



PATENT HAPPENINGS

Covering November 2008

A publication by **LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP**
on judicial, legislative, and administrative developments in patent law.

HIGHLIGHTS

1. *Nonpatent Supreme Court case may cast further doubt on applying a presumption of irreparable harm for preliminary injunctions in patent matters* 1
2. *Federal Circuit will not consider Appointment Clause challenges if not first presented to PTO* . 2
3. *Summary judgment of obviousness vacated due to fact issue on whether asserted prior art was part of the field of invention a PHOSITA would search and whether the art taught away from using the asserted prior art* 3
4. *Accused infringer may recoup royalties paid to a patentee under a sunset provision in an injunction if the injunction is later ruled to have been wrongfully issued* 4
5. *Issue preclusion precluded patentee litigating entitlement to lost profits even though different patents were at issue* 4
6. *Accused infringer could not split/sever asserted patent claims into a second suit so that it could seek attorneys fees only as to the severed claims* 5
7. *Parties agreeing to a royalty and escrow payment plan before accused infringer filed a declaratory judgment action negated a right to a jury trial for the declaratory judgment claims*.... 6
8. *FTC to hold hearings on emerging business models of intellectual property ownership and how the current remedies law impacts those models*..... 6
9. *PTO to charge registered attorneys and agents an annual fee to practice before the agency*..... 7

JUDICIAL HAPPENINGS

Presumption of Irreparable Harm?

For approximately twenty-three years before the Supreme Court's 2006 decision in *eBay*,¹ the Federal Circuit routinely applied a rebuttable presumption of irreparable harm for purposes of a preliminary injunction if the patentee demonstrated a strong likelihood of success on the merits of the infringement case.² With the *eBay* Court's directive that injunctive relief should be awarded in patent cases only when "consistent with traditional principles of equity"³ and without applying broad categorical rules, the continued viability of the presumption of irreparable harm became an unsettled question.

At present, the Federal Circuit has yet to squarely address if the presumption of irreparable harm remains good law. Indeed, the Federal Circuit recently stated that it "remains an open question 'whether there remains a rebuttable presumption of irreparable harm following *eBay*.'"⁴ Adding to the complexity of the issue, the Federal Circuit has yet to confront the Supreme Court's instruction in *Amoco Prod.*,⁵ that presumptions of irreparable harm are "contrary to traditional equitable principles," even though *Amoco*

¹ *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 392-94 (2006) (rejecting a rule that a permanent injunction should always issue once a patent is found to be infringed absent unusual circumstances, rather a patentee must show entitlement to injunctive relief under the traditional four factors).

² See generally, Robert A. Matthews, Jr., 5 *Annotated Patent Digest* § 32:60 General Aspects of Presumption of Irreparable Harm [hereinafter APD].

³ *eBay*, 547 U.S. at 394.

⁴ *Broadcom Corp. v. Qualcomm, Inc.*, 543 F.3d 683, 702 (Fed. Cir. 2008) (quoting *Amado v. Microsoft Corp.*, 517 F.3d 1353, 1359 n.1 (Fed. Cir. 2008)).

⁵ *Amoco Prod. Co. v. Village of Gambell, Alaska*, 480 U.S. 531, 544-45 (1987). See APD § 32:64 Questions Regarding Legality of the Presumption for a further discussion on *Amoco* and its possible impact on patent matters.

Prod. was handed down over twenty years ago.⁶

Not surprisingly, district courts appear divided on whether they may apply a presumption of irreparable harm when faced with a patentee's motion for a preliminary injunction. Many have ruled that a presumption of irreparable harm no longer applies post *eBay*. Others have held that the presumption remains intact.⁷

In November, the Supreme Court addressed the required showing of irreparable harm necessary to obtain a preliminary injunction in *Winter v. Natural Resources Defense Council*, 129 S. Ct. 365 (Nov. 12, 2008). *Winter* concerned a preliminary injunction enjoining the Navy from conducting sonar training drills on submarines based on concerns that the use of the sonar would harm certain sea life in the vicinity of the testing area and thereby violate federal environmental laws. The district court and the Ninth Circuit concluded that since the movant presented a strong showing of likelihood of success on the merits of its claim, the movant only had to demonstrate a "possibility" of irreparable harm if the preliminary injunction did not issue rather than show that irreparable harm was "likely" to occur. Ruling that the "possibility" standard is too lenient,⁸ the Supreme Court reversed the grant of the preliminary injunction. *Id.* at 375. The Court explained that its preliminary-injunction standard "requires plaintiffs seeking preliminary relief to demonstrate that irreparable injury is *likely* in the absence of an injunction. *Id.* Issuing a preliminary injunction based only on a possibility of irreparable harm is inconsistent with our characterization of injunctive relief as an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief." *Id.* at 375-76.⁸

