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Making Words Mean Just What We Choose Them to Mean: Patent Claim Interpretation in Light of *Phillips v. AWH* 1

There always will be disputes about the meaning of patent claims. The authors of this article, **Bruce D. Sunstein** and **Rebecca L. Hanovice** of Bromberg & Sunstein LLP in Boston, believe that, although the Federal Circuit is likely to rule that dictionaries do not have primary sway in claim interpretation, dictionaries will continue to be invoked as authority for claim interpretation.

The authors suggest, however, that patent owners can avoid fights over claim interpretation by including a set of definitions made applicable to words in the patent's description and its claims. Such an approach, they believe, gives heightened meaning to the phrase that the patentee is his or her own lexicographer because it is only a rare court that would purposely disregard such definitions. The authors also point out that definitions in a patent can make a difference when the patent is pending. That is because, under principles adopted by the Patent and Trademark Office, patent claims in patent prosecution are given the broadest possible meaning consistent with the specification.

Bringing Out the Big Gun: Invoking the Sherman Act in Patent Litigation 5

A company being sued for patent infringement will, of course, examine all of its options, usually focusing on defensive strategies. There are, however, ways to attack proactively, in situations where the federal Sherman Act, which regulates antitrust issues, can be invoked in the defense of a patent infringement suit.

As explained in this article, by **William G. Abbatt**, a shareholder in Brooks Kushman P.C., antitrust liability under § 2 of the Sherman Act may arise when a patent has been procured by knowing and willful fraud, the patentee has market power in the relevant market, and has used its fraudulently obtained patent to restrain competition. A defendant that asserts a Sherman Act counterclaim in patent litigation effects a role reversal: The defendant becomes the plaintiff, and vice-versa.

Intra-Family Electronic Surveillance and Access: Application of Traditional Privacy Law and Exceptions to New Technology 8

With the constant emergence of new technology, privacy issues concerning the surveillance of communications are changing rapidly. Advancements in technology, such as email, instant messaging, and cellular phones, have changed the way people communicate. However, these advancements in technology have also had an impact on the privacy of people's communications. With new communications technologies also come new ways to invade the privacy of the people involved in those communications. Privacy law has developed well-established safeguards to protect against the unauthorized access to traditional forms of communications. Yet the application of these safeguards to more recent forms of surveillance of electronic communications has not received much attention from courts.

Our first article in this issue is by **Dana Kolesar**, an attorney in Philadelphia-based Caesar, Rivise, Bernstein, Cohen & Pokotilow, Ltd. In this article, the author examines the way that privacy law is applied to traditional surveillance of communications and provides an analysis of how the traditional law and exceptions may be interpreted and applied in the context of new forms of electronic communications, particularly in the domestic realm.

Nanotechnology Patents: A Snapshot of Nanotechnology Patenting Through an Analysis of 10 Top Nanotech Patents 19

Nanotechnology is everywhere. From *USA Today* to Massachusetts Institute of Technology's *Technology Review*, nanotechnology has captured the attention and imagination of authors and readers, alike. After one gets through the pronouncements regarding the impact of nanotechnology, the topic of nanotechnology intellectual property closely, and rightly, follows. Intellectual property, namely patents, forms the foundation on which entrepreneurs and companies can commercialize nanotechnology discoveries to secure financial gains. The potential financial gains are enormous.

With all this money on the line and the importance of patents widely accepted, extensive commentary has been proffered related to nanotechnology patents. In this article, **Donald J. Featherstone** and **Michael D. Specht**, patent attorneys at Sterne, Kessler, Goldstein & Fox, P.L.L.C., offer a perspective into nanotechnology and nanotechnology patents through an analysis and comparison of 10 nanotech patents that have been identified as patents that could dramatically impact the development of nanotechnology. As they analyze these top patents, they assess some of the commentary that has raised issues and concerns related to nanotechnology intellectual property. While the sample size is small, their analysis provides an objective glimpse into some of the issues, or non-issues, impacting nanotechnology intellectual property.

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Bringing Out the Big Gun: Invoking the Sherman Act in Patent Litigation

By William G. Abbatt

A company being sued for patent infringement will, of course, examine all of its options, usually focusing on defensive strategies. There are, however, ways to attack proactively, in situations where the federal Sherman Act, which regulates antitrust issues, can be invoked in the defense of a patent infringement suit. Effectively, there is a role reversal: defendant becomes plaintiff, and *vice versa*.

