

The Continued Weakening of Patent Rights

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Important Cases in 2007

- KSR – increased standard for non-obviousness
- Seagate – more difficult to prove willful infringement
- MedImmune - allowing a licensee to challenge the patent's coverage and/or validity while keeping the license
- PTO proposed rules – limiting the number of claims in a single application and the number of continuation applications
- Pending patent reform act – post-grant review

Update in 2008

- KSR – applied by the lower courts and the PTO
- Seagate – Rescued by the Broadcom v. Qualcomm case?
- MedImmune - Quanta Computer v. L.G. Electronics further weakens licensor's rights
- PTO proposed rules – permanent injunction by the district court, appeal pending in the Federal Circuit
- Pending patent reform act – dead for now
- In re Swanson – a defendant can have a “second bite” at the invalidity challenge of a patent in the PTO

Quanta Computer v. L.G. Electronics

- Patent exhaustion (or “first sale”) doctrine
- Conditional sale
- LGE owns patents on computer systems and methods performed in operating them
- LGE licensed its patents to Intel, but limited the license to “all Intel” systems
- Quanta bought microprocessors and chipsets from the Intel and used them in Quanta’s computer systems
- LGE sued Quanta for patent infringement

Quanta Computer v. L.G. Electronics

- Lower Courts – the exhaustion doctrine applies to the system patents only, but not to the method patents
- Supreme Court
 - The exhaustion doctrine applies to the system and method patents
 - The sale of products embodying essential features of a patented invention generally results in exhaustion
- Open question on conditional sale
- Focus on last level of vendors in the distribution chain that can be reasonably targeted

Broadcom v. Qualcomm

- Reaffirms that no duty of due care to obtain opinion of counsel
- Jury may be instructed that it “may consider all of the circumstances, including whether or not Qualcomm obtained the advice of a competent lawyer.”
- Jury may not assume that because opinion was not obtained it would be adverse, but may consider as one factor in willfulness analysis whether obtained opinion of counsel

In re Swanson

- Patent reexamination is based on prior art that raises “substantial new question of patentability” of a patent
- Issue – whether an “old” art used in the previous litigation or original prosecution can still raise “substantial new question of patentability” in an reexamination?
- Federal Circuit
 - a substantial new question can exist even if a federal court previously considered the question
 - the test is not whether the reference was previously considered, but rather whether the particular question of patentability was previously evaluated by the PTO