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INTELLECTUAL PROPERTY LITIGATION

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Doctrine of Equivalents, Drug Name Confusion, Privilege

Few issues have vexed the Court of Appeals for the Federal Circuit more than the doctrine of equivalents in patent law. Over the past several years, the court has divided sharply, and been reversed by the Supreme Court, on basic issues concerning the scope and nature of the doctrine. The Federal Circuit's latest en banc opinion on the doctrine, *Honeywell Int'l Inc. v. Hamilton Sundstrand Corp.*, 2004 WL 1202997 (Fed Cir, June 2, 2004) — an 11-1 opinion — is a rare instance of broad agreement on an issue that may significantly affect patent prosecution practice.

As the U.S. Supreme Court recently said, the doctrine of equivalents “allows the patentee to claim those insubstantial alterations that were not captured in drafting the original patent claim but which could be created through trivial changes.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 US 722, 733 (2002). Thus, the doctrine recognizes infringement claims where the differences between the accused device and the patent claim are “insubstantial.”

One of the most important limits on the doctrine of equivalents is prosecution history estoppel — which prevents the patentee from asserting that subject matter abandoned during prosecution of a patent nevertheless qualifies as an equivalent. In *Honeywell*, the en banc court held that rewriting dependent claims into independent form and cancellation of the original independent claim creates a presumption of prosecution history estoppel.

Rewriting Claims

Honeywell obtained apparatus and method patents covering an aircraft auxiliary power unit designed to generate electricity and provide compressed air during flight. It is



common practice for inventors to file independent claims — which stand alone, without reference to any other claim — and one or more dependent claims that incorporate the independent claim and add specified limitations. Following that practice, Honeywell originally filed independent claims, along with dependent claims that added a limitation concerning “adjustable inlet guide vanes” to the antecedent “compressor” of the independent claim. The examiner rejected the independent claims as obvious, but indicated that the dependent claims would be allowable if rewritten in independent form — also a common practice.

Accepting that invitation, and again following common practice, Honeywell rewrote the dependent claims in independent form, including all the limitations of the original independent claims as well as the added limitation of inlet guide vanes. The original independent claims were cancelled and the rewritten dependent claims were issued without further change.

Honeywell sued Sundstrand for infringement, arguing that Sundstrand's power unit included an equivalent to adjustable inlet guide vanes. The district court rejected Sundstrand's argument that prosecution history estoppel should apply, reasoning that the element at issue — the inlet guide vanes — had never been amended. A jury found that Sundstrand had infringed under the doctrine of equivalents and awarded over \$45 million in damages.

Reversing, the Federal Circuit held that

“rewriting a dependent claim into independent form, coupled with the cancellation of the original independent claim, constitutes a narrowing amendment when the dependent claim includes an additional claim limitation not found in the cancelled independent claim or circumscribes a limitation found in the cancelled independent claim.” Under the Supreme Court's *Festo* decision, a narrowing amendment made for reasons related to patentability creates a presumption that equivalents are not available with respect to the added limitation. The court accordingly remanded for consideration of whether Honeywell can rebut the presumption.

Dissenting Judge Newman argued that recasting a dependent claim as an independent claim is merely a matter of form — as the elements of the claim remain unchanged, the dissent contended, no narrowing amendment occurs. The majority's rule, the dissent maintained, “will simply drive patent applicants away from dependent claims and away from the accepted protocol of presenting successively narrowed dependent claims for examination.”

The *Honeywell* decision is likely to limit the permissible range of equivalents for thousands of issued patents that include rewritten dependent claims. Undoubtedly, many future applicants will react to the *Honeywell* decision by avoiding dependent claims, allowing them to argue that abandoning a broader independent claim in favor of a narrower, but also independent, claim does not create a presumed estoppel. Defendants, of course, are likely to argue that doing so is no different from the process of rewriting and cancellation that *Honeywell* holds creates a presumption of estoppel.

Copyright and Compilation of Works

Emphasizing the limited copyright protection available to a compilation of works written by another author, the U.S. Court of Appeals for the Second Circuit reversed an injunction prohibiting publication of a collection of unpublished Dorothy Parker poems. *Silverstein*

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v. Penquin Putnam, Inc., 2004 WL 1008314 (2d Cir, May 7, 2004). Working from newspapers and magazines, plaintiff Silverstein compiled 122 Parker poems that had not been included in the volumes of poetry published in her lifetime. He presented the collection to Penquin, which rejected it. After that rejection, however, a Penquin editor purportedly copied the manuscript and inserted the poems in chronological order in a new edition of Parker's work published by Penquin. Reversing summary judgment for Silverstein, the Second Circuit found questions of fact whether Silverstein exercised sufficient creativity in selecting the works, or whether he simply included all the uncollected poems he could find. Significantly, the court also held that, even if Silverstein prevails on the merits, he would not be entitled to injunctive relief. Here, the court stressed that an injunction would impact the value of the underlying copyrights, which Silverstein does not own, that Penquin did not copy Silverstein's arrangement of the works, and that Silverstein's efforts to gather the works are not protectable in copyright.

