

# Recent Decisions Impacting Patent Litigation\*

Michael R. Dzwonczyk\*\*

## I. Introduction

Most every patent law decision by the Supreme Court and the Federal Circuit affects the way patent cases are litigated and tried. Decisions affecting substantive law, such as *KSR*, change the way we prepare to prosecute or defend against allegations of invalidity based on obviousness under Section 103. Decisions such as *Markman* and *eBay* affect litigation procedure as well as substantive law and require litigants to reassess burdens of proof and elements required to carry those burdens. The Supreme Court's increased intervention in patent cases in 2006-07 has included consideration of matters both procedural and substantive. More petitions for *certiorari* are pending. The Court's activist review of Federal Circuit jurisprudence continues a transition period begun several years ago and may be considered more in an early stage rather than one in which a clear picture of the Federal Circuit will emerge at any time soon.

This paper will focus on recent developments in four areas of law that particularly affect patent litigation: a post-*KSR* view of obviousness, the lowered declaratory judgment jurisdiction threshold after *Medimmune*, injunctions after *eBay*, and *de novo* review of claim construction. Each of these issues and judicial decisions provides new challenges and opportunities for litigants faced with evolutionary procedural and substantive legal landscapes.

## II. *KSR* and Obviousness

For decades, the Federal Circuit has analyzed the obviousness of patents using the teaching-suggestion-motivation test ("TSM"), which asks whether there existed a teaching, suggestion or motivation to a person of ordinary skill in the art at the time of invention to combine selected prior art teachings in a manner that would have rendered the claimed invention obvious.<sup>1</sup> The TSM test is designed to protect against a hindsight reconstruction of the prior art using the claimed invention as a blueprint.

---

\* This paper has been prepared for the AIPLA 2007 Advanced Patent Litigation Seminar, Washington, D.C., June 9, 2007.

\*\* Partner, Sughrue Mion, PLLC; adjunct professor, George Washington University Law School, [[mdzwonczyk@sughrue.com](mailto:mdzwonczyk@sughrue.com)]. The views expressed herein are personal and do not necessarily reflect the view of any colleague, organization or client thereof. © Michael R. Dzwonczyk MMVII.

<sup>1</sup> *In re Kahn*, 441 F.3d 977, 986 (Fed. Cir. 2006); *Dystar Textilfarben GmbH v. C.H. Patrick Co.*, 464 F.3d 1356, 1360-61 (Fed. Cir. 2006); *Tec Air, Inc. v. Denso Mfg. Mich. Inc.*, 192 F.3d 1353, 1359-60 (Fed. Cir. 1999); *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577 (Fed. Cir. 1984) ("Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination.").

Dzwonczyk – Recent Decisions Impacting Patent Litigation

Accused infringer KSR challenged the TSM test in *KSR International v. Teleflex*,<sup>2</sup> alleging that the TSM test constituted a new and radical reinterpretation of 35 U.S.C. § 103(a) going beyond precedent, one which preemptorily rejected the Supreme Court’s synergy requirement for combination patents as set forth in, for example, the *Sakraida*<sup>3</sup> and *Anderson’s-Black Rock*<sup>4</sup> cases.<sup>5</sup> In particular, KSR argued that it was error for the Federal Circuit to require specific factual findings on the teaching, suggestion or motivation of a person skilled in the art to combine references in a manner that would have rendered the claimed invention *obvious*. That is, the Federal Circuit’s test (1) improperly presumed *nonobviousness*, *absent* proof of some teaching, suggestion or motivation to combine references in the manner claimed; and (2) has resulted in the issuance of far too many *obvious* (and therefore invalid) patents.

After the KSR petition for *certiorari* was filed at the Supreme Court and perhaps in anticipation of Supreme Court scrutiny of the TSM test, the Federal Circuit issued several decisions in 2006 aimed at clarifying the use of the TSM test in obviousness determinations.

In *In re Kahn*,<sup>6</sup> a panel of the court made clear that the suggestion, teaching or motivation to combine the relevant prior art teachings does not have to be found *explicitly* in the prior art, but rather, may be *implicit* from the prior art as a whole.<sup>7</sup> The panel also made clear that in the obviousness analysis, “the problem examined is not the specific problem solved by the invention but the general problem that confronted the inventor before the invention was made.”<sup>8</sup> Thus, according to the panel, the TSM test is directed not merely to a reference’s disclosure, “but whether a person of ordinary skill in the art, possessed with the understandings and knowledge reflected in the prior art, and motivated by the general problem facing the inventor, would have been led to make the combination recited in the claims.”<sup>9</sup> Under this standard, the panel upheld the Board’s determination that sufficient motivation existed to combine the teachings of the selected references in a manner that rendered Kahn’s claimed invention obvious.

---

<sup>2</sup> *Teleflex, Inc. v. KSR Int’l Co.*, 119 Fed. Appx. 282 (Fed. Cir. 2005).

<sup>3</sup> *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976).

<sup>4</sup> *Anderson’s-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969).

<sup>5</sup> *KSR Int’l Co. v. Teleflex Inc.*, 2004 U.S. Briefs LEXIS 1350 (August 22, 2006).

<sup>6</sup> *In re Kahn*, 441 F.3d 977, 986 (Fed. Cir. 2006) (Linn, J.).

<sup>7</sup> *Id.* at 987-88, citing *In re Kotzab*, 217 F.3d 1365, 1370 (Fed. Cir. 2000).

<sup>8</sup> *Id.* at 988, citing *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1323 (Fed. Cir. 2005).

<sup>9</sup> *Id.*

Dzwonczyk – Recent Decisions Impacting Patent Litigation

Citing *Kahn* with approval, a second panel in *Alza v. Mylan*<sup>10</sup> stated that the court’s obviousness jurisprudence was flexible because motivation could be found *implicitly* in the prior art and that an *explicit* teaching was not required.<sup>11</sup> The *Alza* opinion cites as the origin of the TSM test generations-old CCPA jurisprudence which directed obviousness inquiries to the question: “in considering more than one reference, the question always is: does such art *suggest* doing the thing the [inventor] did.”<sup>12</sup> The panel added that the flexible approach of the TSM test was illustrated in both *Kahn* and *Cross Medical Products*,<sup>13</sup> and was consistent with the Supreme Court’s guidance in *Graham* to effect a “practical test of patentability.”<sup>14</sup>

In *Alza*, the Federal Circuit affirmed the district court’s holding of invalidity of Alza’s ‘355 patent (oxybutynin) under §103, based on expert testimony about the known correlation in the art between lipophilicity and colonic absorbtivity.<sup>15</sup> That correlation supported the court’s conclusion that sufficient motivation existed to combine references directed to sustained release oxybutynin, sustained-release pharmaceutical compositions of high water solubility and a bilayer osmotic pump dosage form.

