

Last Month at the Federal Circuit

June 2006

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- On June 26, 2006, the Supreme Court denied the U.S. Federal Trade Commission's ("FTC") petition for writ of certiorari in *U.S. Federal Trade Commission v. Schering-Plough Corp.*, No. 05-273. The FTC was appealing the decision of the Eleventh Circuit, which vacated the FTC's order that Schering-Plough Corporation ("Schering") cease and desist from being parties to any agreement settling a patent infringement suit in which a generic manufacturer either receives anything of value or agrees to suspend research, development, manufacture, marketing, or sales of its products for a period of time. The FTC's order was in response to an administrative complaint filed against Schering and others alleging that Schering's settlements of patent infringement litigations were illegal agreements in restraint of trade and charging Schering with monopolization and conspiracy to monopolize the potassium supplement market.
- The Federal Circuit denied a combined petition for panel rehearing and rehearing en banc in *Lawman Armor Corp. v. Winner International, LLC*, No. 05-1253 (Fed. Cir. May 31, 2006), but issued a supplemental opinion to clarify its prior opinion in which it held that a combination of old elements in a design patent was not itself a point of novelty. The Court clarified that while the overall appearance of a design cannot itself be a point of novelty, "we did not intend to cast any doubt upon our prior decisions indicating that in appropriate circumstances a combination of design elements itself may constitute a 'point of novelty.'" In a separate dissenting opinion, Judge Newman, joined by Judges Rader and Gajarsa, stated that the overall appearance of a design can indeed be novel if the combination of elements is novel and the design viewed as a whole meets the criteria of unobviousness.

No Presumption of Permanent Injunction When a Valid Patent Is Infringed

Esther H. Lim

[Justice Thomas delivered the unanimous opinion of the Court. Chief Justice Roberts filed a concurring opinion, in which Justices Scalia and Ginsburg joined. Justice Kennedy filed a concurring opinion, in which Justices Stevens, Souter, and Breyer joined.]

In *eBay Inc. v. MercExchange, L. L. C.*, No. 05-130 (U.S. May 15, 2006), the Supreme Court ruled that the traditional four-factor test applied by courts of equity when considering whether to award permanent injunctive relief to a prevailing plaintiff applies to patent cases. The Court vacated the judgment of the Federal Circuit and remanded for further proceedings.

eBay Inc. ("eBay") operates the popular Web site for online auctions and sales. Half.com, Inc. ("Half.com"), a subsidiary of eBay, operates a

similar Web site. MercExchange, L. L. C. ("MercExchange") holds several patents related to an electronic market for facilitating sales between private individuals using a central authority.

"We hold only 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 traditional principles of equity, in patent disputes no less than in other cases governed by such standards." Slip op. at 5.

When eBay and Half.com did not agree to take a license under MercExchange's patents, as other companies have done, MercExchange filed suit in the Eastern District of Virginia. Following a jury verdict finding MercExchange's patent valid and infringed, the district court denied MercExchange's motion for permanent injunctive relief. On appeal, the Federal Circuit reversed, applying its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances."

The Supreme Court vacated the judgment of the Federal Circuit, concluding that the well-established four-factor test for permanent injunction applies with equal force to patent cases. Specifically, the party seeking a permanent injunction must demonstrate: (1) irreparable injury, (2) inadequate remedy at law, (3) balance of hardship in favor of injunction, and (4) public interest not disserved by an injunction.

The Court rejected the notion that patent cases should be treated differently. Although patents have attributes of personal property, including the right to exclude, the Court clarified that “the creation of a right is distinct from the provision of remedies for violations of that right.” Slip op. at 3. Analogizing patent rights to copyrights, the Court implied that injunctions do not automatically follow a determination of infringement.

As the Court observed, neither the district court nor the Federal Circuit “fairly applied” the traditional equitable principles. Instead, the district court “appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases,” *id.* at 4, such as when the patentee shows willingness to license the patent or when the patentee does not commercially practice the invention. The Court rejected that analysis as an inappropriate categorical denial inconsistent with the traditional four-factor analysis.

