

OREGON INTELLECTUAL PROPERTY NEWSLETTER



Oregon State Bar
Intellectual Property Section

Intellectual Property Student Organization
Lewis and Clark Law School



Volume 8 • Number 1

Published by the Intellectual Property Law Section of the Oregon State Bar

Summer 2007

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Re-Thinking the Admissibility of Non-Prior Art as Evidence of the Level of Skill in the Art to Support an Obviousness Defense in Patent Litigation



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You are faced with a potentially damaging reference—dated prior to the critical date or even slightly too late—that is not legally part of the prior art. Is the reference nevertheless admissible? The Federal Circuit has stated that evidence, “though not technically prior art,” may properly be used “as indicators of the level of ordinary skill in the art to which the invention pertained.”¹ In fact, published Federal Circuit case law appears to be unanimous in upholding the admissibility of non-prior art evidence for such purposes. Based upon the state of Federal Circuit law, you might be quick to conclude that admissibility of the non-prior art reference is certain.

Not so fast. The Federal Circuit’s opinions provide very little by way of analysis. A recent District of Oregon case, *Jamison v. Olin Corp.-Winchester Division*,² excluded several non-prior art references pursuant to Federal Rule of Evidence (FRE) 403, due to the potential of the non-prior art evidence to create prejudice and confusion.³

A. Factual and Procedural Background of the Jamison Case

Plaintiff sued for infringement of patents claiming firearms and firearm cartridges. In support of their invalidity defenses, defendants proffered an array of cartridge designs known in the art as “wildcats,” or modified cartridges. “Wildcatters” are typically hobbyists who start with a commer-

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cially-produced cartridge case and alter the dimensions or modify other features of the case to fit their custom specifications. In this case, the wildcatters purchased dies and other tooling to make the modifications. Among other things, defendants sought to rely on wildcat cartridge drawings provided to tooling manufacturers as prior art publications.

Defendants filed motions for summary judgment, asserting that the wildcat designs invalidated the patents under 35 U.S.C. §§ 102 (anticipation) and 103 (obviousness). In response, plaintiff filed a cross-motion for summary judgment as to the Section 102 defense.

B. The Jamison Decision

The court denied defendants' motions and granted plaintiff's cross-motion as to the Section 102 defense, finding as a matter of law that several of the wildcats did not meet the legal standards for prior art.⁴ The court held that the wildcats were not legally part of the prior art. The opinion of Judge Garr M. King adopts the reasoning of Special Master Robert L. Harmon.

Because trial was necessary on the Section 103 obviousness defense, the question arose whether defendants could rely on the non-prior art wildcats to prove obviousness. Defendant Browning Arms Co. ("Browning") asserted that it could rely on the wildcats regardless of their non-prior art status. Special Master Harmon disagreed, and recommended that Judge King exclude *all* evidence relating to these cartridges, on the following reasoning:

. . . Browning cites several cases and the [Special Master] is aware of several more. Close analysis of those cases, however, suggests that Browning's contention should be rejected here. Usually, such evidence involves references that are not legally part of the prior art because they are *slightly too late in time* to qualify. The theory seems to be that, as long as the reference was reasonably contemporaneous with the invention, it can safely be relied upon to demonstrate what may have been within the skill of the art. Thus the Federal Circuit has allowed such evidence in the case of slightly later patents, publications, and inventions. Browning does cite one case in which it appears that the court allowed evidence of a development that, although early enough, was not prior art because of lack of public accessibility. In the view of the [Special

Master], that case is an anomaly. It is difficult to see how information that is not accessible to the interested public can be probative of the level of skill possessed by ordinary artisans in that public. In the circumstances of the present case, the [Special Master] believes that it would be extremely difficult—perhaps impossible—to get the jury to understand the subtle difference between using the teachings of a reference to assess obviousness and using the reference only as an indicator of the level of skill. The potential for confusion on the part of the jury greatly outweighs the possible relevance of the references. . . .⁵

The Special Master explicitly acknowledged that "this recommendation is not without controversy and that the Court may well disagree as a matter of law. In that case, the [Special Master] feels strongly that extraordinary care must be taken to ensure that the jury does not treat the references in question as prior art, which would be clear error."⁶

Defendants objected. Judge King followed the Special Master's recommendation and excluded the evidence. In doing so, Judge King did not distinguish the facts in *Jamison* from the binding Federal Circuit precedent or question the general admissibility of the evidence. Rather, Judge King based his ruling on Federal Rule of Evidence 403:

. . . Defendants seek to rely on [four wildcat cartridges] as evidence of the level of ordinary skill in the art, claiming that the special master has "improperly brushe[d] aside clear Federal Circuit case law contradicting his personal view of the law . . ." The defendants principally rely on *Thomas & Betts Corp. v. Litton Systems, Inc.*, 720 F.2d 1572, 1580 (Fed. Cir. 1983) in which the Federal Circuit upheld the trial court's use of "unpublished internal criteria," that was not prior art, as points of reference for the knowledge of one of ordinary skill in the art.

As plaintiff points out, I have a duty to determine whether evidence that may be relevant is nonetheless too prejudicial, confusing or misleading to warrant its admission under Federal Rule of Evidence 403. Relying on the special master's recommendation, the plaintiff's response to the defendants' objections, and the fact that defendants offer little analysis

explaining how plaintiff will not be prejudiced, I reject this objection to the special master's recommendation.⁷

The Federal Circuit will not have the opportunity to review Judge King's ruling in *Jamison*, because the lawsuit was dismissed shortly before trial as the result of a settlement.

C. Federal Circuit Precedent

What is most striking from a review of the relevant precedent is the paucity of analysis by the Federal Circuit. To this author's knowledge, no published Federal Circuit case has analyzed the admissibility of such evidence under FRE 403.

The Federal Circuit has cited *Orthopedic Equip. Co., Inc. v. United States*⁸ in support of admissibility of non-prior art as evidence of the level of skill in the art.⁹ However, a review of that case reveals that it has limited, if any, value on this issue. The *per curiam* opinion simply adopts, verbatim, those portions of the district court's opinion corresponding to the issues appealed.¹⁰ In fact, admissibility of non-prior art evidence was not at issue in the case. Rather, the district court struck defendant's § 102 defenses as a sanction for failure to timely disclose the defenses, but allowed the evidence "adduced in support of the § 102 defenses . . . on the issue of the level of skill in the pertinent art even if it be considered inadequate to establish the existence of a § 102 defense."¹¹ Admitting prior art evidence to support an obviousness defense is an unremarkable proposition.

