AT&T sued Microsoft for infringement, seeking to hold it liable for these foreign installations of Windows. It is a general rule under U.S. patent law that no infringement occurs when a patented product is made and sold in another country. However, there is an exception under 35 U.S.C. § 271(f), which provides that infringement does occur when one "suppl[ies] ... from the United States," for "combination" abroad, a patented invention's "components."

The Federal Circuit held that this activity infringed under section 271(f). Addressing the question of what Microsoft had "supplied," the Federal Circuit concluded that "for software 'components,' the act of copying is subsumed in the act of 'supplying.'" The majority opinion of the Federal Circuit stated: "Were we to hold that Microsoft's supply by exportation of the master versions ... avoids infringement, we 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 ... that developed after the enactment of § 271(f).... Section 271(f), if it is to remain effective, must therefore be interpreted in a manner that is appropriate to the nature of the technology at issue." *AT&T Corp. v. Microsoft Corp.*, 414 F.3d 1366, 1371 (Fed. Cir. 2005).

**Decision of the Supreme Court**

The two questions before the Supreme Court were (1) whether the Windows software was a "component," and (2) whether a "component ... supplied ... from the United States" had been installed on the foreign-made computers. The Supreme Court recognized that, at least in this case, the two questions were closely related: "If the relevant components are the copies of Windows actually installed on the foreign computers, AT&T could not persuasively argue that those components ... were 'supplie[d] from the United States' .... If, on the other hand, Windows in the abstract qualifies as a component..., it would not matter that master copies .... from the United States were not themselves installed abroad as working parts of the foreign computers." *Microsoft Corp. v. AT&T Corp.*, 127 S. Ct. 1746, 1754 (2007).

Turning first to "what is a component," the Court said that "[u]ntil it is expressed as a computer readable 'copy,' ... software ... remains uncombinable. It cannot be inserted into a CD-ROM drive or downloaded from the Internet; it cannot be installed or executed on a computer." *Id.* at 1755. It recognized that software, per se, is information, but compared it to a blueprint that the Federal Circuit—in *Pellegrini v. Analog Devices*—held is not a component covered by section 271(f). The Court apparently recognized that it was easy to encode a software instruction on a medium, but said that "the extra step is what renders the software a usable combinable part of a computer; easy or not, the copy-producing step is essential." *Id.* at 1756.

The Supreme Court also disagreed with the Federal Circuit as to what was supplied: “[T]he very components supplied from the United States, and not copies thereof, trigger § 271(f) liability.... Here, as we have repeatedly noted..., the copies of Windows actually installed on the foreign computers were not themselves supplied from the United States.” *Id.* at 1757.

The Supreme Court found “the majority’s concern ... understandable,” but was “not persuaded that dynamic judicial interpretation of § 271(f) is in order. The ‘loophole,’ in our judgment, is properly left for Congress to consider.” *Id.* at 1759.

### **United States Involvement**

The United States filed an amicus brief at the petition stage recommending that certiorari be granted. The United States also filed an amicus brief on the merits on behalf of the petitioner Microsoft, in whose favor the Supreme ruled.

### **Importance of Case**

The principal implication of *Microsoft* for U.S. software manufacturers and patentees is clear: foreign patents are important. Without foreign patents, there may indeed be a “loophole.” If the purported infringement is a computer that is made abroad, or a computer-implemented process that is practiced abroad, that “infringement” will be beyond the reach of a U.S. patent unless the software copies actually used are “supplied” from the United States.

**Factual and Procedural Background**

Genentech, Inc. and City of Hope (together, “Genentech”) own a patent directed “to the use of cell cultures to manufacture human antibodies.” *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 961 (Fed. Cir. 2005). MedImmune, Inc. is a licensee in good standing under this patent.

MedImmune nonetheless sued Genentech seeking a declaratory judgment that the patent is invalid. The district court dismissed the declaratory judgment claim on the ground “that MedImmune, as a licensee in good standing and not in reasonable apprehension of suit, cannot bring a declaratory action to challenge the patent under which it is licensed.” *Id.* at 962.

The Federal Circuit affirmed, stating (427 F.3d at 964-65):

Licensor and licensee always have “adverse legal interests,” *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 241 (1937), but that relationship alone does not create a justiciable controversy. The Declaratory Judgment Act requires a “definite and concrete controversy,” *id.* at 240, of “sufficient immediacy and reality,” *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941), to warrant judicial intervention. MedImmune avoided and continues to avoid such a situation, by avoiding breach and avoiding apprehension of suit. Thus although courts have discretion in deciding whether to accept a declaratory action when the constitutional and statutory requirements are met, there is no discretion to accept an action when there is no controversy of immediacy or reality because there is no reasonable apprehension of suit.

**Proceedings in Supreme Court**

In its petition for certiorari, MedImmune presented a single question:

Does Article Hi’s grant of jurisdiction of “all Cases . . . arising under . . . the Laws of the United States,” implemented in the “actual controversy” requirement of the Declaratory Judgment Act, 28 U.S.C. § 2201(a), require a patent licensee to refuse to pay royalties and commit material breach of the license agreement before suing to declare the patent invalid, unenforceable or not infringed?

The Supreme Court reversed. The Court first took note that whether a constitutional “case or controversy” exists depends upon “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” The Court pointed out that it had previously held, in the context of threatened prosecution by government for violating a law, that a declaratory plaintiff’s decision not to risk violating the law may

“eliminate[] the imminent threat of prosecution, but nonetheless does not eliminate Article III jurisdiction.” Moreover, as a statutory matter, the “very purpose” of the Declaratory Judgment Act is to ameliorate the dilemma of a challenger faced with the choice of risking prosecution or abandoning its rights.