In the Court’s opinion, the Federal Circuit “departed in the opposite direction from the four-factor test.” *Id.* at 5. In particular, the Court expressly rejected the Federal Circuit’s “‘general rule,’ unique to patent disputes, ‘that a permanent injunction will issue once infringement and validity have been adjudged.’” *Id.*

The Court therefore held that neither court correctly applied the traditional four-factor test, and vacated and remanded for the district court to apply the test in the first instance. The Court took no position on whether permanent injunctive relief should issue in the present case.

In a concurring opinion, Chief Justice Roberts acknowledged that “courts have granted injunctive relief upon a finding of infringement in the vast majority of patent cases.” Justice Roberts clarified, however, that “[t]his historical practice . . . does not *entitle* a patentee to a permanent injunction or justify a *general rule* that such injunctions should issue.”

In a separate concurring opinion, Justice Kennedy opined that a historical “pattern of granting an injunction against patent infringers almost as a matter of course . . . simply illustrates the result of the four-factor test in the contexts then prevalent,” and hinted that present day cases are unlike the earlier cases both in “the nature of the patent being enforced and the economic function of the patent holder.” Justice Kennedy specifically highlighted situations where (1) use of patents are primarily for obtaining licensing fees, (2) the patented invention is a small component of the product, and (3) business method patents are subject to “potential vagueness and suspect validity.” He urged district courts to “determine whether past practice fits the circumstances of the cases before them.”

Scope of Waiver of Work Product Triggered by Advice-of-Counsel Defense Excludes Documents Not Communicated to Client

Kakoli Caprihan

Judges: Schall, Gajarsa (author), Prost

In *In re EchoStar Communications Corp.*, Misc. Nos. 803, 805 (Fed. Cir. May 1, 2006), the Federal Circuit vacated the district court’s orders to the extent they compelled EchoStar Communications Corporation (“EchoStar”) and its attorneys, Merchant & Gould P.C. (“Merchant & Gould”), to produce certain work-product documents.

TiVo, Inc. (“TiVo”) sued EchoStar for willful infringement of its U.S. Patent No. 6,233,389. EchoStar relied on advice-of-counsel defense. Before filing the suit, EchoStar relied on advice of its in-house counsel. After the action was filed, EchoStar obtained additional legal advice from its outside counsel, Merchant & Gould, but chose not to rely on it. TiVo sought production of documents in the possession of both EchoStar and Merchant & Gould to further explain EchoStar’s state of mind as to infringement.

“It is what the alleged infringer knew or believed, and by contradistinction not what other items counsel may have prepared but did not communicate to the client, that informs the court of an infringer’s willfulness.”
Slip op. at 14.

The district court held that, in asserting an advice-of-counsel defense to willfulness, EchoStar waived its attorney-client privilege and work-product immunity relating to advice of any counsel, including

Merchant & Gould, regarding infringement, including any communications made before or after filing of the suit and any work product, whether or not it was communicated to EchoStar. The district court permitted EchoStar, however, to redact information related to trial preparation and information unrelated to infringement.

In response, EchoStar produced documents, including two infringement opinions from Merchant & Gould, but no work product related to those opinions. The parties consequently sought clarification of the order. The district court clarified its order, holding that the waiver of immunity extended to all Merchant & Gould work product, whether or not it was communicated to EchoStar. The district court explained that those documents could be relevant or lead to the discovery of evidence because they may contain information that was conveyed to EchoStar, even if the documents themselves were not transmitted. Both EchoStar and Merchant & Gould petitioned the Federal Circuit for a writ of mandamus challenging the order for production of documents not provided to EchoStar.

On appeal, the Federal Circuit first noted that a writ of mandamus can be sought when the challenged order turns on a question of privilege and observed that a party may challenge only a part of the order. Additionally, the Court applied Federal Circuit law because the extent of waiver of attorney-client privilege and work-product immunity when asserting the advice-of-counsel defense in response to willful infringement is an issue of substantive patent law.