*In re Farrenkopf*¹² was an appeal by reissue patent applicants from a rejection for obviousness. A protestor to the reissue offered expert opinion evidence in the form of an affidavit from an artisan, Parsons, who testified that, shortly after the date the invention was made, he had been motivated to combine the prior art references in a manner corresponding to the claimed inventions.¹³ It was conceded on appeal that the opinions and actions of Parsons were not prior art themselves.¹⁴ The Federal Circuit noted that "[s]uch evidence has been held to be competent to the extent that it refers to matters known to or observed by the affiant prior to or *contemporaneous with* the actual reduction to practice by another in an interference, where it was offered as evidence of the level of knowledge in the art at the time the invention was made."¹⁵ Parsons' activities were not prior to

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Staff, Summer 2007

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the inventor's, and there was some question whether Parsons' activities were contemporaneous. Nevertheless, the Federal Circuit was "satisfied that the Parsons affidavit constitutes some evidence of the level of skill in the art reasonably contemporaneous with appellants' reduction to practice."¹⁶

In *Thomas & Betts Corp. v. Litton Sys. Inc.*,¹⁷ the Federal Circuit considered the admissibility of unpublished internal criteria of the inventor's marketing and engineering departments. The court does not state whether the unpublished internal criteria was dated prior to the inventor's activities, but does state that it was not legally part of the prior art. The Federal Circuit upheld the trial court's decision that the invention would have been obvious:

T & B alleges that the trial court improperly relied on unpublished internal criteria generated by T & B's Marketing and Engineering Departments (M & E criteria) as prior art in finding that "the assignment itself required a difference in spacing between the apertures on the bottom and top of the connector." However, what the court did was to find that the offsetting of paired apertures between the upper and lower portion of the connector housing was not taught by the prior art straight "D" connector; it then used the M & E criteria as evidence of the fact that accomplishing a pitch change by means of offsetting paired apertures would have been within the knowledge of one of ordinary skill in the art. Thus, the M & E Criteria, *though not technically prior art, were, in effect, properly used as indicators of the level of ordinary skill in the art to which the invention pertained.* . . .¹⁸

The Federal Circuit then reversed the trial court, holding that the invention would *not* have been obvious.¹⁹ It is unclear how significant the non-prior art M & E criteria was to the issue of obviousness, but it clearly was not so significant as to render the invention obvious.

In *Ashland Oil, Inc. v. Delta Resins & Refracs. Inc.*,²⁰ the Federal Circuit addressed a patent which was not prior art. Perhaps significantly, the Federal Circuit stated that "the district court could only have utilized the . . . [p]atent in its 'analysis' to the extent that the . . . [p]atent showed the *general* level of skill in the art as of the critical date."²¹ The Federal Circuit held that this evidence of the general level of skill in the art did not supply the element of the invention missing from the prior art.²²

In *Gould v. Quigg*,²³ the Federal Circuit reaffirmed the use of a technical article, published after the filing date, to overcome an enablement rejection. The non-prior art was "offered as evidence of the level of ordinary skill in the art at the time of the application and as evidence that the disclosed device would have been operative."²⁴

The Federal Circuit followed *Thomas & Betts* in *Newell Cos., Inc. v. Kenney Mfg. Co.*²⁵ In the latter case, the Federal Circuit approved the admissibility of the accused infringer's unpublished, internal memorandum for the purpose of demonstrating that "others of ordinary skill in the art had, prior to [the] invention, proposed" a combination similar to the claimed invention.²⁶

Most recently, in an unpublished decision, a panel of the Federal Circuit recognized that the rule of *Thomas & Betts* may have limitations.²⁷ The panel found that the infringer, who sought to rely on a reference which did not qualify as a printed publication, "reads too much into *Thomas & Betts* because, unlike here, the document at issue in that case received additional support in the form of testimony about the state of art at the time of the publication. The level of skill in the art is a factual question, and the district court did not clearly err in declining to consider the [non-prior art reference] as reflecting the level of skill in the art."²⁸ The requirement of testimonial corroboration will not pose an insurmountable problem in many cases. However, this panel of the Federal Circuit did acknowledge that such evidentiary rulings are within the discretion of the trial court.

D. Implications

Under the current state of Federal Circuit law, it seems unlikely that a trial court will conclude that non-prior art evidence is, *per se*, inadmissible.

The Special Master's Report in *Jamison* raises perplexing questions. How can a reference, not legally part of the prior art because it is unpublished, ever be evidence of the level of skill in the art for purposes of assessing obviousness? As the Special Master points out in a footnote, "[i]t might show that an individual member of that public had a good idea. But it certainly would not justify a conclusion that the good idea was part of the background knowledge of those of ordinary skill in the relevant field."²⁹ How can the jury be expected to appreciate the difference between a reference which is prior art and a reference which is not prior art but reflects that the invention is within the level of skill in the art? It is one thing to demonstrate that the person of ordinary skill in

the art has certain skills; it is quite another to show that the person of ordinary skill in the art would know exactly how to make the invention, based upon a reference that he has no access to. To this author's relief, the answers to these questions are beyond the scope of this article.

If nothing else, the *Jamison* decision reminds patent litigators to remember the basics. It is easy to get sucked in to the morass of patent law and to lose sight of the fundamental rules common to all federal court litigation.

Endnotes

- 1 *Thomas & Betts Corp. v. Litton Sys. Inc.*, 720 F.2d 1572, 1581 (Fed. Cir. 1983).
- 2 CV 03-1036-KI.
- 3 FRE 403 gives the trial court discretion to exclude relevant evidence "if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury . . . or needless presentation of cumulative evidence."
- 4 *Jamison v. Olin Corp.-Winchester Division, et al.*, CV 03-1036-KI, 2005 WL 2897036 (D. Or, 2005) Order Adopting Special Master's Recommendations On Summary Judgment Motions On Invalidity (Nov. 3, 2005) (hereafter cited as "*Order*"). You may contact the author to obtain a copy of the Order and the Special Master's report.
- 5 Report & Recommendation of Special Master Regarding Summary Judgment Motions on Invalidity at 58-59 (October 4, 2005) (footnote citations omitted; emphasis in original)) (hereafter cited as "*Report*").
- 6 *Report* at 59 n. 111.
- 7 *Order* at 5.
- 8 *Orthopedic Equip. Co., Inc. v. United States*, 702 F.2d 1005 (Fed. Cir. 1983)
- 9 *See Thomas & Betts Corp. v. Litton Sys. Inc.*, 720 F.2d 1572, 1581 (Fed. Cir. 1983).
- 10 *Orthopedic Equip.*, 702 F.2d at 1006.
- 11 *Id.*, 702 F.2d at 1011.
- 12 *In re Farrenkopf*, 713 F.2d 714 (Fed. Cir. 1983)
- 13 *Id.*, 713 F.2d at 719-20.
- 14 *Id.*, 713 F.2d at 719.
- 15 *Id.*, 713 F.2d at 720 (italics in original).
- 16 *Id.*
- 17 *Thomas & Betts*, 720 F.2d 1572 (Fed. Cir. 1983).
- 18 *Id.*, 720 F.2d at 1580-81 (emphasis in original) (citing *Orthopedic Equip. Co. v. United States*, 702 F.2d 1005, 1011 (Fed. Cir. 1983), and *In re Farrenkopf*, 713 F.2d 714, 720 (Fed. Cir. 1983).
- 19 *Id.*, 720 F.2d at 1581-82.
- 20 *Ashland Oil, Inc. v. Delta Resins & Refracs. Inc.*, 776 F.2d 281 (Fed. Cir. 1985).
- 21 *Id.*, 776 F.2d at 303 n. 38 (emphasis added).
- 22 *Id.* at 304.
- 23 *Gould v. Quigg*, 822 F.2d 1074 (Fed. Cir. 1987).
- 24 *Id.*, 822 F.2d at 1078.
- 25 *Newell Cos., Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 766 (Fed. Cir. 1988), *cert. denied*, 493 U.S. 814 (1989).
- 26 *Id.*, 864 F.2d at 766 and n. 12.
- 27 *In Re Omeprazole Patent Litig.*, 84 Fed. Appx. 76 (Fed. Cir. 2003).
- 28 *Id.*, 84 Fed. Appx. at 81.
- 29 *Report* at 59 n. 110.

