

Intellectual Property

In Delaware

An update on intellectual property law and practice in the United States District Court for the District of Delaware from Morris, Nichols, Arsht & Tunnell LLP



Big Wins For Patentees In Two Cases At End of 2005

In two decisions in December 2005, patentees scored big wins. Judge Farnan upheld Pfizer's Lipitor® patents against generic challenger Ranbaxy, and Judge Jordan awarded treble damages and attorneys' fees to Advanced Medical Optics for willful infringement of its cataract surgery patents by Alcon.

Judge Farnan Holds Pfizer's Lipitor® Patents Valid, Enforceable And Infringed

Pfizer Inc. v. Ranbaxy Labs. Ltd., C.A. No. 03-209-JJF (Dec. 22, 2005)

Ranbaxy sought to market a generic version of Lipitor®, Pfizer's cholesterol treatment that is the world's best-selling drug. Judge Farnan tried the issues of infringement, validity and enforceability of Pfizer's two patents, one covering the composition sold as Lipitor® and set to expire in 2009 under a patent term extension, and the other covering a calcium salt of the composition that expires in 2011. Judge Farnan upheld the patent term extension and found that Ranbaxy infringed both patents. He further held that the patent covering the calcium salt was not anticipated or rendered obvious by the genus patent, particularly in view of the secondary considerations of Pfizer's commercial success and the long-felt need for a more effective statin, and also rejected Ranbaxy's obviousness-type double patenting defense. As to inequitable conduct, Judge Farnan found that Pfizer had not "cherry picked" the data that it disclosed to the PTO, and that there was no evidence of intent to deceive.

Judge Jordan Trebles Damages To More Than \$200 Million And Awards Attorneys' Fees

Advanced Medical Optics, Inc., v. Alcon Labs., Inc., C.A. No. 03-1095-KAJ (Dec. 16, 2005)

A jury found that Advanced Medical Optics' patents related to surgical removal of cataracts were valid and willfully infringed by Alcon and awarded damages based on lost profits and a reasonable royalty. Alcon moved for JMOL and a new trial, and Advanced Medical Optics moved for attorneys' fees, enhanced damages, and a permanent injunction. In denying Alcon's motions, Judge Jordan found that Alcon had waived its right to challenge the verdict on obviousness by failing to make a JMOL motion at the close of evidence, and also held that Advanced Medical Optics' expert on infringement of means-plus-function claims was not required to provide "particularized testimony and linking argument" to show structural equivalence under §112 6. In awarding treble damages and attorneys fees, Judge Jordan found evidence of copying and that Alcon did not conduct an appropriate investigation of Advanced Medical Optics' patents. He granted a permanent injunction but granted Alcon's motion for a stay pending appeal, based in part on the public interest in keeping important medical equipment available.

Judge Robinson Upholds Verdict And Rejects Inequitable Conduct Defense

Syngenta Seeds, Inc. v. Monsanto Co., et. al., C.A. No. 02-1331-SLR (Dec. 8, 2005)

Syngenta sued Monsanto for infringement of patents on transgenic corn plants expressing a gene encoding an insecticidal protein. During the jury trial, Chief Judge Robinson granted JMOL of non-infringement of two of the three asserted patents. The jury found the remaining patent Monsanto infringed, but that some of the claims were invalid as anticipated, obvious, indefinite, or failing to meet the written description requirement. Syngenta moved for a new trial and the parties cross-moved for JMOL. The court denied the motions and upheld all aspects of the jury verdict.

Chief Judge Robinson also held a one-day bench trial on Syngenta's inequitable conduct defense. She held that Monsanto failed to disclose material prior art to the PTO, but that there was no intent to deceive. The prosecuting attorneys testified that they thought they met their disclosure obligations by disclosing the European counterpart application to one of the withheld references and testimony from a prior litigation relating to another withheld reference. Chief Judge Robinson found this testimony credible and rejected Monsanto's unenforceability defense.