Just weeks after the Federal Circuit’s *Alza* decision and in time for Teleflex’s October 16th opposition brief at the Supreme Court, another panel issued its decision in *Dystar*,<sup>16</sup> which highlighted both the contours of the TSM test and the fractured support for the test by Federal Circuit members.

In *Dystar*, the panel reversed the denial of a JMOL motion that claims 1-4 of Dystar’s ‘992 patent were invalid for obviousness. The Chief Judge again emphasized the recognition in both *Khan* and *Alza* that the TSM test “is not a rigid categorical rule [and that the] motivation need not be found in the references sought to be combined, but may be found in any number of sources, including common knowledge, the prior art as a whole, or the nature of the problem

---

<sup>10</sup> *Alza Corp. v. Mylan Labs., Inc.*, 464 F.3d 1286 (Fed. Cir. 2006) (Gajarsa, J.).

<sup>11</sup> *Id.* at 1291. (“We do not have a rigid test that requires an actual teaching to combine before concluding that one of ordinary skill in the art would know to combine references.”).

<sup>12</sup> *In re Fridolph*, 134 F.2d 414 (C.C.P.A. 1943).

<sup>13</sup> *Cross Med. Prods.*, 424 F.3d at 1322.

<sup>14</sup> *Id.* at 1291, citing *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966).

<sup>15</sup> *Id.* at 1294-95.

<sup>16</sup> *Dystar Textilfarben GmbH v. C.H. Patrick*, 464 F.3d 1356 (Fed. Cir. 2006) (Michel, C.J., Rader & Schall, JJ.).

Dzwonczyk – Recent Decisions Impacting Patent Litigation

itself.”<sup>17</sup> In a lengthy vindication of the court’s precedent and the flexibility of the TSM test, the Chief Judge dismissed criticism of the TSM test<sup>18</sup> as taken “out of context” or as a misreading of the court’s precedents applying the test.<sup>19</sup> When applied properly (according to the Chief Judge), the TSM test “not only permits, *but requires*, consideration of common knowledge and common sense.”<sup>20</sup> The panel specifically emphasized that its approach was consistent with Supreme Court decisions in *Graham*, *Sakraida*, *Anderson’s-Black Rock* and *U.S. v. Adams*,<sup>21</sup> a remarkable statement given that the Federal Circuit had *never* relied upon nor even cited *Sakraida* or *Anderson’s-Black Rock* for this point in its entire 25-year history.<sup>22</sup>

In a telling seven-word concurrence in *Dystar* that agrees only in the judgment of reversal, the concurring member – the author of the *KSR* panel opinion – implicitly disagreed with the panel apologia defending the court’s historical reliance on, and application of, the TSM test.<sup>23</sup> The citation to *Alza*, *Kahn* and *Cross Medical Products* signals agreement with the principles outlining the doctrine’s flexibility, without the need for defending its consistency with *Sakraida* and *Anderson’s-Black Rock*.

In *KSR v. Teleflex*<sup>24</sup>, the Supreme Court held that the Federal Circuit’s teaching-suggestion-motivation (“TSM”) test was applied too restrictively, resulting in an approach to

---

<sup>17</sup> *Id.* at 1361.

<sup>18</sup> See, e.g., Fed. Trade Comm’n, “*To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*,” Ch. 4, at 11 (2003); Nat’l Research Council, “*A Patent System for the 21st Century*,” (Stephen A. Merrill et al. eds., 2004). In *Dystar*, the court stated “The National Academy of Sciences summarized views of a few commentators that ‘standards of patentability--especially the non-obviousness standard--have become too lax as a result of court decisions’ by the Federal Circuit, leading to the deterioration of patent quality.” *Dystar*, 464 F.3d at 1365.

<sup>19</sup> *Dystar*, 464 F.3d at 1365-66.

<sup>20</sup> *Id.* at 1367 (emphasis added).

<sup>21</sup> *United States v. Adams*, 383 U.S. 39 (1966).

<sup>22</sup> A LEXIS® search conducted May 29, 2007 (“sakraida and court (Federal Circuit)” and “black rock and court (Federal Circuit)”) yielded only 7 citations combined, excluding *Dystar*, none of which cite or rely on either case for the ‘motivation’ or ‘synergy’ principles.

<sup>23</sup> *Dystar*, 464 F.3d at 1372-73 (Schall, J., concurring) (citing *Alza*, *Kahn* and *Cross Med. Prods., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1322 (Fed.Cir.2005)) (“I concur in the judgment of reversal.”).

<sup>24</sup> *KSR Int’l Co. v. Teleflex Inc.*, \_\_U.S.\_\_, 127 S. Ct. 1727 (2007).

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

evaluating obviousness that did not embrace the expansive and flexible approaches established by the Supreme Court in *Graham* or *Adams*. The Supreme Court made clear that “the combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results,” citing its decisions in *Adams*, *Anderson’s Black Rock*, and *Sakraida*.<sup>25</sup> In reaching its decision, the court cited four particular errors of the Federal Circuit in applying the TSM test to Teleflex’s ‘976 patent.

First, the Federal Circuit erred in narrowly focusing on the particular motivation of the patent inventors looking to solve a particular problem, rather than more broadly on the recognition of a known problem for which there was an obvious solution encompassed by the patent’s claims. The Court made clear that any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.<sup>26</sup>

Second, it was error to assume that a person of ordinary skill attempting to solve a problem would be led only to those elements of prior art designed to solve the same problem. According to the Court, “[c]ommon sense teaches, [ ] that familiar items may have obvious uses beyond their primary purposes, and in many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle.”<sup>27</sup>

Third, it was error to conclude that a patent claim cannot be proven obvious merely by showing that the combination of elements was *obvious to try*. When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to the anticipated success, it is likely the product of ordinary skill and common sense. In that instance, the fact that a combination was obvious to try might show that it was legally obvious under § 103.<sup>28</sup>

Finally, the need to protect against hindsight bias and *ex post* reasoning cannot operate to deprive a factfinder of recourse to common sense. Although more recent Federal Circuit decisions have acknowledged the availability of common knowledge and common sense in the

---

<sup>25</sup> *Id.* at \_\_\_, 127 S. Ct. at 1739-40.