The Effect of MedImmune on Using the Declaratory Judgment Act to Challenge a Licensed Patent



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The Supreme Court recently held in *MedImmune, Inc. v. Genentech, Inc.*¹ that a patent licensee in good-standing could seek a declaratory judgment as to whether the underlying licensed patent was invalid. This holding overturned the Federal Circuit's decision and abrogated a line of Federal Circuit cases, stemming from *Gen-Probe Inc.*

*v. Vysis, Inc.*² The Court, in a near-unanimous opinion authored by Justice Scalia (Justice Thomas was the lone dissenter), reasoned that the threat of willful infringement and the underlying coerciveness associated with the possibility of treble damages was sufficient to satisfy the Article III "case or controversy" requirement. In addition, the Court, in dicta, called into question the Federal Circuit's "reasonable apprehension" test used to determine when a party may seek a declaratory judgment. In response, the Federal Circuit quickly adopted an "all the

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circumstances” test, thereby eliminating the decades old “reasonable apprehension” test.³ *MedImmune* may signal a shift by the Court towards narrowing the patent grant, but just how far remains an open question.

I. Background

Under common-law, a patent licensee was estopped from challenging the validity of the underlying licensed patent.⁴ Patent licensee estoppel was based on the common-law contract principle that all contracts contained an implied covenant not to sue. However, in *Lear, Inc. v. Adkins*,⁵ the Supreme Court abrogated the common-law doctrine of patent licensee estoppel. The Court held that the public policy behind removing invalid patents outweighed the principles of freedom of contract and that anyone accused of infringement may assert patent invalidity as a defense.

Following the pre-Federal Circuit decision in *Lear*, the circuit courts generally construed this doctrine broadly.⁷ The Second, Seventh and D.C. Circuits held that the Declaratory Judgment Act could be used to challenge a patent’s validity while the challenger was still paying royalties and was in good-standing.⁸ For example, in *Precision Shooting Equip Co. v. Allen*, the Seventh Circuit Court of Appeals held that there is “no need to force a party to take some additional act to deepen gray into black and to expand the potential of litigation resulting in further business disruption while we pretend in the meantime that there is no actual controversy.”⁹

After its creation in 1982, the Federal Circuit, in *C.R. Bard, Inc. v. Schwartz*,¹⁰ initially held that the Declaratory Judgment Act allowed a licensee to contest the validity of a patent, regardless of any threat of a suit by the licensor.¹¹ The Federal Circuit noted that, based on the facts of *Lear*, the Court “left unresolved the question when a federal court has jurisdiction of a licensee’s claim of patent invalidity.”¹² Specifically, the court in *Bard* held that “a patent licensee may bring a federal declaratory judgment action to declare the patent subject to the license invalid without prior termination of the license.”¹³

The Federal Circuit later changed its position from *Bard* and held that a licensee cannot seek a declaratory judgment to determine if a licensed patent is valid. In 2004 and 2005, the Federal Circuit issued three cases that reinterpreted the holding in *Bard*.¹⁴ In these cases, the court held that the only way a licensee in good-standing could seek a declaratory judgment to challenge the licensed patent’s validity was to breach the licensing agreement and assert patent invalidity as a defense.

A. *Gen-Probe v. Vysis*

The Federal Circuit reevaluated its stance on allowing licensees in good-standing to challenge a patent’s validity in *Gen-Probe Inc. v. Vysis, Inc.*¹⁵ In *Gen-Probe*, the district court, following the holding in *Bard*, held that the licensed patent was invalid and therefore, the licensee, *Gen-Probe*, no longer had to pay royalties.¹⁶ *Vysis* appealed, arguing that the court did not have proper subject-matter jurisdiction.¹⁷ The Federal Circuit agreed with *Vysis* and, regardless of whether the patent was invalid, dismissed the case.¹⁸

The Federal Circuit in *Gen-Probe* chose not to overturn *Bard*, but rather, distinguished *Bard* on its facts. The Federal Circuit acknowledged the holding in *Bard* by noting that a “patent license need not be terminated before a patent licensee may bring a declaratory judgment action.”¹⁹ However, the Federal Circuit then distinguished *Bard* by stating that, in *Bard* “the totality of the circumstances showed an actual controversy between the declaratory judgment plaintiff and its licensor.”²⁰ The court in *Gen-Probe* stressed the fact that the plaintiff in *Bard* had actually breached the licensing agreement, thereby creating an actual controversy.²¹

The Federal Circuit then stated that the facts leading to the formation of the license are irrelevant as to whether there is an actual case or controversy because licenses are a covenant not to sue.²² The court said that permitting *Gen-Probe* to pursue a lawsuit would defeat contractual covenants and discourage patentees from granting licenses.²³

B. The First Challenge of *Gen-Probe* by *MedImmune*

The holding in *Gen-Probe* was quickly challenged in *MedImmune, Inc. v. Centocor, Inc.*²⁴ *MedImmune v. Centocor* was pending in a district court when the Federal Circuit announced its decision in *Gen-Probe*. Prior to *MedImmune*’s request for a declaratory judgment against *Centocor*, *Centocor* wrote a letter to *MedImmune*, accusing them of infringing a *Centocor* patent and demanding that *MedImmune* license the *Centocor* patent.²⁵ After initially refusing, *MedImmune* eventually relented, fearing a possible infringement suit.²⁶ After forming the licensing agreement with *Centocor*, *MedImmune* filed for a declaratory judgment, asserting that *Centocor*’s patent was invalid.²⁷ The Federal Circuit dismissed for lack of subject-matter jurisdiction, holding that, although *Centocor* subsequently sued *MedImmune* for infringement, no impending threat of suit existed at the time of filing.²⁸

