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Legal Updates & News

Bulletins

Intellectual Property Quarterly Newsletter, September 2007

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Note from the Editors

In this edition of the Intellectual Property Quarterly Newsletter, in addition to our recurring *News and Notes on Reexaminations* and *eBay Scorecard*, we explore the lessons offered by the Federal Circuit in *McKesson v. Bridge Medical* for both patent litigators and prosecutors pertaining to the defense of inequitable conduct; with fraud still on our minds, we turn to a string of recent rulings by the Trademark Office imposing a strict standard on trademark owners for the accuracy of their filed allegations of use; last, we discuss the disagreement regarding the preemptive effects of the Uniform Trade Secrets Act on common-law and statutory causes of action from a California perspective. As always, we hope that you find Morrison & Foerster's Intellectual Property Quarterly Newsletter helpful and informative. And while this newsletter does not address the Federal Circuit's recent *Seagate* opinion on willfulness, the amendments to USPTO rules on filing continuations, or the status of patent law reform in Congress, each of those topics was the subject of a recent MoFo Legal Update (and can be found at www.mofo.com) provided in our continuing effort to keep you abreast of the ever-changing IP landscape.

The Opportunities and Challenges Presented by the Revitalized Defense of Inequitable Conduct to Patent Infringement: Thoughts for Patent Litigators and Prosecutors

As we have previously chronicled, the defense of inequitable conduct has been reinvigorated by recent Federal Circuit case law bringing a new vitality to an affirmative defense it previously discouraged as a "plague." In the latest development on this front, McKesson Info. Solutions, Inc. v. Bridge Medical Inc., the Federal Circuit underscored that this sea change in approach is comprehensive, broadly applicable to all aspects of the duty of

candor owed to the PTO, and is not contingent on when the conduct at issue occurred. The apparent new regime regarding unenforceability counsels patent litigators and practitioners alike to conform their practices to a more creative outlook on the duty of disclosure.

Click here to read the full text of this article.

Fraud in the Trademark Office

Discovering that your trademark registrations are vulnerable to cancellation because they may have been fraudulently obtained is disconcerting, to say the least, but discovering these vulnerabilities in the midst of litigation can be downright disastrous. Yet, this is exactly what is happening with increasing consistency as a result of a string of recent rulings by the PTO's Trademark Trial and Appeal Board.

Click here to read the full text of this article.

Uniform Trade Secrets Act Preemption: An Obscure Doctrine Finally Gets Its Day In Court

In the last five years, the preemption doctrine of the Uniform Trade Secrets Act (the "UTSA") has become a force to be reckoned with in cases alleging theft of confidential business information. Reported cases addressing UTSA preemption were as scarce as hens' teeth in the decade following the 1985 adoption of the Uniform Act. A quick Westlaw search revealed 8 reported decisions nationwide between 1985 and 1995. In contrast, there have been approximately 20 reported cases in the last 6 months alone.

This groundswell of judicial activity is no accident. A fundamental disagreement has emerged over the extent to which the UTSA displaces common law and statutory causes of action based upon theft of confidential information.

Click here to read the full text of this article.

Reexaminations Increase in Popularity

Click here to read the full text of this article.

***eBay* Scorecard**

by Angela Rella

On May 15, 2006, the Supreme Court changed the landscape of patent cases by striking down the Federal Circuit's long-standing rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances and holding that "the traditional four-factor framework that governs the award of injunctive relief" applies to patent cases. *eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1841 (2006) ("*eBay*"). The Supreme Court stated that "the decision whether to grant or deny injunctive relief rests within the

equitable discretion of the district courts, and that such discretion must be exercised consistent with the traditional principles of equity, in patent disputes no less than in other cases governed by such standards." *Id*.

We began tracking courts' application of *eBay* in the Spring 2007 inaugural edition of our Intellectual Property Quarterly Newsletter. The second installment of our "*eBay* Scorecard" tracks the application of such discretion by the district courts, and the review for abuse of that discretion by the Federal Circuit, through June 30, 2007. We hope you find this summary helpful.

	Plaintiff Practices Invention?		Infringing Use Limited to Minor Component?		Injunction Would Cause Public Harm?	
	Y	**N**	**Y**	**N**	**Y**	**N**
Total (April 1, 2007 through June 30, 2007)						
Injunctions Granted (5)	2	1	0	2	0	4
Injunctions Denied (0)	0	0	0	0	0	0
Cumulative Total (May 15, 2006 through June 30, 2007)						
Injunctions Granted (21)	14	1	0	4	0	16
Injunctions Denied (7)	1	4	2	2	3	0

*Click here for the list of cases that make up this chart.

