

No. 05-608

IN THE
Supreme Court of the United States

—◆—
MEDIMMUNE, INC.,
Petitioner,

v.

GENENTECH, INC. AND
CITY OF HOPE NATIONAL
MEDICAL CENTER,
Respondents.

—◆—
On Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

—◆—
BRIEF OF THREE INTELLECTUAL
PROPERTY PROFESSORS AS *AMICI CURAE*
IN SUPPORT OF THE PETITIONER

—◆—
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QUESTIONS PRESENTED

Whether the Federal Circuit's "reasonable apprehension of suit" test for declaratory-judgment jurisdiction in patent cases is consistent with this Court's precedent and with the Declaratory Judgment Act, and, if not, whether the Constitution requires it.

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**CONSENTS TO FILE AND
INTEREST OF THE *AMICI CURIAE***

Through their counsel of record, all parties to this appeal have consented in writing to the filing of this brief. Copies of the consents accompanied this brief.

The individuals Jay Dratler, Jr., Jeffrey M. Samuels, and A. Samuel Oddi (collectively, “Amici”) are all attorneys and chaired professors of law. Two (Jay Dratler, Jr. and A. Samuel Oddi) are admitted to practice before this Court.

The interest of Amici in this case arises from lifetimes of study, research and practice in the field of intellectual property law. Jay Dratler, Jr. has thought and written about declaratory judgments in patent cases for twelve years, since his two-volume loose-leaf treatise on licensing was first published in 1994. See 1 Jay Dratler, Jr., *Licensing of Intellectual Property* § 2.01[1][a][iii] (Law Journal Press 1994 & Supps.) Jeffrey M. Samuels was Assistant Commissioner of Patents and Trademarks from November 1987 to January 1993. A. Samuel Oddi served as patent counsel for major corporations for over ten years and has taught law for over 30 years. Although we are not submitting the Brief on behalf of any organization, we all work at the Intellectual Property and Technology Center at the University of Akron School of Law, which is dedicated to the advancement of law and policy in the field of intellectual property.¹

¹ The University of Akron has provided office services and will reimburse out-of-pocket expenses related to this brief. This brief, however, is not submitted on behalf of the University of Akron, which has not reviewed and does not endorse its content.

From time to time each of us acts as a paid attorney or consultant. To our knowledge, however, no current or likely future client of any of us has any pecuniary interest in the outcome of this lawsuit. We thus occupy a unique position of expertise and financial disinterest. Our interest is in a patent system that is legally sound and economically rational.

SUMMARY OF ARGUMENT

In a consistent line of cases extending over six decades, this Court has emphasized the importance of tearing down barriers to challenging patents' validity, lest the public be harmed by unjustified monopolies. Yet the Federal Circuit has categorically refused to allow patent licensees in good standing to challenge the validity or enforceability of the patents they have licensed, although licensees are often the ones best motivated to make such challenges. The Federal Circuit has thus ignored this Court's clear directives and undermined this Court's holding in *Lear, Inc. v. Adkins*.

The source of the problem is the Federal Circuit's "reasonable apprehension of suit" test for declaratory-judgment jurisdiction. That test grants "quiescent" patentees—those who do not threaten suit or charge infringement—effective immunity from challenges to their patents by way of declaratory judgment. They can notify the industry of their patents, enter licensing negotiations, grant licenses, or walk away from the table, all without losing this "immunity" from suit. The Federal Circuit has thus given patentees clear instructions for nullifying the Declaratory Judgment Act in the field of patent law.

The Federal Circuit has held that the Constitution's requirement for a case or controversy dictates this result. That is simply not so. The case or controversy requirement is a limitation on constitutional government, based on the separation of powers. It prevents the judiciary from invading the domain of the legislative or executive branch by deciding abstract or hypothetical questions not raised in a real, concrete dispute between adverse parties. Instead, the Federal Circuit appears to have interpreted it as a rule of litigation fairness or procedural priority, under which a quiescent patentee should not be sued first. That interpretation expands the case or controversy requirement well beyond its rationale.

There may be patent cases in which actions for declaratory judgments are not justiciable, but this case is not one of them. Real issues of justiciability may arise if a party concerned about potential liability for patent infringement requests a declaratory judgment challenging the patent before producing any product on which the patent's claims might be read. In that case a judgment on the patent's validity could be viewed as hypothetical or advisory.