<sup>26</sup> *Id.* at \_\_\_, 127 S. Ct. at 1742.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

TSM calculus, the approach used by the Federal Circuit in this case was too restrictive and thus inconsistent with Supreme Court precedent.<sup>29</sup>

In its decision, the Court set forth a standard that asks “whether the improvement is more than the *predictable use* of prior art elements according to their established functions.”<sup>30</sup> The Court emphasized its own precedent whose flexibility permits the use of common sense and general knowledge, the consideration of teachings beyond the particular field of the inventor’s endeavor in developing the claimed invention, and the uses of familiar items beyond their primary purposes.<sup>31</sup>

*KSR* has important implications for patent litigants. First, it is reasonable to assume there will be an increase in the number of obviousness challenges to existing patents under § 103. To be sure, challenges are likely in the mechanical arts involving claims reciting a combination of *old* and *familiar* elements performing *known* functions. But even in the chemical arts, it is not difficult to imagine future patent challenges to formulations as combinations of elements old in the art. Single enantiomer patents – which have fared well in the past under § 103 – will likely be challenged more rigorously under §103 in the future.

Future patent challenges are likely to be based on arguments that the PTO applied the TSM too rigidly, and may involve an increased use of experts to describe the teachings of the related art. *Dictum* in the *KSR* decision stating that obviousness determinations can properly be the subject of summary judgment motions will surely result in an increased number of summary judgment filings based on challenges under § 103.<sup>32</sup> Declarations supporting (and opposing) motions are expected to discuss *predictability* of prior art elements in terms of use and possible variations. Patent reexamination requests may increase if and/or when the PTO revises its guidelines for evaluating obviousness in light of the *KSR* decision.

The obviousness requirement under § 103 now poses a greater obstacle to patentability than before the *KSR* decision – a trend begun by the Federal Circuit’s more recent approaches in

---

<sup>29</sup> *Id.* at \_\_\_, 127 S. Ct. at 1742-43.

<sup>30</sup> *Id.* at \_\_\_, 127 S. Ct. at 1740.

<sup>31</sup> *Id.* at \_\_\_, 127 S. Ct. at 1740-41.

<sup>32</sup> *Id.* at \_\_\_, 127 S.Ct. 1745-46 (“[t]o the extent the court understood the *Graham* approach to exclude the possibility of summary judgment when an expert provides a conclusory affidavit addressing the question of obviousness, it misunderstood the role expert testimony plays in the analysis. In considering summary judgment on that question the district court can and should take into account expert testimony, which may resolve or keep open certain questions of fact.”).

*Kahn, Alza and Dystar*. For example, the court’s May 9, 2007 *Leapfrog*<sup>33</sup> decision citing *KSR* for its invocation of predictable results resulting from the combination of familiar elements according to known methods echoes the same principle as set forth in *Dystar*.

The standards of patentability have been raised, and the days of overcoming a claim of obviousness based on a strict application of the TSM test are long gone. What remains to be seen is whether court members will embrace a uniform application of the *KSR* rule.

### III. Declaratory Judgment Jurisdiction after *Medimmune*

Years after the Supreme Court’s *Lear*<sup>34</sup> decision holding that "licensee estoppel" did not preclude a licensee from challenging patent validity, the Federal Circuit has nonetheless interpreted *Lear* as not granting every licensee in every circumstance the right to challenge the validity of the licensed patent.<sup>35</sup> For example, the Federal Circuit declined to apply the *Lear* doctrine in *Shell Oil*,<sup>36</sup> holding that a licensee was liable for unpaid royalties that accrued under the terms of the license before invalidation of the subject patent's claims. While the *Shell Oil* case did not discuss jurisdiction under the Declaratory Judgment Act, the court stated: '[A] licensee ... cannot invoke the protection of the *Lear* doctrine until it (i) actually ceases payment of royalties, and (ii) provides notice to the licensor that the reason for ceasing payment of royalties is because it has deemed the relevant claims to be invalid.' In *Gen-Probe*, the Court explained that its decision in *Shell Oil* "posits that a licensee must, at a minimum, stop paying royalties (and thereby materially breach the agreement) before bringing suit to challenge the validity or scope of the licensed patent."<sup>37</sup> The court in *Gen-Probe* stated that an actual controversy under the Declaratory Judgment Act required a "reasonable apprehension of suit,"<sup>38</sup> later modified to require a "reasonable apprehension of *imminent* suit."<sup>39</sup>

---

<sup>33</sup> *Leapfrog Enterprises, Inc. v. Fisher-Price, Inc.*, 2007 U.S. App. LEXIS 10912 (Fed. Cir. May 9, 2007) (Lourie, J.).

<sup>34</sup> *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969).

<sup>35</sup> *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376, 1382 (Fed. Cir. 2004) (Rader, J.).

<sup>36</sup> *Studiengesellschaft Kohle m.b.H. v. Shell Oil Co.*, 112 F.3d 1561 (Fed.Cir.1997) (Rader, J.).

<sup>37</sup> *Gen-Probe* at 1381.

<sup>38</sup> *Id.* at 1380.

<sup>39</sup> *Teva Pharms. USA, Inc. v. Pfizer Inc.*, 395 F.3d 1324, 1333 (Fed. Cir. 2005) (Schall, J.).

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

MedImmune challenged the Federal Circuit’s interpretation of *Lear* and its “reasonable apprehension of *imminent* suit test” by urging that it should not have to breach its license agreement with Genentech (and risk enhanced damages) in order to establish a jurisdictional basis for challenging Genentech’s licensed Cabilly II patent.<sup>40</sup> The Supreme Court agreed, and in an 8-1 reversal, held that MedImmune was not required, insofar as Article III is concerned, to terminate its 1997 license agreement with Genentech before seeking a declaratory judgment in federal court that the underlying patent was invalid, unenforceable, or not infringed. That is, a licensee is not required to breach a license agreement, creating the only tortious act that would give rise to a court’s jurisdiction, in order to challenge the validity of the underlying patents.

