

No. 05-608

IN THE
Supreme Court of the United States

—◆—
MEDIMMUNE, INC.,
Petitioner,

v.

GENENTECH, INC. AND
CITY OF HOPE NATIONAL
MEDICAL CENTER,
Respondents.

—◆—
On Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit

—◆—
BRIEF OF THREE INTELLECTUAL
PROPERTY PROFESSORS AS *AMICI CURAE*
IN SUPPORT OF THE PETITIONER

—◆—
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QUESTIONS PRESENTED

Whether the Federal Circuit's "reasonable apprehension of suit" test for declaratory-judgment jurisdiction in patent cases is consistent with this Court's precedent and with the Declaratory Judgment Act, and, if not, whether the Constitution requires it.

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**CONSENTS TO FILE AND
INTEREST OF THE *AMICI CURIAE***

Through their counsel of record, all parties to this appeal have consented in writing to the filing of this brief. Copies of the consents accompanied this brief.

The individuals Jay Dratler, Jr., Jeffrey M. Samuels, and A. Samuel Oddi (collectively, “Amici”) are all attorneys and chaired professors of law. Two (Jay Dratler, Jr. and A. Samuel Oddi) are admitted to practice before this Court.

The interest of Amici in this case arises from lifetimes of study, research and practice in the field of intellectual property law. Jay Dratler, Jr. has thought and written about declaratory judgments in patent cases for twelve years, since his two-volume loose-leaf treatise on licensing was first published in 1994. See 1 Jay Dratler, Jr., *Licensing of Intellectual Property* § 2.01[1][a][iii] (Law Journal Press 1994 & Supps.) Jeffrey M. Samuels was Assistant Commissioner of Patents and Trademarks from November 1987 to January 1993. A. Samuel Oddi served as patent counsel for major corporations for over ten years and has taught law for over 30 years. Although we are not submitting the Brief on behalf of any organization, we all work at the Intellectual Property and Technology Center at the University of Akron School of Law, which is dedicated to the advancement of law and policy in the field of intellectual property.¹

¹ The University of Akron has provided office services and will reimburse out-of-pocket expenses related to this brief. This brief, however, is not submitted on behalf of the University of Akron, which has not reviewed and does not endorse its content.

From time to time each of us acts as a paid attorney or consultant. To our knowledge, however, no current or likely future client of any of us has any pecuniary interest in the outcome of this lawsuit. We thus occupy a unique position of expertise and financial disinterest. Our interest is in a patent system that is legally sound and economically rational.

SUMMARY OF ARGUMENT

In a consistent line of cases extending over six decades, this Court has emphasized the importance of tearing down barriers to challenging patents' validity, lest the public be harmed by unjustified monopolies. Yet the Federal Circuit has categorically refused to allow patent licensees in good standing to challenge the validity or enforceability of the patents they have licensed, although licensees are often the ones best motivated to make such challenges. The Federal Circuit has thus ignored this Court's clear directives and undermined this Court's holding in *Lear, Inc. v. Adkins*.

The source of the problem is the Federal Circuit's "reasonable apprehension of suit" test for declaratory-judgment jurisdiction. That test grants "quiescent" patentees—those who do not threaten suit or charge infringement—effective immunity from challenges to their patents by way of declaratory judgment. They can notify the industry of their patents, enter licensing negotiations, grant licenses, or walk away from the table, all without losing this "immunity" from suit. The Federal Circuit has thus given patentees clear instructions for nullifying the Declaratory Judgment Act in the field of patent law.

The Federal Circuit has held that the Constitution's requirement for a case or controversy dictates this result. That is simply not so. The case or controversy requirement is a limitation on constitutional government, based on the separation of powers. It prevents the judiciary from invading the domain of the legislative or executive branch by deciding abstract or hypothetical questions not raised in a real, concrete dispute between adverse parties. Instead, the Federal Circuit appears to have interpreted it as a rule of litigation fairness or procedural priority, under which a quiescent patentee should not be sued first. That interpretation expands the case or controversy requirement well beyond its rationale.

There may be patent cases in which actions for declaratory judgments are not justiciable, but this case is not one of them. Real issues of justiciability may arise if a party concerned about potential liability for patent infringement requests a declaratory judgment challenging the patent before producing any product on which the patent's claims might be read. In that case a judgment on the patent's validity could be viewed as hypothetical or advisory.

No such difficulty arises in this case. Here Appellant is producing a real product, and there is a real and concrete dispute over whether royalties are due on it. No fact or evidence needed to determine whether the patent is valid and enforceable depends upon whether the license is in force or has been breached or terminated. There is therefore nothing hypothetical or abstract about this case.

Nor would adjudication provide a mere advisory opinion. On the contrary, it would clarify alleged legal rights that directly affect the economic interests of the

patentee, the licensee, the industry and the public. Because this case involves medical products, its outcome may affect the public health as well.

