

The Latest Intellectual Property News



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Welcome to The Latest Intellectual Property News, a newsletter for updating you with recent information about Intellectual Property.

We welcome Rachel K. Pilloff. Rachel is a partner in our Alexandria, VA office. She has over a decade experience researching and protecting inventions in the life sciences, particularly those involving genetics and molecular biology. In addition to prosecuting patents for pharmaceuticals and small molecules, Rachel has expertise in protecting inventions in the agricultural and plant sciences, and she regularly counsels on plant patents, plant breeder's rights, and plant utility patents both in the U.S. and abroad.

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CLAIM CONSTRUCTION REJECTED AS BEING UNMOORED FROM DESCRIPTION

By Michael P. McComas (mmccomas@ipfirm.com)

A Federal Circuit panel affirmed a district court's construction of a claim central to an infringement accusation by Ormco Corporation (Ormco) against World Class Technology Corporation (World Class Technology). Since Ormco had stipulated to non-infringement under the district court's construction, the affirmation effectively denied Ormco's counterclaim to World Class Technology's initial request for a declaratory judgment of non-infringement of separate Ormco patents. *World Class Tech. Corp. v. Ormco Corp.*, slip op. 2013-1679, 2014-1692 (Fed. Cir. October 20, 2014).

Claim construction hinged on two terms, "support surface" and "ledge," that Ormco asserted could be interpreted interchangeably so as to cover two arrangements of a bracket for orthodontic braces. The Court indicated that, while separate names in the claim language itself suggested distinct definitions, sufficient uncertainty existed such that a construction aligned with the specification was sought. Referring to the specification's identification of a dedicated purpose for a feature uniquely associated with the "support surface," the court declared the dual arrangements of Ormco's construction to be "unmoored from, rather than aligned with, the description of the invention."

Ormco had also asserted that the doctrine of claim differentiation supported its construction because the broad interpretation was needed so that a claim that depended from the claim at issue would have a narrowed scope. The court not only disputed that the broad interpretation was necessary for a narrowed scope, but cited its prior decisions holding that "even the presumption of different claim scope is 'overcome by a contrary construction dictated by the

written description.”

28 U.S.C. § 1498(A) EXCEPTION TO PATENT INFRINGEMENT: FOR THE BENEFIT OF THE U.S.

By Jiho Park (jpark@ipfirm.com)

On October 21, 2014, the Court of Appeals for the Federal Circuit affirmed the Eastern District of New York’s holding that IRIS Corporation’s complaint against Japan Airlines Corporation is dismissed because the allegedly infringing acts were carried out “for the United States” under 28 U.S.C. § 1498(a). IRIS Co. V. Japan Airlines Co., slip op. 2010-1051 (Fed. Cir. Oct. 21, 2014).

IRIS brought suit in the Eastern District of New York, alleging that JAL committed patent infringement by examining the electronic passports of its passengers within the United States. IRIS owns U.S. Patent No. 6,111,506 (the ‘506 patent), titled “Method of Making an Improved Security Identification Document Including Contactless Communication Insert Unit,” disclosing methods for making a secure identification document containing an embedded computer chip that stores biographical or biometric data.

In initially determining whether the United States has assumed liability under § 1498(a) for JAL’s allegedly infringing activities, the district court held that the government has clearly provided its authorization or consent because JAL cannot comply with its legal obligations without engaging in the allegedly infringing activities. The Federal Circuit agreed and noted that under such circumstances, the government has expressly authorized or consented to those activities. But the Federal Circuit said that a governmental grant of authorization or consent does not mean that the alleged use or manufacture is done “for the United States” under § 1498(a). To qualify, the alleged use or manufacture must also be done “for the benefit of the government.”

In its analysis of whether the alleged use or manufacture must also be done “for the benefit of the government,” the Federal Circuit noted its previous decision in which it held that “[i]ncidental benefit to the government is insufficient,” but “[i]t is not necessary [for the Government] to be the sole beneficiary” *Advanced Software Design Co. v. Fed. Reserve Bank of St. Louis*, 583 F.3d 1371 (Fed. Cir. 2009). In *Advanced Software*, the Federal Circuit held that the government benefitted from averting fraud in Treasury checks and in saving Treasury resources through more efficient technology. The Federal Circuit similarly found that the government benefits in *IRIS Co.* because JAL’s examination of passports improves the detection of fraudulent passports and reduces demands on government resources.

The Federal Circuit stated that there can be no question that those actions are undertaken “for the benefit of the government” when the government requires private parties to perform quasi-governmental functions. In *IRIS Co.*, JAL’s examination of passports directly enhances border security and improves the government’s ability to monitor the flow of people into and out of the country. Furthermore, the Federal Circuit said that the United States has waived sovereign immunity in *IRIS Co.* and that IRIS’s exclusive remedy is suit for recovery against the United States under § 1498(a). Therefore, the *IRIS Co.* decision can be seen as an addition to the list of Federal Circuit decisions that the United States has unequivocally stated its position that suit under § 1498(a) is appropriate.