Rejecting Genentech’s argument that the *quid pro quo* of the 1997 license agreement was immunization from suit in exchange for agreement not to challenge the patent, the court stated:

it is not clear where the prohibition against challenging the validity of the patents is to be found. It can hardly be implied from the mere promise to pay royalties on patents which have neither expired nor been held invalid by a court or other body of competent jurisdiction from which no appeal has been or may be taken. Promising 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.<sup>41</sup>

Dissenting, Justice Thomas disagreed that a freestanding action for patent invalidity could arise under Article III after a voluntary contractual agreement for a license was reached. Fearful for broader application, he criticized the majority’s having given “every patent licensee a cause of action and a free pass around Article III’s requirements for challenging the validity of licensed patents, because the reasoning of the majority was not limited to patent validity suits.<sup>42</sup>

*Dicta* in footnote 11 repudiated the Federal Circuit’s “reasonable apprehension of imminent suit” test for determining whether declaratory judgment jurisdiction is proper. According to the Supreme Court, the Federal Circuit’s standard in *Teva* was inconsistent with Supreme Court precedent in the *Maryland Casualty*<sup>43</sup> (jurisdiction obtained even though the collision-victim defendant could not have sued the declaratory-judgment plaintiff-insurer without

---

<sup>40</sup> *MedImmune, Inc. v. Genentech, Inc.*, \_\_\_U.S.\_\_\_, 127 S.Ct. 764 (2007).

<sup>41</sup> *Id.* at \_\_\_, 127 S.Ct. at 776.

<sup>42</sup> *Id.* at \_\_\_, 127 S.Ct. at 782.

<sup>43</sup> *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U. S. 270, 273 (1941).

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

first obtaining a judgment against the insured), and *Aetna*<sup>44</sup> decisions (jurisdiction obtained even though the very reason the insurer sought declaratory relief was that the insured had given no indication that he would file suit). Its standard also conflicted with *Cardinal Chemical*,<sup>45</sup> which held that affirmance of a judgment of noninfringement, eliminating any apprehension of suit, does not moot a declaratory judgment counterclaim of patent invalidity. Importantly, the Federal Circuit’s dismissal of the *Altvater*<sup>46</sup> decision in *Gen-Probe* as “an injunction case” was inapposite upon careful study of the facts in *Altvater*.

Recognizing the import of the *Medimmune dicta*, the Federal Circuit in the very recent *Teva*<sup>47</sup> and *Sandisk*<sup>48</sup> cases, reversed the dismissal of the plaintiffs’ declaratory judgment actions based on *Medimmune*, holding that declaratory judgment jurisdiction had been sufficiently established under the broader test of *Medimmune*.

Novartis listed five patents in the Orange Book directed to various aspects of its Famvir® drug product. Teva filed Paragraph IV certifications against all five patents alleging the patents were invalid or not infringed. Novartis brought suit on only one of the patents within the prescribed 45-day period – the ‘937 patent – having the earliest expiration date. Teva sought declaratory judgment relief on the other four patents to establish “patent certainty” under 21 U.S.C. § 355(j)(5)(C), a 2003 MMA revision to the Hatch-Waxman Act. Novartis successfully moved to dismiss Teva’s suit based on its failure to establish declaratory judgment jurisdiction under the *reasonable apprehension of imminent suit* test of *Teva*.<sup>49</sup>

On appeal, the Federal Circuit acknowledged the Supreme Court’s reaffirmation in *Medimmune* that an “actual controversy” requires only that a dispute be “‘definite and concrete, touching the legal relations of parties having adverse legal interests’; and that it be ‘real and substantial’ and ‘admi[t] of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical set of facts.’”<sup>50</sup> The court also acknowledged *dicta* in *Medimmune* rejecting the Federal Circuit’s

---

<sup>44</sup> *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239 (1937).

<sup>45</sup> *Cardinal Chemical Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 98 (1993).

<sup>46</sup> *Altvater v. Freeman*, 319 U.S. 359 (1943).

<sup>47</sup> *Teva Pharms. USA, Inc. v. Novartis Pharms. Corp.*, 482 F.3d 1330 (Fed. Cir. 2007) (Gajarsa, J.).

<sup>48</sup> *Sandisk Corp. v. Stmicroelectronics, Inc.*, 480 F.3d 1372 (Fed. Cir. 2007) (Linn, J.).

<sup>49</sup> See n.39, *supra*.

<sup>50</sup> *Teva*, *supra* n. 47 at 1336-37.

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

*reasonable apprehension of imminent suit* test as the only type of injury-in-fact that would support the case or controversy requirement of Article III.<sup>51</sup>

Here, according to the court, Teva sustained actual injury-in-fact. By choosing to sue Teva under 35 U.S.C. § 271(e)(2)(A) based on a single act of infringement, Novartis placed into actual dispute the soundness of Teva’s ANDA and Teva’s ability to secure approval of the ANDA.<sup>52</sup> Moreover, Teva remained under the threat of an infringement suit because Novartis was not precluded from pursuing additional infringement suits under 35 U.S.C. § 271(e)(2)(A). In light of Novartis’ pending suit on the same ANDA, its threat of litigation was held to be a present injury creating a justiciable controversy.

The court also considered as factors supporting actual controversy and thus injury-in-fact: (1) the listing of Novartis’ patents in the Orange Book; (2) the symmetrical establishment of the ‘controversy’ requirement based on Teva’s Paragraph IV certification to Novartis; (3) the combined effect of various MMA revisions to the Hatch Waxman-Act that were designed to promote, rather than delay, efficient resolution of patent disputes; (4) the combination of the ‘937 patent listing, the Paragraph IV challenge and the litigation on the ‘937 patent as sufficient to establish actual DJ controversy as to *all* the paragraph IV certified patents (asserted and unasserted); and (5) the possibility of future suits arising from the same ANDA.<sup>53</sup>

The Federal Circuit has dispensed with its own two-part test for determining whether declaratory judgment jurisdiction has been established based on the Supreme Court’s *Medimmune* decision. While would-be defendants may now establish the existence of a case or controversy under Article III more easily, it remains an open question how low the threshold will become – as explained by Judge Bryson in his March 26, 2007 concurrence in *Sandisk*:

under the court's standard virtually any invitation to take a paid license relating to the prospective licensee's activities would give rise to an Article III case or controversy if the prospective licensee elects to assert that its conduct does not fall within the scope of the patent. Indeed, as the court makes clear, even a representation by the patentee that it does not propose to file suit against the prospective licensee will not suffice to avoid the risk that the patentee will face a declaratory judgment action.<sup>54</sup>

---

<sup>51</sup> *Id.* at 1339.

<sup>52</sup> *Id.* at 1339-40.

<sup>53</sup> *Id.* at 1341-45.

<sup>54</sup> *Sandisk* at 1384 (Bryson, J., concurring).