The Federal Circuit first dismissed EchoStar’s argument that it did not assert the advice-of-counsel defense because it intended to rely only on an in-house investigation supervised by in-house counsel. The Court noted that while use of in-house counsel may affect the strength of the defense, it does not affect the legal nature of the advice. Further, the Court found that when EchoStar elected to rely on the advice of in-house counsel, it waived the attorney-client privilege with regard to any attorney-client communications relating to the same subject matter, including communications with other counsel, such as Merchant & Gould.

The Federal Circuit next addressed the scope of the waiver. The Court stated that when a party defends its actions by disclosing attorney-client communications, it waives the attorney-client privilege to all such communications regarding the same subject matter. The Court explained that work product is a separate concept, but is discoverable if the party waives its immunity. The waiver, however, only extends to factual or nonopinion work product concerning the same subject matter as the disclosed work product.

Recognizing three categories of work product relevant to the advice-of-counsel defense, the Federal Circuit held that a party relying on the advice-of-counsel defense waives its attorney-client privilege for all communications between the client and the attorney (relating to the same subject matter), including documentary communications. The Court held, however, that work product that is never communicated to a client is not discoverable. Finally, the Federal Circuit stated that waiver extends to work product

discussing communications between attorney and client concerning the subject matter of the case but that are not themselves communications to or from the client.

Under that framework, the Court concluded that Merchant & Gould work product that was not communicated to EchoStar, nor reflecting such a communication, was not within the scope of EchoStar's waiver. Accordingly, the Federal Circuit vacated the district court's order to the extent that the waiver of privilege was extended to Merchant & Gould documents that (1) were not communicated to EchoStar and (2) did not reference a communication between Merchant & Gould and EchoStar.

Court Addresses Declaratory Judgment Counterclaims Even After Finding Noninfringement

Troy E. Grabow

Judges: Mayer (dissenting), Schall, Linn (author)

In *Old Town Canoe Co. v. Confluence Holdings Corp.*, Nos. 05-1123, -1148 (Fed. Cir. May 9, 2006), the Federal Circuit affirmed the district court's grant of JMOL of noninfringement, but vacated the district court's grant of JMOL of no invalidity based on obviousness, lack of enablement, and failure to disclose best mode. The Federal Circuit affirmed the district court's grant of JMOL of no inequitable conduct.

Old Town Canoe Company ("Old Town") is the assignee of U.S. Patent No. 4,836,963 ("the '963 patent"), directed to a method of making multilayered plastic laminate boat hulls by rotational molding. The '963 patent describes a method of releasing charges of laminate into a heated mold. Each charge melts and flows together to form a cross-linked plastic layer. A successive charge is not released until the layer

formed by the prior charge has reached an appropriate stage.

Old Town sued Confluence Holdings Corporation ("Confluence") for infringement of the '963 patent. Confluence filed a DJ counterclaim of invalidity and unenforceability. After five days of trial, the district court granted Confluence's motion for JMOL of noninfringement. The district court then granted Old Town's motion for JMOL of no invalidity, concluding that there was not sufficient evidence to meet the clear and convincing standard to overcome the presumption of validity. The district court also granted Old Town's motion for JMOL of no unenforceability based on inequitable conduct.

"Because our affirmance of the noninfringement issues presented in the appeal does not moot the invalidity and unenforceability issues on cross-appeal and because nothing said at oral argument otherwise warrants vacatur of the underlying motion or JMOL of no invalidity or unenforceability without consideration of the issues raised in the cross-appeal, the court is required to address the merits of the cross-appeal." Slip op. at 15 n.2.

On appeal, the Federal Circuit affirmed the holding of no literal infringement because the Confluence canoes did not reach the claimed optimum stage of coalescence. The Court also held that prosecution history estoppel precluded Old Town from asserting the DOE. The Court also rejected Old Town's alternative claim construction argument, holding that the district court's reference to the dictionary at the beginning of its claim construction analysis was not an improper attempt to find meaning divorced from the context of the intrinsic record, but was a starting point in its analysis, which centered on the intrinsic record. The Federal Circuit therefore held that the district court's construction of completion to coalescence was correct and excludes a process that fails to reach the claimed optimum stage.