The Court indicated that, although it had rarely considered the application of the Declaratory Judgment Act to situations in which the plaintiff’s “self-avoidance of imminent injury is coerced by threatened enforcement action of a *private party* rather than government,” lower federal and state courts have long accepted jurisdiction over such cases. In the only Supreme Court decision found to be on point, *Altwater v. Freeman*, 319 U.S. 359 (1943), the Court held that “a licensee’s failure to cease its payment of royalties did not render nonjusticiable a dispute over the validity of the patent.” In *Altwater*, the patentee had sued the licensee to enforce territorial restrictions imposed by the license. The licensee filed a counterclaim for a declaratory judgment that the underlying patents were invalid, while continuing to pay royalties, “under protest,” pursuant to an injunction the patentee had obtained in an earlier suit. The *Altwater* Court concluded that “the requirements of [a] case or controversy are met where payment of a claim is demanded as of right and where payment is made, but where the involuntary or coercive nature of the exaction preserves the right to recover the sums paid or to challenge the legality of the claim.” Although the Federal Circuit’s *Gen-Probe* decision had distinguished *Altwater* on the ground that it involved an injunction, the Supreme Court rejected that distinction in *MedImmune*.

Genentech provided two additional arguments why no justiciable controversy existed, as required to support the district court’s Article III jurisdiction. First, it argued that the 1997 license represented an “insurance policy” whereby MedImmune secured the right to be free from patent infringement suits in exchange for its agreement to pay royalties and not challenge the validity of the patents. The Court expressed skepticism about this argument, remarking that “[p]romising to pay royalties on patents that have not been held invalid does not amount to a promise not to seek a holding of their invalidity.” Second, Genentech argued that the common-law rule that a party to a contract cannot reap its benefits while at the same time challenge its validity precluded MedImmune from asserting the declaratory judgment action. The Court harbored doubts about this argument because MedImmune, in its view, was not repudiating or attempting to impugn the contract, but rather attempting to show that no payment of royalties was required because the patents do not cover its products and are invalid. Ultimately, the Court determined that regardless of the validity or applicability of these contract arguments, they went to the merits of the case rather than to the existence of a case or controversy and thus the existence of Article III jurisdiction. Lastly, Genentech urged the Court to dismiss the declaratory judgment claim on discretionary grounds. The Court declined, stating “it would be imprudent for us to decide whether the District Court should, or must, decline to issue the requested declaratory relief,” and left it to the discretion of the district court to consider such request on remand.

### **United States Involvement**

The United States filed an amicus brief on the merits on behalf of the petitioner MedImmune, in whose favor the Supreme ruled.

### **Importance of the Case**

Under *MedImmune*, so long as there is a real and immediate dispute over rights and obligations between licensor and licensee, which would likely ripen into a lawsuit if the licensee were to stop paying royalties, that should suffice to establish federal jurisdiction. Thus, subject to the possible enforceability of contract-based (rather than constitutional) limitations, the holding in *MedImmune* permits a patent licensee to bring a declaratory judgment action to challenge whether a patent is valid, enforceable, or infringed without having to stop royalty payments and risk a preliminary injunction, the loss of the license, and payment of treble damages and attorneys fees if the challenge fails. While the full implications of *MedImmune* are not yet clear, the Supreme Court's decision confers a significant advantage on licensees compared to the Federal Circuit's previous position, and will undoubtedly lead to more negotiations and litigation between licensors and licensees.

### **Factual and Procedural Background**

eBay operates an internet website that allows private sellers to list goods they wish to sell. MercExchange holds a number of patents, including a business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority. MercExchange sought to license its patent to eBay but the parties failed to reach agreement. MercExchange then filed a patent infringement suit against eBay in the Eastern District of Virginia. The jury found that MercExchange's patent was valid and that eBay had willfully infringed. Following the jury verdict, the District Court denied MercExchange's motion for permanent injunctive relief. The Federal Circuit reversed, applying its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." *MercExchange, L.L.C. v. eBay, Inc.*, 401 F.3d 1323, 1339 (Fed. Cir. 2005). The Supreme Court granted certiorari to determine the appropriateness of this general rule.

### **Decision of the Supreme Court**

The Supreme Court vacated the Federal Circuit's decision, ending a practice of near-automatic issuance of permanent injunctions in patent infringement cases. The Court held that any automatic rule would violate traditional principles of equity. Instead, the Court held, a patentee seeking permanent injunctive relief against an adjudged infringer must demonstrate (126 S. Ct. at 733):

1) that it suffered an irreparable injury; 2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; 3) that, considering the balancing of hardships between plaintiff and defendant, a remedy in equity is warranted; and 4) that the public interest would not be disserved by a permanent injunction.

### **United States Involvement**

The United States filed an amicus brief on the merits on behalf of the respondent MercExchange (which did not prevail).

### **Importance of the Case**

The Supreme Court's decision has thrown into considerable turmoil the status of permanent injunctive relief, as the lower courts struggle to apply the four-factor test. One effect of the Court's opinion has been to reduce the litigation leverage of patentholders, who can no longer rely upon the near-certainty of injunctive relief.