No such difficulty arises in this case. Here Appellant is producing a real product, and there is a real and concrete dispute over whether royalties are due on it. No fact or evidence needed to determine whether the patent is valid and enforceable depends upon whether the license is in force or has been breached or terminated. There is therefore nothing hypothetical or abstract about this case.

Nor would adjudication provide a mere advisory opinion. On the contrary, it would clarify alleged legal rights that directly affect the economic interests of the

patentee, the licensee, the industry and the public. Because this case involves medical products, its outcome may affect the public health as well.

Patent law needs a new standard for the justiciability of declaratory-judgment actions—one consistent with the Declaratory Judgment Act and with the real purposes of Article III’s case or controversy requirement. The Federal Circuit’s test is not only inconsistent with this Court’s decisions and the Act. It is also economically harmful, for it keeps courts from reviewing “bad” patents even as they are on the rise.

At a minimum, a new standard should treat patentees and their adversaries symmetrically. A licensee should be able to request a declaratory judgment whenever a patentee could sue for infringement if the license did not exist, as long as there is a real, current dispute between the parties that the court’s judgment can resolve.

Modern standing doctrine’s requirement for “injury in fact” does not stand in the way. It does so only if interpreted literally, as requiring invasion of a protected interest. But in patent cases such an interpretation is circular: even a confessed infringer does not invade the patentee’s rights unless the patent is valid—a decision that only the court can make. A literal interpretation of injury in fact would eliminate declaratory judgments from all of patent law.

A patent’s validity or enforceability is almost always uncertain. The uncertainty impacts both patentees and their adversaries. It has direct and often enormous economic consequences and is the source of very real disputes. Therefore, in patent cases, “injury in fact” exists whenever

doubt about a patent's validity or enforceability is real enough to engender non-pretextual disputes that a court can resolve.

The uncertainty itself—not either party—causes the economic injury. The Declaratory Judgment Act provides a means to resolve the uncertainty, and thereby to prevent or redress the injury, when the alleged rightholder declines to sue. Any justiciability doctrine that fails to recognize these economic facts of life will not only nullify the Declaratory Judgment Act in the field of patents; it will also contravene decades of precedent. Surely nothing in Article III, which seeks only to keep courts from performing legislative or executive functions, requires such an extreme result.

ARGUMENT

I. The result and reasoning below contravene consistent directives of this Court to respect the importance of testing patents in court.

In a long line of cases stretching back at least six decades, this Court has repeatedly ruled that testing patents for validity and enforceability has paramount importance in the scheme of patent law. *See Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83, 100-101 (1993) (pointing out “the wasteful consequences of relitigating the validity of a patent after it has once been held invalid in a fair trial” and “the danger that the opportunity to relitigate might, as a practical matter, grant monopoly privileges to the holders of invalid patents”) (footnotes omitted); *Blonder Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 344 (1971); *Lear, Inc. v. Adkins*,

395 U.S. 653, 670-671 (1969); *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945) (noting public's "paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope").

The linchpin of these cases is this Court's decision in *Blonder Tongue*, 402 U.S. at 350, abandoning the doctrine of mutuality of estoppel in patent cases. It ruled that a final judgment of patent invalidity, if based on a full and fair trial, estops the patentee from asserting the same patent against *anyone*. *See id.*, 402 U.S. at 328-329.

Under *Blonder Tongue*, a patent is dead once declared invalid in a single lawsuit. It can no longer threaten industry, curtail free competition, or harm the public. In announcing this rule, this Court relied heavily on the great expense and delay of patent litigation and the general public's strong economic interest in insuring that invalid patents do not create unjustified economic monopolies. *See id.*, 402 U.S. at 334, 337 & n.31 (noting expense and delay); 402 U.S. at 346 (noting competitive impact).

Twenty-two years later, in *Cardinal Chemical*, this Court applied the same principles to curtail an odd procedural practice that the Federal Circuit had developed. That court had routinely vacated trial-court judgments of patent invalidity after upholding findings that the patent was not infringed. *See Cardinal Chemical, supra*, 508 U.S. at 85, 89-90, 95.

Bare logic supported the procedure: if a patent is not infringed, it does not matter *for that case* whether or not it is valid. But this Court repudiated the Federal Circuit's formalistic logic. *See id.*, 508 U.S. at 102. It reasoned that the accused infringer had paid dearly in time and money for the judgment of invalidity, and that both industry and the public had a strong interest in that judgment under *Blonder-Tongue*. *See id.*, 508 U.S. at 99 (noting interest of litigant); 508 U.S. at 100 (noting "importance to the public at large of resolving questions of patent validity"); *id.*, 508 U.S. at 102 (both).

