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Ernest V. Linek

Patent cases are in the news lately—are big changes on the horizon? Will “business method patents” soon become a thing of the past? Will diagnostic method patents be impacted by a Supreme Court decision on unrelated technology? We shall see.

Bilski—Supreme Court Update

On November 9, 2009, the Supreme Court held oral argument in *Bilski v. Kappos*, and according to one observer, “one thing seems certain—Mr. Bilski is not likely to get a patent on his method of hedging consumption risk.”

The Bilski patent application, originally filed in 1997, describes a method for providing a fixed bill energy contract to consumers. Under fixed bill energy contracts, consumers pay monthly prices for their future energy consumption based in advance of winter on their past energy use. The monthly prices remain the same no matter how much energy they then use.

The Bilski method is claimed as follows:

1. A method for managing the consumption risk costs of a commodity sold by a commodity provider at a fixed price comprising the steps of:
 - (a) initiating a series of transactions between said commodity provider and

consumers of said commodity wherein said consumers purchase said commodity at a fixed rate based upon historical averages, said fixed rate corresponding to a risk position of said consumer;

- (b) identifying market participants for said commodity having a counter-risk position to said consumers; and
- (c) initiating a series of transactions between said commodity provider and said market participants at a second fixed rate such that said series of market participant transactions balances the risk position of said series of consumer transactions.

Bilski’s patent application had been rejected, first by the patent examiner, and then by the Board of Appeals and Interferences of the US Patent and Trademark Office (USPTO). The Board of Appeals rejection was appealed to the Federal Circuit. The case was argued before a three judge panel of the court in 2007. The Federal Circuit then ordered an *en banc* rehearing *sua sponte*, which was held in May 2008.

The *en banc* court ruled that no process has patentable subject matter under Section 101, unless it is either: (1) tied to a particular machine, or (2) transforms something tangible.

In a footnote, the court stated that a footnote stating that “those portions of our opinions in *State Street* and *AT&T* relying solely on a ‘useful, concrete and tangible result’ analysis should no longer be relied on.”

The Supreme Court argument included numerous questions from the Court. None of the Justices seemed sympathetic to Bilski’s case. Several of the Justices pressed Bilski’s counsel to explain why a method of conducting business is the type of invention that was intended to be covered under the patent laws.

The Justices appeared to struggle with whether the Federal Circuit’s “machine or transformation” test was the appropriate test for process patents, and prodded both sides to propose alternatives. For instance:

- Justice Scalia asked why the “useful arts” mentioned in the US Constitution didn’t indicate an intention to limit inventions to manufacturing arts involving workers.
- Justice Ginsberg asked why, in view of Europe’s prohibition on patenting business methods, the United States should not adopt a similar rule.
- Justice Breyer asked whether the framers of the Constitution would have intended to force competitors to search for and avoid patents covering methods of doing business, and asked whether he could have patented his method of teaching antitrust law. (Bilski’s response: Yes, if it was new and not obvious).
- Justice Sotomayor seemed concerned that the “machine or transformation” test was too rigid and might foreclose patenting future areas of technology.
- Chief Justice Roberts pressed Bilski’s counsel several times to explain why his three-step method involving “initiating transactions” among various parties was not merely an

unpatentable abstract idea, and debated with *Bilski's* counsel whether any of the steps involved physical steps.

By taking the *Bilski* case, it seems likely that the Supreme Court will provide some new guidance regarding Section 101 and what the statute defines as patent-eligible subject matter, based on prior Supreme Court precedent.

The facts in *Bilski* offer the Court the option to resolve the case with a narrow ruling focused either on *Bilski* or on business method patents generally. Guidance from the Court in other technological areas might require future appeals to the Court.

For example, in October, a petition for a writ of certiorari was filed in the Court regarding the Federal Circuit's decision in *Prometheus Labs. v. Mayo*. In that case, two patents that cover a method of optimizing the dosing of a drug (U.S. Patent Nos. 6,355,623 and 6,680,302, were found to comply with Section 101).

The *Prometheus* inventions define a drug dosing method that involves three steps: (1) administer a drug to a subject; (2) then determine the level of drug in the subject; and (3) decide whether the next dose should be the same, higher, or lower. The decision on the next dose is made by comparing the level of the drug in the subject against predetermined threshold levels.

As of November 19, 2009, no decision has been rendered by the Court regarding the *Mayo* petition for a writ of certiorari.

Centocor v. Abbott—ED Texas Update

On November 5, 2009, Judge Ward of the US District Court for the Eastern District of Texas, denied all of *Abbott's* post verdict motions and upheld the largest patent verdict in US history, a jury verdict awarding Johnson & Johnson subsidiary Centocor Ortho Biotech Inc.

and New York University a record \$1.67 billion for their claims that *Abbott Laboratories'* flagship arthritis drug Humira infringed US Patent Number 7,070,775.