The Federal Circuit next addressed Confluence's cross-appeal of the district court's grant of Old Town's JMOL motions that the '963 patent was not invalid and not unenforceable. At oral argument, the Court asked whether it would be necessary for the Court to address the issues raised in the cross-appeal if the Court were to affirm the appeal. Apparently, Confluence's counsel stopped short of agreeing to dismiss the cross-appeal without a vacatur of the judgment with respect to the invalidity and unenforceability motion. The Federal Circuit found that the affirmance of the noninfringement issues does not moot the invalidity and unenforceability issues, and that therefore, the Court was required to address the merits of the cross-appeal, citing *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83 (1993).

The Federal Circuit held that Confluence had introduced clear and convincing evidence that the prior art references disclosed every element of the asserted claims and that there was sufficient motivation to combine, and thereby vacated the district court's grant of JMOL of no invalidity for obviousness. The Federal Circuit also held that Confluence had introduced clear and convincing evidence that persons of ordinary skill in the art would require repeated experimental attempts to practice the invention and therefore vacated the district court's grant of JMOL on the issue of enablement. The Federal Circuit also held that evidence suggests that Old Town did not disclose the details of the best mode of the invention, in particular, optimal timing periods for coalescence and a way to construct cooling doors to permit improved cooling, both of which were described in a document given to Old Town's patent lawyer but not disclosed in the specification. The Federal Circuit therefore vacated the district court's grant of JMOL on the ground of no best mode violation.

On inequitable conduct, Confluence had argued that Old Town sold 500 canoes that would be material to the patentability of the '963 patent and that the Court should infer intent to deceive the PTO due to their failure to disclose this sale.

Alternatively, Confluence argued that inequitable conduct could lay independently due to Old Town's failure to disclose best mode. The Federal Circuit found that there was evidence that the 500 canoes were material and also that the failure to disclose best mode may be relevant to materiality. The Court, however, found no evidence of intent to deceive the PTO, which must be separately proven. The Federal Circuit therefore affirmed the district court's grant of JMOL of no inequitable conduct.

In dissent, Judge Mayer agreed with the majority's noninfringement decision, but believed there was no longer an actual controversy over the invalidity and unenforceability counterclaims to support DJ jurisdiction. According to the dissent, Confluence no longer had any reasonable apprehension of suit after the noninfringement ruling, and addressing the merits of the cross-appeal and remanding for further proceedings are wasteful and advisory. Thus, the dissent urged that the proper course was to dismiss the cross-appeal and vacate the trial court's judgment on invalidity and unenforceability.

Claims Limited to the Preferred Embodiment When It Is the Only Disclosed Embodiment and Its Features Touted as Important

Mareesa A. Frederick

Judges: Newman (author), Dyk, Prost

In *Inpro II Licensing, S.A.R.L. v. T-Mobile USA, Inc.*, No. 05-1233 (Fed. Cir. May 11, 2006), the Federal Circuit held that the district court correctly construed the claim limitation "host interface" and affirmed the judgment of noninfringement.

Inpro II Licensing, S.A.R.L.’s (“Inpro”) U.S. Patent No. 6,523,079 (“the ’079 patent”) relates to a personal digital assistant (“PDA”) designed to overcome the drawbacks associated with prior PDA devices. Specifically, the ’079 patent describes the prior PDA devices as costly, bulky, and problematic. For example, when the user attempted to transfer data from the PDA to a host computer, the transfer was often slow and error prone. The invention of the ’079 patent, however, overcame those drawbacks.

“Although claims need not be limited to the preferred embodiment when the invention is more broadly described, neither do the claims enlarge what is patented beyond what the inventor has described as the invention.”

Slip op. at 7.

