



U.S. Supreme Court and Federal Circuit Patent Cases: Quarterly Review April–June 2010

In the second quarter of 2010, the U.S. Supreme Court issued its long-awaited decision in *Bilski*, finding that business methods are not categorically unpatentable, but reiterating that abstract ideas are unpatentable.

Highlights from the Federal Circuit include orders granting en banc rehearing to address inequitable conduct and the use of contempt proceedings to enforce injunctions against patent infringement. The Federal Circuit also issued a significant opinion on false patent marking, finding that marking with expired patent numbers could constitute mismarking. The Federal Circuit also issued interesting opinions on court actions to amend Orange Book listings, transfer of venue, and the U.S. Patent & Trademark Office's practice of giving claims their "broadest reasonable construction" during patent examination. Summaries of these cases are provided below.

Business Method Patents

Bilski v. Kappos, No. 08-964 (U.S. June 28, 2010).

The U.S. Supreme Court held that the Federal Circuit's "machine-or-transformation" test is not the exclusive test for determining patentability of a process under § 101 of the Patent Act. The Court found that business methods are not categorically unpatentable. The court nonetheless found that Bilski's claimed invention that explains how buyers and sellers of commodities in the energy market can protect, or hedge, against the risk of price changes was unpatentable because it was an abstract idea.

Inequitable Conduct

Therasense, Inc. v. Becton, Dickinson & Co., Nos. 2008-1511, -1512, -1513, -1514, -1595 (Fed. Cir. Apr. 26, 2010).

SCHEDULED FOR *EN BANC* REHEARING NOVEMBER 9, 2010.

The Federal Circuit will consider *en banc* various issues related to inequitable conduct, including what standards should be used for determining materiality and intent and whether the current materiality-intent balancing framework should be modified or replaced. The initial panel found that a patent applicant committed inequitable conduct by failing to disclose to the USPTO arguments made to the European Patent Office during prosecution of a corresponding European patent application.

Several other panel opinions addressing inequitable conduct recently have been issued, even after the court granted the petition for rehearing *en banc* in *Therasense*. See *Avid Identification Sys., Inc. v. The Crystal Import Corp.*, Nos. 2009-1216, -1254 (Fed. Cir. Apr. 27, 2010) (finding that company president who was not an inventor nonetheless owed duty of candor to USPTO as a person "substantively involved" in patent prosecution); *Optium Corp. v. Emcore Corp.*, No. 2009-1265 (Fed. Cir. May 5, 2010) (affirming summary judgment of no inequitable conduct because the party asserting inequitable conduct failed to present sufficient evidence of deceptive intent, acknowledging some "divergence" in the case law regarding what evidence supports an inference of intent to deceive, and finding that high materiality of an undisclosed reference combined with the applicant's knowledge of the reference is **not** enough to create an inference of intent); *Orion IP, LLC v. Hyundai Motor Am.*, No. 2009-1130 (Fed. Cir. May 17, 2010) (affirming finding of no inequitable conduct, noting that inference of intent must be "the single most reasonable inference able to be drawn from the evidence to meet the clear and convincing standard"); *Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.*, No. 2009-1102, -1118

(Fed. Cir. June 11, 2010) (finding inequitable conduct for concealing true inventorship).

Contempt Proceedings to Enforce Injunctions

Tivo, Inc. v. EchoStar Corp., No. 2009-1374 (Fed. Cir. May 14, 2010).
SCHEDULED FOR *EN BANC* REHEARING NOVEMBER 9, 2010.

The Federal Circuit will consider *en banc* various issues related to the proper procedures for determining whether an accused infringer's *new* product infringes a patent, following a finding of infringement and entry of injunction with respect to the accused infringer's former product. The Federal Circuit will consider whether contempt proceedings are proper and what burden the patentee bears for proving infringement by the new accused product.

False Patent Marking

Pequignot v. Solo Cup Co., No. 09-1547 (Fed. Cir. June 10, 2010).

The Federal Circuit found that marking products with expired patent numbers can constitute false patent marking. The court nonetheless affirmed a finding of no liability for false patent marking, because the plaintiff failed to demonstrate Solo Cup's deceptive intent in marking products with expired patent numbers. The court noted that the required intent is intent to deceive the public, not intent to falsely mark a product.

The decision does not change the conclusion in *Forest Group, Inc. v. Bon Tool Co.*, No. 2009-1044 (Fed. Cir. Dec. 28, 2009), that each marked article is an "offense" for purposes of calculating the maximum monetary penalty imposed by the marking statute.

Orange Book Listing

Novo Nordisk A/S v. Caraco Pharm. Labs., Ltd., No. 2010-1001 (Fed. Cir. Apr. 14, 2010).

The Federal Circuit decided that counterclaims to correct "patent information" listed in the Orange Book are limited to deletion or correction of patent numbers and expiration dates. Novo Nordisk had a drug with three approved uses. Novo's patent listed in the Orange Book covered only one of those approved uses, but the use-code listing generally covered all three approved uses. The Federal Circuit found a lack of statutory authority to require revision of use-code listings. The court did not consider whether using a broad use-code listing for a narrow patent could constitute patent misuse.

Transfer of Venue

In re Zimmer Holdings, Inc., No. 2010-M938 (Fed. Cir. June 24, 2010).

In this most recent case in a series of cases requiring transfer out of the Eastern District of Texas, the Federal Circuit found that it did not matter that the patentee created an office in Texas and claimed that it was its principal place of business. The case should still be transferred for the convenience of the parties and witnesses. A patentee cannot "game the system" by creating an office in Texas.

USPTO Construction of Claims During Examination

In re Suitco Surface, Inc., No. 2009-1418 (Fed. Cir. Apr. 14, 2010).

In a re-examination, the Federal Circuit found that despite the requirement for the USPTO to give claims "their broadest reasonable construction consistent with the specification," the USPTO improperly applied an unreasonably broad claim construction. The court emphasized that claims must always be read in light of the specification. The court thus vacated the USPTO's prior art rejection and remanded with instructions to conduct a new invalidity analysis.

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