The jury decision of June 29, 2009, following five hours of deliberation, found:

1. That claims 2, 3, 14 and 15 were infringed by *Abbott*;
2. *Abbott* failed to prove the patent invalid based on (a) enablement, (b) written description, or (c) anticipation;
3. *Abbott's* infringement was willful; and
4. Compensation to Centocor should be \$1,168,466,000 for lost profits and \$504,128,000 for a reasonable royalty.

On July 28, 2009, *Abbott* filed five motions for judgment as a matter of law (JMOL) pursuant to FRCP 50. These motions are listed below:

1. Motion and Supporting Memorandum for JMOL or for New Trial Based on Failure to Comply with the Written Description Requirement or, in the Alternative, for Reconsideration of this Court's Claim Construction and Entry of JMOL of Non-Infringement
2. Motion and Supporting Memorandum for JMOL or for New Trial Based on Failure to Comply with the Enablement Requirement
3. Motion and Supporting Memorandum for JMOL of Non-Infringement or for a New Trial
4. Motion and Supporting Memorandum for JMOL or for New Trial on Issue of Willfulness
5. *Abbott's* Motion and Supporting Memorandum for JMOL or for New Trial Regarding Lost Profits and Damages Period

Humira is used to treat a variety of disorders, including rheumatoid arthritis, psoriatic arthritis, and

ankylosing spondylitis, a form of arthritis affecting the spine. It is also used to treat the skin disease psoriasis and Crohn's disease, an inflammation of the bowel.

Humira had more than \$4.5 billion in sales in 2008, making it *Abbott's* top seller and accounting for 15 percent of its revenues for the year. Centocor makes a competing drug, Remicade, which is made partially from mouse antibodies. Remicade had sales of \$3.75 billion in 2008.

PTO Patent Term Adjustment Case Update

On October 7, 2009 the US Court of Appeals for the Federal Circuit heard oral arguments in *Wyeth v. Kappos* (No. 2009-1120), which will determine how the USPTO calculates the amount of time it adjusts patent terms when it is late processing the initial patent application.

The Federal Circuit case is a PTO appeal from the decision of the US District Court for the District of Columbia in *Wyeth v. Dudas* [580 F.Supp.2d 138 (D.D.C. 2008)] in which Judge Robertson held that the PTO was miscalculating patent term adjustments. If *Wyeth* wins this appeal, the impact of the case will apply to the *Wyeth* patent in suit, and case decision will apply to those parties who have filed cases (currently suspended) in the US District Court for the District of Columbia seeking a modification of the PTO patent term adjustments for their patents.

Any decision by the Federal Circuit will not have retroactive effect for current patent owners who have not filed a civil action against the PTO within the six month statutory filing period following the grant of their patents.

More Patent Term Adjustment Cases Filed:

Plaintiff: Chugai Seiyaku Kabushiki Kaisha
Defendant: David Kappos (USPTO)
Patent Number: 7,517,965
Date Filed: 10/9/2009

Plaintiff: Banyu Pharmaceutical Co. Ltd., Merck Sharp & Dohme Research Ltd. Merck & Co., Inc.
Defendant: David Kappos (USPTO)
Patent Number: 7,521,455
Date Filed: 10/15/2009

Plaintiff: Rockefeller University
Defendant: David Kappos (USPTO)
Patent Number: 7,521,258
Date Filed: 10/16/2009

Plaintiff: Mosaid Technologies Inc.
Defendant: David Kappos (USPTO)
Patent Number: 7,522,714
Date Filed: 10/19/2009

Plaintiff: Centre National De La Recherche Scientifique
Defendant: David Kappos (USPTO)
Patent Number: 7,521,212
Date Filed: 10/19/2009

Football Trademark Case Update

As a fan of NFL football (as well as trademarks), I have followed this case for some time. On November 16, 2009, the Supreme Court declined to revive a lawsuit on behalf of Native American activists who claimed that the Washington Redskins' team name is so offensive that it does not deserve trademark protection. The Court's decision essentially confirms the lower court ruling that the activists waited too long to bring the challenge.

The Washington Redskins football team has been known as the Redskins since 1933, when the name was changed from the Boston Braves. It became the Washington Redskins in 1937, when the team moved from Boston to Washington, DC.

The lawsuit was filed in 1992, when seven activists challenged a Redskins

trademark issued in 1967. They won seven years later in a decision by the Trademark Trial and Appeal Board (TTAB), which said the name could be interpreted as offensive to Native Americans. [*Harjo v. Pro-Football, Inc.*, 30 U.S.P.Q.2d 1828, 1833 (T.T.A.B. 1994).] The TTAB agreed that trademark law prohibits registration of a name that "may disparage . . . persons, living or dead, . . . or bring them into contempt, or disrepute." The team appealed to federal court, where they won based on several legal theories, including laches. [*See Pro-Football, Inc. v. Harjo*, 415 F.3d 44 (D.C. Cir. 2005).] The Supreme Court considered only the question of whether the suit was barred by laches, and refused to grant certiorari.

Ernest V. Linek is a partner at Banner & Witcoff, LLP in Boston, MA.

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