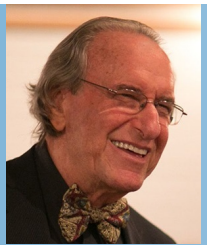
ON THE SLATE: PATENT DECISIONS IN 2013



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Expect to see some very significant patent-related court decisions during 2013 in which open issues important to various industries, universities, and individual inventors are likely to be resolved. It is fair to say that, in looking at each open issue, one should keep an open mind regarding the potential impact of the court's ultimate decision. Failure to do so creates an unnecessary binary 'right/wrong' mindset that can only cloud a full and complete consideration of divergent views.

Computer software

Few issues have generated the enormous outpouring of comment and strongly-held views as inventions that are implemented with the aid of computers. Stuart Meyer and Darren Donnelly of Fenwick and West LLP present a cogent discussion of this issue in their piece *Five Hot Issues in IP Law for 2013*. The US Supreme Court handed down its *Bilski* decision in 2010, in which the patentability of business methods was its principal focus. Until *Bilski,* the patent bar was uncertain as to whether to pursue patent protection for their clients' business method inventions.

The *Bilski* decision resolved the issue in favour of patentability, provided that the business method was implemented via the use of a computer, as opposed to being what the court referred to as a purely "abstract" idea. The full Federal Circuit, *en banc*, will hear re-argument in the pending case of *CLS Bank Int'l v Alice Corp,* wherein the question to be resolved is whether the inclusion of express 'computer' language in a patent claim will tip the balance in favour of patent eligibility.

The first sale doctrine

The US Supreme Court has accepted for its consideration the question of whether or not the owner of IP, such as patents, has exhausted these rights once there has been a sale of the patented product. The 'first sale doctrine' provides that once a sale has taken place, the IP owner thereafter loses control over the patented product's disposition. This issue becomes far more complex when the product comprises, for example, genetically modified seeds the genetic makeup of which has been modified.

Some plants grown from such seeds are able to tolerate herbicide such as Monsanto's Roundup, a benefit to farmers in their battle against pests. Monsanto has brought a patent infringement suit against at least one farmer after he began growing crops from such seeds. Meyer and Donnelly believe that policy pronouncements from the Supreme Court may have "far-reaching impact on software licensing, international product marketing plans, and industries, such as biotechnology and agribusiness, commercializing self-replicating organisms".

Apple's injunction evaporates

On October 11, 2012, the Federal Circuit 'hit the delete key' by reversing district judge Lucy Koh's grant of preliminary injunction relief to Apple Inc in its California battle against Samsung. The injunction served to halt sales of Samsung's popular Galaxy Nexus smartphone. As noted by Jeffrey Ginsberg and Joseph Mercadante in the November 2012 issue of *The Intellectual Property Strategist*, the Federal Circuit unanimously held that Judge Koh abused her discretion in finding that: "Apple had established a causal nexus between the harm alleged and the infringing conduct." The court stated: "It is not enough for the patentee to establish some insubstantial connection between the alleged harm and the infringement.

> "APPLE HAD PRESENTED NO EVIDENCE THAT DIRECTLY TIED DEMAND FOR THE GALAXY NEXUS TO ITS ALLEGEDLY INFRINGING FEATURE, AND INSTEAD MADE ITS [FLAWED] CASE FOR NEXUS CIRCUMSTANTIALLY."

"Apple had presented no evidence that directly tied demand for the Galaxy Nexus to its allegedly infringing feature, and instead made its [flawed] case for nexus circumstantially by basing it on the popularity of Apple's Siri application."

The court found no nexus to the Nexus! Apple might have been successful in seeking an injunction if it had been able to introduce evidence that the Galaxy possessed features responding to Apple's patent claims. This litigation has been remanded to the district court, which will probably reach one or more decisions during 2013.

Malpractice: a federal or state issue?

The US Supreme Court will decide whether federal or state courts have exclusive jurisdiction over malpractice claims, where patent law doctrine comprises an essential element of the cause of action. Past court decisions have generally held that patent malpractice claims must be brought in federal court, since they inherently involve substantial patent law issues.

In addition to implementing aspects of the America Invents Act, the patent bar anticipates seeing a number of new 2013 IP-related court decisions directly affecting their practices.

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