

The U.S. Supreme Court and Technology



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Diamond v. Chakrabarty, 447 U.S. 303 (1982)



☞ “The patent laws cover everything under the sun made by man.” U.S. v. Chakrabarty, 1982 (Burger Court)

Requirements for Patentability



- ❧ § 101 – Patent Eligible Subject Matter
- ❧ § 102 – Novelty – not disclosed before
- ❧ § 103 – Non-obvious improvement over prior inventions
- ❧ § 112 – Written Description (Inventor Made Invention), Enabling Disclosure (How to Make and Use Invention), Best Mode of Carrying Out Invention and Claims Defining Invention

U.S. Patent Statute, 35 U.S.C. § 101



☞ “Whoever invents or discovers *any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof*, subject to the conditions and requirements of this title.”

The United States Supreme Court



- ☞ John Roberts became Chief Justice of the United States Supreme Court on September 29, 2005.

Ebay Inc. v. Mercexchange, L.L.C., 547 U.S. 388 (2006)



- ❧ U.S. Supreme Court held:
- ❧ Generally applicable four-factor test for permanent injunctive relief applies to dispute arising under Patent Act; and
- ❧ In successful patent infringement action, patent holder's willingness to license its patents and lack of commercial activity in practicing patents do not preclude permanent injunction.
- ❧ Right of patent owner to exclude others from making, using, or selling patented invention insufficient by itself to entitle patent owner to injunction.

KSR International Co. v. Teleflex Inc., 550 U.S. 398 (2007)



- ❧ The prevalent Teaching, Suggestion, or Motivation Test (TSM) created by the Federal Circuit is too inflexible and not the only test to determine whether a combination of references renders a claimed invention obvious. “Obvious to try” can be evidence of obviousness.
- ❧ Design need or market pressure can be a motivation.
- ❧ Common knowledge and common sense must be considered in determining obviousness.

Medimmune, Inc. v. Genentech, Inc., 549 U.S. 118 (2007)



- ⌘ Patent licensee brought action against licensor seeking declaratory judgment as to whether patent was invalid or unenforceable, without first terminating license agreement.
- ⌘ District court said cannot bring action without breach or termination, and the Court of Appeals affirmed.
- ⌘ U.S. Supreme Court reversed, holding that licensee was not required to terminate or breach license agreement prior to seeking declaratory judgment of patent invalidity, contrary to existing court precedent.

Quanta Computer, Inc. v. LG Electronics, Inc., 553 U.S. 617 (2008)



- ❧ The doctrine of patent exhaustion applies to method patents, and a method patent is “exhausted” by sale of item that embodies the method.
- ❧ Component computer parts that licensee sold to third party computer manufacturer substantially embodied method patents held by patentee.
- ❧ Licensee’s sale of component computer parts that substantially embodied method patents owned by patentee was “authorized” by patent holder, and had effect of exhausting patent holder’s patents.

Bilski v. Kappos, 561 U.S. 593 (2010)



- ❧ The machine or transformation test is not the sole test for determining the patent eligibility of a process relating to computer software; and
- ❧ Applicants' method was an unpatentable abstract idea.
- ❧ Laws of nature, abstract ideas, and mathematical formulas cannot be patented, even if newly discovered, but their application to a known structure or process may be.
- ❧ Some methods of doing business may be patentable.
- ❧ CONCURRING OPINIONS: Justice Stevens, joined by Justices Ginsburg, Breyer, and Sotomayor: Business methods are not patentable.
- ❧ Justice Breyer and Justice Scalia also concurring: Methods of doing business are not patentable.

Global-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060 (2011)



- ❧ The Supreme Court held that:
- ❧ Induced infringement of a patent, like contributory infringement, requires knowledge that the induced acts constitute patent infringement; and
- ❧ Evidence was sufficient for jury to find that supplier willfully blinded itself to infringing nature of competitor's sales.

Microsoft Corp. v. i4i Limited Partnership, 131 S. Ct. 2238 (2011)



- ❧ The Supreme Court (Sotomayer, J.) held:
- ❧ Defenses to patent infringement must be proved by clear and convincing evidence.
- ❧ Patent Law provides that “a patent shall be presumed valid.” Burden of proof is on the accused infringer to prove invalidity.
- ❧ Microsoft was arguing for a lower burden of proof where the prior art or invention was not considered by the patent examiner when the application was pending.