Citing the holding in *Gen-Probe*, the Federal Circuit applied its two-part test to determine whether a potential infringer may seek declaratory relief, often referred to as the “reasonable apprehension” test.²⁹ First, there must be “a reasonable apprehension on the part of the declaratory judgment plaintiff that it will face an infringement suit,”³⁰ and second, there must be “present activity by the declaratory judgment plaintiff which could constitute infringement, or concrete steps taken with the intent to conduct such activity.”³¹ Because neither element was met, the Federal Circuit did not have subject-matter jurisdiction and MedImmune could not seek relief using the Declaratory Judgment Act.³² The only option suggested by the Federal Circuit was that MedImmune breach the licensing agreement and take its chances in an infringement suit.³³ Several months later, the court again reaffirmed *Gen-Probe* in *MedImmune, Inc. v. Genentech, Inc.*³⁴

II. *MedImmune v. Genentech*

Prior to the suit, Genentech and MedImmune entered into a license agreement in 1997 that gave MedImmune the right to manufacture products covered by Genentech’s patents.³⁵ In 2001, the U.S. Patent and Trademark Office granted Genentech a new patent, which Genentech claimed was covered by the 1997 license agreement. Genentech then wrote MedImmune a letter, claiming that MedImmune’s product “Synagis,” a prophylactic drug for infant respiratory diseases, infringed Genentech’s newly acquired patent and, therefore, owed royalties under the license agreement.³⁶ Synagis accounted for more than 80 percent of MedImmune’s sales.³⁷ Although MedImmune believed that Synagis did not infringe Genentech’s patent, it was hesitant to risk an injunction that would effectively shut down the company. MedImmune decided to pay royalties to Genentech, but paid them “under protest.”³⁸ MedImmune then sought a declaratory judgment that Genentech’s patent was invalid and that it owed no royalties.³⁹

The district court, despite “serious misgivings,”⁴⁰ relied on *Gen-Probe* and granted Genentech’s motion to dismiss for lack of subject-matter jurisdiction.⁴¹ The Federal Circuit affirmed the trial court and the Supreme Court granted *certiorari*.⁴²

After first addressing, in the affirmative, whether MedImmune properly preserved its contract claim, the Supreme Court moved onto the issue of subject-matter jurisdiction.⁴³ After providing a brief history of the Declaratory Judgment Act, the Court began its analysis by looking at the source of the threatened action in prior

declaratory judgment cases.⁴⁴ The Court first recognized that if the source of the threatened action stems from the government, then the plaintiff is not required to expose itself to liability before bringing suit.⁴⁵ To support this proposition, the Court relied on several cases where the declaratory plaintiffs sought a judgment that a statute was unconstitutional, without actually violating the statute themselves. The Court focused on the coercive nature of “putting the challenger to the choice between abandoning his rights or risking prosecution.”⁴⁶

Next, the Court analyzed situations where a private party’s threat of enforcement created subject-matter jurisdiction under the Declaratory Judgment Act. Noting the dearth of Supreme Court jurisprudence on this subject, the Court cited a number of district court and state court decisions that allowed a declaratory judgment for threatened action by a private party. Despite the lack of Supreme Court jurisprudence, however, the Court then stated that its decision in *Altwater v. Freeman*⁴⁷ was on point and needed to be addressed.

A. *Altwater v. Freeman*

Altwater was a pre-*Lear* Supreme Court case in which a patent licensee was forced to continue paying royalties under an injunction decree. *Altwater* sought a declaratory judgment to invalidate Freeman’s patent. The Court held that *Altwater* could seek a declaratory judgment to determine if Freeman’s patents were invalid, even though there was no longer any infringement by *Altwater* because it was complying with the lower court’s injunction decree.⁴⁸ Specifically, the Court stated that:

Royalties were being demanded and royalties were being paid. But they were being paid under protest . . . Unless the injunction were modified the only other course was to defy it, and to risk not only actual but treble damages in infringement suits. It was the function of the Declaratory Judgments Act to afford relief against such peril and insecurity . . . certainly the involuntary or coercive nature of the exaction preserves the right . . . to challenge the legality of the claim.⁴⁹

Altwater states that the threat of treble damages may be enough to satisfy the requirements of a declaratory judgment, while not infringing on a patent by ceasing to pay royalties. Failure to pay royalties might result in the finding of willful infringement, possibly leading to treble damages.

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In *MedImmune*, Justice Scalia, pointed out that the real coercive element in *Altvater* was the threat of an action by a private party to enforce the patent (along with the possible finding of willful infringement), not the government's threat of coercion by finding the patent licensee in contempt.⁵⁰ This coercive element created a real "case or controversy" that satisfied the Article III requirements for the courts to hear declaratory judgment cases. Therefore, courts may have subject-matter jurisdiction over patent licensees seeking a declaratory judgment, even without a breach of the licensing agreement.

B. Elimination of the "Reasonable Apprehension" Test

Although not directly related to the Court's holding in *MedImmune*, the Court took the opportunity to call into question the Federal Circuit's "reasonable apprehension" test. The Court listed four Supreme Court cases that purportedly conflicted with the Federal Circuit's test, including the seminal declaratory judgment case, *Aetna Life Ins. Co. v. Haworth*.⁵¹ The Federal Circuit quickly responded to this dictum by eliminating the "reasonable apprehension" test and adopting an "all the circumstances" test to determine when the courts have subject-matter jurisdiction over declaratory judgments involving patents.⁵² In *SanDisk*, the court noted that the "Court's opinion in *MedImmune* represents a rejection of our reasonable apprehension of suit test."⁵³ The Court then held that declaratory jurisdiction will depend on "the facts and circumstances of each case."⁵⁴ The Federal Circuit again addressed *MedImmune* later that same week in *Teva*. The court stated that "we follow *MedImmune*'s teaching to look at 'all the circumstances'" and held that *MedImmune* "takes precedence over" the "reasonable apprehension" test.⁵⁵

III. Conclusion

Today, a patent licensee may have standing without having to breach the license and run the risk of a court finding willful infringement and treble damages. However, now the licensee must also meet the general requirements of the Federal Circuit's "all the circumstances" test to seek a declaratory judgment. It remains to be seen if the Court will be satisfied with the Federal Circuit's response or if the Court will continue to liberalize the requirements to seek a declaratory judgment in a patent