Specifically, Inpro designed its PDA with improved features, such as a thumbwheel controller with a host interface, that eliminated the problems confronted by the prior art. This design allowed the PDA to “run independently by its own internal [CPU] until it is connected to a host computer. Upon connection to the host computer, the host CPU takes control and can access the memory and other functional units of the PDA.” Slip op. at 3. According to the specification of the ’079 patent, this feature represented a marked improvement over the prior art.

Inpro sued T-Mobile USA, Inc. and others (collectively “T-Mobile”), alleging that T-Mobile infringed claims 34, 35, and 36 of the ’079 patent. T-Mobile counterclaimed seeking a declaration of noninfringement and invalidity. The district court held a *Markman* hearing and construed eight claim terms. Based on the district court’s claim construction, Inpro stipulated to noninfringement and the district court entered final judgment in favor of T-Mobile. Inpro then appealed the construction of three of the claim terms: “host interface,” “docking with the host computer,” and “digital assistant module.”

On appeal, the Federal Circuit’s analysis of the claim construction focused on the term “host interface,” which the district court had construed as “a direct parallel bus interface.” Relying on the doctrine of claim differentiation, Inpro argued that because some of the unasserted claims recited a “parallel bus interface” and a “direct access” parallel bus, claim 34 should not have been limited to a parallel bus interface involving direct access. Moreover, according to Inpro, the district court had improperly construed the claims by limiting them to a preferred embodiment. In response, T-Mobile argued that “a direct parallel bus interface” was not only the preferred embodiment but the only embodiment disclosed in the ’079 patent specification. As to Inpro’s claim differentiation argument, T-Mobile contended that there is no requirement that different claims must always be of different scope.

The Federal Circuit held that the district court’s interpretation that the term requires direct parallel connection is correct. In so doing, the Court first turned to the specification and noted that the only host interface described is a direct parallel bus interface. Moreover, the specification emphasizes the importance of such an interface in solving the problems with serial interfaces. In fact, the specification expressly touted the benefits of a direct parallel bus interface. Turning to the prosecution history, the Court noted that usage of the term “host interface” during the prosecution of related applications was consistent with the district court’s claim construction. Accordingly, based on the specification and the prosecution history, the Court agreed with the district court’s construction.

Additionally, Inpro argued that the district court improperly refused to consider expert testimony and extrinsic evidence in its claim construction. The Federal Circuit dismissed this argument, noting that a district court has sound discretion in determining if there is a need for and the use of expert testimony.

Thus, in view of Inpro’s stipulation that it could not prevail under the district court’s construction

of “host interface” and the Federal Circuit’s affirmance of the construction, the Court affirmed the district court’s judgment of noninfringement and did not consider the remaining disputed claim terms.

Judge Newman, who authored the majority opinion, also included additional views. While Judge Newman agreed that the Court’s construction of “host interface” was dispositive, she argued that the Court should have construed all three disputed terms. In her view, the Court had an obligation to review the construction of the three appealed terms because “silence leave[s] a cloud of uncertainty on the patent, its scope, and its validity.”

Importing Extraneous Functions into Means-Plus-Function Claim Limitation Is Improper

Adriana L. Burgy

Judges: Gajarsa, Dyk (dissenting), Prost (author)

In *Applied Medical Resources Corp. v. U.S. Surgical Corp.*, No. 05-1314 (Fed. Cir. May 15, 2006), the Federal Circuit vacated the district court’s grant of SJ of noninfringement and remanded to the district court for further proceedings.

“[T]he inquiry should be restricted to the way in which the structure performs the properly-defined function and should not be influenced by the manner in which the structure performs other, extraneous functions.”
Slip op. at 16.

Applied Medical Resources Corporation (“Applied”) filed suit against United States Surgical Corporation (“U.S. Surgical”), alleging that U.S. Surgical’s VERSAPORT™ PLUS trocar infringed claim 18 of Applied’s

U.S. Patent No. 5,385,553 (“the ’553 patent”). The ’553 patent is directed to a trocar through

which instruments can be inserted during laparoscopic surgery. The valve of the claimed trocar is equipped with a “floating seal” that prevents leaking of the insufflation gas from the insertion of the instrument. Claim 18 of the ’553 patent recites “means . . . for supporting the valve portions within the seal housing . . . to permit the valve portions to float relative to the axis of the cannula.”