Judge Farnan Holds Patent Relating to Drug Compound Screening Valid And Infringed

Corning Inc., et al. v. SRU Biosystems, et al., C.A. No. 03- 633-JJF (Nov. 15, 2005)

Corning sued SRU Biosystems for infringement of a patent relating to optical sensing technology used to screen large numbers of compounds for potential use in drugs. After a bench trial, Judge Farnan held that SRU's BIND sensor literally infringed, and that the

patent was not invalid. He also held that SRU induced infringement by providing the BIND sensor and instructions to Millennium Pharmaceuticals for testing purposes. Judge Farnan rejected SRU's written description defense and found that the specification conveyed to one of ordinary skill in the art that the inventors were in possession of the claimed invention. He also rejected SRU's contention that the patent was obvious over three prior art references, relying in part on SRU's expert's admission that SRU's counsel selected two of the three prior art references, and the expert's failure to explain why those references should be selected from the entire body of prior art. Moreover, Judge Farnan found that there was a long-felt need for the technology, which SRU itself touted in its literature.

Judge Jordan Finds Willful Copyright Infringement And Awards Attorneys' Fees

Webloyalty, Inc. v. Consumer Innovations, LLC, C.A. No. 04-90- KAJ (Sept. 26, 2005)

Webloyalty sued CI for copyright and trade dress infringement. Following a bench trial, Judge Jordan found that CI willfully infringed Webloyalty's copyrights based on evidence of actual copying, CI's admitted knowledge of Webloyalty's copyright protection, and its principals' deliberately deceitful testimony that they did not copy. He awarded statutory damages for willful infringement of each copyright registration in an amount 25 times the revenue generated by CI as a result of its infringement, "to act as a deterrent and reflection of my judgment that CI's conduct was entirely unsupportable" and also granted attorneys fees under the Copyright Act based in part on "the need to deter conduct that borders on or constitutes perjury." Morris, Nichols is co-counsel for Webloyalty.

Court Limits Damages Based On Inadequate Patent Marking

Advanced Medical Optics, Inc. v. Alcon Labs., Inc., C.A. No. 03-1095-KAJ (Dec. 16, 2005)

IMX, Inc. v. LendingTree LLC, C.A. No. 03-1067-SLR (Dec. 14, 2005)

Two recent decisions by Judge Jordan and Chief Judge Robinson limited a patentee's damages because of failure to mark a patented product as required by 35 U.S.C. §287. In *Advanced Medical Optics, Inc. v. Alcon Labs., Inc.*, Judge Jordan held that because Advanced Medical Optics included the patent numbers in owners' manuals shipped with the patented products, but not on the products themselves, it was not entitled to damages for any infringement that occurred before the lawsuit was filed. Although Alcon did not raise the marking issue before trial, Judge Jordan held that its tardiness did not justify a windfall to Advanced Medical Optics of an earlier damages start date. In *IMX, Inc. v. LendingTree LLC*, Chief Judge Robinson found that the commercial embodiment of the patented invention was accessed through IMX's website, and that IMX therefore had a duty to mark its website with its patent number in order to recover pre-suit damages. Furthermore, IMX did not comply with §287 by including the patent number on two pages of its website, because those website pages did not refer to the patented system or method. Morris, Nichols is co-counsel for LendingTree.

Documents of Foreign Parent Corporation Cannot Be Subpoenaed Through U.S. Subsidiary

Power Integration, Inc. v. Fairchild Semiconductor Int'l, Inc., C.A. No. 04-1371-JJF (Dec. 2, 2005)

Power Integration served a subpoena upon third party LG Electronic USA (“LGE-USA”), seeking documents regarding certain LGE-USA products that allegedly contained infringing circuits manufactured by Fairchild. LGE-USA had no responsive documents, but Power Integration argued that LGE-USA had an obligation to obtain the documents from its foreign parent corporation, LGE-Korea. Judge Farnan granted LGE-USA’s motion to quash, rejecting Power Integration’s argument that the court should look beyond corporate formalities in determining LGE- USA’s “control” over the documents under Fed. R. Civ. P. 45 and ask whether LGE-USA has the practical ability to obtain the responsive documents – an approach adopted by the Second Circuit. Judge Farnan concluded that LGE-USA and LGE-Korea were distinct corporate entities that only maintained a vendor relationship with each other, and that by definition, a subsidiary does not control its parent. Furthermore, Power Integration could obtain discovery of LGE-Korea through the Hague Convention.

