

# U.S. Patent Law in 2010: New Risks and Opportunities for Canadian (and U.S.) Companies



Jamie L. Laskis, Joshua R. Slavitt | February 23, 2010



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**Pepper Hamilton LLP**  
Attorneys at Law



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Attorneys at Law

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# U.S. Patent Law in 2010: New Risks and Opportunities for Canadian (and U.S.) Companies



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**Pepper Hamilton LLP**  
Attorneys at Law



***Jaime L. Laskis***

Associate

***Pepper Hamilton LLP***





***Joshua R. Slavitt***

Partner

***Pepper Hamilton LLP***



# The 10<sup>1</sup>/<sub>2</sub> Most Important Cases of 2009



- What are the issues
- How will they affect what people do
- How best to respond

# Business Method Patents



- *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008)
- Issue: the machine-or-transformation test for method claims
- Practical effect:
  - Prosecution – More claim rejections
  - Due diligence – Careful review of legacy patents/apps
  - Litigation – Greater vulnerability of method claims
- Prediction: No radical departure from machine-or-transformation test

# Methods of Administration



- *Prometheus Labs., Inc. v. Mayo Collaborative Servs.*, 581 F.3d 1336 (Fed. Cir. 2009)
- Endorsed patentability of method of administration claims
  - An application of *Bilski*
- Practical effect:
  - Prosecution – Broader coverage
  - Due diligence – Opportunity for further patent protection?
  - Litigation – Increase in allegations of inducement to infringe

# Implied License to Have Made



- *CoreBrace LLC v. Star Seismic LLC*, 566 F.3d 1069 (Fed. Cir. 2009)
- Issue: Can a patent licensee outsource the manufacture of licensed products?
- Practical effect:
  - Prosecution – No effect
  - Due diligence – Careful review of licenses
  - Litigation – Impact limited to licensor/licensee litigation

# Fraud on the Trademark Office



- *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009)
- Issue: The *de facto* strict liability standard applied by the Trademark Office
- Practical effect:
  - Prosecution – innocent errors are no longer fatal
  - Due diligence – Fewer minefields in TM portfolio
  - Litigation – TM holders less vulnerable to counterattacks

# Inducement to Infringe Method Claims



- *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348 (Fed. Cir. 2009)
- Issue: Extra-territorial reach of method claims
- Decision: The steps of a method are its “components”
- Practical effect:
  - Prosecution – Important to consider who/how of infringement
  - Due diligence – Careful review of method claims
  - Litigation – Greatest impact on software & medical patents

# Declaratory Judgment Jurisdiction



- *Hewlett-Packard Co. v. Acceleron LLC*, 587 F.3d 1358 (Fed. Cir. 2009)
- Issue: What does it take to get sued?
- Practical effect:
  - Demand letters and “invitations to license”
  - Due diligence – Careful review of all communications re IP
  - Litigation – Increased use of declaratory judgment actions

# Motions to Transfer Venue



- *In re TS Tech United States Corp.*, 551 F.3d 1315 (Fed. Cir. 2008)
- *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009)
- *In re Volkswagen of America, Inc.*, 566 F.3d 1349 (Fed. Cir. 2009)
- Issue: Can a federal district hoard patent infringement cases?
- Practical effect:
  - Creation of “Texas-based” NPEs
  - Due diligence – awareness of patent landscape
  - Litigation – Greater likelihood of success when factors support transfer

# Pleading Inequitable Conduct



- *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312 (Fed. Cir. 2009)
- Issue: How specific must inequitable conduct be alleged?
- Practical effect:
  - Prosecution – Still important to avoid inequitable conduct
  - Due diligence – Patent portfolio less susceptible to invalidation
  - Litigation – Patent holders less vulnerable to counterattacks



- *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301 (Fed. Cir. 2009)
- *i4i LP v. Microsoft Corp.*, No. 2009-1504 (Fed. Cir. Dec. 22, 2009)
- Issue: How are damages for patent infringement to be calculated?
  - *Lucent*: Vacated \$358 million award – Not supported by evidence
  - *i4i*: Affirmed \$200 million award – Proper benchmarks and factors
- Practical effect:
  - Prosecution – People will continue to apply for patents
  - Due diligence – Patents will continue to be important
  - Litigation – Greater scrutiny on methodologies for calculating damages

# False Marking



- *Forest Group, Inc. v. Bon Tool Co.* 2009 U.S. App. LEXIS 28380 (Fed. Cir. Dec. 28, 2009)
- Issue: How are “offenses” counted when assessing penalties for false marking
- Practical effect:
  - Prosecution – Important to draft claims covering commercial products
  - Due diligence – Careful review of marking practices
  - Litigation – Significant uptick in private enforcement actions

# 10½ Copyright Infringement



- *Sony BMG Music Entertainment v. Tenenbaum*, 2009 U.S. Dist. LEXIS 115734 (D. Mass. Dec. 7, 2009)
- Issue: Downloading music files
- Outcome: Liable for illegally downloading 30 songs - ordered to pay \$675,000
- Practical effect:
  - Encourage your kids not to download music they haven't paid for

# Question and Answer Session



# Speakers



**Jaime L. Laskis**  
212.808.2744  
laskisj@pepperlaw.com



**Joshua R. Slavitt**  
215.981.4680  
slavittj@pepperlaw.com

**For more information, visit  
[www.pepperlaw.com](http://www.pepperlaw.com).**