The case of *Lear, Inc. v. Adkins* is much closer to this case. There this Court addressed whether a patent licensee could challenge the validity of the licensed patent. The specific issue was the continuing validity of the doctrine of licensee estoppel, under which a licensee, by virtue of taking a license, was deemed to have recognized the validity of the licensed patent and to be estopped from challenging it. *See Lear, supra*, 395 U.S. at 656. Characterizing that principle as a matter of contract under state law, this Court held it superseded by fundamental patent principles. *See id.*, 395 U.S. at 670-671. This Court referred generally to the need to encourage legal challenges to invalid patents and specifically to the benefits of encouraging those with the greatest economic incentives to make challenges to do so. "Licensees," it said, "may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification." *Id.*, 395 U.S. at 670.

Together, these cases provide a consistent and formidable body of precedent establishing three principles. First, patent law protects our economy, future innovation and the public from unjustified patent monopolies by encouraging invalid or unenforceable patents to be challenged and declared as such. Second, the law disfavors any procedural mechanism that hinders or delays such challenges or declarations. Third, patent law encourages challenges to patents by “private attorneys general” motivated by their own economic self-interest to protect the public interest, and the class of private attorneys general includes patent licensees.

The result and rationale below contravene these principles. By precluding all patent licensees in good standing from challenging the validity or enforceability of their licensed patents, it eliminates a large and important class of potential patent challenges. By requiring licensees to repudiate, breach or terminate their license agreements before mounting challenges by way of declaratory judgment, it hinders and delays those challenges. It thus discourages challenges to patents by those most highly motivated to make them.

II. The Federal Circuit’s “reasonable apprehension of suit” test, formalistically applied by that court, virtually nullifies the Declaratory Judgment Act in the field of patent law.

The touchstone of the Federal Circuit’s analysis in this case is its “reasonable apprehension of suit” test for federal declaratory judgment jurisdiction. *See, e.g., BP Chemicals, Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 978 (Fed. Cir. 1993); *Shell Oil Co. v. Amoco Corp.*, 970 F.2d 885, 887-

888 n.2 (Fed. Cir. 1992); *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 634 (Fed. Cir.), *cert. denied*, 502 U.S. 1013 (1991).² No such jurisdiction exists in this case, that court held, because the license agreement precluded any reasonable apprehension that the patentee would sue. *See MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 962-965 (Fed. Cir. 2005).

This Court has never reviewed the Federal Circuit's "reasonable apprehension of suit" test. As the Federal Circuit has repeatedly stressed, it is an objective test, which depends upon the patentee's actions. *See, e.g., BP Chemicals*, 4 F.3d at 980; *Arrowhead Industrial Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 736 (Fed. Cir. 1988); *International Medical Prosthetics Research Associates, Inc. v. Gore Enterprise Holdings, Inc.*, 787 F.2d 572, 575 (Fed. Cir. 1986).

The test allows a patentee to avoid a suit for declaratory judgment if it is "quiescent," i.e., if it makes no threat of suit or charge of infringement. *See Arrowhead Industrial Water*, 846 F.2d at 736 (if "defendant has done nothing but obtain a patent, there can be no basis for the required apprehension, a rule that protects quiescent patent owners against unwarranted litigation") (citations omitted). But this does not mean that the patentee must refrain from

² The test actually has two prongs: (1) the declaratory plaintiff's reasonable apprehension of suit by the patentee and (2) the declaratory plaintiff's engagement in or preparation for infringing activity. *See BP Chemicals*, 4 F.3d at 978; *Spectronics Corp.*, 940 F.2d at 634. The second or "infringement" prong, however, is not at issue in this appeal. Respondent Genentech's assertion that its licensed patent covered Appellant's production and sale of the product Synagis® is tantamount to an assertion that those activities would infringe the patent in the absence of a license.