Jury Verdicts

In 2005 through February 2006, there were jury verdicts in eleven patent infringement trials in the District of Delaware. Nine of the eleven verdicts were for the patentees.

New Patent Cases Filed

There were well over 100 patent cases filed in the District of Delaware in 2005. The following cases were filed between August 2005 and publication of this issue:

Alloc, Inc., et al. v. Quick-Step Flooring, Inc.,05-857- GMS, FILED 12/12/05
Alza Corp., et al. v. Impax Labs., et al.,05-642-JJF, FILED 09/01/05
Amazon.com, Inc., et al. v. Cendant Corp., et al.,06- 041-JJF, FILED 01/23/06
Amberwave Sys. Corp. v. Intel Corp.,05-837-KAJ, FILED 12/05/05
AngioDynamics, Inc. v. Diomed Holdings, Inc.,06-002- GMS, FILED 01/03/06
Becton Dickinson v. Med Design Corp.,05-771-JJF, FILED11/09/05
Biovail Labs. Int’l SRL v. Andrx Pharm., LLC, 05-730- KAJ, FILED 10/14/05
Black & Decker Inc., et al. v. Stanley Works,05-636- GMS, FILED 08/30/05
Black & Decker Inc., et al. v. Newell Rubbermaid, Inc.,05-637-GMS, FILED 08/30/05
Boehringer Ingelheim Int’l GMBH, et al. v. Barr Labs., Inc.,05-700-KAJ, FILED 09/26/05
Boehringer Ingelheim Int’l GMBH, et al. v. Mylan Pharm., Inc.,05-854-KAJ, FILED 12/12/05
Boston Scientific Corp., et al. v. Conor Medsystems,05-768-SLR, FILED 11/08/05
Callaway Golf Co. v. Acushnet Co.,06-091-SLR, FILED 02/09/06
Celerity, Inc. v. Ultra Clean Holdings, Inc., et al. 05- 668-KAJ, FILED09/12/05
Centillion Data Sys., LLC v. Avolent, Inc.,05-712-JJF, FILED 09/30/05
Crown Packaging Tech., Inc. et al. v. Rexam Beverage Can Co., et al.,05-608-KAJ, FILED 08/18/05
Dow Chem. Co. v. Nova Chems. Corp., et al.,05-737- JJF, FILED 10/21/05