While the *Teva* and *Sandisk* decisions will come as welcome news to, e.g., generic pharmaceutical companies who previously have been unable to obtain declaratory relief against unasserted patents (and who have faced the prospect of uncertain exposure from at-risk launches), they dramatically change the ground rules for pre-litigation negotiations. Early efforts to resolve disputes in avoidance of litigation may well backfire, creating strategic advantage for would-be infringers seeking the benefits of both timing and choice of forum.

#### IV. Injunctions after *eBay*

In *eBay*, the Supreme Court held that the four-factor test for permanent injunctions that applicants must satisfy in other areas of law “apply with equal force to disputes arising under the Patent Act [because] this Court has long recognized [that] ‘a major departure from the long tradition of equity practice should not be lightly implied.’”<sup>55</sup> Its decision reinstated the requirement of *proving* irreparable harm by patentees seeking an injunction and emasculated a decades-old practice of *presuming* irreparable harm once infringement was established and validity upheld. The Court’s opinion provided no guidance about *how* the four-factor test should be applied in the *eBay* case in particular or in patent cases generally.

Notwithstanding, district courts implemented *eBay* immediately. A number of courts, applying the traditional four-factor test, granted injunctions based on the proofs of irreparable harm and the inadequacy of a remedy at law (monetary damages).<sup>56</sup>

---

<sup>55</sup> *eBay Inc. v. MercExchange, L.L.C.*, \_\_\_ U.S. \_\_\_, \_\_\_, 126 S. Ct. 1837, 1838 (2006), citing *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 320 (1982).

<sup>56</sup> See, e.g., *Visto Corp. v. Seven Networks, Inc.*, No. 2:03-CV-333-TJW, 2006 U.S. Dist. LEXIS 91453 (E.D. Tx. Dec. 19, 2006); *Black & Decker v. Robert Bosch Tool Corp.*, No. 04 C 7955, 2006 U.S. Dist. LEXIS 86990 (N.D. Ill. Nov. 29, 2006); *Rosco, Inc. v. Mirror Lite Co.*, CV-96-5658, 2006 U.S. Dist. LEXIS 73366 (E.D.N.Y. Sept. 29, 2006); *3M Innovative Proprs. Co. v. Avery Dennison Corp.*, Civil No. 01-1781, 2006 U.S. Dist. LEXIS 70263, \*4-5 (D. Minn. September 25, 2006) (“3M has spent nearly five years litigating to protect its interest in this patent and has consistently refused to execute a licensing agreement with Avery. Having lost at trial, Avery wants to force 3M to grant a license that 3M refused to grant before trial. The Court will not disturb 3M’s determination that its business interests will not be served by the licensing of this product.”); *Canon Inc. v. GCC Int’l, Ltd.*, 450 F. Supp. 2d 243, 256 (S.D.N.Y. 2006) (money damages inadequate where defendants’ business operations “are far-flung, and locating and attaching assets sufficient to satisfy a money judgment would be exceedingly difficult.”); *TiVo Inc. v. EchoStar Commc’n Corp.*, 446 F. Supp. 2d 664 (E.D. Tx. 2006); *Telequip Corp. v. Change Exch.*, No. 5:01-CV-1748, 2006 U.S. Dist. LEXIS 61469 (N.D.N.Y. Aug. 15, 2006).

Dzwonczyk – Recent Decisions Impacting Patent Litigation

But in *Paice v. Toyota*,<sup>57</sup> the district court denied an injunction to a nonmanufacturing patentee-plaintiff who failed to prove irreparable harm. Although plaintiff alleged defendant's infringement and failure to license damaged plaintiff's licensing program, the court was unconvinced that money damages would be inadequate: "[i]nfringing one's right to exclude alone, however, is insufficient to warrant injunctive relief. Plaintiff does not demonstrate why other potential licensees would be less likely to take a license if this case ends with monetary damages instead of equitable relief. In either case, the Plaintiff's patent rights are vindicated."<sup>58</sup>

In *Voda v. Cordis*,<sup>59</sup> a court denied a permanent injunction to a patentee-plaintiff under *eBay* where the irreparable harm alleged was to Scimed, Voda's *exclusive* licensee. The court considered third-party harm irrelevant because Scimed chose not to sue to enforce the patent rights. Because "patents have 'the attributes of personal property', the person seeking a permanent injunction must demonstrate harm from infringement of those rights that is personal as well."<sup>60</sup> Similarly, in *Sundance v. DeMonte*<sup>61</sup>, an injunction was denied to a patent holder whose nonexclusive licensees competed with the accused infringer. The large number of marketplace competitors weighed against a finding of irreparable harm and Sundance's offers of a license prior to filing suit militated against a finding that a remedy at law would have been inadequate.

In *z4 Technologies v. Microsoft*,<sup>62</sup> the court denied a permanent injunction to z4 against Microsoft; the claimed invention was but a small component of Microsoft's commercial product. The trial court noted that without an injunction,

z4 will not suffer lost profits, the loss of brand name recognition or the loss of market share because of Microsoft's continued sale of the infringing products. These are the type of injuries that are often incalculable and irreparable . . . . z4 can be compensated for any harm it suffers in the way of future infringement at the hands of

---

<sup>57</sup> *Paice LLC v. Toyota Motor Corp.*, No. 2:04-CV-211-DF, 2006 U.S. Dist. LEXIS 61600 (E.D. Tx. Aug. 16, 2006).

<sup>58</sup> *Id.* at \*14 (citations omitted).

<sup>59</sup> *Voda v. Cordis Corp.*, No. CIV-03-1512-L, 2006 U.S. Dist. LEXIS 63623 (W.D. Okla. Sept. 5, 2006).

<sup>60</sup> *Id.* at \*18-19 (citations omitted).

<sup>61</sup> *Sundance, Inc. v. DeMonte Fabricating Ltd.*, 2007 U.S. Dist. LEXIS 158 (E.D. Mich. Jan. 4, 2007).

<sup>62</sup> *z4 Techs., Inc. v. Microsoft Corp.*, 434 F. Supp. 2d 437 (E.D. Tx. 2006).

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

Microsoft by calculating a reasonable royalty for Microsoft's continued use of the product activation technology.<sup>63</sup>

Citing *eBay*, the court stated that “the right to exclude alone is not sufficient to support a finding of injunctive relief and that such relief ‘may’ issue only ‘in accordance with the principles of equity’ under § 283 of the patent act.”<sup>64</sup> Thus, a violation of a patentee’s right to exclude does not inevitably lead to the conclusion that a patent holder cannot be adequately compensated by monetary damages without first applying the principles of equity.