Mayo Collaborative Services v. Prometheus Laboratories, Inc., 132 S. Ct. 1289 (2012)

⌘ Patents claiming methods of calibrating dosage of thiopurine drugs to treat autoimmune disease filed infringement suit against laboratory practicing patented method.

⌘ The Supreme Court held (Breyer, J.):

Patents effectively claimed the underlying laws of nature themselves and thus were invalid.

Kappos v. Hyatt, 132 S.Ct. 1690 (2012)



☞ The Supreme (Thomas, J.) held that:

- 1) In civil action against PTO Director to obtain patent, there were no limitations on patent applicant's ability to introduce new evidence beyond that already present in Federal Rules of Evidence and Federal Rules of Civil Procedure; and
- 2) If new evidence was presented on disputed question of fact, the district court had to make *de novo* factual findings that took into account both new evidence and the administrative record before PTO.

Bowman v. Monsanto Co., 133 S.Ct. 1761 (2013)



- ❧ The Supreme Court (Kagan, J.) held that:
- ❧ Patent exhaustion doctrine did not permit farmer to reproduce the genetically engineered soybean seeds covered by patents through planting and harvesting without the patent holder's permission.
- ❧ Farmer had to buy seeds from patentee, and could not sell progeny seeds.

Association for Molecular Pathology v. Myriad Genetics, Inc., 133 S.Ct. 2107 (2013)



☞ The Supreme Court (Thomas, J.) held that:

- 1) Isolated DNA involved a naturally occurring segment of DNA, precluding patent eligibility, but
- 2) Synthetically created DNA, known as complementary DNA (cDNA), was not naturally occurring, and was eligible for patent.

F.T.C. v. Actavis, Inc., 133 S.Ct. 2223 (2013)



☞ The Supreme Court (Breyer, J.) held that:

- 1) Reverse payment settlements in patent infringement litigation can sometimes violate the antitrust laws; and
- 2) The settlement was not immune from antitrust attack, even if the agreement's anticompetitive effects fell within the scope of the patent.

Alice Corp. Pty. Ltd. v. CLS Bank Intern., 134 S.Ct. 2347 (2014)



☞ The Supreme Court (Thomas, J.) held that:

- 1) The abstract idea of an “intermediated settlement” in the financial industry was not patentable; and
- 2) Method claims requiring generic computer implementation failed to transform the abstract idea of intermediated settlement into a patent-eligible invention.

Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S.Ct. 1749 (2014)



☞ The Supreme Court (Sotomayer, J.) held that:

- 1) An “exceptional case,” within meaning of the Patent Act's attorney's fees award provision, is simply one that stands out from others with respect to the substantive strength of a party's litigating position, considering both the governing law and the facts of the case, or the unreasonable manner in which the case was litigated; and
- 2) Patent litigants are not required to establish their entitlement to fees by clear and convincing evidence.

Nautilus, Inc. v. Biosig Instruments, Inc., 134 S.Ct. 2120 (2014)



☞ The Supreme Court (Ginsburg, J.) held that:

- 1) Patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention; and
- 2) Remand was required to permit the Court of Appeals to reconsider, under the proper standard for definiteness, whether the claim term “spaced relationship” in patent delineated the permissible spacing of electrodes with sufficient precision.

Petrella v. Metro-Goldwyn-Mayer, Inc., 134 S.Ct. 1962 (2014)



(COPYRIGHT CASE)

∞ The Supreme Court (Ginsburg, J.) held that:

- 1) Laches could not be invoked to preclude adjudication of a claim for damages brought within Copyright Act's three-year limitations period; and
- 2) Heir's delay in commencing suit did not warrant, at the very outset of litigation, curtailment of relief awardable.

Limelight Networks, Inc. v. Akamai Technologies, Inc., 134 S.Ct. 2111 (2014)



☞ The Supreme Court (Alito, J.) held that:

- 1) No single entity performed all claimed steps, and thus no direct infringement occurred, precluding inducement claim; and
- 2) Neither tort law principles, nor criminal aiding and abetting principles, nor pre-Patent Act patent law principles warranted contrary conclusion.

Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc., 135 S.Ct. 831 (2015)



- ❧ The United States Supreme Court (Breyer, J) held that when reviewing district court's resolution of subsidiary factual matters made during issue of patent claim construction, Federal Circuit (Court of Appeals) must apply clear error standard.
- ❧ Must give deference to District Court's claim construction unless there was no extrinsic evidence (expert testimony) offered.