***Illinois Tool Works Inc. v. Independent Ink, Inc.*, 547 U.S. 28, 126 S.Ct. 1281, No. 04-1329, 2006 WL 468729 (March 1, 2006)**

### **Factual and Procedural Background**

Illinois Tool Works Inc. and its subsidiary Trident, Inc. “manufacture and market printing systems that include three relevant components: (1) a patented piezoelectric impulse jet printhead; (2) a patented ink container, consisting of a bottle and valved cap, which attaches to the printhead; and (3) specially designed, but unpatented, ink.” *Illinois Tool Works Inc. v. Independent Ink, Inc.*, 547 U.S. 28, 126 S.Ct. 1282, No. 04-1329 (March 1, 2006). Independent Ink “has developed an ink with the same chemical composition as the ink sold by” Illinois Tool and Trident.” *Id.*

“After an infringement action brought by Trident against Independent was dismissed for lack of personal jurisdiction, Independent filed suit against Trident [Illinois Tool was later joined as a defendant] seeking a judgment of noninfringement and invalidity of Trident’s patents.” *Id.* In its amended complaint, Independent Ink alleged that Trident and Illinois Tool “are engaged in illegal tying and monopolization” in violation of the Sherman Act. *Id.*

The district court granted defendants’ motion for summary judgment on the Sherman Act claims, on the ground that Independent Ink “had submitted no affirmative evidence defining the relevant market or establishing [Trident’s and Illinois Tool’s] power within it.” *Id.*

The Federal Circuit reversed on the tying claim, holding that Trident’s and Illinois Tool’s patents created a presumption of market power sufficient to create a triable issue on Independent Ink’s tying claim. The Federal Circuit relied on Supreme Court precedent, including the Court’s past statement that “if the Government has granted the seller a patent or similar monopoly over a product, it is fair to presume that the inability to buy the product elsewhere gives the seller market power.” *Jefferson Parish Hospital Dist. No. 2 v. Hyde*, 466 U.S. 2, 16 (1984). But the Federal Circuit did “tak[e] note of the academic criticism of those cases.” *Illinois Tool*, 547 U.S. 33.

### **Decision of the Supreme Court**

The Supreme Court “granted certiorari to undertake a fresh examination of the history of both the judicial and legislative appraisals of tying arrangements.” *Id.* After conducting this examination, the Court overruled its prior precedent, and held that “the mere fact that a tying product is patented does not support such a presumption” of market power in the patented product, *id.*, but rather that a determination of market power “must be supported by proof in the relevant market rather than by a mere presumption thereof,” *id.* at 29. The Court placed particular reliance on Congress’ 1988 decision to eliminate this presumption in the closely related context of patent misuse, a patent-infringement defense that relies on antitrust concepts. The Court also noted that “the vast majority of academic literature” had criticized the presumption. *Id.* at 42 n.4.

### **United States Involvement**

The United States filed an amicus brief on the merits on behalf of the petitioner Illinois Tool Works, in whose favor the Supreme ruled.

### **Importance of the Case**

This is an important case for the application of antitrust law to patents. As noted above, commentators had leveled heavy criticism at the presumption of patent holders' market power. By eliminating this presumption, the Court created consistency between antitrust law and patent-misuse law with respect to patent tying.

*Unitherm Food Sys. v. Swift-Eckrich*, 546 U.S. 394, 126 S.Ct. 980 (Jan. 23, 2006)

### **Factual and Procedural Background**

Unitherm Food Systems Inc. sued Swift-Eckrich, Inc. (d/b/a “ConAgra”) seeking a declaratory judgment that a patent held by ConAgra (directed to methods for browning meat) was invalid and unenforceable. Unitherm also brought an antitrust claim asserting that Unitherm had violated the Sherman Act by attempting to enforce a fraudulently procured patent. (A second plaintiff, Jennie-O, was dismissed for lack of standing.) The district court held ConAgra’s patent was invalid, and allowed the antitrust claim to proceed to trial.

Before the jury began deliberations, ConAgra moved for a directed verdict under Federal Rule of Civil Procedure 50(a). The court denied the motion, and the jury decided in favor of Unitherm. ConAgra did not file a post-verdict motion for judgment as a matter of law.

On appeal, the Federal Circuit held that the evidence was insufficient to support the jury verdict, and remanded for a new trial. On pure procedural matters not uniquely tied to patent law, the Federal Circuit applies the procedural law of the regional circuit from which a case originates, which in this case meant applying the law of the Tenth Circuit. “Under Tenth Circuit law, a party that has failed to file a postverdict motion may nonetheless raise such a claim on appeal, so long as that party filed a Rule 50(a) motion prior to submission of the case to a jury.” *Unitherm Food Sys. v. Swift-Eckrich*, 126 S.Ct. 980, 984 (2006): The Federal Circuit thus was “[f]reed to examine the sufficiency of the evidence.” *Id.*

### **Decision of the Supreme Court**

The Supreme Court reversed, holding that a post-trial Rule 50(b) motion is required to preserve an attack on the sufficiency of the evidence supporting a jury verdict. The Court held that ConAgra’s “failure to comply with Rule 50(b) forecloses its challenge to the sufficiency of the evidence” and that ConAgra “may not challenge the sufficiency of the evidence on appeal on the basis of the District Court’s denial of its Rule 50(a) motion.” *Id.* at 987-88.

### **United States Involvement**

The United States filed an amicus brief on the merits on behalf of the petitioner Unitherm Food, in whose favor the Supreme ruled.

### **Importance of the Case**

This decision provides a clear road map for challenging the sufficiency of the evidence supporting a jury verdict. The decision has no patent-specific implications.