TIMING OF SECONDARY CONSIDERATIONS AVOIDS *EN BANC* CONSIDERATION

By Sean A. Passino, Ph.D., Esq./Partner (spassino@ipfirm.com)

An *en banc* rehearing was denied in *Bristol-Myers Squibb Company v. Teva Pharmaceuticals USA, Inc.*, slip op. 2013-1306 (Fed. Cir. Oct. 27, 2014). According to some Circuit Court

Judges, an issue is whether evidence postdating the invention can be used to establish unexpected results. The panel decision, according to this view, held that it cannot be considered in the circumstances of this case.

Briefly, the panel (Chief Judge Prost & Circuit Judges Plager and Chen) affirmed the district court's conclusion that BMS's U.S. Patent No. 5,206,244 directed to entecavir for treating hepatitis B is invalid as obvious. *Bristol-Myers Squibb Co. v. Teva Pharm. USA, Inc.*, 752 F.3d 967, 975 (Fed. Cir. 2014). The obviousness rationale included selecting 2'-CDG as a lead compound and finding that one of ordinary skill in the art would have been motivated to modify 2'-CDG in such a way sufficient to arrive at entecavir.

The case's twist arises primarily in comments of the temporal knowledge regarding reasons to select 2'-CDG. *At the time the base application to the '244 patent was filed*, 2'-CDG was arguably considered a reasonable selection for a lead compound per silica tests. However, *subsequent to the application's filing date*, research showed that 2'-CDG has toxicity per preclinical tests. After losing, an error was ascribed to the weight (none) given to the later toxicity data. Hence, a dispute developed regarding whether or not evidence postdating the invention can be used to establish unexpected results. Furthermore, the panel's comments regarding the weight given secondary considerations are conspicuous.

Circuit Court Judge Dyk (joined by Circuit Judge Wallach) agreed with the original panel decision, stating that ignoring post-filing date evidence is mandated by the statute, which provides that an invention is not patentable if it "would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains." 35 U.S.C. §103. These judges concurred in denying the *en banc* hearing.

Circuit Judge O'Malley also agreed in the denial of an *en banc* hearing but for non-temporal evidential reasons. She stated, "Our case law clearly allows the consideration of later discovered differences between the prior art and the invention." She noted a distinction between limiting the obviousness inquiry to pre-invention evidence and finding post-invention evidence unpersuasive. She would freeze what one of skill in the art understood and reasonably expected as of the time of the invention. But the properties of the invention know no such temporal boundaries.

Circuit Judge Newman (joined by Circuit Judges Lourie and Renya) dissented from the denial of the petition for rehearing *en banc*. Her opinion identified four conflicts with precedent.

1. Restriction on comparative data showing unexpected properties

The panel decision noted that "additional unexpected properties, however, did not upset an already established motivation to modify a prior art compound based on the expected properties of the resulting compound." According to Judge Newman's opinion, "Such comparative data need not have been previously available or known to the art at the time of the invention." *See, also, Sanofi-Aventis Deutschland GmbH v. Glenmark Pharm. Inc., USA*, 748 F.3d 1354, 1360 (Fed. Cir. 2014) ("patentability may consider all of the characteristics possessed by the claimed invention, whenever those characteristics become manifest.").

2. The misapplication of "secondary considerations"

Secondary considerations include "commercial success, long felt but unsolved needs, failure of others, etc.," but these considerations tend to become manifest after the patent application is filed and the invention is used.

3. The holding that an unexpected property is insufficient "by itself" to show nonobviousness

The panel further that “an unexpected result or property does not by itself support a finding of nonobviousness.” *Bristol-Myers*, 752 F.3d at 976. However, according to Judge Newman, an unexpected result or property is the touchstone of nonobviousness. *See, e.g., In re Soni*, 54 F.3d 746, 750-51 (Fed. Cir. 1995)(“[W]hen an applicant demonstrates substantially improved results, as Soni did here, and states that the results were unexpected, this should suffice to establish unexpected results in the absence of evidence to the contrary.”). According to the opinion, she disagreed with the panel’s conclusion that entecavir’s improvements in therapeutic window, potency against hepatitis B, and genetic barrier resistance were “expected because the prior art had these properties to some failed extent.”

4. *The court’s oversimplified distinction between “difference in degree” and “difference in kind”*

The panel held that a “mere difference in degree” is “insufficient” to render a compound patentable. 752 F.3d at 977. As applied by the panel, Judge Newman noted that the panel “held that a new and effective non-toxic treatment for hepatitis B is merely a difference in degree from a highly toxic and useless treatment for hepatitis B.”

Circuit Judge Taranto (joined by Circuit Judges Lourie and Renya) dissented from the denial of the petition for rehearing *en banc*. He warned the bar not to rely “on phrases and sentences found through database word searches without reading the whole opinion, and arguing for a precedential effect that is unwarranted.” He expressed concern that the bar will cite this opinion, e.g., for deeming irrelevant evidence of secondary considerations post-filing activity. To him, the bar could benefit from an *en banc* consideration of the proper meaning of “reasonable expectation of success” and “unexpected results.”

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