Winter is not a patent case, and it does not directly address whether using a presumption of irreparable harm is permissible to meet the movant's burden of making a "clear showing" of entitlement to injunctive

relief. Nonetheless, the Court's rejection of a framework that permits a movant for a preliminary injunction to make a lesser showing of irreparable harm if it makes a strong showing of likelihood of success on the merits appears relevant to the underlying basis for the Federal Circuit's use of a rebuttable presumption of irreparable harm in patent cases. Thus, when the Federal Circuit does eventually address whether a rebuttable presumption of irreparable harm still applies in patent matters it will need to consider *Amoco* and *Winter*.

BPAI Appointment Clause Challenges

In an article published in July 2007, Professor John F. Duffy expressed the view that the 2000 amendment to the Patent Act allowing the PTO Director to appoint administrative patent judges, 35 U.S.C. § 6(a), was an unconstitutional delegation of authority. Only the President or Secretary of Commerce can constitutionally appoint administrative patent judges. Prompted by this article, the law was changed on August, 12, 2008, to redelegate to the Secretary of Commerce the power to appoint administrative patent judges. The constitutional infirmity regarding administrative patent judges appointed under the defective provision, theoretically, may jeopardize rulings of the Board of Patent Appeals and Interferences (BPAI) made by panels having administrative judges appointed by the Director. Applying a procedural-based waiver argument, which may show how future cases will be handled, the Federal Circuit rejected one such challenge in *In re DBC*, No. 2008-1120, 2008 WL 4764340, *2-*6 (Fed. Cir. Nov. 3, 2008).

In *DBC* a patentee appealed a rejection in a reexamination proceeding of the claims of its patent. As one line of argument, the patentee argued that the BPAI's affirmance of the examiner's rejection was improper because two of the three administrative patent judges on the panel had been appointed by the Director, rather than the Secretary of Commerce. But the patentee had never presented this argument to the BPAI. Following the general rule that a party may not raise on an appeal to the Federal Circuit an argument that was not presented to tribunal from which the appeal arose,⁹ the Federal Circuit held that the argument had been waived. Citing Supreme Court

⁶ Notably the Supreme Court cited to *Amoco* in *eBay* when it held that patent cases should follow traditional equitable principles. *eBay*, 547 U.S. at 391.

⁷ See APD § 32:64 Questions Regarding Legality of the Presumption (collecting cases).

⁸ The Supreme Court further held in *Winter* that the district court failed to properly account for the public interest, which in the Court's view strongly favored denying the injunction since the military's need for training its personnel was of great importance to the public's interest. *Id.* at *12.

⁹ See generally, APD, § 43:57 Issues Raised on Appeal, But Not Before District Court Are Waived.

precedent,¹⁰ the Federal Circuit explained that “[i]t is well-established that a party generally may not challenge an agency decision on a basis that was not presented to the agency.” *Id.* at *4. The court noted that had the patentee presented the alleged constitutional infirmity to the BPAI, the PTO Director could have acted to correct the error. This further supported finding a waiver. *Id.* at *5.

Acknowledging that the waiver rule does permit exceptions, the Federal Circuit also addressed whether the Appointment Clause challenge presented an “exceptional case that warrants consideration ... despite its tardy presentation.” *Id.* at *5. The court held that it did not. *Id.* at *5-*6. It faulted the patentee for not acting diligently in investigating the legal and factual basis for the appointments challenge. While the article from Professor Duffy may have highlighted what others had not previously recognized, the Federal Circuit found that the “article was not an intervening change in law or facts, nor was it based on any legal or factual propositions that were not knowable to [the patentee] which it was proceeding before the Board.” *Id.* Consequently, the Federal Circuit stated that it would not “overlook [the patentee]’s lack of diligence to present an issue of which it was, or should have been, aware.” *Id.*