Patent law needs a new standard for the justiciability of declaratory-judgment actions—one consistent with the Declaratory Judgment Act and with the real purposes of Article III’s case or controversy requirement. The Federal Circuit’s test is not only inconsistent with this Court’s decisions and the Act. It is also economically harmful, for it keeps courts from reviewing “bad” patents even as they are on the rise.

At a minimum, a new standard should treat patentees and their adversaries symmetrically. A licensee should be able to request a declaratory judgment whenever a patentee could sue for infringement if the license did not exist, as long as there is a real, current dispute between the parties that the court’s judgment can resolve.

Modern standing doctrine’s requirement for “injury in fact” does not stand in the way. It does so only if interpreted literally, as requiring invasion of a protected interest. But in patent cases such an interpretation is circular: even a confessed infringer does not invade the patentee’s rights unless the patent is valid—a decision that only the court can make. A literal interpretation of injury in fact would eliminate declaratory judgments from all of patent law.

A patent’s validity or enforceability is almost always uncertain. The uncertainty impacts both patentees and their adversaries. It has direct and often enormous economic consequences and is the source of very real disputes. Therefore, in patent cases, “injury in fact” exists whenever

doubt about a patent's validity or enforceability is real enough to engender non-pretextual disputes that a court can resolve.

The uncertainty itself—not either party—causes the economic injury. The Declaratory Judgment Act provides a means to resolve the uncertainty, and thereby to prevent or redress the injury, when the alleged rightholder declines to sue. Any justiciability doctrine that fails to recognize these economic facts of life will not only nullify the Declaratory Judgment Act in the field of patents; it will also contravene decades of precedent. Surely nothing in Article III, which seeks only to keep courts from performing legislative or executive functions, requires such an extreme result.

ARGUMENT

I. The result and reasoning below contravene consistent directives of this Court to respect the importance of testing patents in court.

In a long line of cases stretching back at least six decades, this Court has repeatedly ruled that testing patents for validity and enforceability has paramount importance in the scheme of patent law. *See Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83, 100-101 (1993) (pointing out “the wasteful consequences of relitigating the validity of a patent after it has once been held invalid in a fair trial” and “the danger that the opportunity to relitigate might, as a practical matter, grant monopoly privileges to the holders of invalid patents”) (footnotes omitted); *Blonder Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 344 (1971); *Lear, Inc. v. Adkins*,

395 U.S. 653, 670-671 (1969); *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945) (noting public's "paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope").

The linchpin of these cases is this Court's decision in *Blonder Tongue*, 402 U.S. at 350, abandoning the doctrine of mutuality of estoppel in patent cases. It ruled that a final judgment of patent invalidity, if based on a full and fair trial, estops the patentee from asserting the same patent against *anyone*. *See id.*, 402 U.S. at 328-329.

Under *Blonder Tongue*, a patent is dead once declared invalid in a single lawsuit. It can no longer threaten industry, curtail free competition, or harm the public. In announcing this rule, this Court relied heavily on the great expense and delay of patent litigation and the general public's strong economic interest in insuring that invalid patents do not create unjustified economic monopolies. *See id.*, 402 U.S. at 334, 337 & n.31 (noting expense and delay); 402 U.S. at 346 (noting competitive impact).

Twenty-two years later, in *Cardinal Chemical*, this Court applied the same principles to curtail an odd procedural practice that the Federal Circuit had developed. That court had routinely vacated trial-court judgments of patent invalidity after upholding findings that the patent was not infringed. *See Cardinal Chemical, supra*, 508 U.S. at 85, 89-90, 95.

Bare logic supported the procedure: if a patent is not infringed, it does not matter *for that case* whether or not it is valid. But this Court repudiated the Federal Circuit's formalistic logic. *See id.*, 508 U.S. at 102. It reasoned that the accused infringer had paid dearly in time and money for the judgment of invalidity, and that both industry and the public had a strong interest in that judgment under *Blonder-Tongue*. *See id.*, 508 U.S. at 99 (noting interest of litigant); 508 U.S. at 100 (noting "importance to the public at large of resolving questions of patent validity"); *id.*, 508 U.S. at 102 (both).

The case of *Lear, Inc. v. Adkins* is much closer to this case. There this Court addressed whether a patent licensee could challenge the validity of the licensed patent. The specific issue was the continuing validity of the doctrine of licensee estoppel, under which a licensee, by virtue of taking a license, was deemed to have recognized the validity of the licensed patent and to be estopped from challenging it. *See Lear, supra*, 395 U.S. at 656. Characterizing that principle as a matter of contract under state law, this Court held it superseded by fundamental patent principles. *See id.*, 395 U.S. at 670-671. This Court referred generally to the need to encourage legal challenges to invalid patents and specifically to the benefits of encouraging those with the greatest economic incentives to make challenges to do so. "Licensees," it said, "may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification." *Id.*, 395 U.S. at 670.

