

FEDERAL CIRCUIT PATENT LAW CASE UPDATE

MedImmune, Inc. v. Genentech, Inc., 04-1300 (Fed. Cir. Oct. 18, 2005) (Newman, J.)

Following Gen-Probe, Inc. v. Vysis, Inc., 359 F.3d 1376 (Fed. Cir. 2004), the court affirmed the dismissal for lack of jurisdiction under the Declaratory Judgment Act of MedImmune's challenge to patents held by Genentech and its cross-licensee, all of which were licensed to MedImmune. The patents related to the "use of cell cultures to manufacture human antibodies." MedImmune remained in good standing under the license. Judge Clevenger agreed with this approach, but dissented-in-part on another jurisdictional issue, arguing that MedImmune's antitrust and unfair competition claims should be transferred to the Ninth Circuit.

Genentech owns two patents, labeled Cabilly I and Cabilly II, and its cross-licensee, Celltech, owns a patent labeled the Boss patent. MedImmune licenses all three patents from Genentech and Celltech. "The patented technology relates to the use of cell cultures to manufacture human antibodies." MedImmune is a licensee in good standing.

An interference between Cabilly II and Boss resulted in a settlement awarding Cabilly I priority, and spawned the cross-license. Cabilly II is a continuation of Cabilly I, and Cabilly II issued in December, 2001.

After issuance of Cabilly II, Genentech advised MedImmune that a MedImmune product, brand name Synagis®, was covered by Cabilly II and subject to royalties in accordance with the license terms. MedImmune objected, and filed this declaratory judgment action in the Central District of California, requesting a declaration that the Cabilly II patent is invalid or unenforceable. MedImmune paid and continues to pay the license royalties to Genentech, relying on precedent such as Cordis Corp. v. Medtronic, Inc., 780 F.2d 991 (Fed. Cir. 1985) for the holding that the licensor cannot terminate the license if the royalties are paid to the licensor and the license agreement is not otherwise breached. The district court, applying Gen-Probe, Inc. v. Vysis, Inc., 359 F.3d 1376 (Fed. Cir. 2004), dismissed the suit

as non-justiciable under the Declaratory Judgment Act.

MedImmune's challenge focused on the Gen-Probe decision.

MedImmune states that the Gen-Probe decision improperly resurrected the licensee estoppel that was abolished in [Lear, Inc. v. Adkins, 395 U.S. 653 (1969)], and should be overturned. . . .

The court rejected this approach.

Unlike the facts in Lear, where the licensee ceased payment and disavowed the license obligation, in Gen-Probe, as for MedImmune, breach was assiduously avoided. Thus this case does not raise the question of whether patent invalidity is available as a defense to suit against a defaulting licensee -- the licensee estoppel that was laid to rest in Lear -- for there is no defaulting licensee and no possibility of suit.

MedImmune also attacked the interference settlement between Genentech and Celltech on antitrust grounds, but this approach was also unsuccessful.

The settlement of disputes such as priority in patent interferences is not a presumptive violation of antitrust law; such violation requires a showing of market power and other antitrust predicates. A patent does not of itself confer market power or a presumption thereof for purposes of the antitrust laws.



... MedImmune also argues that Genentech and Celltech colluded in the joint submission of their settlement agreement to the district court, and again in their joint submission of the court's judgment order to the Patent and Trademark Office with the request that the Boss patent be cancelled and the Cabilly II application be granted. The district court dismissed these claims, holding that petitions for governmental action are immune under the Noerr-Pennington doctrine that permits collaboration among competitors to petition the government to take an action that may restrain competition, without incurring antitrust liability by the act of collaborating. ... A joint communication to a court of the terms of settlement of a matter before the court, and a joint petition to the PTO to implement the court's judgment, are not actions that would be prohibited or tainted absent immunization by Noerr-Pennington; thus it was unnecessary for the district court to have relied on Noerr-Pennington immunity. ... A person not under reasonable apprehension of suit cannot overcome the absence of declaratory standing simply by challenging the patent prosecution and asserting fraud. There is neither statutory nor precedential authority for collateral attack on patent examination procedures, by a person who does not meet the requirements of declaratory judgment standing.

The antitrust issues raised a dissent-in-part by Judge Clevenger.

I write separately, however, to voice my disagreement with the court's refusal to transfer the remainder of the case to the Court of Appeals for the Ninth Circuit, pursuant to 28 U.S.C. § 1631, for a

determination as to whether the district court properly granted summary judgment regarding MedImmune's antitrust and unfair competition claims.