Intellectual Property Practice News

Top Honors
The summer awards season has been particularly fruitful for Morrison & Foerster's Intellectual Property practice. Due to its consistently cutting-edge work, the Intellectual Property practice was recently honored with the following awards:

- National Law Journal
  Defense Hot List
  Award highlights Eastern District of Texas defense victory in *Forgent v. EchoStar* patent infringement jury trial

- Chambers USA
  Band One: National Leading Law Firm
  Top ranking for the **Intellectual Property** practice and **Life Sciences** practice

From the Docket
Victory in Patent Interference in *Enzo v. Eiken*
The Board of Patent Appeals and Interference issued a decision on May 18 granting the motions of Morrison & Foerster client Eiken Chemical Co., Ltd., to deprive Enzo Biochem of its standing as the senior party (first party to file) in an interference involving DNA amplification technology. The result of this decision is to require Enzo to go back over four years from the filing date the Board's decision gives it in order to show priority of invention. **Barry Bretschneider** and **Peter Davis**, with substantial assistance from **Takamitsu Fujiu**, **Laura Santana,** and **Shantanu Basu**, handled the motions for Eiken.

Expertise in the Eastern District of Texas

Making this summer's biggest news, a team of **Morrison & Foerster** attorneys and their co-counsel won dismissal of a patent infringement case brought against client **EchoStar Communication Corp**. after a Texas jury took just over an hour to find the plaintiff's patent invalid. It was only the second time on record that a jury in the Eastern District of Texas had handed down a defense win in a patent case by finding the patent at issue invalid. The unanimous verdict by the eight-person jury was returned in Tyler, Texas, under U.S. District Judge Leonard Davis. Plaintiff **Forgent Networks**, of Austin, Texas, a patent-holding company, sued major satellite and cable TV companies, including EchoStar, in 2005, claiming that their use of DVR (digital video recorder) technology infringed on a 2001 Forgent patent. All of the major cable operators settled with Forgent a few weeks before trial for $20 million dollars. Satellite TV rival DirectTV reached its own settlement with Forgent just prior to trial for an estimated $8 million. EchoStar decided to fight Forgent's claims, which exceeded $205 million in alleged damages. **Rachel Krevans**, a litigation partner in Morrison & Foerster's San Francisco office who led the trial team together with **Otis Carroll** of the Tyler, Texas, firm of **Ireland, Carroll & Kelley, P.C.,** said EchoStar did not dispute infringement at trial, but instead argued that Forgent's patent was invalid. In addition to Ms. Krevans, the Morrison & Foerster attorneys representing EchoStar included **Charles Barquist**, a litigation partner in the firm's Los Angeles office; San Francisco litigation partner **Jason Crotty**; and **Scott Llewellyn**, a Denver-based litigation partner.

This summer has also been a busy time at Morrison & Foerster for new plaintiff-side patent litigation cases filed in the Eastern District of Texas.

In April, the firm filed a patent infringement lawsuit (*Hitachi Plasma Patent Licensing v. LG Electronics, et al.*) on behalf of Hitachi against its rival LG Electronics, Inc. Hitachi contends defendants are willfully infringing seven patents covering a range of plasma display features, including full-color surface discharge technology and methods for driving a flat panel. Hitachi is seeking injunctive relief and damages. Leading the trial team are Morrison & Foerster partners **Andrew Monach**, in the San Francisco office; **James Hough**, in the New York office; and **Alex Chartove**, in the Northern Virginia office. Rounding out the litigation team are associates **Shane Brun** and **Francis Ho** in the San Francisco office; **Rachel Quitkin** in the New York office; and **Curtis Lowry** in the Tokyo office.

More recently, representing Sharp Corp., the firm filed a patent infringement suit (*Sharp Corp. v. Samsung Electronics Co. Ltd., et al.*) against Samsung and two of its subsidiaries. In the complaint, Sharp alleges direct and indirect infringement of five patents relating to liquid crystal display technology. **Barry Bretschneider** and **A.C. Johnston**, partners in the Northern Virginia and Washington D.C. offices, respectively, are leading the trial team. The Washington D.C. team includes **Priya Viswanath**, associate, while the Northern Virginia team includes **Deborah Gladstein**, of counsel, and associate **Michael Anderson**.