*Merck KGAA v. Integra Lifesciences I. Ltd.*, 545 U.S. 193, 125 S. Ct. 2372, No. 03-1237 (June 13, 2005)

### **Factual and Procedural Background**

Integra owns five patents related to the peptide sequence Arg-Gly-Asp (“RGD peptide”). Merck funded Dr. David Cheresch’s research at the Scripps Research Institute, which focused on the use of RGD peptides (provided by Merck) to reverse tumor growth. Scripps would be responsible for testing RGD peptides provided by Merck as potential drug candidates but that, once a primary candidate for clinical testing was in “the pipeline,” Merck would perform toxicology tests necessary for FDA approval to proceed to clinical trials. Integra sued Merck for infringing Integra’s patents for supplying the RGD peptides to Scripps, and sued Dr. Cheresch and Scripps for infringing the patents in experiments related to tumor growth.

A jury found that Merck infringed Integra’s patents and that Merck failed to show that its activities were protected by § 271(e)(1) which states that, “[i]t shall not be an act of infringement to make, use, offer to sell, or sell ... a patented invention ... solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use or sale of drugs or veterinary biological products.”

The Federal Circuit affirmed. The court put a narrow gloss on § 271(e)(1) in its holding that drug development activities as carried out by Merck KgaA were not exempt from infringement under this statute.

### **Decision of the Supreme Court**

The Supreme Court reversed the Federal Circuit and held that the use of a patented compound is protected from patent infringement in both preclinical and clinical studies under 35 U.S.C. § 271(e)(1).

Writing for the Supreme Court, Justice Scalia reasoned that:

Properly construed, § 271(e)(1) leaves adequate space for experimentation and failure on the road to regulatory approval: At least where a drugmaker has a reasonable basis for believing that a patented compound may work, through a particular biological process, to produce a particular physiological effect, and uses the compound in research that, if successful, would be appropriate to include in a submission to the FDA, that use is “reasonably related” to the “development and submission of information under ... Federal law.” § 271(e)(1).

The broader boundaries for § 271(e)(1) became clear when Justice Scalia wrote that “though the contours of this provision are not exact in every respect, the statutory text makes clear that it provides a wide berth for the use of patented drugs in activities related to the federal regulatory process.”

The Supreme Court held that the safe harbor of § 271(e)(1) protects companies conducting both pre-clinical and clinical research as well as generic companies seeking FDA approval to market generic versions of branded drugs.

[W]e think it apparent from the statutory text that §271(e)(1)'s exemption from infringement extends to all uses of patented inventions that are reasonably related to the development and submission of *any* information under the FDCA [Food and Drug Act]. This necessarily includes preclinical studies of patented compounds that are appropriate for submission to the FDA in the regulatory process. There is simply no room in the statute for excluding certain information from the exemption on the basis of the phase of research in which it is developed or the particular submission in which it could be included.

In reversing the Federal Circuit, Justice Scalia wrote that the exemption is sufficiently broad to protect the use of patented compounds in “(1) experimentation on drugs that are not ultimately the subject of an FDA submission or (2) use of patented compounds in experiments that are not ultimately submitted to the FDA.”

Not all research is protected under the safe harbor of § 271(e)(1) as noted in the Supreme Court decision:

Basic scientific research on a particular compound, performed without the intent to develop a particular drug or a reasonable belief that the compound will cause the sort of physiological effect the researcher intends to induce, is surely not “reasonably related to the development and submission of information” to the FDA.

### **United States Involvement**

The United States filed an amicus brief at the petition stage recommending that certiorari be granted. The United States also filed an amicus brief on the merits on behalf of the petitioner, in whose favor the Supreme Court ruled.

### **Importance of the Case**

By broadening the research exemption to infringement under Food Drug and Cosmetics Act, the Court has made it easier for companies to use patented compounds in research as long as the use is “reasonably related to the development and submission of information” to the FDA.

### **Factual and Procedural Background**

The Holmes Group sought a declaratory judgment that its sale of products did not infringe Vornado's trade dress. Vornado responded with a compulsory counterclaim alleging patent infringement. On the basis of collateral estoppel by a prior decision of the Tenth Circuit, the district court granted summary judgment of no trade dress infringement. Because of an intervening decision by the Supreme Court in *Traffix Devices* affecting the law as stated in the earlier Tenth Circuit decision, the Federal Circuit vacated the district court's judgment and remanded for further consideration of whether a "change in the law" exception to collateral estoppel applied.

### **Decision of the Supreme Court**

The Supreme Court applied the "well-pleaded complaint" rule to restrict the jurisdiction of the Court of Appeals for the Federal Circuit. As the Court stated: "Not all cases involving a patent-law claim fall within the Federal Circuit's jurisdiction."

By statute, the Federal Circuit has exclusive appellate jurisdiction over appeals from any final decision of a district court "if the jurisdiction of that court was based on an action arising under federal patent law." The Supreme Court held that, for purposes of determining jurisdiction, a case "arises under" federal patent law only if the plaintiff's well-pleaded complaint "establish[es] either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law." Consequently, when a complaint does not raise a substantial question of patent law, a compulsory counterclaim alleging patent infringement does not suffice to give the Federal Circuit jurisdiction over an appeal.

The Supreme Court vacated the Federal Circuit's judgment for lack of subject matter jurisdiction. In an opinion written by Justice Scalia, the Court held that the Federal Circuit lacked jurisdiction because the plaintiff's well-pleaded complaint "did not include any claim based on patent law." Consequently, the case did not "arise under" federal patent law, as required for jurisdiction under 28 U.S.C. § 1295(a)(1).