Scope of the Prior Art for Obviousness

To analyze obviousness, the first *Graham* factor requires the fact finder to determine the “scope and content of the prior art.”¹¹ Typically, this entails determining if a prior art reference asserted to render a claimed invention obvious is analogous art, i.e., does reference lie within the inventor’s “field of endeavor” or is the reference “reasonably pertinent to the particular problem with which the inventor is involved.”¹² In *Andersen Corp. v. Pella Corp.*, No. 2007-1536, 2008 WL 4927431 *3-*6 (Fed. Cir. Nov. 19, 2008) (*nonprecedential*), the court vacated a summary judgment of invalidity after concluding that an issue of fact existed on whether the asserted prior art was analogous art that one of skill in the art would have considered even though there was no question that if the art was analogous art, the art rendered the

claims obvious. *Id.* at *3.

The asserted patent concerned an insect window screen made from a specific screening material, painted black. The screening material in its unpainted form had been previously used for electromagnetic shielding, but allegedly not for insect screening. During prosecution the inventors had submitted information about the existence of the screening material to the Patent Office. Although initially rejecting the claims in view of the submitted information and other references, the PTO eventually allowed the patent. In litigation, and in the wake of *KSR*, the district court held the claims invalid for obviousness on summary judgment.¹³ According to the district court “it was a simple act of common sense—rather than of invention—for an insect screen designer of ordinary skill to look beyond the common insect screen materials to find a screening material that was harder to see.”

On appeal, the Federal Circuit held that the district court erred in not finding that an issue of fact existed as to whether the screen material was within the “scope of the prior art.” Specifically, the Federal Circuit noted that the manufacturer of the screening material did not advertise the particular material for use in insect screens, but only for use in electromagnetic shielding. Yet, the manufacturer advertised other material it sold as useable for insect screens. Consequently, while noting that “common sense and the nature of the problem to be solved could lead an insect screen designer to a mesh primarily used for a purpose besides insect screens,” the court found that the patentee “raised a genuine issue of fact as to whether the electromagnetic-shielding mesh would have been part of the field of invention searched by an insect screen designer and whether such an alternative use would have been obvious.” *Id.* at *4

The court also relied on evidence that the characteristics of the screening material, including its limited durability, transparency, and high costs, raised a fact issue as to whether these characteristics “would have discouraged an ordinarily skilled artisan from incorporating the mesh into an insect screen.” *Id.* at *6. The Federal Circuit explained that while “*KSR* cautioned us to not be too rigid in applying the TSM test, we may still consider evidence of teachings to combine (and, presumably, not to combine) because, according to the Supreme Court, they ‘capture a

¹⁰ *Woodford v. Ngo*, 548 U.S. 81, 90 (2006).

¹¹ *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966).

¹² *In re Bigio*, 381 F.3d 1320, 1325 (Fed. Cir. 2004). See generally, APD § 18:29 Test for Analogous Art; § 18:31 Field of the Endeavor; and § 18:32 Reasonably Pertinent Reference.

¹³ 500 F. Supp. 2d 1192, 1195-96 (D. Minn. 2007).

helpful insight' into the obviousness inquiry." *Id.*

The Federal Circuit also instructed that the district court erred by not accounting for the deference owed to the PTO's decision to issue the patent. *Id.* at *6.¹⁴

Additionally, the Federal Circuit noted that the patentee's evidence of secondary considerations provided further evidence to overcome the summary judgment. These included praise by others, including the accused infringers¹⁵; long-felt need proven by statements in the accused infringer's own patent applications¹⁶; and evidence that the accused infringers, and others, tried and failed for decades to produce a product by alternative methods that achieved the results of the claimed invention.¹⁷ *Id.* at *7.

Return of Paid Sunset Royalties

To protect the public from a disruption in the supply of crucial products, some courts may include in an injunction order a sunset provision under which the infringer can pay an ongoing royalty for future infringement for a period of time while it transitions to a noninfringing alternative.¹⁸ In a case of first impression, the district court in *Broadcom Corp. v. Qualcomm Inc.*, 2008 WL 4792508 (C.D. Cal. Oct. 29, 2008), held that an accused infringer is entitled to a return of all royalties paid to the patentee under a sunset provision if the underlying injunctive order is later reversed.