Granting U.S. Surgical’s motion for SJ of noninfringement, the district court noted that the parties agreed that the term in question is means-plus-function under 35 U.S.C. § 112, and that the term covered the structures described in the ’553 patent. Also, due to collateral estoppel, the parties did not dispute that the term refers to the “ring-levers-teeth” embodiment that performed the claimed function and their equivalents.

With respect to infringement analysis, the district court found that the parties agreed that the means for supporting had two functions: (1) “supporting the valve portions within the seal housing,” and (2) “to permit the valve portions to float relative to the axis of the cannula.” Slip op. at 7 (emphases added). But the parties disagreed as to what the two functions required. To resolve the motion for SJ, the district court adopted Applied’s proposed definitions of the “supporting” and “float[ing]” functions. Next, under the “function-way-result” test, the district court found that U.S. Surgical’s gimbal structure met the functions recited in claim 18 but that each function was performed in a substantially different way. According to the district court, Applied’s expert declaration failed to raise a disputed issue of fact sufficient to defeat SJ. As a result, the district court held that no reasonable jury could find that U.S. Surgical’s gimbal structure was equivalent under an infringement analysis. Applied appealed.

On appeal, Applied “argu[ed] that a reasonable jury could find that the gimbal in the accused trocars satisf[ies] the means term by performing the identical claimed functions with an equivalent structure as the disclosed ring-levers-teeth structure.” *Id.* at 9. Because the district court did not construe what was required for each of the two functions and instead adopted Applied’s

construction, the Federal Circuit did not further construe the means-plus-function limitation and turned to the infringement analysis under this construction. The only issue before the Federal Circuit was whether, under the district court's adopted claim construction, there exists a genuine issue of material fact that U.S. Surgical's gimbal structure performs the claimed functions in substantially the same way as Applied's ring-levers-teeth structure. The Court found that there was evidence indicating a genuine issue of fact that the gimbal structure performs the claimed function in substantially the same way. Namely, the Federal Circuit held that the district court erred by improperly importing unclaimed functions into a means-plus-function claim limitation and disregarding Applied's expert declaration.

The Federal Circuit explained that the district court's definition of the supporting function "improperly included the way in which the structure performed extraneous functions," *id.* at 16, and the analysis of the way in which the structures perform the float function improperly imported unclaimed functions. The Court also found that Applied's expert declaration provided sufficient specificity as to why one of ordinary skill in the art would view both structures as functioning to support and float in substantially the same way. Accordingly, adopting Applied's claim construction for purposes of SJ, the Federal Circuit concluded that a genuine issue of material fact exists as to whether U.S. Surgical's VERSAPORT™ PLUS trocar infringes claim 18 of the '553 patent, and remanded to the district court for further proceedings.

In his dissent, Judge Dyk took issue with the majority's expansion of the scope of means-plus-function claims by their failure "to enforce the requirement that the patentee show that the accused device perform the required function in substantially the same 'way' as the patented device." Dissent at 1. Judge Dyk explained that the district court did not improperly import unclaimed functions or redefine the function of the structure. Rather, the analysis requires the use of

descriptive language that is not contained in the claim itself. As such, the dissent would affirm the district court's grant of SJ of noninfringement.

Claimed Poxvirus Vaccine Was Enabled and Supported by Written Description Despite Lack of Examples and Recitation of Gene Sequence

Aaron J. Capron

Judges: Gajarsa (author), Archer, Dyk

In *Falkner v. Inglis*, No. 05-1324 (Fed. Cir. May 26, 2006), the Federal Circuit affirmed the judgment of the Board holding that Falkner's U.S. Patent No. 5,770,212 ("the Falkner '212 patent") could not antedate the priority date of Inglis's U.S. Application Serial No. 08/459,040 ("the Inglis '040 application"). Accordingly, the Federal Circuit upheld the Board's decision that Inglis was the senior party for the sole count of an interference proceeding.