Fairplay Elec. Cars, LLC v. Textron Innovations, Inc., et al.,06-060-JJF, FILED 01/30/06
Finisar Corp. v. Agilent Techs. Inc.,05-772-GMS, FILED 11/10/05
FlashPoint Tech., Inc. v. Concord Camera Corp.,05- 802-GMS, FILED 11/18/05
Honeywell Int'l Inc., et al. v. Citizen Watch Co., Ltd., et al.,05-874-KAJ, FILED 12/16/05
Illinois Tool Works Inc. v. Frito-Lay N. Am., Inc.,06- 054-GMS, FILED 01/27/06
Impax Labs. Inc. v. Shire Labs., Inc.05-772-GMS, FILED 11/10/05
Infineum Int'l Ltd., et al. v. Afton Chem. Corp.,05- 884-JJF, FILED 12/22/05
Inline Connection Corp. v. Verizon CA Inc., et al.,05- 866-JJF, FILED 12/14/05
Intel Corp. v. Amberwave Sys. Corp.,05-682-KAJ, FILED 09/20/05
Internet Media Corp. v. Dell, Inc., et al.,05-633-KAJ, FILED 08/29/05
Intervet Inc. v. Merial Ltd.,05-887-KAJ, FILED 12/23/05
Irwin Indus. Tool Co. v. Black & Decker (US) Inc.,05- 731-GMS, FILED 10/14/05
Landis+Gyr Inc. v. Elster Elec. LLC,06-082-KAJ, FILED 02/06/06
McKesson Automation Inc. v. Swisslog Holding AG, et al.,06-028-KAJ, FILED 01/13/06
Merck & Co., Inc. v. Watson Labs., Inc.,05-658-JJF, FILED 09/07/05
Nichia Corp. v. Intermatic, Inc.,06-045-GMS, FILED 01/24/06
Novo Nordisk A/S v. Sanofi-Aventis, et al.,05-645- SLR, FILED 09/02/05
Novozymes A/S v. Genencor Int'l, Inc., 05-810-KAJ, FILED 11/23/05
Nuance Communications Inc. et al v. Tellme Networks Inc., 06-105-SLR, FILED 2/17/06
Padcom, Inc. v. NetMotion Wireless, Inc.,05-888- SLR, FILED 12/27/05
Pfizer Inc. v. Teva Pharm.USA, et al.,06-089-GMS, FILED 02/08/06
Pfizer Inc. v. Sandoz Inc., et al.,06-090-JJF, FILED 02/08/06
Positec USA Inc. et al. v. Milwaukee Elec. Tool Corp.,05-890-GMS, FILED 12/27/05
R.R. Donnelley & Sons Co. v. Quark Inc., et al.,06- 028-JJF, FILED 01/13/06
RSI Home Prods. Mgmt., Inc. v. TAN US Group, Inc.05-722-GMS, FILED 10/07/05
Secure Elements Inc. v. Citadel Security Software Inc., 06-098-KAJ, FILED 2/14/06
Sentillion, Inc. v. CareFX Corp.,05-663-GMS, FILED 09/12/05
Sentillion Inc. v. CareFX Corp.,06-013-SLR, FILED 01/06/06
Sepracor Inc. v. Day L.P.,06-113, FILED 2/22/2006
S.O.I. Tec Silicon Insulator Techs. S.A., et al. v. MEMC Elec. Materials Inc.,05-806-KAJ, FILED 11/21/05
Stabler Cos. et al. v. Scientex Corp.,05-681-SLR, FILED 09/19/05
Symbol Techs., Inc. v. YDI Wireless, Inc., et al., 05- 755-SLR, FILED 10/28/05
Synopsis Inc. v. Magma Design Automation,05-701- GMS, FILED 09/26/05
Takeda Pharm. Co., et al. v. Teva Pharm. USA, Inc.,06-033-SLR, FILED 01/17/06
Thales Airborne Sys. S.A., et al. v. Universal Avionics Sys. Corp.,05-853-SLR, FILED 12/12/05
Tokai Kogyo Kabushki Kaisha v. Volkswagen of Am. Inc., et al.,05-727-SLR, FILED 10/13/05
Toshiba Corp. v. Cyberhome Entm't, Inc.,05-757-KAJ, FILED 10/31/05
Transaction Holdings Ltd v. IYG Holding Co. et al.,06- 043-SLR, FILED 01/23/06
TriStrata Tech., Inc. v. Alticor Inc.,05-788-JJF, FILED 11/14/05
TriStrata Tech., Inc. v. Milbar Labs. Inc.,05-801-JJF, FILED 11/18/05
TruePosition, Inc. v. Andrew Corp.,05-747-SLR, FILED 10/25/05
Turn of the Century Solution, L.P. v. International Rectifier Corp.,05-816-SLR, FILED 11/29/05
TV Guide Online Inc., et al. v. Tribune Media Servs., Inc.,05-725-KAJ, FILED 10/12/05
UD Tech. Corp. v. Phenomenex, Inc., et al.,05-842- GMS, FILED 12/05/05
Zoetis Inc. v. Yahoo Inc., 06-108, FILED 2/21/2006

Intellectual Property Litigation in Delaware is published by the Intellectual Property Litigation Group at Morris, Nichols, Arsht & Tunnell LLP. For more information, please visit www.mnat.com or contact one of the following partners:

Jack B. Blumenfeld

302-351-9291

jblumenfeld@mnat.com

Mary B. Graham

302-351-9287

mgraham@mnat.com

Thomas C. Grimm

302-351-9273

tgrimm@mnat.com

Julia Heaney

302-351-9221

jheaney@mnat.com

Karen Jacobs Loudon

302-351-9227

kloudon@mnat.com

Maryellen Noreika

302-351-9278

mnoreika@mnat.com

Rodger D. Smith

302-351-9205

rsmith@mnat.com



1201 North Market Street | P.O. Box 1347 | Wilmington | DE | 19899