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Federal Circuit Affirms Award of Attorney And Expert Fees.

In *Marctec v. Johnson & Johnson and Cordis Corp.,* Appeal No. 2010-1507 (Jan. 3, 2012),the Federal Circuit affirmed the Southern Illinois District Court's final judgment declaring the case exceptional and awarding attorney and expert fees to the defendant. In an earlier appeal, the Federal Circuit had affirmed the district court's grant of summary judgment of noninfringement.

The Federal Circuit agreed with the district court that MarcTec's proposed claim construction was so lacking in any evidentiary support that assertion of the claim construction was unreasonable and reflected a lack of good faith. The Federal Circuit also held that MarcTec's decision to continue the litigation after claim construction further supported the district court's finding that this was an exceptional case. Because MarcTec failed to show that the district court's findings regarding bad faith and objective baselessness were clearly erroneous, the district court's decision awarding fees on that ground was affirmed.

Additionally, the Federal Circuit held that MarcTec initiated a frivolous lawsuit and persisted in advancing unfounded arguments that unnecessarily extended the litigation and caused Cordis to incur needless litigation expenses. The Federal Circuit stated that such vexatious conduct is, by definition, litigation misconduct, and provides a separate and independent basis supporting the district court's determination that this case was exceptional.

The Federal Circuit affirmed the district court's award to Cordis of attorney fees and expenses in the amount of $3,873,865.01, and expert fees and expenses of $809,788.02, for a total award of $4,683,653.03.

Federal Circuit Affirms Preliminary Injunction.

In *Celsis In Vitro v. CellzDirect*, Appeal No. 2010-1547 (Jan. 9, 2012), the Federal Circuit affirmed the Northern Illinois District's Court judgment granting Celsis' motion for a preliminary injunction against CellzDirect, Inc. and Life Technologies Corp. ("LTC").

Celsis asserted infringement of a patent which claims methods for preparing multi-cryopreserved hepatocytes (a type of liver cell). The district court granted a preliminary injunction against CellzDirect and LTC. LTC appealed the district court's decision and also moved for a stay pending appeal. The motion for a stay was denied.

On appeal, the Federal Circuit reviews a district court's decision to grant a motion for preliminary injunction for an abuse of discretion. An abuse of discretion is found if the district court either made a clear error in weighing relevant factors or exercised discretion based upon an error of law. The preliminary injunction had been decided using the four-factor test. The district court considered likelihood of success on the merits, irreparable harm, balance of hardships and public interest.

As to likelihood of success on the merits, the testimony of Celsis' expert had been found very persuasive and the district court concluded that Celsis had

proved substantially more than a reasonable likelihood of success on the subject of infringement. Moreover, the Federal Circuit held that Celsis had shown a likelihood of success that a person of ordinary skill in the art would not have considered the claimed methods obvious at the time of the invention.

As to irreparable harm, the district court noted that injuries in terms of money, time and energy expended were not enough to prove this standard, but in this case, Celsius demonstrated that it would also suffer from price erosion, loss of business opportunities and loss of customer goodwill. Additionally, the Federal Circuit affirmed that the district court did not make any mistake in finding the balancing of harms in favor of Celsis, and since the value of the patent, the goodwill, and the reputation of Celsis were at stake, the injunction was justified.

Regarding the public interest, Celsis lauded the importance to protect the investment that had been made by Celsis in drug research and development. The Federal Circuit held further that the record showed that the district court had considered and properly addressed the public's interest in obtaining an adequate supply of pooled multi-cryopreserved hepatocyte products.

As to a bond, the Federal Circuit saw no abuse of discretion in the district court's bond amount.

In sum, the Federal Circuit held that the district court correctly found that all four preliminary injunction factors favor Celsis and that there were no reversible errors in the district court's findings. Accordingly, the Federal Circuit held that the district court did not abuse its discretion in granting the motion for preliminary injunction and affirmed the district court's decision.

Federal Circuit Affirms Dismissal For Lack Of Standing.

In *Abbott Point of Care Inc., v. Epocal, Inc.*, Appeal No. 2011-1024 (Jan. 13, 2012), the Federal Circuit affirmed the Northern Alabama District Court's dismissal for lack of standing.

Abbott filed a complaint against Epocal asserting infringement of two patents dealing with blood test samples. Abbott claimed ownership of the patents on the basis of contracts between Lauks and Abbott's predecessors, Integrated Ionics Incorporated ("Integrated Ionics") and i-STAT Corporation ("i-STAT").