Some vaccines against a virus (the "target virus") incorporate harmless fragments of the target virus's genetic material into a second virus, called a "viral vector." The invention at issue relates to a way of making vaccines safer by deleting or inactivating an "essential" gene

"[A] requirement that patentees recite known DNA structures, if one existed, would serve no goal of the written description requirement. It would neither enforce the quid pro quo between the patentee and the public by forcing the disclosure of new information, nor would it be necessary to demonstrate to a person of ordinary skill in the art that the patentee was in possession of the claimed invention." Slip op. at 17.

from the viral vector's genome, while growing the vaccines in cells that were modified to produce the absent essential viral gene product on behalf of the vector virus. The approach is applicable to many different kinds of vector viruses, but the subject matter of this interference is directed specifically to vaccines where the vector virus is a poxvirus.

The APJ accorded the Inglis '040 application (filed June 2, 1995) the benefit of several earlier-filed applications, dating back to September 25, 1990. Likewise, the APJ accorded the Falkner '212 patent (filed on February 21, 1997) the benefit of earlier-filed applications, but these dated back only to April 29, 1994. Consequently, the APJ designated Inglis as the senior party.

Although the specifications of all of Inglis's earlier-filed applications focused on the herpesvirus vectors, they contained several passages relating to the poxvirus-based vaccines. Because Falkner believed that these passages did not adequately describe and enable the poxvirus invention, he filed motions before the Board arguing that Inglis had failed to meet the written description and enablement requirements under 35 U.S.C. § 112. After considering these issues, the Board denied Falkner's motions and affirmed Inglis's status as senior party.

On appeal, the Federal Circuit first determined that the Inglis applications were enabled. It supported the Board's holding that while the Inglis applications provided extensive disclosure regarding the herpesvirus, the differences between the herpesvirus and the poxvirus were well known and, coupled with the high level of skill in the art, the lessons of the herpesvirus examples would have aided a person of ordinary skill in the art to construct the poxvirus vaccines. Moreover, the Court noted that the Board observed that the mere fact that the experimentation may have been difficult and time consuming does not mandate a conclusion that such experimentation would have been considered to be "undue" in this art. The Federal Circuit found no error in the Board's conclusion, reasoning that a patent preferably omits what is well known in the art and that there was undisputed testimony, at the time of the

earliest priority date, that professional journals had disclosed the DNA sequence of the poxvirus along with the locations of the essential regions.

The Federal Circuit then determined that the Inglis applications satisfied the written description requirement. The Court noted that the Board found several passages in the Inglis '040 application (and in the benefit applications) were directed to poxvirus. Moreover, the Federal Circuit held that the absence of examples involving poxviruses in the Inglis applications did not render the written description inadequate.

The Court further held that the written description standard may be met even where actual reduction to practice of an invention is absent. It noted that while an actual reduction to practice ordinarily provides the best evidence for showing that an invention is complete, the written description requirement only requires a showing of a possession of the invention.

Lastly, the Court held that there is no *per se* rule that an adequate written description of an invention that involves a biological macromolecule must contain a recitation of known structure. Faulkner argued that the Inglis specifications did not adequately describe the poxvirus invention, in light of *Regents of University of California v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), because they did not describe the "essential regions" of any poxvirus. The Federal Circuit rejected this argument, explaining that "*Eli Lilly* does *not* set forth a *per se* rule that whenever a claim limitation is directed to a macromolecular sequence, the specification must always recite the gene or sequence, regardless of whether it is known in the prior art." Slip op. at 16. Instead, the Court held that where accessible literature sources clearly provided, as of the relevant date, genes and their nucleotide sequences, satisfaction of the written description requirement does not require either the recitation or incorporation by reference of such genes and sequences. Accordingly, the Federal Circuit upheld the decision of the Board that the Inglis applications had satisfied the enablement and written description requirements.