Endnotes

- 1 127 S.Ct. 764 (2007).
- 2 359 F.3d 1376 (Fed. Cir. 2004).
- 3 *Teva Pharms. USA, Inc. v. Novartis Pharms. Corp.*, ___ F.3d ___, 2007 WL 942201, 2007 U.S. App. LEXIS 7383 (Fed. Cir. Mar. 30, 2007); *SanDisk Corp. v. STMicroelectronics, Inc.*, ___ F.3d ___, 2007 WL 881008, 2007 U.S. App. LEXIS 7029 (Fed. Cir. Mar. 26, 2007).
- 4 *See, e.g., Automatic Radio Manufacturing Co. v. Hazeltine Research, Inc.*, 339 U.S. 827, 840 (1950) (the last case where the court upholds the doctrine of patent licensee estoppel).
- 5 395 U.S. 653 (1969).
- 6 *Id.* at 670–71.
- 7 *See, e.g., Coastal Dynamics Corp. v. Symbolic Displays, Inc.*, 469 F.2d 79 (9th Cir. 1972) (extending the *Lear* doctrine to assignor estoppel); *see also* Donald S. Chisum, *Chisum on Patents* 19-100 § 19.02[3][b][ii] (2004).
- 8 *See, e.g., Warner-Jenkinson Co. v. Allied Chem. Corp.*, 567 F.2d 187 (2d Cir. 1977); *Precision Shooting Equip Co. v. Allen*, 646 F.2d 313 (7th Cir. 1981); *Hanes Corp. v. Millard*, 531 F.2d 585 (D.C. Cir. 1976); *cf. Thiokol Chem. Corp. v. Burlington Indus., Inc.*, 448 F.2d 1328 (3d Cir. 1971) (where the court held that there is no threat of suit if the licensee is in good-standing).
- 9 *Precision Shooting Equip Co.*, 646 F.2d at 318.
- 10 716 F.2d 874 (Fed. Cir. 1983).
- 11 *See* Nellie A. Fischer, *The Licensee's Choice: Mechanics of Successfully Challenging a Patent Under License*, 6 Tex. Intell. Prop. L.J. 1, 12–13 (1997) (discussing the holding in *Bard*); *see also* Neil M. Goodman, *Patent Licensee Standing and the Declaratory Judgment Act*, 83 U. Col. L. Rev. 186, 204 (1983) (same).
- 12 *Bard*, 716 F.2d at 878.
- 13 *Id.* at 882.
- 14 *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376 (Fed. Cir. 2004); *MedImmune, Inc. v. Centocor, Inc.*, 409 F.3d 1376 (Fed. Cir. 2005); *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958 (Fed. Cir. 2005), *rev'd*, 127 S.Ct. 764 (2007).
- 15 *Gen-Probe Inc. v. Vysis, Inc.*, 359 F.3d 1376 (Fed. Cir. 2004).
- 16 *Id.* at 1377.
- 17 *Id.*
- 18 *Id.* at 1381.
- 19 *Bard*, 716 F.2d at 875.
- 20 *Gen-Probe*, 359 F.3d at 1380.
- 21 *Id.*
- 22 *Id.* at 1381.
- 23 *Id.*
- 24 409 F.3d 1376 (Fed. Cir. 2005).
- 25 *Id.*
- 26 *Id.*
- 27 *Id.*
- 28 *Id.*
- 29 *See, e.g., Jervis B. Webb Co. v. Southern Sys., Inc.*, 742 F.2d 1388, 1398–99 (Fed. Cir. 1984) (stating that

- the declaratory plaintiff must have a reasonable apprehension that it will face an infringement suit).
- 30 *MedImmune*, 409 F.3d at 1379.
- 31 *Id.* The “reasonable apprehension test” for declaratory judgments was first formulated in *Japan Gas Lighter Ass’n v. Ronson Corp.*, 257 F. Supp. 219, 237 (D.N.J. 1966). After its creation, the Federal Circuit subsequently adopted the reasonable apprehension test and has used this standard for decades.
- 32 *MedImmune*, 409 F.3d at 1379.
- 33 *Id.* at 1382.
- 34 427 F.3d 958 (Fed. Cir. 2005), *rev’d*, 127 S.Ct. 764 (2007).
- 35 *MedImmune*, 127 S.Ct. at 767–68.
- 36 *Id.*
- 37 *Id.* at 768.
- 38 *Id.*
- 39 *Id.* at 767–68.
- 40 *Id.* at 776.
- 41 *Id.* at 768.
- 42 *Id.*
- 43 *Id.* at 768–70.
- 44 *Id.* at 772.
- 45 *Id.*
- 46 *Id.* at 773.
- 47 *Altwater v. Freeman*, 319 U.S. 359 (1943).
- 48 *Id.*
- 49 *Altwater*, 319 U.S. at 366.
- 50 *MedImmune*, 127 S.Ct. at 774.
- 51 *See id.* at 774 n. 11 (where the Court calls into question the reasonable apprehension test by stating that the test is in conflict with these four cases: *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227 (1937), *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270 (1941), *Altwater v. Freeman*, 319 U.S. 359 (1943), and *Cardinal Chemical Co. v. Morton Int’l, Inc.*, 508 U.S. 83 (1993)).
- 52 *Teva*, 2007 WL 942201 at *6.
- 53 *SanDisk*, 2007 WL 881008 at *7.
- 54 *Id.*
- 55 *Teva*, 2007 WL 942201 at *5–*6.

From the President of IPSO

By Michael J. Nelson

The Intellectual Property Student Organization (“IPSO”) celebrated another great school year in 2006-2007. Last November, we hosted our 2nd annual IPSO Wine Tasting event. The event was a great success because of the contributions of Professor Joe Miller and many area law firms. Professor Miller personally selected both the distributor and wine, which was paid for by donations from several local law firms. We also had our annual chili cook-off in November. This year’s overall winner was Laura Taylor and the people’s choice winner was Robert Le. In April, we hosted our 5th annual IP IPA event this spring. Widmer Brewery provided IPSO with a good deal on a variety of beers. Thanks to everyone who made these events a success!

Last February, we also welcomed Federal Circuit Judge Raymond Clevenger to our campus as the Distinguished IP Visitor. Judge Clevenger had high remarks for our school, IP program, and professors. He also lauded Professor Joe Miller as one of the few law professors on the Federal Circuit Advisory Council, as well as one of its youngest members.

Professor Lydia Loren spent last year as the interim dean of the law school. Although, she did an outstanding job, it will be great to have her back in the classroom next

year. This year we also welcomed a new professor into the IP department—Tomás Gómez-Arostegui. Professor Gomez received his J.D. from the University of Southern California in 1997. He then clerked for Judge Edward Rafeedie of the U.S. District Court for the Central District of California and for Judge John C. Porfilio of the U.S. Court of Appeals for the Tenth Circuit. After working in private practice for several years, Professor Gomez returned to school at the University of Oslo. There, he obtained an L.L.M. in European IP in 2004. After serving as a visiting researcher and lecturer at the University of Oslo, Professor Gomez joined Lewis and Clark Law School in the Fall of 2006. His courses include Copyright Law, Cyberspace Law, International Intellectual Property, Torts, and Trademark Law. Professor Gomez has made an excellent addition to Lewis and Clark’s faculty.

We also had a great group of IPSO officers this year: Kim Ognisty—Vice President; Michael Massa—Secretary; Selia Wu—Treasurer; and Susan Graf—Webmaster. Special thanks also to Duke Tufty and Greg Touchton, this year’s OIPN editors-in-chief. It was a fun group of people to get to know and they were all a pleasure to work with. I look forward to meeting the next group of officers who will carry on the strong IP tradition at Lewis and Clark. Cheers!