The Court rejected arguments that a patent-law counterclaim could establish "arising under" jurisdiction. The Court pointed to precedent from cases involving removal of an action from state court to federal court holding that such jurisdiction must be determined solely from the face of the plaintiff's well-pleaded complaint. A contrary rule, the Court stated, would complicate well-pleaded complaint doctrine and, by "radically expand[ing] the class of removable cases," undermine regard for state governments and the plaintiff's right, as "master of the complaint," to choose a state forum. Finally, the Court found that section 1295's fair meaning precluded arguments that Congress's goal of promoting patent-law uniformity required that the Federal Circuit have exclusive appellate jurisdiction whenever a patent-law counterclaim has been raised or, alternatively, adjudicated on the merits.

## **United States Involvement**

The United States did not file a brief in this case.

## **Importance of the Case**

The Court's holding permits some strategic forum-shopping in a limited number of cases. Where a patent-law claim and a non-patent claim are sufficiently related, a potential defendant can choose an appellate forum by filing a preemptive, non-patent suit (an action with no patent infringement claim and no claim for a declaratory judgment of no patent infringement) that forces the filing of a patent-law counterclaim in a case outside the Federal Circuit's jurisdiction. On the other hand, when the patent-law counterclaim is sufficiently unrelated to the original non-patent claim, the party sued on the non-patent claim may have the option to bring a counterclaim with a patent action or a separate patent action, thereby determining the forum for the appeal.

***Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki*, 535 U.S. 722, 122 S.Ct. 1831, No. 00-1543  
(May 28, 2002)**

**Factual and Procedural Background**

Festo Corp. ("Festo") filed suit against Shoketsu Kinzoku Kogyo Kabushiki Co. ("SMC") claiming that SMC infringed two Festo patents, not literally but under the doctrine of equivalents. A jury found that the accused device was "equivalent" to what the Festo patents claimed, and the Federal Circuit affirmed. The Supreme Court granted *certiorari* and, relying on its ruling in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, vacated the Federal Circuit's judgment and remanded. On remand, the Federal Circuit ordered rehearing en banc and reversed the district court's decision. It held that (1) the rule of prosecution history estoppel applies when a patentee amends a claim during patent prosecution in order to comply with the Patent Act, and (2) when prosecution history estoppel applies, the patentee is completely barred from making a claim of equivalents for the element that was amended. This was a departure from prior case law, including those cases previously reviewed by the Federal Circuit. The prior case law had established that prosecution history estoppel constituted a "flexible bar" which could be overcome by a claim of equivalents on a case by case basis. On remand, the Federal Circuit deemed that the flexible-bar rule had proved unworkable and held that a complete bar of equivalents, when based on a finding of prosecution history estoppel, would promote certainty.

**Decision of the Supreme Court**

In a unanimous decision, the Supreme Court vacated the judgment of the Federal Circuit. The Supreme Court found that the Federal Circuit had correctly held that a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel, but that the Federal Circuit went too far when it created a per se rule, rather than only a presumption, that any such estoppel barred the application of equivalents to the narrowed element.

In vacating the Federal Circuit's holding, the Supreme Court sought to balance the uncertainty created by the doctrine of equivalents (which "is premised on language's inability to capture the essence of innovation") with the role of prosecution history estoppel (which recognizes that an inventor who "narrowed his claims to obtain the patent ... turned his attention to the subject matter in question, knew the words for the broader and narrower claim, and affirmatively chose the latter") and the need for certainty in the scope of patents. With respect to the doctrine of equivalents, the Court recognized that "[i]f patents were always interpreted by their literal terms, their value would be greatly diminished. Insubstantial substitutes for certain elements could defeat the patent, and its value to inventors could be destroyed by simple acts of copying. Prosecution history estoppel, on the other hand, acknowledges that it is necessary and useful for competitors to be able to determine whether an invention is a permitted alternative to a patent or an infringing equivalent and allows competitors to make this determination based on patent prosecution history. In addressing prosecution history estoppel, the Court in *Festo* cited its prior decision in *Exhibit Supply Co. v. Ace Patents Corp.* and stated that prosecution history estoppel "requires that patent claims be interpreted in light of the proceedings before the Patent and Trademark Office (PTO). When the patentee originally claimed the subject matter alleged to infringe but then narrowed the claim in response to a rejection, he may not argue that the surrendered territory comprised an unforeseen equivalent."

Following *Exhibit Supply* and *Warner-Jenkinson*, the Court recognized that by narrowing the patent claims, an applicant is conceding claims to the range of equivalents that falls between the original claim and the amended claim. However, the Court disagreed with the Federal Circuit's adoption of a *per se* bar to a claim of equivalents. Rather, the Court said that *Warner-Jenkinson's* "words do not mandate a complete bar" but that "[t]hey do provide ... that when a court is unable to determine the purpose underlying a narrowing amendment ...the court should presume that the patentee surrendered all subject matter between the broader and the narrower language." Consistently with *Warner-Jenkinson*, and also with the decision of the Federal Circuit, the Court in *Festo* held that a "patentee's decision to narrow his claims through amendment may be presumed to be a general disclaimer of the territory between the original claim and the amended claim." However, rather than adopting the Federal Circuit's *per se* rule, the Supreme Court said that a "patentee might rebut the presumption that estoppel bars a claim of equivalence." To do so, "the patentee must show that at the time of the amendment one skilled in the art could not reasonably be expected to have drafted a claim that would have literally encompassed the alleged equivalent."

### **United States Involvement**

The United States filed an amicus brief on the merits supporting vacatur and remand.

### **Importance of the Case**

While the holding in *Festo* removes the automatic bar to equivalents imposed by the Federal Circuit, it places a significant new burden on a patent holder seeking to show that an amended claim element should not be restricted to its literal language. The burden will likely be most easily met in circumstances where the "equivalent" is new technology that was unforeseen when the amendment was made; it will likely be very difficult to overcome the presumption when, as in *Festo*, the "equivalent" was shown in the prior art or considered in the course of prosecution.