But the dividing line between grant or denial of an injunction has not been drawn exclusively between manufacturing and nonmanufacturing patentees. In *Praxair v. ATMI*,<sup>65</sup> the court denied a permanent injunction to a successful patentee (Praxair) who failed to prove that ATMI's infringement could not be compensated for with a money award or the quantum of market share, profits, and goodwill that would be lost absent an injunction.

Litigants’ positions respecting settlement and appeal will change now that injunctive relief is not a foregone conclusion after a judgment of infringement. There is little doubt post-*eBay* that patentees are faced with additional evidentiary burdens in seeking injunctions as remedies for patent infringement. Patentees can and should rely on the difficulty of valuing patent rights (even reasonable royalties) and the public interest in strong patent rights in seeking to establish the absence of an adequate legal remedy. Patentees should be prepared to prove the impediments to calculating monetary damages, including such factors as lost market share, customer buying habits, customer goodwill, etc., and should avoid early offers of license if an injunction will eventually be sought.

Alleged infringers should at all times be prepared to show that money damages can make the patentee whole if infringement is established. The patentee’s early interest in a reasonable royalty or other monetary settlement can be used to rebut a later claim that monetary damages cannot be used to compensate the patentee. Public interest usually favors competition, and proof that exclusion would not be in the public interest must be considered.

---

<sup>63</sup> *Id.* at 440-41.

<sup>64</sup> *Id.* at 441, citing *eBay*, 126 S.Ct. at 1840.

<sup>65</sup> *Praxair, Inc. v. ATMI, Inc.*, 2007 U.S. Dist. LEXIS 21589 (D.Del., March 27, 2007).

V. Claim Construction before and after *Amgen*<sup>66</sup>

In 2005, the Federal Circuit’s *en banc* pronouncement in *Phillips*<sup>67</sup> was designed to remedy years of confusion in the bar over the proper methodology for the interpretation of claims. In the eight years preceding *Phillips*, the Federal Circuit court issued a split claim construction opinion (2-1) roughly once every three months.<sup>68</sup> Since *Phillips*, the Court has issued over a dozen 2-1 claim construction decisions, a rate of approximately one per month -- triple the pre-*Phillips* rate.<sup>69</sup>

---

<sup>66</sup> Adapted from M. Dzwonczyk, *Looking at Patent Law Developments 2006: The Year in Review*, American Intellectual Property Law Association Online Seminar, “Patent, Trademarks and Copyright: Hot Topics in 2006,” January 12, 2007, 12:30 p.m.

<sup>67</sup> *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005).

<sup>68</sup> K.A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 243-44 (2005) (“There are twenty Federal Circuit judges that have participated in claim construction decisions during the eight years of this study. Twelve of the judges have participated in more than 100 claim construction decisions. ... [I]n the 1100 claim constructions that were appealed, there were only 36 dissents. Hence, while the Federal Circuit disagreed with the district court judges as to the proper claim constructions in 34.5 % of the appeals, they only disagreed amongst themselves in 3 % of the appeals.”). Professor Moore (now Judge Moore) thus concluded there was about one dissent from a claim construction every three months for the eight years studied.

<sup>69</sup> *Acumed LLC v. Stryker Corp.*, 483 F.3d 800, \_\_ (Fed. Cir. 2007)(Moore, J., dissenting) (“I am troubled by the district court’s clear reliance on a common English language dictionary, which was published ten years after the ‘444 patent issued to construe the term ‘transverse holes.’ ”); *Ventana Med. Sys., Inc. v. BioGenex Labs., Inc.*, No. 06-1074, 2006 U.S. App. LEXIS 32031 (Fed. Cir. Dec. 29, 2006) (Prost, J., Lourie, Dyk, JJ) (Lourie, J. dissenting) (arguing that “dispensing” should be properly construed to mean “direct dispensing” as the district court found based on repeated references throughout the specification and in the prosecution history); *Paymaster Techs., Inc. v. United States*, 180 Fed. App’x 942, 950 (Fed. Cir. 2006) (Michel, C.J., Friedman, Dyk, JJ.) (Dyk, J., dissenting) (“I do not agree with the majority’s construction of the term ‘form set.’ I respectfully dissent.”); *SmithKline Beecham Corp. v. Apotex Corp.*, 439 F.3d 1312, 1321 (Fed. Cir. 2006) (Newman, Schall, Dyk, JJ.) (Newman, J., dissenting) (“[T]he district court found ‘anticipation’ based on a claim construction that erased critical limitations of the claim. At issue are claims that require the use of a specified process for the commercial production of tablets of the known pharmaceutical product paroxetine (Paxil®).”); *nCube Corp. v. Seachange Intern., Inc.*, 436 F.3d 1317, 1327 (Fed. Cir. 2006) (Rader, Friedman, Dyk, JJ.) (Dyk, J., dissenting) (“The majority upholds the district court’s claim construction. Seachange argues, and I agree, that this claim construction erroneously omitted the further requirement that the upstream manager route messages bound for services on the server using logical addresses. Under the proper claim construction, there was insufficient evidence to support the verdict of infringement because there is no evidence the accused device uses logical addresses for any

Dzwonczyk – Recent Decisions Impacting Patent Litigation

For example, in *Momentus Golf*,<sup>70</sup> a panel majority reversed a summary judgment grant of noninfringement based on its conclusion that the district court erred in finding that prosecution disclaimer limited the scope of the claim in a manner that did not encompass the accused device. The claim at issue was directed to a golf club swing trainer “solid through it[s] length and cross-section, sol[i]d round stock, [and] having a center of gravity substantially centered at a midpoint of a longitudinal axis . . . .” During prosecution, applicants distinguished a reference by stating “A hollow device having 10-25% club head weight cannot meet the requirement in applicant’s claims that the center of gravity of the trainer be substantially at the center of a solid round stock.”<sup>71</sup> The panel majority held this was not a clear and unmistakable disclaimer of all devices having 10-25% club head weight. At most it disclaimed hollow devices having 10-25% club head weight.<sup>72</sup> Dissenting, Judge Schall disagreed with the majority interpretation of the passage, and agreed with the district court that the statement disclaimed all (i) devices having 10-25% club head weight and also (ii) all devices having a hollow shaft.<sup>73</sup>