Patent Claim Construction: The Neglected Preamble



By Shawn Kolitch

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Patent infringement analysis involves two steps: claim construction, followed by a comparison of the accused product to the properly construed claim.¹ In the first step of the infringement analysis, which is exclusively a matter of law for the court, each asserted claim is construed to determine its scope and meaning.² In the second step of the infringement analysis, a fact finder compares each properly construed claim to the accused device, to determine whether all of the claim limitations are present in that device, either literally or by a substantial equivalent.³

The claim construction step is crucial, as it determines the scope of each claim for the subsequent comparison. Therefore, the parties in patent litigation often dispute the construction of each claim at issue, and courts construe the claims to resolve those disputes and to assign a fixed, unambiguous, legally operative meaning to the claims.⁴ Ideally, a patent practitioner will consider the future construction of the claims when drafting them, to provide support for a construction that broadly captures the subject matter of the invention, while still remaining valid over the prior art. One aspect of claim construction that only occasionally becomes important, and that therefore is often neglected by the claim drafter, is construction of the preamble to a claim. This article first reviews some general principles of claim construction, and then focuses on the current legal status of claim preamble construction.

I. General Principles Of Claim Construction

Claims generally are given their plain and customary meanings “to a person of ordinary skill in the art in question at the time of the invention, *i.e.*, as of the effective filing date of the patent application.”⁵ “The person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears,” but in the context of the entire patent record, including the other claims, the specification, and the prosecution history.⁶

In construing claims, courts look first and primarily to “intrinsic evidence” of claim term meaning, which as described above includes the claims themselves, the specification and the prosecution history.⁷ “Extrinsic evidence,” on the other hand, is evidence that is external to the patent and its prosecution history, such as expert testimony, inventor testimony, dictionaries, and technical treatises and articles.⁸ Although courts may look to extrinsic evidence, the recent en banc Federal Circuit decision in *Phillips v. AWH Corporation* warns that such evidence can be “less reliable” than intrinsic evidence, and ultimately must be considered in the context of the patent itself.⁹

A. Claim Language

With regard to particular words and phrases, the analytical focus of claim construction must begin with the language of the claims themselves.¹⁰ As noted above, in the absence of an express attempt to impart a novel meaning to the claim terms, the words of the claim are presumed to take on the ordinary and customary meanings attributed to them by those of ordinary skill in the art.¹¹

B. Specification

Next, and particularly in light of *Phillips*, the court should “rely heavily” on the written description, or specification, of the patent at issue for guidance as to the meaning of its claims.¹² As the Federal Circuit has emphasized, the specification “is the single best guide to the meaning of a disputed term” and is “usually dispositive.”¹³ In light of the directive of 35 U.S.C. § 112(1) that the inventor provide a “full” and “exact” description of the claimed invention, the specification necessarily informs the proper construction of the claims.¹⁴ As the *Phillips* court stated,

[O]ur cases recognize that the specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess. In such cases, the inventor’s lexicography governs. In other cases, the specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor. In that instance as well, the inventor has dictated the correct claim scope, and the inventor’s intention, as expressed in the specification, is regarded as dispositive.¹⁵

In addition to the written description, courts also may look to patent drawings showing the physical relationship between components, particularly where the language of the specification agrees with the drawing.¹⁶

C. Prosecution History

The prosecution history is the “undisputed public record” of the patentee’s proceedings in the Patent and Trademark Office (PTO), and is “of primary significance in understanding the claims,” once the court has considered the claims in the light of the specification.¹⁷ Claim meaning may be restricted by prior art cited by the PTO in an Office action rejecting the originally filed claims, or by amendments made during prosecution to overcome a rejection.¹⁸ Furthermore, “where the patentee has unequivocally disavowed a certain meaning to obtain his patent, the doctrine of prosecution disclaimer attaches and narrows the ordinary meaning of the claim congruent with the scope of the surrender.”¹⁹

D. Extrinsic Evidence

“In most situations, an analysis of the intrinsic evidence alone will resolve any ambiguity in a disputed claim term.”²⁰ In such cases, reliance on any extrinsic evidence is improper.²¹ In *Phillips*, the Federal Circuit stated that courts must not look to extrinsic sources such as dictionaries, treatises, and encyclopedias before consulting the claims, specification and prosecution history.²² Although judges are free to consult dictionaries and technical treatises at any time for assistance in better understanding the underlying technology, and also may rely on dictionary definitions to help determine the plain and ordinary meaning of a term, dictionary definitions relied upon in this manner must not contradict any definition found in or ascertained by a reading of the patent documents.²³

II. Claim Preamble Limitations

A patent claim generally includes a preamble to the claim, and, following the preamble, a body of the claim. The preamble typically introduces the subject matter of the claim, and may also describe the intended purpose of the invention. The body of the claim includes the specific elements of the invention, also commonly known as the claim limitations. The exact scope of these limitations is crucial, because an accused product only infringes the claim if it includes all of the claim limitations, either literally or under the doctrine of equivalents. Ordinarily, the preamble is viewed merely as a statement of purpose, in which case it does not have a limiting effect on the claim, and plays essentially no role in an infringement analysis.

However, in rare cases, the preamble may be viewed as a claim limitation.

The Federal Circuit has held that the inventor’s intent is the crucial factor in determining whether or not a claim preamble should be given a limiting effect during claim construction. In keeping with the general principles of claim construction, this intent should be determined through a review of the patent record as a whole. As the court stated in *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, whether a preamble recitation is a limitation or just a statement of purpose “can be resolved only on review of the entirety of the patent to gain an understanding of what the inventors actually invented and intended to encompass by the claim.”²⁴ Thus, to determine the inventor’s intent, a court may review the claims, specification, drawings, and prosecution history.²⁵

In examining the patent record to determine if the inventor intended the preamble to have a limiting effect, the Federal Circuit has held that “a preamble limits the invention if it recites essential structure or steps, or if it is necessary to give life, meaning, and vitality to the claim. Conversely, a preamble is not limiting where a patentee defines a structurally complete invention in the claim body and uses the preamble only to state a purpose or intended use for the invention.”²⁶ In deciding whether a preamble term is “necessary to give life, meaning, and vitality to the claim,” a court may consider a number of factors, including 1) the overall claim structure, 2) whether the claim would be understandable in the absence of the preamble term at issue, 3) the use of the term as antecedent basis for subsequent limitations in the claims, and 4) the prevalence of the term in describing the invention throughout the application.

A. Overall Claim Structure

Claims may be written in a form implying that the preamble includes claim limitations. In *Rowe*, for example, the Court found the preamble term “angioplasty” to be a structural limitation of the claims, based primarily on the applicant’s use of the Jepson claim form, including “angioplasty” in the preamble, “to recite elements or steps of the claimed invention which are conventional or known.”²⁷ In other words, if an invention is claimed as an improvement over the prior art, and the preamble term at issue is a limitation common to the prior art, the term may be construed as a limitation to the improvement.