affecting an industry or the economy. The patentee can circulate its patent to competitors and the industry. *See Spectronics*, 940 F.2d at 632-633, 636-638 (patentee's letters to industry announcing addition of patent to its "growing family of patents" and its patent strategy, without referring to any competing products, did not create basis for declaratory judgment action). The patentee can discuss licensing. *See Shell Oil*, 970 F.2d at 889 (there was no reasonable apprehension of suit where patentee responded to plaintiff's initiatives and entered licensing negotiations, during course of which it referred to plaintiff's catalyst as "falling within" or "covered under" patent and said it would enforce patent). The patentee can even refuse a license and break off negotiations. *See, e.g., Teva Pharmaceuticals USA, Inc. v. Pfizer Inc.*, 395 F.3d 1324, 1327, 1329-1330 (Fed. Cir. 2005) (court had no declaratory judgment jurisdiction although patentee had listed patent in FDA's "Orange Book" and had sued and later licensed other generic maker, where it had refused to license declaratory plaintiff on request or to sue it for infringement); *Cygnus Therapeutic Systems v. ALZA Corp.*, 92 F.3d 1153, 1156-1157, 1159-1160 (Fed. Cir. 1996), *overruled on other ground, Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068 & n.5 (Fed. Cir. 1998) (*en banc* on that other ground only) (there was no reasonable apprehension of suit where patentee's officers (1) stated that declaratory plaintiff's continuing its research program "made no sense" due to existence of patent; (2) reported that patent had survived reexamination; and (3) insisted that patentee had "a very strong proprietary position[,]") and where patentee refused to license declaratory plaintiff; patentee had done nothing more than exercise its right to exclude).

In practice, these results give patentees a practical prescription for nullifying the Declaratory Judgment Act in the field of patent law. All they have to do is stay “quiescent” by refraining from threats of suit or charges of infringement. In the meantime, they can make an entire industry aware of their patent, conclude licensing agreements, collect royalties, and scare off unlicensed competition by the fear of patent litigation. Any unlicensed competitor that invests in plant and production without a license will risk a total loss of sunk investment if the patentee sues for infringement after production begins, wins the suit, and gets an injunction, which is now a standard remedy.³

A moment’s thought reveals how this test frustrates the Declaratory Judgment Act’s purpose. The Act allows courts to “declare the rights and other legal relations of any interested party seeking such declaration[.]” 28 U.S.C. § 2201(a) (in part). It thus lets a plaintiff clarify uncertain rights and legal relations when the other party to the dispute declines to do so. *See Travelers Insurance Co. v. Davis*, 490 F.2d 536, 543 (3d Cir. 1974). Yet by requiring the plaintiff to have a “reasonable apprehension of suit” based upon the defendant’s objective manifestations, the Federal

³ The question whether injunctive relief will *remain* a standard remedy in a successful patent infringement suit is now before this Court in a separate case. *See eBay Inc. v. MercExchange, LLC*, 126 S.Ct. 733, 74 U.S.L.W. 3321 (2005) (granting *certiorari* to decide issue). The law that this Court will review, however, is now to that effect. *See MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1338 (Fed. Cir. 2005), *cert. granted, supra* (“Because the ‘right to exclude recognized in a patent is but the essence of the concept of property,’ the general rule is that a permanent injunction will issue once infringement and validity have been adjudged”), quoting *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1246-1247 (Fed. Cir. 1989).

Circuit allows the defendant to control the existence and timing of litigation. That is precisely the result that the Declaratory Judgment Act sought to avoid. Without clear guidance and instructions from this Court, the Federal Circuit will continue to allow patentees to nullify the Declaratory Judgment Act in this manner.

III. Nothing in the Constitution's case or controversy requirement mandates the Federal Circuit's test.

Last year two judges of a three-judge panel decided that the Constitution's case or controversy requirement mandates the "reasonable apprehension of suit" test. *See Teva Pharmaceuticals*, 395 F.3d at 1335 (Fed. Cir. 2005). There was a strong dissent. *See id.*, 395 F.3d at 1339 (Chief Judge Mayer, dissenting). Yet this was not the first time the Federal Circuit has flirted with constitutionalizing its test. *See Foster v. Hallco Manufacturing Co.*, 947 F.2d 469, 479 (Fed. Cir. 1991) (in patent context, "case or controversy" requirement demands "sufficient acts by both parties which support an actual charge of infringement or at least a reasonable belief that a suit for infringement will be brought") (citation omitted).