In 1984, Lauks signed an employment agreement with Integrated Ionics including confidentiality, non-competition, and non-solicitation clauses. The contract also required that the employee had to assign its inventions to his employer. Integrated Ionics subsequently became i-STAT, and Lauks executed another employment agreement which included Lauks' employment duties, compensation, benefits, termination, and severance payments.

In 1999, Lauks resigned from i-STAT and signed an eighteen-month Consulting Agreement with i-STAT which specified that only the confidentiality provision stated in the 1984 Agreement remained in place.

In 2001, Lauks filed two patent applications identifying himself as the sole inventor. In 2003, Lauks assigned the patents to Epocal.

In 2009, Abbott filed a complaint asserting infringement of the patents and ownership. According to Abbott, Lauks had agreed to disclose and assign his inventions to Abbott's predecessors. Epocal filed a motion to dismiss for lack of subject matter jurisdiction and failure to state a claim. The district court concluded that Abbott lacked standing because the 1999 Agreement did not continue the 1984 Agreement, and therefore, Abbott did not own the patents-in-suit.

On appeal, the Federal Circuit reviewed the agreements and determined that the 1999 Consulting Agreement recognized and allowed Lauks to pursue other, non-conflicting interests, and explicitly excluded work on new products, regardless of the subject matter, including point-of-care blood analysis applications. The Federal Circuit stated that because the 1999 Consultation Agreement was silent with respect to any assignment of Lauks' rights in inventions, improvements, or discoveries made or conceived during the consultation period, Lauks had no obligation to assign inventions from the consulting period to i-STAT. Thus, the district court had correctly concluded

that the contract did not convey all substantial interest in the patents and that Abbot did not own the patents.

Accordingly, the Federal Circuit affirmed the district court's dismissal for lack of standing.

Federal Circuit Affirms Judgment To Correct Inventorship Under 35 U.S.C. § 256.

In *Olusegun Falana v. Kent State University & Alexander J. Seed*, Appeal No. 2011-1198, the Federal Circuit affirmed the Northern Ohio District Court's judgment ordering the USPTO to add Falana as an inventor of the patent.

Kent Displays. Inc. (KDI), a Kent State Company, started in 1997 to develop chemical compounds that could be used to improve the performance characteristics of electronic devices. Dr. Olusegun Falana, a researcher, was hired by KDI to synthesize chiral organic molecules for the project. He developed a specific synthesis of the Compound 7. Then Falana left the company and Seed, his successor, synthesized a compound designated Compound 9. Compound 9 was an enantiomer of Compound 7.

In 2000, KDI and Kent State filed a patent application. The patent specification disclosed the synthesis protocol developed by Falana as the protocol utilized to synthesize the claimed class of chiral compounds. However, Falana was not named as an inventor. Falana filed a complaint seeking correction of inventorship, alleging that he should have been named an inventor of the patent.

After a bench trial, the district court declared that Falana contributed to the conception of the claimed invention. Additionally, the district court ruled the case to be exceptional and awarded attorney fees. Kent State appealed.

On appeal, Kent State alleged that the district court erred in its claim construction and abused its discretion in excluding certain exhibits. Kent State also appealed on the joint-inventor issue.

As to the claim construction, the Federal Circuit held that the district court did not make any mistake in construing the language of the claims.

As to the inventorship issue, the main question was whether a putative inventor who envisioned the structure of a novel chemical compound and contributed to the method of making that compound is a joint-inventor of a claim covering that compound. The Federal Circuit held that the claims of the patent were not limited to Compound 9 but covered a broader genus. Because Falana contributed to the conception of the genus by providing the method for making the novel compounds, and the KDI team used Falana's protocol to synthesize another species within the claimed class of compounds, the Federal Circuit upheld the district court's finding that Falana should be named as an inventor.

The Federal Circuit did not address the district's court case determination that the case was exceptional and the attorneys fees award since these issues were not yet final.

Greenblum & Bernstein Hosting Biosimilars Workshop

Greenblum & Bernstein is hosting a pre-conference workshop titled:
Biosimilars In America: IP Strategy and Due Diligence at the 10th EGA International Symposium on Biosimilar Medicines that will take place April 19-20, 2012 in London.

Contact Us:
www.gbpatent.com
gbpatent@gbpatent.com
703-716-1191 (phone)
703-716-1180 (fax)

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