## CASES NOT DECIDED

### *Laboratory Corp. of Am. Holdings v. Metabolite Labs. Inc.*, No. 04-607 (not decided)

#### Factual and Procedural Background

Competitive Technologies Inc. is the owner, and Metabolite Laboratories, Inc. (“Metabolite”) is the licensee, of a patent directed to methods of diagnosing deficiencies of cobalamin and folate, which are B vitamins “commonly known as B12 and folic acid, respectively.” *Metabolite Labs. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1358 (Fed. Cir. 2004). Both vitamins “assist in metabolizing the amino acid homocysteine.” *Id.* The inventors of the patent “discovered a relationship between elevated levels of total homocysteine and a deficiency in either cobalamin or folate.” *Id.* Claim 13 in the patent recites “[a] method for detecting a deficiency of cobalamin or folate in warmblooded animals comprising the steps of: assaying a body fluid for an elevated level of total homocysteine; and *correlating an elevated level of total homocysteine in said body fluid with a deficiency of cobalamin.*” *Id.* at 1358-59 (emphasis added).

Laboratory Corporation of America Holdings (d/b/a “LabCorp”), a laboratory testing company that performs homocysteine tests, originally sublicensed the patent from Metabolite, but in 1998 LabCorp discontinued royalty payments. Metabolite and Competitive Technologies sued LabCorp, and a jury found LabCorp liable for breach of contract and willful patent infringement, and also found the patent claims not invalid. The district court denied LabCorp’s JMOL motion.

On LabCorp’s appeal, the Federal Circuit affirmed the jury’s verdicts and the district court’s denial of JMOL. Of note, the Federal Circuit gave claim 13 a broad claim construction, but rejected LabCorp’s various attacks on the validity of this claim. In the course of its analysis of claim 13, the court described the “correlating step [a]s a simple conclusion that a cobalamin/folate deficiency exists *vel non* based on the assaying step.” *Id.* at 1367. That is, the Federal Circuit determined that the “correlating step” in claim 13 was the diagnostic conclusion that, given a particular homocysteine test result, a cobalamin/folate deficiency existed.

#### Proceedings in Supreme Court

In its petition for certiorari, LabCorp seized on the Federal Circuit’s description of claim 13’s “correlating step,” and argued that the Federal Circuit effectively had “construed a patent to confer on [Metabolite and Competitive Technologies] a legally-protected monopoly to bar any doctor from even *thinking* about a well-known scientific correlation.” (Pet. for Cert, at 2.) LabCorp argued that this violated precedent barring patent claims to “scientific fact[s].” (*Id.* at 26.) But this argument – which turns on the meaning of the patentable subject matter definition in 35 U.S.C. § 101 – was buried within a number of other issues raised by LabCorp. Indeed, in its third question presented, LabCorp conflated this argument with separate arguments implicating the requirements of 35 U.S.C. § 112:

3. Whether a method patent setting forth an indefinite, undescribed, and non-enabling step directing a party simply to “correlate[e] test results can validly claim a monopoly over a basic

scientific relationship used in medical treatment such that any doctor necessarily infringes the patent merely by thinking about the relationship after looking at the test result.

(Pet. for Cert, at i.)

But the Supreme Court pulled the patentable-subject-matter thread from LabCorp's petition for certiorari, and asked the Solicitor General for his views on the following question:

Respondent's patent claims a method for detecting a form of vitamin B deficiency, which focuses upon a correlation in the human body between elevated levels of certain amino acids and deficient levels of vitamin B. The method consists of the following: First, measure the level of the relevant amino acids using any device, whether the device is, or is not, patented; second, notice whether the amino acid level is elevated and, if so, conclude that a vitamin B deficiency exists. Is the patent invalid because one cannot patent "laws of nature, natural phenomena, and abstract ideas?" *Diamond v. Diehr*, 450 U.S. 175, 185 (1981).

*Lab. Corp. of Am. Holdings v. Metabolite Labs.*, 543 U.S. 1185 (2005). The Solicitor General responded (1) LabCorp had not raised § 101 below and LabCorp's question presented did not fairly raise § 101, (2) if the Court construed the question presented as embracing § 101, remand would be appropriate, for further development of the record, but that (3) "on the limited record presently before the Court, claim 13 appears to run afoul of the rule that one cannot patent every 'substantial practical application' of a law of nature, natural phenomenon, or abstract idea." (Br. for the United States as Amicus Curiae at 17 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972)).)

On October 31, 2005, the Supreme Court granted LabCorp's petition for certiorari, limited to the third question presented. On November 2, 2005, the Court vacated this order, "[h]aving been advised by [Chief Justice Roberts] that he now realizes that he should have recused himself . . . and does now recuse himself." *Lab. Corp. of Am. Holdings v. Metabolite Labs.*, 126 S.Ct. 601 (2005). But the Court then granted the petition once again, limited to the third question presented. On June 22, 2006, the Court dismissed the petition for certiorari as improvidently granted.

## **United States Involvement**

The United States filed an amicus brief at the petition stage recommending that certiorari be denied. In its petition on the merits, the U.S. brief recommended, among other outcomes, that the Court dismiss the writ as improvidently granted<sup>1</sup>, which is what the Court ultimately did.