In *Broadcom*, during the pendency of an appeal to the Federal Circuit, the infringer paid approximately eleven million dollars in royalties under a sunset provision for one of the asserted patents. The Federal Circuit overturned the underlying liability finding as to that patent and ordered the injunction modified to exclude that asserted patent. Thereafter, the infringer sought to recover the royalties it paid under the sunset provision. Considering three legal theories, the district court agreed with the accused infringer that the

¹⁴ See generally, APD § 15:45 Burden When Prior Art was Considered by the PTO.

¹⁵ See generally, APD § 18:143 Peer Recognition.

¹⁶ See generally, APD § 18:116 Substantive Aspects of "Long-Felt Need" Showing Nonobviousness.

¹⁷ See generally, APD § 18:140 Unsuccessful Attempts by Others, Including the Accused Infringer, to Make the Invention.

¹⁸ E.g. *Broadcom Corp. v. Qualcomm, Inc.*, 543 F.3d 683, 704 (Fed. Cir. 2008) (affirming entry of permanent injunction, which included a 20-month sunset provision to give the accused infringer time to develop a noninfringing redesign for the public's benefit). See generally, APD § 32:161 "Ongoing" Royalty in Lieu of an Injunction.

patentee had to repay the sunset royalties.

First, the district court noted that as a general rule "when money is paid pursuant to a court order that is subsequently reversed, the disadvantaged party has a right to restitution." *Id.* at *2. The patentee argued that the payment of the sunset royalties was not a payment under compulsion, and therefore the general rule of restitution should not apply. The district court rejected this argument since it found that the sunset royalties were at least a "but-for consequence of the injunction" and should be treated akin to an injunction bond. *Id.* *3-*4.

Second, the district court also ruled that the sunset royalties were analogous to a civil penalty paid for contempt. *Id.* at *4. Under the law of contempt, "a claimant cannot retain fines assessed for civil contempt of an injunction that has subsequently been vacated." *Id.* Hence, this further supported requiring the patentee to make restitution for the sunset royalties.

Third, the district court considered whether an implied license theory negated the obligation to repay the royalties. The patentee argued that the general rule regarding licensing payments precludes a licensee from recovering the royalties it pays to a patentee if the patent is later proven to be invalid. Applying a temporal distinction, the district court held that the general rule only applies to royalties paid before litigation. The court explained that the general rule seeks to avoid gamesmanship by permitting a licensee to pay royalties to avoid litigation while it prepares to later challenge the patent and then seeks a return of the royalties it paid if it later succeeds in litigation. The court found this policy rationale was not implicated for the sunset royalties because the infringer had challenged the patent during the entire course of its dealings with the patentee, and it only paid the sunset royalties as a result of an erroneously issued injunction. *Id.* at *6. The district court ultimately concluded that "the patent laws should not allow private parties to reverse a contractual decision mistaken in hindsight, but the patent laws also should not allow an ultimately losing patentee to benefit from a mistaken decision of the Court." *Id.* at *8.

Issue Preclusion Applying to Different Patents

To apply issue preclusion, a/k/a collateral estoppel, the identical issue for which preclusion is sought must have been litigated in the underlying action. In the context of patent infringement actions where the patentee asserts a different patent in the underlying

litigation, an accused infringer generally can't show the requisite identity.¹⁹ However, as shown by *Honeywell Int'l. Inc. v. Universal Avionics Sys. Corp.*, 2008 WL 4874051, *5-*8 (D. Del. Nov. 12, 2008), the rule is not absolute.

In *Honeywell*, a patentee brought two infringement suits against the two accused infringers. Each suit was based on the same accused products, but involved different patents. In both suits, the patentee sought the same measure of lost profit damages. The patentee relied on the same damages expert for both suits, who presented the same damages theories and supporting evidence. Notably, the damages expert's theory was not specific to the asserted patent-in-suit, the individual accused infringer (except to the extent that the two accused infringers sold a different quantity of their respective accused product), or the individual accused product. In the first suit, the jury found infringement for the accused product of the first accused infringer. The jury found no infringement by the second accused infringer. As to the first accused infringer, the jury refused to award lost profit damages for the infringement.