---

purpose.”); *Dorel Juvenile Group, Inc. v. Graco Children's Prods., Inc.*, 429 F.3d 1043, 1047 (Fed. Cir. 2005) (Newman, Clevenger, Gajarsa, JJ.) (Newman, J., dissenting) (child’s car seat) (“The district court correctly construed the term “removably attached/secured” to mean “removably,” not its opposite, as the panel majority holds); *Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1261 (Fed. Cir. 2005) (Clevenger, Gajarsa, Prost, JJ.) (Gajarsa, J., dissenting); *Agfa Corp. v. Creo Products Inc.*, 451 F.3d 1366, 1385 (Fed. Cir. 2005) (Newman, Lourie, Rader, JJ.) (Newman, J., dissenting) (“I cannot agree with the panel majority that ‘stack’ is correctly construed to include the vertical alignment of the prior art.”); *Kim v. Conagra Foods, Inc.*, 465 F.3d 1312, 1326 (Fed. Cir. 2006) (Schall, Archer, Dyk) (Schall, J., dissenting) (bread baking ingredients) (“I am unable to agree with the majority’s construction of the term ‘potassium bromate replacer’ in claims 5-8 and 10 of the ‘355 patent.”); *Momentus Golf, Inc. v. Swingrite Golf Corp.*, 187 Fed. App’x 981 (Fed. Cir. 2006) (Archer, Schall, Dyk, JJ.) (Schall, J., dissenting); *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 448 F.3d 1324, 1337-38 (Gajarsa, Dyk, Prost) (Dyk, J., dissenting) (“In my view the majority’s approach expands the scope of 112(6) claims contrary to our prior precedent by failing 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.”); *Eli Lilly and Co. v. Teva Pharms. USA, Inc.*, 2005 U.S. App. LEXIS 14583 (Fed. Cir. 2005) (Mayer, Lourie, Bryson, JJ.) (Mayer, J., dissenting without opinion); *Free Motion Fitness, Inc. v. Cybex Intern., Inc.*, 423 F.3d 1343, 1353 (Fed. Cir. 2005) (Rader, Dyk, Prost, JJ.) (Prost, J., dissenting).

<sup>70</sup> *Momentus Golf*, 187 Fed. App’x 981.

<sup>71</sup> *Id.* at 983.

<sup>72</sup> *Id.* at 984.

<sup>73</sup> *Id.* at 985.

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

In *Kim v. Conagra Foods*,<sup>74</sup> a panel majority affirmed the JMOL grant of noninfringement based on a claim interpretation of “potassium bromate replacer” as a composition which “functions as an oxidant and that oxidants strengthen dough, increase loaf volume, and contribute to fine crumb grain.” In support, the majority relied on a statement in the specification that “the present invention [ ] provides natural ascorbic acid as the only oxidizing agent in dough that is effective and functional throughout the entire manufacturing process.”<sup>75</sup> Dissenting, Judge Schall cited six passages from the specification and several from the prosecution history showing that the patentee acted as lexicographer in defining potassium bromate replacer as a “slow acting oxidant that is functional throughout the entire manufacturing process.”<sup>76</sup> He disagreed with the majority’s overreliance on an isolated passage from the Background section of the patent as support for its claim interpretation.<sup>77</sup>

Interestingly, the majority rejected Judge Schall’s construction proposed in dissent as inconsistent with constructions proposed by either party during the litigation: “[w]hile we may have the authority to adopt claim constructions which have not been proposed by either party, see *Exxon Chem. Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1556 (Fed. Cir. 1995), we should be hesitant to do so.”<sup>78</sup> If the majority’s reasoning is premised on the perceived advantages of reviewing a claim construction that is based on a factually developed record, it is indeed difficult to accept, given *de novo* review of claim constructions under *Cybor*.<sup>79</sup> Indeed, Judge Mayer’s dissent in *Lava Trading*<sup>80</sup> (April 19, 2006) levels this very criticism at the errant results obtained under the *Cybor* standard: “[b]ecause claim construction is treated as a matter of law chimerically devoid of underlying factual determinations, there are no “facts” on the record to prevent parties from presenting claim construction one way in the trial court and in an entirely different way in this court.”<sup>81</sup>

---

<sup>74</sup> *Kim v. Conagra Foods, Inc.*, 465 F.3d 1312, 1326 (Fed. Cir. 2006) (Dyk, J.).

<sup>75</sup> *Id.* at 1318.

<sup>76</sup> *Id.* at 1326.

<sup>77</sup> *Id.* at 1329.

<sup>78</sup> *Id.* at 1319.

<sup>79</sup> See *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (*en banc*).

<sup>80</sup> *Lava Trading, Inc. v. Sonic Trading Mgmt.*, 445 F.3d 1348 (Fed. Cir. 2006) (Rader, J.).

<sup>81</sup> *Id.* at 1355. In *Lava Trading*, the panel, per Judge Rader, expressed frustration at the lack of a factual record comparing the accused products to the asserted claims (“[w]ithout knowledge of the accused products, this court . . . lacks a proper context for an accurate claim construction. [ ] [K]nowledge of that product or process provides meaningful context for the first step of the infringement analysis,

Dzwonczyk – Recent Decisions Impacting Patent Litigation

Several months after *Lava Trading* was decided, the court in *M.I.T. v. Abacus Software*<sup>82</sup> expressed frustration at the lack of record evidence about accused devices in order to assist with claim construction.<sup>83</sup> In addition, the court refused to consider claim construction arguments not pertinent to the stipulated judgment of noninfringement based on the district court claim construction.

In *M.I.T.*, a divided panel disagreed over whether the claimed recitation to “aesthetic correction circuitry” should be construed as a means-plus-function clause under 35 U.S.C. § 112, ¶ 6. After a Markman hearing, the district court held that “aesthetic correction circuitry” was a means-plus-function limitation wherein the function was “introducing aesthetically desired alterations into appearance signals to produce modified appearance signals,” and the structures that perform this function are five specific components that define a “Color Translation Module.”<sup>84</sup> Relying on technical dictionaries, the panel majority disagreed and concluded that the term “circuitry” connoted sufficient structure to avoid § 112, ¶ 6 treatment.<sup>85</sup> The court also relied on the description of the color translation module in the specification as containing hardware as circuitry used to introduce aesthetic and other corrections as desired.

