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FEDERAL CIRCUIT PATENT LAW CASE UPDATE


Chiron held several patents for “nucleic acid testing methods for detecting Hepatitis C virus in human blood and blood products.” It asserted these against Lab. Corp. and the parties initially signed time-limited standstill agreements. Unable to later agree, the parties raced to separate courthouses. The court held that the district court did not abuse its discretion by enjoining Chiron from continuing its action in California because Lab. Corp. filed four hours earlier in Delaware. However, the court determined that Federal Circuit law applied to the appealability of that decision.

The parties raced to the courthouse after failing to extend a standstill agreement when Chiron asserted its patents against Lab. Corp.

Chiron filed suit against LabCorp in the United States District Court for the Northern District of California . . . . The California action was docketed as having been filed on April 9, 2003 at 5:50 P.M. PST, or 8:50 P.M. EST. On that same day, unbeknownst to Chiron, LabCorp had earlier filed a declaratory judgment lawsuit against Chiron in the United States District Court for the District of Delaware . . . . The Delaware action was docketed as having been filed on April 9, 2003 at 4:27 P.M. EST, approximately four hours before the California action was filed in the Northern District of California. The same patents are in dispute in both cases.

These facts raised outcome determinative choice of law questions.

Here, we are called upon to decide between Federal Circuit and Third Circuit law on threshold issues affecting our jurisdiction over this appeal. . . . Chiron contends that Federal Circuit law governs and that under the law of this circuit, the grant of an injunction against a parallel action is immediately appealable under 28 U.S.C. § 1292(a)(1). LabCorp counters that regional circuit law governs and that under the law of the Third Circuit, the grant of the motion to enjoin the parallel action is interlocutory, is reviewable only by petition for writ of mandamus, and is not ripe for appellate review.

Several circuits, including the Federal Circuit, allow an appeal of an injunction against a parallel action.

By contrast, the Third Circuit in Hershey Foods Corp. v. Hershey Creamery Co., 945 F.2d 1272 (3d Cir. 1991), has held that an order barring the defendant from pursuing related litigation in a different forum is not appealable because it is in essence a venue determination that does not affect the substance of the dispute.

The court noted that it applied its own law to determine this choice of law question.

Accordingly, and because of the importance of national uniformity in patent cases, we hold that injunctions arbitrating between co-pending patent declaratory judgment and infringement cases in different district courts are reviewed under the law of the Federal Circuit. . . .

Having decided that Federal Circuit law applies, and having determined that an injunction restraining a parallel, related patent action is immediately appealable under the law of this circuit, we conclude that we have jurisdiction over the present appeal pursuant to 28 U.S.C. § 1292(a)(1).