## **Importance of the Case**

Had the Court had reached the patentable subject matter question, this could have been a landmark case. Where to draw the line between patentable inventions and unpatentable “natural phenomena” has become an increasingly important issue, particularly as biotech has grown in prominence. For example, the identification of a native (*i.e.*, naturally occurring) DNA sequence and its properties is, in some sense, simply the discovery of a natural phenomenon. Is a patent claiming such a DNA sequence invalid?

---

<sup>1</sup> "If this Court concludes that the question presented does not fairly include the question whether the patent claims all substantial practical applications of the natural correlation, the judgment of the court of appeals should be affirmed, or in the alternative the writ of certiorari should be dismissed as improvidently granted. If this Court concludes that the question presented does include that issue, the judgment of the court of appeals should be vacated and the case remanded for further proceedings.")

*SmithKline Beecham Corp. v. Apotex Corp.*, No. 05-489

**Factual and Procedural Background**

SmithKline Beecham Corp. owns a patent directed to the chemical compound that serves as the active ingredient in the antidepressant Paxil®. Apotex Corp. filed an Abbreviated New Drug Application (“ANDA”) seeking to market its own antidepressant drug using the same active ingredient.

Based on Apotex’s ANDA, SmithKline sued for infringement. After a bench trial, the district court determined that Apotex’s generic drug would not infringe.

The Federal Circuit affirmed, but on different grounds. The court of appeals determined that the district court had erred in its claim construction, but that the properly construed claim was invalid.

The Federal Circuit issued two panel opinions in this case. The first based the invalidity holding on the invention being “in public use . . . in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). In particular, the court held that SmithKline’s clinical trials of the chemical compound had begun more than a year prior to the date of application.

But the *en bane* court vacated this first opinion, and the second panel opinion based the invalidity holding on the doctrine of inherent anticipation. In particular, the court held that practicing a certain prior art patent necessarily resulted in the chemical compound at issue.

**Proceedings in Supreme Court**

In its petition for certiorari, SmithKline did not dispute that practicing the prior art patent results in the chemical compound claimed in the patent, but SmithKline contended that prior Supreme Court precedent requires more than this for inherent anticipation – namely, that at the time of the prior art reference, artisans would recognize and appreciate that practicing the prior art results in the chemical compound. Without such a recognition requirement, SmithKline argued, the inherent-anticipation doctrine would unduly restrict patentable subject matter.

SmithKline presented the following question for the Court’s consideration:

Whether the Federal Circuit erred in holding, in conflict with this Court’s decision in *Tilghman v. Proctor* and its progeny, that the “unwitting” and “unappreciated” prior creation of a product renders a subsequent patent of that product invalid as “inherently anticipated,” and thus not novel under § 102 of the Patent Act.

Certiorari was denied.

**United States Involvement**

The SG filed an amicus brief at the petition stage recommending that certiorari be denied.

### **Importance of the Case**

This case could have carried important consequences for fields like pharmaceuticals, where new drugs often are based on compounds developed in older experiments. Patents on such drugs are vulnerable under a no-recognition-is-necessary view of inherent anticipation.

*Federal Trade Comm'n v. Schering-Plough Corp.*, No. 05-273

**Factual and Procedural Background**

The Federal Trade Commission (“FTC”) filed an administrative complaint against Schering-Plough Corp., a branded-drug manufacturer, and Upsher-Smith Laboratories, a generic-drug manufacturer, alleging that a settlement agreement between Schering and Upsher was an illegal agreement in restraint of trade, in violation of the antitrust laws. In the agreement at issue, Schering agreed to dismiss a patent suit it had filed against Upsher and to make payments to Upsher, in return for Upsher delaying its entry into the market for potassium-chloride supplements – a market in which Schering had been successful – and licensing certain patent rights to Schering. The FTC contended that these terms were tantamount to an agreement to let Schering continue its market power in the potassium-chloride-supplement market, in return for sharing its profits with Upsher – at the expense of consumers. (Such agreements have been characterized as “reverse payment” agreements, because the patent-infringement *plaintiff* (the branded-drug manufacturer) pays the *defendant* (the generic-drug manufacturer).)

The ALJ decided against the FTC, but on appeal, the full Commission reversed the ALJ’s decision and held that the Schering-Upsher agreement violated the FTC Act and the Sherman Act. In its decision, the Commission “prohibited settlements under which the generic receives anything of value and agrees to defer its own research, development, production or sales activities.” *Schering-Plough Corp. v. Federal Trade Comm’n*, 402 F.3d 1056, 1062 (11<sup>th</sup> Cir. 2005). The Commission treated Upsher’s licenses to Schering as mere vehicles for Schering to pay Upsher to delay Upsher’s entry into the potassium-chloride-supplement market.

On a petition for review, the Eleventh Circuit rejected the Commission’s analysis, stating:

Simply because a brand-name pharmaceutical company holding a patent paid its generic competitor money cannot be the sole basis for a violation of the antitrust law. This alone underscores the need to evaluate the strength of the patent. Our conclusion, to a degree, and we hope that the FTC is mindful of this, reflects policy. Given the costs of lawsuits to the parties, the public problems associated with overcrowded court dockets, and the correlative public and private benefits of settlements, we fear and reject a rule of law that would automatically invalidate any agreement where a patent-holding pharmaceutical manufacturer settles an infringement case by negotiating the generic’s entry date, and, in an ancillary transaction, pays for other products licensed by the generic. Such a result does not represent the confluence of patent and antitrust law.

*Id.* at 1076. The Eleventh Circuit set aside the Commission’s decision.

## **Proceedings in Supreme Court**

In its petition for certiorari, the Federal Trade Commission presented the following question:<sup>2</sup>

Whether an agreement between a pharmaceutical patent holder and a would-be generic competitor, in which the patent holder makes a substantial payment to the challenger for the purpose of delaying the challenger's entry into the market, is an unreasonable restraint of trade.