Dissenting, Chief Judge Michel relied on the lack of evidence that “aesthetic correction” described “circuitry” in such a manner that sufficiently connoted definite structure to one skilled in the art; “[i]ndeed, ‘aesthetic correction’ itself may be solely functional language.”<sup>86</sup>

An inefficient and senseless circuitry has resulted from playing “hot potato” with facts underlying a claim construction dispute under *Cybor*. Parties litigant have failed to present completely developed factual records supporting a proposed claim interpretation to the Federal

---

claim construction.”). *Id.* at 1349. In dissent, Judge Mayer stated the appeal was interlocutory and should have been dismissed. *Id.* at 1355. *See also Harris Corp. v. Ericsson Inc.*, 417 F.3d 1241, 1261 (Fed. Cir. 2005) (Gajarsa, J., dissenting) (“[T]he court allows Ericsson to submit its *WMS Gaming [Inc. v. Int'l Game Technology]*, 184 F.3d 1339 (Fed. Cir. 1999),] claim construction argument, for the first time, on appeal. Contrary to the court’s analysis, the shift in claim construction is more than an ‘infinitesimal tweak in scope.’ The facts belie that position. It is in fact a paradigm shift which should not be tolerated.”).

<sup>82</sup> *Mass. Inst. of Tech. & Elecs. for Imaging, Inc. v. Abacus Software*, 462 F.3d 1344 (Fed. Cir. 2006) (Dyk, J.).

<sup>83</sup> *Id.* at 1350.

<sup>84</sup> *Id.* at 1349.

<sup>85</sup> *Id.* at 1355-56.

<sup>86</sup> *Id.* at 1362.

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

Circuit, perhaps because of the time and expense in doing so, and perhaps because of the lack of deference that may be given to a district court’s view of those facts. The Federal Circuit disfavors an incomplete factual record even under its *de novo* review standard, declines issuance of advisory opinions or interlocutory rulings on claims construction and has refused to consider claim construction arguments not specifically before it. Unless and until the *Cybor de novo* rule is reconsidered, split claim construction panel decisions are likely to be with us for some time.

It is for these reasons that the high water mark of claim construction discord at the Federal Circuit in 2006 came with the panel opinion and the eventual denial of a subsequent petition for rehearing/rehearing *en banc* in the *Amgen v. Hoechst Marion Roussel* case.

An August 3, 2006 decision in *Amgen*<sup>87</sup> (Michel, Clevenger, Schall) resulted in a new claim construction of “therapeutically effective amount,” *vacatur* of the judgment that Claim 1 of Amgen’s ‘422 patent was not invalid, and a remand to determine whether that claim was anticipated by a prior art reference based on the new claim construction.<sup>88</sup> Chief Judge Michel dissented, based on his view of the correctness of the district court’s claim construction. He cited the 23-day bench trial and two opinions totaling over 360 pages setting forth extensive fact findings and conclusions of law, including those supporting claim construction.<sup>89</sup> By all accounts, the district court followed *Phillips* methodology in construing the claimed term and made findings before issuing its judgment.

Amgen sought rehearing (including *en banc* rehearing) of the new claim construction decision, but that petition was denied November 22, 2006, over the written dissents of four judges.<sup>90</sup> Dissenting a second time, Chief Judge Michel outlined four problems with the *Cybor* no-deference regime: (1) a steadily high reversal rate; (2) a lack of predictability about appellate outcomes; (3) loss of the comparative advantage of district court judges; and (4) inundation of the Federal Circuit with “the minutia of construing numerous disputed claim terms.” Joining the mainstream of court members, he stated his belief that *Cybor* should be reconsidered and his expectation that it would be.<sup>91</sup>

---

<sup>87</sup> *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 457 F.3d 1293 (Fed. Cir. 2006) (Schall, J.).

<sup>88</sup> *Id.*

<sup>89</sup> *Id.* at 1318.

<sup>90</sup> *Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039, 2006 U.S. App. LEXIS 29284, at \*8 (Fed. Cir. 2006) (*en banc*).

<sup>91</sup> *Id.* at \*8-9 (Michel, J., dissenting).

Dzwonczyk – *Recent Decisions Impacting Patent Litigation*

Judge Newman dissented, stating that district courts are well suited to evaluate the technologic content and scope of patents, “an analysis whose intermingling of fact and law is well served by the procedures and the adjudicatory skill of the district courts.”<sup>92</sup>

Agreeing with Judges Newman and Michel, Judge Rader cited *Markman*’s language that claim construction “falls somewhere between a pristine legal standard and a simple historical fact” *Markman*, 517 U.S. at 388, and that deference must be accorded to the factual components of the lower court’s claim construction.<sup>93</sup>

In her first dissent, Judge Moore also voiced her disagreement with the *Cybor* rule. As a former academic, empiricist and prolific writer, Judge Moore has openly criticized the high claim construction reversal rates of the court.<sup>94</sup>

Judges Gajarsa, Linn and Dyk concurred in the denial of rehearing *en banc* based on the view that the *Amgen* case was not the right vehicle for revisiting *Cybor*, but stated reconsideration may be appropriate in an atypical case, *e.g.*, one in which the language of the claims, the written description and the prosecution history on their face did not resolve the question of claim interpretation, and the district court found it necessary to resolve conflicting

Interestingly, one of *Cybor*’s most open critics, Judge Mayer, declined to voice a dissent in *Amgen*. Judges Plager and Bryson whose concurrences in *Cybor* suggest willingness to accord deference to district court fact finding did not favor *en banc* review of the *Cybor* rule in *Amgen*. Thus, as of the resurrection of *Cybor*’s “no-deference” phoenix in *Amgen*, ten of twelve court members have in some measure questioned, criticized and urged review of *Cybor*. When will it happen?<sup>95</sup> Even though Judge Moore’s voice changes the calculus of the court and several members await an appropriate case, the change for patent holders, district court judges and practitioners cannot come fast enough.

---

<sup>92</sup> *Id.* at \*16 (Newman, J., dissenting).

<sup>93</sup> *Id.* at \*17 (Rader, J., dissenting).

<sup>94</sup> *Id.* at \*20-23 (Moore, J., dissenting); *see also* K.A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 14 (2001) (finding reversal rates to be about 33 %); Kimberly A. Moore, *Markman Eight Years Later: Is Claim Construction More Predictable?*, 9 LEWIS & CLARK L. REV. 231, 239 (2005) (“After a de novo appeal, the Federal Circuit held that 34.5 % of the terms were wrongly construed by the district court. [T]he Federal Circuit held at least one term was wrongly construed in 37.5 % of the cases. In the cases in which one or more term was wrongly construed, the erroneous claim construction required the Federal Circuit to reverse or vacate the district court’s judgment in 29.7 % of the cases.”).

<sup>95</sup> *Amgen* petitioned the Supreme Court for *certiorari*, which was denied May 14, 2007.