To the extent one can read a rationale in the Federal Circuit's decisions, it appears to be a matter of fairness and litigation priority. The *Teva Pharmaceuticals* panel seemed to feel that it would be unfair and inappropriate for "quiescent" patentees to suffer suit or to lose their choice of the forum and timing for suit. *See Teva Pharmaceuticals*, 395 F.3d at 1334 (majority opinion) (patentee "need not" sue declaratory plaintiff "immediately" because third party's 180-day exclusivity period under Hatch-Waxman Act would prevent declaratory plaintiff from marketing

putatively infringing generic drug until six months after relevant patent expired). A direct precedent for the Federal Circuit's decision in the case at bar suggested a similar rationale:

[P]ermitting [the patent licensee] to pursue a lawsuit without materially breaching its license agreement yields undesirable results. [The licensor] voluntarily relinquished its statutory right to exclude by granting [the licensee] a nonexclusive license. In so doing, [the licensor] chose to avoid litigation as an avenue of enforcing its rights. Allowing this action to proceed would effectively defeat those contractual covenants and discourage patentees from granting licenses. In other words, in this situation, the licensor would bear all the risk, while licensee would benefit from the license's effective cap on damages or royalties in the event its challenge to the patent's scope or validity fails.

Gen-Probe, Inc. v. Vysis, Inc., 359 F.3d 1376, 1382 (Fed. Cir. 2004).

But the Constitution's case or controversy requirement has nothing to do with litigation fairness, priority of suit, or the choice of forum or timing of litigation. It is a matter of constitutional governance and the separation of powers. *See, e.g., Flast v. Cohen*, 392 U.S. 83, 96 (1968) ("Federal judicial power is limited to those disputes which confine federal courts to a role consistent with a system of separated powers and which are traditionally thought to be capable of resolution through the judicial process"); *Valley Forge Christian College v. Americans United for Separation of Church and State*, 454 U.S. 464, 473 (1982). The case or controversy requirement insures that courts will

decide nothing except against the background of specific facts in a specific dispute among real and adverse parties. *See Aetna Life Insurance Co. v. Haworth*, 300 U.S. 227, 240 (1937). In so doing, it keeps courts out of the legislature's and executive's domains, where decisions can be made based on general policy, speculation, and prediction.

Therefore the touchstone of the case or controversy requirement is the distinction between a dispositive decision in a concrete case between adverse parties based on real facts and an advisory opinion based on hypothetical facts or speculation. *See Aetna*, 300 U.S. at 240-241. The former is the function of the judiciary, the latter of Congress and the executive branch.

On its face, a reasonable apprehension of suit has little to do with this distinction. The Declaratory Judgment Act's animating principle is that real parties may have real, present and concrete adverse interests in a determination of rights or legal relations that a court can grant specifically and conclusively in a dispositive opinion, but that one party may wish to postpone or avoid for reasons of its own. If all relevant facts are known and in evidence, the Act gives the party desiring resolution the right to have it despite the other party's wish for delay. There is nothing necessarily hypothetical, abstract, or "legislative" about such a resolution, and nothing in one party's attempts to avoid a resolution—for example, by refraining from threats and charges—makes it so.

IV. There may be requests for declaratory judgments in patent cases that are not cases or controversies in a constitutional sense, but the case at bar is not one of them.

Petitioner here asked the district court to declare that the licensed patent is invalid or unenforceable. Both issues are real, concrete and ripe for adjudication.

Under the Federal Circuit's own precedent, a patent's validity is almost entirely a documentary issue. In order to assess its validity, the court must first construe the patent's claims. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996) (courts, not juries, construe patent claims). The Federal Circuit, however, has limited the evidence to be used for this purpose to the public record, including the patent and its prosecution history. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). By statutory command, evidence of the invention's obviousness or lack of novelty—so-called “prior art”—must have existed at the time the invention was made or, at the latest, before the patent application was filed. *See* 35 U.S.C. §§ 102, 103(a). Therefore the facts and evidence necessary to decide a patent's validity—the patent itself, its prosecution history, prior art cited in the patent, other prior art, and relevant technical references—are all available when the patent issues. The purely legal question of a patent's validity is therefore almost *never* hypothetical or abstract.

What might make a request for a *judgment* of patent invalidity hypothetical or abstract in the sense of Article III is the position of the party asking for a judgment. If a plaintiff seeks a declaratory judgment before ever producing a product on which the patent claims might be

read, then no case or controversy may exist because the plaintiff's interest is simply too abstract and hypothetical. *Cf. Lang v. Pacific Marine and Supply Co.*, 895 F.2d 761, 763, 764-765 (Fed. Cir. 1990) (affirming dismissal of claim by patentee for declaratory judgment that ship would infringe dominant patent where ship would not be finished for nine months after complaint was filed).