In the second suit, both accused infringers moved for a judgment that issue preclusion barred the patentee from asserting a lost profits claim in the second suit. The patentee argued that issue preclusion should not apply since the second suit involved a different patent. The district court rejected this argument. It determined that the patentee had a "full and fair opportunity to litigate" the lost profit issue as to the second patent in the first action as evidenced by the fact that the patentee's expert presented the same damages theories in the two cases, relied on the same facts to support her opinion that under the *Panduit* factors lost profits should be awarded, and "treat[ed] the benefits/inventions of all of the patents as a whole" in relation to the patentee's and the accused infringer's products. Since the patentee lost on the lost profits issue in the first action, and the court concluded that the second suit involved the same lost profits issue adjudicated in the first suit, issue preclusion applied to bar the patentee from relitigating its claim to lost profits in the second action. *Id.* at *6-*8.

The district court also held that issue preclusion applied to bar the patentee from seeking lost profits against the second accused infringer, even though the

¹⁹ See generally, APD § 38:42 Collateral Estoppel Generally Does not Apply if Different Patents Involved.

jury in the first action never considered lost profits with respect to the second infringer because it found that the second accused infringer's product did not infringe. The patentee presented the identical damages theory and evidence for both accused infringers, with the only difference being the number of accused products each accused infringer sold. The court concluded, therefore, that "the preclusive effect operates because the issue of lost profits was the same against [both accused infringers] as evidenced by the patentee's identical reasoning applicable to each defendant." *Id.* at *8.

Severing Subset of Claims For Fees Rejected

Under Section 285 of the Patent Act, attorneys fees can be awarded to "a prevailing party" in exceptional cases. A patentee can qualify as a prevailing party by proving that at least one valid and enforceable claim of its patent has been infringed even if the patentee fails in proving that other asserted claims from the patent were infringed.²⁰ In a creative attempt to avoid application of the principle that a patentee prevails if it wins on any one claim, an accused infringer in *Lucent Technologies, Inc. v. Gateway, Inc.*, 2008 WL 4934061, *1 (S.D. Cal. Nov. 17, 2008), requested the court to sever some of the claims of the asserted patent into a second action. The accused infringer explained to the court that the patent claims it requested to be severed required joint actors to infringe, and under the Federal Circuit's recent "joint infringement" jurisprudence it could not infringe those claims.²¹ Accordingly, the accused infringer sought severance so that it could be a prevailing party as to these claims and recover attorneys fees even if it lost on the infringement issues for the non-severed claims. Finding that this tactic "is not only fraught with additional issues of res judicata, bar, and duplication of effort and expense, but sets up the potential for accomplishing indirectly that which is not permitted directly," the district court denied the motion to

²⁰ See *In re Omeprazole Patent Litig.*, 483 F.3d 1364, 1376 (Fed. Cir. 2007) (patentee prevailing party where it proved infringement for at least one claim for three out of the four patents it asserted); see generally, APD § 33:3 Prevailing Party; see also APD § 9:11 Liability for Infringement Only Requires Infringement of a Single Claim.

²¹ E.g., *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1329-30 (Fed. Cir. 2008); *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1379, 1381-82 (Fed. Cir. 2007); see generally, APD § 10:176 Steps of Process Performed by Different Entities.

sever.²²

Presuit Escrow Agt. Defeats Right to Jury Trial

An accused infringer commencing a declaratory judgment action seeking a declaration of noninfringement or invalidity does not always have a Seventh Amendment right to a jury trial for its claims. Determining whether the accused infringer can assert a right to a jury trial requires assessing the type of patent claim the patentee, hypothetically, would have asserted had it filed suit first. If the patentee's hypothetical infringement claim would only seek equitable relief, no right to a jury trial would attach to the accused infringer's invalidity or noninfringement declaratory judgment counterclaim.²³ The district court applied this principle in *Medtronic, Inc. v. Boston Scientific Corp.*, 2008 WL 4963420, *7 (D. Del. Nov. 21, 2008), to grant a patentee's motion to strike an accused infringer's demand for a jury trial in a noninfringement and invalidity declaratory judgment action.

As a way to settle the infringement dispute before commencing litigation, the accused infringer and patentee, in *Medtronic*, had entered into an agreement regarding the amount of royalties the accused infringer would pay to the patentee depending on the outcome of a noninfringement/invalidity declaratory judgment action to be filed by the accused infringer. Pursuant to that agreement, the accused infringer paid money into an escrow account to cover the royalties. The proceeds of the escrow account were to be distributed to the patentee based on the outcome of the declaratory judgment suit. Further, the accused infringer contractually obligated itself to continue to pay specific royalties to the patentee if it lost the declaratory judgment action.