Default Judgment on One Trademark Opposition Did Not Preclude Litigating a Second Trademark Opposition

Mary B. Rucker

Newman (author), Lourie, Schall

In *Sharp Kabushiki Kaisha v. ThinkSharp, Inc.*, No. 05-1220 (Fed. Cir. May 30, 2006), the Federal Circuit affirmed the Trademark Trial and Appeal Board’s (“TTAB”) decision that ThinkSharp, Inc. (“ThinkSharp”) was not required to litigate simultaneous oppositions and that *res judicata* did not apply when ThinkSharp chose only to defend one and the TTAB entered default judgment as to the second.

“Precedent and sound administrative policy support the Board’s reasoning that a trademark owner is entitled to choose which opposition to defend, when the proceedings are not an attempt to evade the effect of a previous adverse judgment on the merits.” Slip op. at 7.

ThinkSharp filed a “word mark” application for THINKSHARP and a “word-and-design” application for THINKSHARP for use with educational goods and services. Sharp Kabushiki Kaisha (“Sharp”) filed a Notice of Opposition to the word mark registration and to the word-and-design registration, alleging that THINKSHARP is confusingly similar to and dilutes the SHARP trademark family.

ThinkSharp contested the word mark opposition, but failed to answer the word-and-design opposition, which consequently resulted in a default judgment. Sharp then argued that the default judgment entered against ThinkSharp’s word-and-design mark applied as *res judicata* to the word mark opposition. The TTAB rejected this argument, ruling that ThinkSharp was entitled to pursue one application and abandon the other without a default judgment precluding ThinkSharp from defending the pending opposition. The TTAB also decided on the merits of the opposition that SHARP and THINKSHARP were not likely to be confused.

On appeal, the Federal Circuit affirmed the holding of the TTAB. The Court held that issue preclusion did not apply because the merits of Sharp’s opposition to the word-and-design mark were not “litigated and decided.” Moreover, the Court found that claim preclusion did not apply because the issue of likelihood of confusion as to the word mark was not litigated in the defaulted opposition. Further, the Court explained that precedent required a clear and persuasive reason for denying a party of its day in court.

The Federal Circuit explained that the purpose of *res judicata* is to prevent a party from having to relitigate the same issue that was decided in a previous case. The Court reasoned that this purpose was not met in this case because the issues of likelihood of confusion and dilution were not litigated, and further, that the word-and-design mark was not identical to the word mark. Thus, absent an attempt to avoid the preclusive effect of an earlier judgment, a trademark applicant may choose which oppositions to defend without fear that a default judgment will negatively affect the pending oppositions.

Abbreviations | Acronyms

ALJ	Administrative Law Judge	IDS	Information Disclosure Statement
ANDA	Abbreviated New Drug Application	IP	Intellectual Property
APA	Administrative Procedures Act	ITC	International Trade Commission
APJ	Administrative Patent Judge	JMOL	Judgment as a Matter of Law
Board	Board of Patent Appeals and Interferences	MPEP	Manual of Patent Examining Procedure
Commissioner	Commissioner of Patents and Trademarks	PCT	Patent Cooperation Treaty
CIP	Continuation-in-Part	PTO	United States Patent and Trademark Office
DJ	Declaratory Judgment	SEC	Securities and Exchange Commission
DOE	Doctrine of Equivalents	SJ	Summary Judgment
FDA	Food & Drug Administration	SM	Special Master

Looking Ahead

- The Supreme Court granted a writ of certiorari on June 26 in *KSR International Co. v. Teleflex, Inc.*, No. 04-1350. The U.S. Solicitor General had submitted a brief urging the Court to review the Federal Circuit's decision in that case, arguing that the Federal Circuit's "teaching-suggestion-motivation" test to determine whether a claimed invention is obvious goes too far and makes obviousness difficult to prove. According to the solicitor's brief, "the Federal Circuit's rigorous and inflexible application of its [teaching-suggestion-motivation] test alters *Graham*'s functional approach to the nonobviousness inquiry in a way that unnecessarily sustains patents that would otherwise be subject to invalidation as obvious."

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Last Month at the Federal Circuit



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