But that is not this case. Here Appellant is currently producing a product called Synagis® on which the patentee claims royalties under the license. There is therefore a product on which the patent's claims can be read. All the evidence needed to produce a final, concrete decision on both validity and infringement exists now. The only thing standing in the way of a trial, in the Federal Circuit's view, is the license agreement and therefore the absence of a reasonable apprehension that the patentee will sue. But nothing bearing on the patent's validity or enforceability turns on whether the license is in effect or has been breached or terminated.

If the patentee had chosen to sue before granting a license, the dispute would have presented a classic patent infringement case—as clear a case or controversy as exists in patent law. Surely whether a case or controversy exists under Article III cannot turn solely on who sues first. If it did, the Declaratory Judgment Act would be a dead letter in all fields, not just patent law.

Like validity, the issue of enforceability is largely documentary. Unenforceability for inequitable conduct—a patent applicant's culpable failure to disclose known and material prior art to the patent examiner—depends on prior art and acts of nondisclosure before the patent issues. *See* 1 Jay Dratler, Jr., *Intellectual Property Law: Commercial*,

Creative, and Industrial Property § 2.08[2] (Law Journal Press 1991 & Supps.). Another cause of unenforceability, patent misuse, may turn on conduct occurring after the patent issues, but that conduct must have occurred before the case is filed. See 1 Jay Dratler, Jr., *Licensing of Intellectual Property* § 5.04 (Law Journal Press 1994 & Supps.) (hereinafter, “Dratler Licensing”). Here again, the existence of a case or controversy depends mostly on how close to producing a putatively infringing product the declaratory plaintiff was at the time of suit. The existence *vel non* of a license agreement is irrelevant, except to the extent that the license itself may be evidence of misuse.

V. Patent law needs a new standard for declaratory judgment, one consistent with the Declaratory Judgment Act and the purpose of the Constitution’s case or controversy requirement.

A. The Federal Circuit’s “reasonable apprehension of suit” test is bad economics as well as bad law.

The Federal Circuit’s test ignores this Court’s repeated instructions to construe patent law so as to permit and encourage legal challenges to possibly invalid patents by private attorneys general whose real and concrete economic interests insure a case or controversy and a legitimate reason for the challenge. See *supra* Part I.

Today those instructions are more important than ever before. Evidence is mounting that an increasing number of “bad” patents are issuing on “inventions” that do not qualify for legal monopolies. Some commentators believe the problem derives from poor incentives and lack of resources within the Patent and Trademark Office (PTO).

See Adam B. Jaffe and Josh Lerner, *Innovation and Its Discontents: How Our Broken Patent System is Endangering Innovation and Progress, and What to Do About It* 34 (Princeton University Press 2004) (“As a result of legal and administrative changes made between 1982 and 1990, the PTO has become so overtaxed, and its incentives have become so skewed toward granting patents, that the tests for novelty and non-obviousness that are supposed to insure that the patent monopoly is granted only to true inventors have become largely non-operative”). Some criticize the Federal Circuit’s failure to prescribe reasonable limits on the scope of patentable subject matter. See, e.g., Jay Dratler, Jr., “Alice in Wonderland Meets the U.S. Patent System,” 38 Akron L. Rev. 299, 308-319 (2005) (hereinafter “Alice”); John R. Thomas, “The Patenting of the Liberal Professions,” 40 B.C. L. Rev. 1139, 1163-1164 (1999).⁴ Some see a failure of the PTO and the courts to recognize the dividing line between legitimate patents on inventions and prohibited monopolies on businesses in our free-market economy. See “To

⁴ Professor Thomas has suggested that the Federal Circuit’s refusal to restrain the expansion of patentable subject matter may ultimately produce patents on the work product of lawyers and priests:

With business and medical techniques firmly under wing, and patents on sports methods and procedures of psychological analysis trickling out of the Patent Office, patents appropriating almost any sort of communicable practice seem easily attainable. . . . Under increasingly permissive Federal Circuit case law, techniques within such far-flung disciplines as language, the fine arts and theology also now appear to be within the realm of patentability.

40 B.C. L. Rev. at 1163-1164.