In another copyright action, a District of Columbia District Court rejected a constitutional challenge to an amendment to the Copyright Act, mandated by the Berne Convention, that restores copyright protection to certain foreign works. *Luck's Music Library, Inc. v. Ashcroft*, 2004 WL 1278070 (DDC June 10, 2004). The amendment, codified in section 104A of the Act, restores copyright to foreign holders whose works remain protected in their origin country, but entered the public domain in the United States because of the holder's failure to comply with U.S. copyright formalities, the prior absence of subject matter protection in the U.S. (for example, pre-1972 sound recordings), or the failure of the U.S. to recognize copyrights from the origin country. Relying on the reasoning of *Eldred v. Reno*, 537 US 186 (2003), which upheld the constitutionality of the Copyright Term Extension Act, and noting a "clear history of allowing retroactive copyrights," the court held that Congress had the power to restore copyrights under the Constitution's intellectual property clause (Art. I, §8, cl. 8). Distinguishing cases holding that Congress cannot grant a patent to an invention that has entered the public domain, the court found no such limitation on Congressional power to grant what it saw as the more limited rights afforded by copyright.

Trademarks and Confusion

In *Kos Pharmaceuticals, Inc. v. Andrx Corp.*, 2004 WL 1146180 (3d Cir May 24, 2004), the

U.S. Court of Appeals for the Third Circuit took the unusual step of directing a district court to "fashion and enter" an "expedited" injunction barring use of a trademark. In December 2001, Kos launched a cholesterol-lowering prescription drug under the name ADVICOR. Seven months later, Andrx followed with its cholesterol prescription drug, ALTOCOR. Convinced that the sophisticated audience of doctors and pharmacists would not confuse the two drugs, the district court denied an injunction. Reversing, the Third Circuit held that the trial court had erroneously limited its consideration to the risk of "misdispensing" the medication, not likelihood of confusion in the broader market. Noting the similarity of the marks; that both are arbitrary names without "any meaning that could distinguish between them or lead customers to associate them with distinct products;" that the products are closely related and marketed to "practically identical audiences;" and Andrx's "deliberate decision to use a name dangerously close to that of a competing drug," the court found entitlement to an injunction. The fact that the Food and Drug Administration had approved Andrx's name was irrelevant, because the agency was concerned only with confusion "in the actual prescription process."

Next, *Dippin' Dots, Inc. v. Frosty Bites Distribution, LLC*, 2004 WL 1050739 (11th Cir. May 11, 2004) held that the trade dress of Dippin' Dots' flash-frozen ice cream is functional and therefore ineligible for trademark protection. Dippin' Dots developed and patented a flash-frozen ice cream product, described as "free flowing small spheres or beads of ice cream." When the product became a success, several Dippin' Dots dealers developed a competing product named "frosty bites," consisting of "popcorn-shaped, along with some spherical-shaped, ice cream bites." Affirming summary judgment, the U.S. Court of Appeals for the Eleventh Circuit held that the essentials of Dippin' Dots' trade dress — the size, color and shape of the ice cream — met the "traditional" test for functionality under the Lanham Act. Under that test, a product feature is functional, and therefore not protectable, "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." Following the reasoning of *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 US 23 (2001), the court noted that many features of Dippin' Dots' trade dress had been described as functional in its patent application. As the decision illustrates, a patentee will have a difficult time claiming trade dress for features of a patented product.

Patents

In *Knoll Pharmaceutical Co., Inc. v. Teva Pharmaceuticals USA, Inc.*, 2004 WL 1103700 (Fed Cir, May 19, 2004), the Federal Circuit reversed summary judgment of invalidity, holding that a trial court must consider evidence of unexpected results, even where that evidence is generated after grant of the patent. Knoll received patents for methods and compositions for treating pain by administering a combination of two previously known drugs. The Federal Circuit found it was error for the district court to refuse to consider studies showing the synergistic effect of the combination on the issue of obviousness. "Evidence developed after the patent grant is not excluded from consideration, for understanding of the full range of an invention is not always achieved at the time of filing the patent application. It is not improper to obtain additional support consistent with the patented invention, to respond to litigation attacks on validity."

Addressing questions that "have split the courts," a New York district court considered the extent to which reliance on an advice of counsel defense to willful patent infringement waives the attorney-client privilege for communications with trial counsel. *Convolve, Inc. v. Compaq Computer Corp.*, 2004 WL 1178783 (SDNY May 28, 2004). The court held that an advice of counsel waiver "extends not only to the attorney who rendered the opinion creating the waiver, but also to all other attorneys who may have advised or communicated with the client on the same subject matter." Therefore, communications with trial counsel on the subject of the opinion, even "informal opinions or oral advice," must be disclosed. Disclosure is required for the period beginning when the defendant became aware of the patent until the alleged infringement ceases. The court recognized that "trial strategy and planning" materials "that do not implicate the advice-of-counsel defense" need not be disclosed. Nor need a defendant disclose "uncommunicated" work product that is not disclosed to the client, at least where "there is no evidence that trial and opinion counsel have conspired to create a 'sham opinion' to gain an unfair advantage in litigation." Defendants wishing to shield work product to the maximum extent will therefore limit (or prevent) substantive communications between trial and opinion counsel.

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