B. Logical Necessity of Preamble Term

If a preamble term is not necessary to understand the body of the claim, it is less likely to be found limiting.

continued on page 12

For example, in the successor case to *Catalina I*, the Court found a claim preamble not limiting because its purpose was “not to give any information that is indispensable to understanding the invention recited by [the] claim.”²⁸ Further, the Court in *Catalina II* stated that to be limiting, the preamble would have to offer “details, structure or description that would aid one of skill in the art in understanding what is being covered by the limitations of [the] claim.”²⁹ Therefore, if a person of skill in the art could understand the claim in the absence of the preamble term at issue, the term is less likely to be construed as a limitation.

C. Antecedent Basis

The subsequent occurrence of a preamble term in the claims is another indicator as to whether the inventor intended the preamble to be limiting. For example, the Court in *Pitney Bowes, Inc. v. Hewlett-Packard Company* held that the preamble term “producing on a photoreceptor an image of generated shapes made up of spots” limited the construction of “spots” in the claims, because both “spots” and “generated shapes” subsequently occurred in the claim in a manner that relied on reference to the preamble for antecedent basis.³⁰ Thus, a term used in a claim preamble to provide antecedent basis for subsequent claim limitations is more likely to be considered a limiting part of the invention than a preamble term that does not also appear in the body of the claim.

D. Prevalence of Preamble Term

Repeated use of a preamble term to describe the invention throughout a patent specification weighs in favor of the term being construed as a claim limitation. For example, the Court in *Poly-America v. GSE Lining Technology* held that the preamble term “blown-film” was a limitation of the claims, because “[t]he specification is replete with references to the invention as a ‘blown-film’ liner, including the title of the patent itself and the ‘Summary of the Invention,’” and because “the entire preamble ‘blown-film textured liner’ is restated in each of the patent’s seven claims.”³¹ Thus, a preamble term appearing throughout the patent application as an important or indispensable element of the invention will likely be construed as a claim limitation.

III. Conclusion

As every patent practitioner knows, claim drafting is something of an art. The drafter must not only capture the useful, novel, and nonobvious features of an invention as clearly and broadly as possible, but also must anticipate

how the claims might be construed up to 26 years later.³² As the cases cited above indicate, even the preamble must be carefully crafted. To avoid giving the claim preamble a limiting effect, the patent as a whole should reflect a lack of intent to do so. This can be accomplished by avoiding the Jepson claim form, by ensuring that the body of the claim is sufficiently self-contained to be comprehensible without the preamble, by providing antecedent basis to the claim limitations from within the body of the claim, and by avoiding characterizing the preamble terms within the specification as indispensable elements of the invention.

Endnotes

- 1 *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996).
- 2 *Markman*, 52 F.3d at 979; *see also Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1581–82 (Fed. Cir. 1996).
- 3 *Renishaw PLC v. Marposs Societa’ Per Azioni*, 158 F.3d 1243, 1247–48 (Fed. Cir. 1998).
- 4 *See Vitronics*, 90 F.3d at 1582.
- 5 *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (en banc), *citing Innova /Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111 (Fed. Cir. 2004).
- 6 *Phillips*, 415 F.3d at 1313.
- 7 *Vitronics*, 90 F.3d at 1582.
- 8 *Id.* at 1584.
- 9 *Phillips*, 415 F.3d at 1318.
- 10 *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed. Cir. 2003).
- 11 *Id.*; *see also Texas Digital Sys. v. Telegenix, Inc.*, 308 F.3d 1193, 1202 (Fed. Cir. 2002).
- 12 *Phillips*, 415 F.3d at 1316–17.
- 13 *Vitronics*, 90 F.3d at 1582.
- 14 *Phillips*, 415 F.3d at 1311–12.
- 15 *Id.* at 1316 (internal citations omitted).
- 16 *See Cross Med. Prod., Inc. v. Medtronic Sofamor Danek, Inc.*, 424 F.3d 1293, 1306 (Fed. Cir. 2005) (patent drawings showed that anchor and bone were in contact, a relationship consistent with the specification).
- 17 *Markman*, 52 F.3d at 980.
- 18 *Autogiro Co. of Am. v. United States*, 181 Ct. Cl. 55, 65 (1967) (“In its broader use as source material, the prior art cited in the file wrapper gives clues as to what the claims do not cover”); *Liquid Dynamics Corp. v. Vaughan Co.*, 355 F.3d 1361, 1368 (Fed. Cir. 2004).
- 19 *Omega Engr., Inc. v. Raytek Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003).
- 20 *Vitronics*, 90 F.3d at 1583.
- 21 *Id.*
- 22 *Phillips*, 415 F.3d at 1320–21.
- 23 *Id.* at 1322–23.
- 24 868 F.2d 1251, 1257 (Fed. Cir. 1989).
- 25 *See Rowe v. Dror*, 112 F.3d 473, 478 (Fed. Cir. 1997) (citing cases in which the court looked at various

- elements of the record to determine if a claim preamble was intended to limit the claim).
- 26 *Catalina Mktg. Intl. v. Coolsavings.com, Inc.*, 289 F.3d 801, 808 (Fed. Cir. 2002) ("*Catalina I*") (internal citations omitted).
- 27 *Rowe*, 112 F.3d at 479 (internal quotations and citations omitted).
- 28 *Catalina Mktg. Intl. v. Coolsavings.com, Inc.*, 115 Fed. Appx. 84, 90 (Fed. Cir. 2004) ("*Catalina II*").
- 29 *Id.*
- 30 182 F.3d 1298, 1306 (Fed. Cir. 1999).
- 31 383 F.3d 1303, 1310 (Fed. Cir. 2004).
- 32 This is the case because infringement damages may be recovered for up to six years prior to filing a complaint alleging infringement. 35 U.S.C. § 286 (2006). Thus, since a patent is valid from its date of issue to a date 20 years from the filing date of the associated application, 35 U.S.C. § 154 (2006), a complaint may be filed up to 26 years after a patent application is filed, and still include a claim for patent damages.

Letter From the Editor



By Greg Touchton
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With the previous issue of the Oregon Intellectual Property Newsletter, we began a shift from Fall-Spring publication to a Winter-Summer schedule.

We have found that this schedule allows us to be more true to the listed date of the newsletter and expected issue dates. We are pleased to have several understanding submitters who were willing to work with us to meet our deadlines for this Summer issue.

Our Winter issue was well acclaimed by our readers both within and beyond the Oregon Bar. The praise was particularly drawn to the thematic nature of the newsletter along with the contemporary applicability of many of the articles. We expect to continue a focused Winter issue along with a generally applicable Summer issue of the newsletter.