Commil v. Cisco, May 2015



- ❧ A defendant's "belief" that a patent is invalid does not serve as a defense to charges of inducing infringement of the patent. The intent element for induced infringement concerns infringement; that is a different issue than validity."
- ❧ Of course, if the patent is proven invalid then no liability attaches. Thus, the defense here had asked for a holding that a good-faith-but-incorrect-belief of invalidity serve as a defense.
- ❧ A party's subjective belief that someone else lacks a certain right does not absolve one for liability of infringement of that right.

America Invents Act



- ❧ Converted U.S. to first to file from first to invent.
- ❧ Assignee may file application, as may inventor.
- ❧ Prior art redefined – may not be patented, published, in public use, or otherwise available to public before the application filing date.
- ❧ Inventor still has one year grace period in U.S. from first public disclosure.
- ❧ Reformed Inter Partes Reexamination Request to cancel at least one claim as unpatentable. May be filed later of nine months after grant or after termination of post-grant review proceeding.

America Invents Act (cont'd)



- ❧ May not be filed if petitioner has filed civil action challenging a patent's validity or if the petition is filed more than one year after petitioner is served with a complaint for patent infringement.
- ❧ New Post-Grant Opposition.
- ❧ Party may seek cancellation of patent or any claims thereof on any invalidity ground except best mode.
- ❧ Must be filed within 9 months of grant.
- ❧ USPTO may grant review of patent where it is more likely than not that at least one claim is unpatentable.

America Invents Act (cont'd)



- ❧ Business Method Opposition.
- ❧ Party sued for infringement can file for review of a business method patent.

B & B Hardware, Inc. v. Hargis Industries, Inc., 2015



- ❧ A final decision by the US Patent & Trademark Office's Trademark Trial and Appeal Board (TTAB) can serve as issue preclusion to collaterally estop a court from re-judging already-decided issues.
- ❧ The particular issue being precluded here is the *likelihood-of-confusion* between the two marks, and the Supreme Court held that the TTAB's final decision on likelihood-of-confusion could preclude that issue from being later litigated in the collateral action between the parties.

Kimble v. Marvel, May 2015



- ❧ The Supreme Court declined to overrule *Brulotte v. Thys*, a 1964 case in which the Supreme Court held that a patentee cannot extend royalty payments beyond the expiration date of his patents.
- ❧ *Brulotte* has been criticized as contrary to sound economics. One can, however, spread the payment of royalties from the term of the patent beyond the expiration date with careful draftsmanship.
- ❧ Congress can overrule the decision. Court generally adheres to precedent.

Observations and Conclusions



- ❧ Supreme Court using §101 to cut back on patents.
- ❧ Historically business methods (financial or banking) not considered patentable, but sophisticated algorithms used to carry out created field of financial engineering--shouldn't such inventions be patentable?
- ❧ Genetic engineering: gene sequence doesn't exist in nature, except as part of chromosome – shouldn't isolated gene sequence be patentable, if novel and non-obvious?

Observations and Conclusions



- ❧ For thirty years, PTO had been granting patents on gene sequences, so did other patent offices around the world.
- ❧ Long history of Supreme Court getting it wrong with software related inventions, now with gene patents.
- ❧ Will Congress step in?



❧ Summary:

❧ Favorable and Unfavorable Trends

❧ Favorable Trends

❧ Proof Required to Invalidate Patents Remains High

❧ Indefiniteness Standard Clarified – unclear to person of ordinary skill in the art

❧ District Court Given Some Deference in Claim Construction

❧ Inducement of Infringement Strengthened

❧ Harmonization Continues by Statute



❧ Disturbing Trends

- ❧ Genetic Engineering Patents Cut Back
- ❧ Business Method Patents Cut Way Back
- ❧ Too Much Litigation About Statutory Subject Matter – Abstract Ideas and Laws of Nature
- ❧ Harder to Get Injunctive Relief
- ❧ Obviousness Standard Now Allows Examiner to Second Guess Inventor
- ❧ Easier to Get Attorney's Fees Awarded Against Patentee
- ❧ War on Patent Trolls Affects Other Patentees
- ❧ Repeated Attacks on Patent Invalidity Permitted in Courts and Patent Office