

## **SUPREME COURT REVIEWS INJUNCTIVE RELIEF FOR PATENT INFRINGEMENT**

Recently in [EBAY](#), the Supreme Court reviewed whether to apply the traditional four factor test for injunctive relief in disputes under the Patent Act. Typically, a permanent injunction will issue in a patent dispute against an infringer absent exceptional circumstances. The traditional test requires the plaintiff to demonstrate (1) irreparable injury; (2) inadequate legal remedies; (3) that a balance of the hardships warrants an injunction; and (4) that the public interest would not be disserved by the injunction (the so-called four factor test).

MercExchange sought to license its patent to Ebay and Half.com (a subsidiary of Ebay), but the parties failed to reach a licensing agreement. MercExchange then filed a patent infringement suit, and a jury subsequently found that the patent was valid and infringed. The district court then denied MercExchange's motion for permanent injunctive relief. On appeal, the Court of Appeals for the Federal Circuit (CAFC) reversed.

The CAFC and the district court applied categorical rules to decide whether to grant injunctive relief. The district court applied "expansive principles" to conclude that a plaintiff's willingness to license its patents and its lack of commercial activity in practicing

the patents would be sufficient to establish that the patent holder would not suffer irreparable harm. The CAFC reversed and applied a "general rule" considered unique to patent law that a permanent injunction will issue against an infringer absent exceptional circumstances.

The Supreme Court concluded that both lower courts applied the wrong standard. The traditional four factor test must be applied in patent disputes on the basis that the Patent Act expressly provides that injunctions *may* issue according to the principles of equity (35 U.S.C §283). The Court explained that categorical rules may improperly preclude patent holders, such as university researchers and individual inventors, the opportunity to satisfy the traditional four factors. The Court vacated the judgment of the CAFC and remanded the case to the CAFC. The CAFC recently issued an order sending the case back to the district court to determine whether the harm to MercExchange is sufficient to grant injunctive relief.

The decision makes it clear that there are no special rules for injunctive relief in patent disputes, despite a tradition of almost always granting injunctions against an infringer. It remains to be seen how the Court's decision will apply in future cases.

## WHEN CONSIDERING PATENTING YOUR INNOVATIONS, CONSIDER THE VALUE OF THE INNOVATION, NOT ITS COMPLEXITY

A recent victory for a Carlson, Gaskey & Olds' client reaffirms the point that even seemingly simple inventions, including inventions supported in large part by relative dimensions, can be patentable and very valuable.

A few years ago, a United States District Court judge granted summary judgment against a CGO client who alleged infringement of one of its patents. The judge found the patent was not infringed as a matter of law.

CGO lawyers briefed the issue of infringement to the Court of Appeals for the Federal Circuit, and argued the issues before the Court. Last fall, the CAFC reversed the District Court judge, and reinstated much of the infringement claim. See *Research Plastics v. Federal Packaging*, 421 F.3d 1290 (Fed. Cir. 2005).

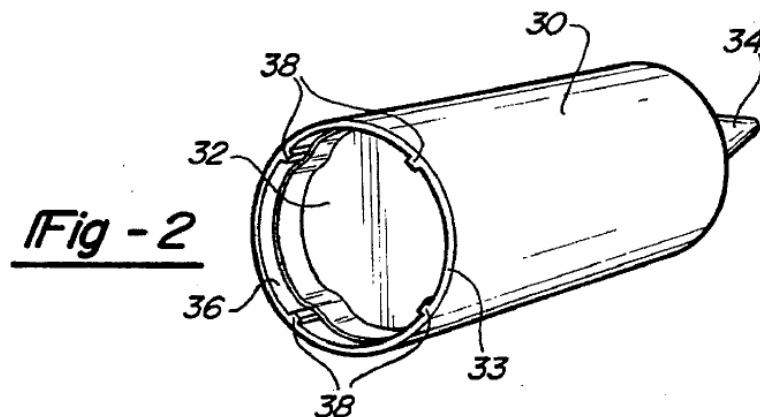
The CAFC decision included a claim interpretation that left little doubt the patent was infringed, and thus all that remained for trial was the issue of validity. After a one week trial on validity,

CGO lawyers convinced the jury that the patent is valid.

As seen in the illustration below, the patent relates to a small plastic rib formed in the interior of a plastic caulking tube. The rib provides an air escape feature at the end of the tube. The rib is element 38, but it is shown in the drawing much larger than it is in practice. The actual rib is, in fact, so small that it is hard to see.

The patent was found to be valid even over prior caulking tubes with air escape features that were very similar. In large part, the patentability was based upon the relatively small size of the rib.

A lesson from this victory is reaffirmation that companies and inventors should not discount innovations simply because they may seem obvious, or they may relate to aspects such as relative dimensions that might seem non-inventive. Instead, a company should always look to the apparent value of the innovation and whether it provides a competitive advantage, regardless of its apparent simplicity.



## PCT UPDATE

Malaysia (MY) and El Salvador (SV) became PCT Contracting States in May 2006, bringing the total number of contracting states to 132. The PCT will enter into force for these States in August.

## ANNOUNCEMENTS

CGO is pleased to announce that Todd Barrett has joined CGO as an associate attorney. Todd has been with CGO as an intern since 2004 and recently passed the Michigan State Bar Exam. Todd graduated from GMI Engineering & Management Institute and received his Juris Doctor degree from the University of Detroit Mercy. He is registered to practice before the United States Patent and Trademark Office. His practice will focus on litigation and preparing and prosecuting patents in various areas.

CGO is pleased to introduce the addition of Stephen Burch as a summer intellectual property intern. Stephen graduated from Michigan Technological University with a degree in Electrical Engineering. Stephen is currently attending Ava Maria Law School and will graduate in 2008.

CGO is pleased to introduce the addition of Timothy Bradley as a summer intellectual property intern. Timothy graduated from Notre Dame with a degree in Computer Engineering. Timothy is currently attending Wayne State University Law School and will graduate in 2008.

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