This following the Winter issue, our Summer staff consisted of exuberant and diligent editors to contribute to the newsletter. I am pleased to announce that we had more volunteer editors than we could feasibly use to edit our submissions. We hope that the expansion of student interests in intellectual property will allow us to branch out into the more interaction with the programs at Willamette College and the University of Oregon.

To submit a complete article, we have several law students interested in working with practitioners to develop material for the newsletter.

Although we have yet to decide a theme for the Winter newsletter, we are interested in exploring the

patenting and licensing issues related to both obviousness and the new version of the GPL. We look forward to our future submissions, and please do not hesitate to contact us.

This Fall we look forward to three Lewis & Clark Professors actively involved with the newsletter. We welcome back to teaching Prof. Lydia Loren after her time as interim dean. As always, Joe Miller has provided valuable insight into practitioner expectations and to changes in the law. I would like to take the time to highlight his blog particularly in its tracking of court cases interpreting the *KSR v. Teleflex* decision. In addition, we have had the benefit of the guidance of our copyright and international intellectual property focused professor, Tomás Gómez-Arostegui. We are lucky to have three great advisors.

In addition to our advisors, we depend on the submissions of Oregon practitioners and students in order to develop are newsletter. We have been happy to receive submissions from students and legal professionals of all walks. In addition, for those professionals without the time, we have several students interested in assisting with article research or production.

While we have yet to decide on a theme for our Winter issue, we are considering a few ideas which have been prevalent in the legal community. Continuing with last Winter's Open Source issue, we would love consideration of the new version of the GPL. Also, the ongoing elucidation of *KSR v. Teleflex* seems to figure prominently throughout the patent industry. As always we welcome your comments, suggestions, and submissions.

Kahle v. Gonzales



By Carey Caldwell

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Brewster Kahle, Internet Archive, Richard Prelinger, and Prelinger Associates, Inc. (Kahle) challenged the constitutionality of the application of the twenty-year extension of copyright protections conferred by the Copyright Term Extension Act (CTEA)² and the elimination of renewal requirements by both the CTEA and the Copyright Renewal Act of 1992 (CRA)³ to works created between 1964 and 1977. Kahle asserted that the CTEA and CRA represented a change from an “opt-in” to an “opt-out”⁴ system of renewal, thus altering the “traditional contours of copyright protection”⁵ and subjecting the CTEA to First Amendment review under *Eldred v. Ashcroft*.⁶ Additionally, Kahle alleged that the extension represented an effectively perpetual term, in violation of the Copyright Clause’s “limited Times” prescription.⁷ The 9th Circuit affirmed the Northern District of California’s dismissal of Kahle’s complaint for declaratory and injunctive relief.

Kahle provides or intends to provide Internet access to works that are not commercially viable and therefore not readily available to the public. Copyright ownership of these “orphan” works is difficult, if not impossible, to ascertain, rendering efforts to obtain permission for use similarly difficult or impossible. Prior to 1978, these works required assertive acts on the owners’ part to renew their copyright protections; it was effectively an “opt-in” system. Thus, a majority of the copyrights on these orphan works were never renewed. The CRA and CTEA eliminated the renewal requirements for works created between 1964 and 1977. Under the CRA and CTEA owners now must assertively act to remove copyright protections from their work; it is an “opt-out” system of protection. This dramatically decreases the number of works entering the public domain.

Kahle asserted that the change from discretionary to automatic renewal for works created between 1964 and 1977 was significant enough to meet the standard articulated in *Eldred* for First Amendment review. *Eldred* similarly dealt with constitutional challenges to the CTEA brought by plaintiffs seeking to provide Internet

access to public domain works. *Eldred* held that First Amendment scrutiny may be necessary if Congress has “altered the traditional contours of copyright protection.”⁸ Kahle posited the change from opt-in to opt-out renewal was such an alteration. The 9th Circuit found that the CRA and CTEA met *Eldred*’s standard of constitutionality because the acts sought to achieve parity between existing and future copyright terms.⁹ By doing so, “Congress acted within its authority and did not transgress constitutional limitations.”¹⁰ Further, the Court stated that Kahle “[made] essentially the same argument, in different form, that the Supreme Court rejected in *Eldred*.”¹¹

Additionally, Kahle claimed the current copyright term represented an effectively perpetual term in violation of the Copyright Clause’s “limited Times” prescription. The Copyright Clause grants Congress the power “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right” to their works.¹² The 9th Circuit again looked to *Eldred* in their analysis. The majority in *Eldred* denied the assertion of the dissent that the term represented by the CTEA was unconstitutional.¹³ The 9th Circuit explained its own understanding of “limited Times” as a balancing rather than an absolute test and that such test is left to Congress to weigh, “subject to rationality review.”¹⁴ *Eldred* held that the CTEA is a “rational enactment” and that the Court was “not at liberty to second-guess congressional determinations and policy judgments of this order.”¹⁵ Significantly, in affirming the district court’s dismissal of *Kahle*, the 9th Circuit found that the “[p]laintiffs articulated policy reasons behind their position; they do not, however, provide a legal argument explaining why [the Court] should ignore the clear holding of *Eldred*.”¹⁶

Whether the 9th Circuit will agree to Kahle’s appeal for an en banc review of their complaint remains to be seen. Absent such approval, endeavors such as Internet Archive’s Million Book Project and Google’s similar Print Library Project will be seriously constrained. However, it is possible that an actor in Internet Archive’s position, functioning as a putative library, may avail itself of exemptions to copyright protection the Court in *Elder* specifically mentioned. The CTEA allows libraries, archives, and similar institutions to reproduce and display certain published works during the final twenty

years of any copyright for the purpose of preservation, scholarship, or research, if the work is not already being exploited.¹⁷ This may satisfy Kahle's policy argument but the issue of the twenty-year extension would endure as access to previously available works would continue to remain outside their grasp.

Endnotes

¹ *Kahle v. Gonzales*, 474 F.3d 665 (9th Cir. 2007).

² Pub. L. No. 105-298, 112 Stat. 2827 (1998).

³ Pub. L. No. 102-307, 106 Stat. 264 (1992).

⁴ *Kahle*, 474 F.3d at 666.

⁵ *Eldred v. Ashcroft*, 537 U.S. 186, 221 (2003).

⁶ *Id.* Const. art. I, § 8, cl. 8.

⁸ *Eldred*, 537 U.S. at 221.

⁹ *Id.* at 194.

¹⁰ *Kahle*, 474 F.3d at 667.

¹¹ *Id.* at 668.

¹² U.S. Const. art. I, § 8, cl. 8.

¹³ *Eldred*, 537 U.S. at 210 n.16.

¹⁴ *Kahle*, 474 F.3d at 669.

¹⁵ *Eldred*, 537 U.S. at 208.

¹⁶ *Kahle*, 474 F.3d at 667.

¹⁷ 17 U.S.C. § 108(h) (2005).

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