The Sherman Act

Antitrust liability under § 2 of the Sherman Act may arise when a patent has been procured by knowing and willful fraud, the patentee has market power in the relevant market, and has used its fraudulently obtained patent to restrain competition.¹

A patentee who brings an infringement suit may be subject to antitrust liability for the anti-competitive effects of that suit if the alleged infringer (the antitrust plaintiff) proves that the asserted patent was obtained through knowing and willful fraud or that the infringement suit was a mere sham to cover what is actually nothing more than an attempt to interfere directly with the business relationships of a competitor.²

Here's how the situation might develop: Suppose P files suit for patent infringement against D. P alleges that D's manufacture, use, sale, or offering for sale of certain products or processes infringes one of P's patents. D might respond that:

- P is guilty of patent misuse;
- P violates the Sherman Act § 2 due to *Walker Process* fraud; and/or
- P violates the Sherman Act § 2 due to P's alleged filing of sham litigation, and so on.

Patent Misuse Defense

A brief summation here might be helpful: When a patent infringement suit is used for the purpose of stifling competition with the patent holder's sale of an unpatented product, defendants in the patent

infringement suit are entitled to a patent misuse defense.³ This defense, however, has been subsequently limited by other case law.⁴

Walker Process fraud is the enforcement of a patent procured by fraud on the Patent and Trademark Office (PTO). The enforcement may constitute a violation of the Sherman Act § 2 provided that other elements necessary to a Sherman Act case are present.⁵

So how does one manage to obtain a patent by fraud? The patent can become so tainted if a duty of candor to the PTO is breached. The reasoning goes something like this: The public interest is best served, and most effective patent examination happens if, when an application is being examined, the PTO is made aware of and evaluates all information that is relevant to patentability.⁶ To whom does the duty of candor extend? It extends to everyone associated with the filing and prosecution of a patent application. This includes the inventor and patent attorney. The duty also extends to every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee, or with anyone to whom there is an obligation to assign the application.

What kind of information needs to be disclosed? Answer: Anything that is "material to patentability."⁷ Consider an example from the *Walker Process* case. The patent statute provides that "a person shall be entitled to a patent unless— . . . (b) the invention was . . . in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . ."⁸ So suppose that the claimed invention is used in public (not experimentally) more than a year before a patent application is filed. Facts concerning the public use exemplify information that is "material to patentability" and must be disclosed; in this case, along with facts supporting an argument that the use was not public or was experimental.

Sham Litigation

Another issue relates to sham litigation. This is a claim made under § 2 of the Sherman Act that seeks to demonstrate that the infringement suit is an attempt to interfere directly with the business relationships of a competitor. One must determine whether the lawsuit is

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objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits. If it is, the inquiry focuses on whether the baseless lawsuit conceals "an attempt" to interfere *directly* with the business relationship of a competitor by using a government process as an anticompetitive weapon.⁹

Returning to the shooting match, D's antitrust counterclaims specifically depend on a finding that P's patents in question are invalid and unenforceable since "antitrust laws do not negate a patentee's right to exclude others from patent property."¹⁰

These counterclaims require examination of many issues that lie outside the scope of a core patent case. To prove an antitrust violation, in addition to demonstrating patent invalidity, D must first establish the relevant market and then demonstrate the *indicia* of monopoly power, including but not limited to the existence of barriers of entry into the relevant market, the power to exclude others, the power to raise prices, the lack of product substitutability, predatory intent, market dominance, and guilty knowledge on the part of plaintiff.¹¹

Patent infringement and antitrust matters involve two different and highly complex bodies of law. For this reason, a single trial for both the patent infringement claim and the antitrust counterclaims would likely cause some degree of jury confusion. Courts therefore will often bifurcate the trial of antitrust counterclaims from patent infringement proceedings.

Walker Process Equipment Case

Walker Process Equipment was decided in 1965 by the US Supreme Court. There, the question was whether the maintenance and enforcement of a patent obtained by fraud on the PTO may be the basis of an action under § 2 of the Sherman Act.¹² If so, a party may be subject to treble damages under § 4 of the Clayton Act.¹³

In that case, plaintiff sued Walker Process Equipment for patent infringement. Walker Process denied infringement and counterclaimed for a declaratory judgment that the patent was invalid. Walker Process also counterclaimed with a charge that plaintiff had "illegally monopolized interstate and foreign commerce by fraudulently and in bad faith obtaining and maintaining . . . its patent, well knowing that it had no basis for . . . a patent."¹⁴

Walker Process alleged fraud on the basis that plaintiff had sworn before the PTO that it neither knew nor believed that its invention had been in public use in the United States for more than one year before filing its patent application (the "critical date"). In fact, plaintiff itself was a party to pre-critical date use. The counter-

claim also asserted that the existence of the patent had deprived Walker Process of business that it would have otherwise enjoyed. Walker Process asked that plaintiff's conduct be declared a violation of the antitrust laws and sought treble damages.