In view of the agreement relating to the escrow arrangement, the district court concluded that had the patentee brought suit it would not have made a claim for money damages. Instead the patentee would have made an equitable claim for specific performance of the distribution of the escrow proceeds and the performance of the obligation to continue paying royalties under the agreement. Thus, even though a

²² The court's holding appears consistent with the principle that patentees may not split their infringement claims by only asserting a subset of patent claims in one suit, and then seek to assert a different subset in a second suit. See generally, § 38:16 — "Claim Splitting" – Barring Second Suits Asserting Different Claims of Same Patent.

²³ See generally, § 37:6 Right to Jury Trial on Merits of a Declaratory Judgment Claim.

court order to distribute the proceeds of the escrow would result in money flowing to the patentee, that did not change the nature of the requested relief from equitable to legal. *Id.* Consequently, since the patentee's hypothetical claim only sought equitable relief, no right to a jury trial attached to the declaratory judgment claims.

ADMINISTRATIVE HAPPENINGS

FTC to Conduct Hearings on IP Business Models

In 2002 the Federal Trade Commission (FTC) conducted twenty-four hearings to assess the impact of the United States patent system on competition and innovation. Those hearings culminated in the FTC's Oct, 2003 report entitled "To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy."²⁴ The 2003 FTC report gave impetus to the recent and ongoing attempts to legislatively reform the Patent Act. To a degree, the report can be credited with shining a light on the several areas of patent law deemed to be problematic, like obviousness and willfulness, that eventually lead to seminal federal court opinions, such as *KSR* and *In re Seagate*, redefining the legal standards for those areas.

Beginning on December 5, 2008, the FTC will hold a new round of hearings "to explore the evolving market for intellectual property."²⁵ The FTC seeks to study new and emerging business models involving the buying, selling and licensing of intellectual property. The models include business models that seek: i) "to monetize patents based strategic acquisitions and assertion," ii) create cooperative ventures for buying patents for defensive purposes, and iii) "create sector-specific funds, similar to mutual funds, that allow investors to earn revenue from royalty streams."

In the first hearing, the FTC will hear panel discussions on topics including developing business models; recent and proposed changes in the remedies law; and legal doctrines that affect the value and licensing of patents.

Interested members of the public are invited to submit written comments to the FTC by February 5, 2009, on a series of topics including:

How has the IP marketplace changed in the past five to ten years?

²⁴ See generally, Robert A. Matthews, Jr., *Examining the FTC's 2003 Proposed Reforms to U.S. Patent Law in View of the Present Legal Landscape*, 9 V.A.J. OF LAW & TECH. No. 11 (Fall 2004).

²⁵ <http://www.ftc.gov/os/2008/11/P093900ipwksprfm.pdf>

What economic evidence is relevant when analyzing whether to grant a permanent injunction following a finding of infringement? . . . What is the appropriate remedy when the court has denied a permanent injunction after a finding of infringement?

How have changes in willfulness doctrine changed the behavior of patentees and potential infringers?

How will changes in patent law rendered by Supreme Court and Federal Circuit decisions of the past five years affect the value of patents?

How does uncertainty regarding the validity and scope of patents affect the operation of the IP marketplace?

Do the legal rules governing patent damages result in awards that appropriately compensate patentees?

Further information about the hearings, including how to submit comments to the FTC can be found on the FTC's website at <http://www.ftc.gov/bc/workshops/ipmarketplace/>.

Annual PTO Practitioner Maintenance Fees

The United States Patent and Trademark Office (USPTO) has announced a final rule, effective December 17, 2008, implementing a new annual practitioner maintenance fee for individuals recognized to practice before the USPTO in patent cases. Under the rule codified in 37 C.F.R. § 11.8(d), active patent practitioners must, as of Spring 2009, pay to the USPTO an annual maintenance fee. The fee is currently set at \$118. 37 C.F.R. § 1.21(a)(7)(i). Adequate notice of the required maintenance fees will be published and sent to practitioners in advance of the due date for paying the fee.