Certiorari was denied.

## **United States Involvement**

The United States filed an amicus brief recommending that certiorari be denied.

## **Importance of the Case**

This case presented significant issues relating to the pharmaceutical market. Had the Court ruled that reverse-payment settlement agreements like the Schering-Upsher agreement are an improper restraint of trade, it likely would have resulted in generic manufacturers earlier attempting to enter markets dominated by branded products, and more vigorously fighting patent claims brought by branded-drug manufacturers – as without the prospect of reverse-payment settlements, generic manufacturers will have less incentive to settle patent suits and to agree to delay entering the market.

---

<sup>2</sup> The FTC also presented a second question on whether the Eleventh Circuit had properly applied the substantial evidence standard.

## **Other Patent Cases in Which Views of Solicitor General Were Requested**

Below is a list of additional patent case in the last 5 years in which the Supreme Court requested the Solicitor General's views. In all of the cases in which petition decisions were rendered, the Supreme Court denied certiorari, as was recommended by the SG.

**1. *Biomedical Patent Management v. Ca. Dept. of Health Services*, No. 07-956, -- S.Ct. --, 2008 WL 1775021 (U.S.)**

The following questions were presented in the writ of petition for certiorari:

- (1) Whether a state's waiver of Eleventh Amendment immunity in one action extends to a subsequent action involving the same parties and the same underlying transaction or occurrence.
- (2) Whether a state waives its Eleventh Amendment immunity in patent actions by regularly and voluntarily invoking federal jurisdiction to enforce its own patent rights.

**2. *McFarling v. Monsanto Co.*, 128 S. Ct. 871, No. 04-31, cert. denied June 27, 2005**

The following questions were presented in the writ of petition for certiorari:

- (1) May a patent holder lawfully prohibit farmers from saving and replanting seed as a condition to the purchase of patented technology?
- (2) Does obtaining patents on products which are the subject of licensing agreements afford an absolute defense to any claim that the licensing agreements violate the Sherman Act?

**3. *Honeywell Int'l Inc. v. Hamilton Sundstrand Corp.*, 545 U.S. 1127, No. 04-293, cert. denied June 20, 2005**

The following questions were presented in the writ of petition for certiorari:

- (1) In light of 35 U.S.C. § 112 ¶ 4, is the rewriting of a dependent claim in independent form, combined with the cancellation of the antecedent independent claim, a narrowing amendment that gives rise to a *Festo* presumption of prosecution history estoppel?
- (2) Does a *Festo* presumption of estoppel arise whenever a broader claim is rejected and cancelled during prosecution and a separate narrower claim issues, even though the narrower claim was never itself amended during prosecution?

**4. *Micrel, Inc. v. Linear Tech. Corp.*, 538 U.S. 1052, No. 02-39, cert. denied May 18, 2003**

Patentee brought action against alleged infringer relating to patent on adaptive transistor drive circuitry. The United States District Court for the Northern District of California found the patent to be invalid and the patentee appealed. The Court of Appeals for the Federal Circuit held that: (1) patentee's internal communications between itself and its sales representatives did not constitute offer for sale to a customer; (2) patentee's publication of preliminary data sheets and promotional information on invention did not constitute offer for sale; (3) "will advise" notation on patentee's acknowledgement did not indicate acceptance of customers' offer to buy invention; and (4) exclusion of certain letters discovered in files kept by sales representative was warranted.

**5. *Monsanto Co. v. Bayer CropScience, S.A.*, 539 U.S. 957, No. 02-197, cert. denied June 27, 2003**

Patentee brought infringement action relating to validity of sublicense to patent on optimized transit peptide (OTP) associated with particular maize gene useful in growing herbicide-resistant corn plants. The United States District Court for the Middle District of North Carolina granted summary judgment of noninfringement, and patentee appealed. After initially affirming, 271 F.3d 1081, the Court of Appeals held on rehearing en banc that bona fide purchaser defense does not apply to non-exclusive patent licensees.

**6. *Dethmers Mfg. Co. v. Automatic Equip. Mfg. Co.*, 539 U.S. 957, No. 02-429, cert. denied June 27, 2003**

Manufacturer of tow bars, for towing automobile behind recreational vehicle, brought action against competitor, seeking declaratory judgment that it was not infringing competitor's patent, and asserting claims for infringement of its own patent, false advertising and false marking. Competitor counterclaimed for infringement. The United States District Court for the Northern District of Iowa granted summary judgment of noninfringement for both parties, 70 F.Supp.2d 944. Both parties appealed. The Court of Appeals held that: (1) changes to drawings made in reissue application did not have to be explained in reissue declaration; (2) part of declaration satisfied requirements of rule relating to a reissue oath or declaration; (3) part of declaration did not satisfy requirements of reissue oath or declaration rule; (4) reissue claims that were not changed from claims of original patent did not need to be supported by reissue declaration; and (5) prosecution history estoppel barred application of doctrine of equivalents to amended claim limitations.

**7. *Duke Univ. v. Madey*, 539 U.S. 958, No. 02-1007, cert. denied June 27, 2003**

Owner of patents for free electron laser technology sued his former university employer for infringement. The United States District Court for the Middle District of North Carolina held for university, and appeal was taken. The Court of Appeals held that: (1) university failed to show that federal research grant authorized its use of patents and that government had waived its immunity to suit for infringement; (2) fact issue existed as to whether experimental use defense applied; and (3) university could not be held liable for third party's alleged infringement.