A person sued for infringement may challenge the validity of the patent on various grounds, including fraudulent procurement. One need not await the filing of a threatened suit by the patentee. The validity of the patent may be tested under the Declaratory Judgment Act.¹⁵ Courts also recognize that an injured party may attack the misuse of patent rights.

To allow treble damages for fraudulent procurement of a patent coupled with violations of § 2 promotes the purposes of the patent system:

A patent by its very nature is affected with a public interest . . . [It] is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a 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.¹⁶

Walker Process' counterclaim alleged that plaintiff had obtained a patent by knowingly and willfully misrepresenting facts to the PTO. If proved, this would be sufficient to strip plaintiff of its exemption from the antitrust laws. But plaintiff's good faith would furnish a complete defense, including an honest mistake as to the effect of a pre-critical date installation upon patentability.

To establish monopolization or an attempt to monopolize a part of trade or commerce under § 2 of the Sherman Act, one has to appraise the exclusionary power of the illegal patent claims in terms of the relevant market for the product involved.¹⁷ Without a definition of that market, there is no way to make plaintiff's ability to lessen or destroy competition. Further, there may be effective substitutes for the device that do not infringe the patent. These are matters of proof, as is the amount of damages suffered by plaintiff.

Thus, the *Walker Process* case held that a treble damages action for monopolization (which but for the existence of a patent would be violative of § 2 of the Sherman Act) may be maintained under § 4 of the Clayton Act if:

1. The relevant patent is shown to have been procured by knowing and willful fraud practiced by the patentee on the PTO or (if the defendant was not the original

patent applicant, he had been enforcing the patent with knowledge of the fraudulent manner in which it was obtained); and

2. All of the elements otherwise necessary to establish the § 2 monopolization charges are proved.¹⁸

Conversely, a case is not made if the plaintiff:

1. Shows no more than invalidity of the patent arising, for example, from a judicial finding of "obviousness";
2. Shows fraudulent procurement but no knowledge by the defendant; or
3. Fails to prove the elements of a § 2 charge even though he has established actual fraud in the procurement of the patent and defendant's knowledge of that fraud.¹⁹

Conclusion

The bottom line is this: If a defendant company thinks that it can make its case and commercially significant technology is at stake, go for the jugular. Impose some downside upon plaintiff. Make it think twice before it pursues its infringement suit too aggressively. Impose upon it the specter of trying to assert an invalid or unenforceable patent, and/or foot the bill for treble damages and/or defense costs and attorneys' fees.

Notes

1. *Walker Process Equip. Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172 (1965).
2. *Nobel Pharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068-1070 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 876 (1998).
3. *Kolene Corp. v. Motor City Metal Treating, Inc.*, 440 F.2d 77, 84 (6th Cir. 1971).
4. *See, e.g., Virginia Panel Corp. v. Mac Panel Co.*, 133 F.3d 860, 868-71 (Fed. Cir. 1997).
5. *Walker Process*, 382 U.S. at 174.
6. 37 C.F.R. § 1.56(a).
7. *Id.*
8. 35 U.S.C. § 102(b).
9. *Q-Pharma, Inc. v. Andrew Jergens Company*, 360 F.3d 1295 (Fed. Cir. 2004).
10. *In re Indep. Serv. Orgs. Antitrust Litig.*, 203 F.3d 1322, 1325 (Fed. Cir. 2000).
11. *See Innotron Diagnostics*, 800 F.2d at 1077 (Fed. Cir. 1986).
12. 15 U.S.C. § 2 ("Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part to the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a felony . . .").
13. 15 U.S.C. § 15 ("Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States . . . and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee.").
14. *Walker Process*, 382 U.S. at 174.
15. 28 U.S.C. § 2201.
16. *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945).
17. *Walker Process*, 382 U.S. at 176.
18. *Id.* at 179.
19. *Id.*