If a practitioner fails to pay the annual maintenance fee, the practitioner will be administratively suspended and no longer able to practice before the USPTO in patent matters. If a practitioner, knowing he or she has been administratively suspended for not paying the required fee, continues to represent a client before the USPTO, the practitioner may be subject to disciplinary action by the USPTO. Where a practitioner who is administratively suspended, but in good faith does not

know of the suspension, submits a paper to the USPTO on behalf of a client, the paper will be treated as an unsigned response. 73 Fed. Reg. 67754 (comment 4). For payment of an issue fee, an "unsigned" issue fee transmittal form could lead to abandonment of the application, thereby requiring a petition to revive. *Id.* In most other scenarios, the "unsigned" response can be corrected, but patent term adjustment may be adversely affected. *Id.*

Rather than maintaining active status, patent practitioners may alternatively elect to become voluntarily inactive by paying a reduced annual fee of \$25. While inactive, practitioners may not represent others or otherwise practice before the USPTO in patent cases.

According to the USPTO, the new rule "will enable the Office to maintain a roster of registered practitioners and, consequently, better protect the public from unqualified practitioners." The complete publication of the final rule and the USPTO's response to comments on the rule is located in the Federal Register (73 Fed. Reg. 67750 (Nov. 17, 2008)).

FIRM HAPPENINGS

On Thursday, January 29, 2008, Bob Matthews will speak at the AIPLA Mid-Winter Meeting, in Miami, Florida, on the topic of "Legal Nuances When a Patent Holding Company Seeks to Enforce a Patent." The presentation will address some of the unique issues in damages, injunctive relief, and venue that can arise when a patent holding company, rather than a manufacturing entity, enforces a patent.

In November, Bob's treatise, the *Annotated Patent Digest*, was quoted in *Phillip M. Adams & Associates, LLC v. Dell, Inc.*, 2008 WL 4862510, *2 n.12 (D. Utah Nov. 7, 2008), in support of a ruling that the named inventor of the asserted patent, who was serving as the patentee's technical expert, should, under the circumstances, be given access to the accused infringers' confidential information. In another opinion from the same case issued in October, the court quoted from the *APD* to support its ruling that patent law provides no right of contribution among joint infringers.

LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP, an “AV®” rated law firm, provides legal services to corporations and law firms in the area of U.S. patent and trademark law including: patent litigation consulting services; patent application and prosecution services; investigation, analysis, and opinions of counsel for issues of patent infringement, validity, and enforceability; and patent licensing and portfolio management. Our attorneys have years of dedicated experience in patent litigation and procurement, and have authored numerous articles and publications on the subject, including the eight-volume patent-law treatise *Annotated Patent Digest* (available on Westlaw) and the *Patent Jury Instruction Handbook*. We maintain offices in Blacksburg, VA and Herndon, VA, while assisting clients nationally in matters of federal patent law. For questions regarding our patent litigation consulting services, the content of *Patent Happenings™*, or the *Annotated Patent Digest*, please contact **Robert A. Matthews, Jr.** (434.525.1141; robert.matthews@latimerIP.com). For further details on the firm, please visit our website at www.latimerIP.com or contact any of the following: **Matthew Latimer** (703.463.3072), **Michele Mayberry** (540.953.7075), or **Timothy Donaldson** (703.463.3073). For questions regarding our trademark practice, please contact **Janice Housey** (703.463.3074).

This newsletter is for informational purposes only and is a marketing publication of LATIMER, MAYBERRY & MATTHEWS IP LAW, LLP. It is intended to alert the recipients to developments in the law and does not constitute legal advice or a legal opinion on any specific facts or circumstances. The contents are intended as general information only. This newsletter may be copied by and/or transmitted to others freely by its recipients, but only in its entirety so as to include proper recognition of the authors. The information presented in this newsletter is, to the best of our knowledge, accurate as of publication. However, we take no responsibility for inaccuracies or other errors present in this newsletter. The information in this newsletter does not necessarily reflect the opinions of the firm, its lawyers or its clients. This newsletter may be considered ADVERTISING MATERIAL in some jurisdictions.

“AV®” peer-reviewed rating given by Martindale-Hubbell. According to Martindale-Hubbell: “An AV rating is a significant accomplishment — a testament to the fact that a lawyer’s peers rank him or her at the highest level of professional excellence.” “Martindale-Hubbell is the facilitator of a peer review rating process. Ratings reflect the confidential opinions of members of the Bar and the Judiciary. Martindale-Hubbell Ratings fall into two categories — legal ability and general ethical standards.” “CV, BV and AV are registered certification marks of Reed Elsevier Properties Inc., used in accordance with the Martindale-Hubbell certification procedures, standards and policies.”

