

Recent Decisions in the United States

A recurring feature
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PATENT OWNERS' LETTER, CHARGING A COMPANY IN ANOTHER STATE WITH WILLFUL INFRINGEMENT, IS SIGNIFICANT FACTOR IN FINDING PATENTEE MAY BE SUED IN THAT STATE

A court will review many factors to determine whether a defendant has sufficient contacts with a state to allow him to be sued in that state. In *Inamed Corporation v. Kuzmak* No. 00-1292 (Fed. Cir. May 15, 2001), the Federal Circuit held that a New Jersey patentee who asserted willful infringement in a letter to a California company, negotiated four license agreements with that company, and received royalties from sales of products manufactured in California created sufficient contacts with California to establish personal jurisdiction over him in California and allow him to be sued in that state.

Dr. Kuzmak, a New Jersey resident, had entered into four license agreements with Inamed Corporation involving four patents directed to devices and methods for the surgical treatment of obesity. For six years Kuzmak received more than \$1.3 million in royalties from Inamed for sales of products manufactured in California. After Inamed terminated the license agreements, Kuzmak sent Inamed a letter asserting that Inamed was willfully infringing certain patents. Inamed responded by filing a declaratory judgment action in California seeking a declaration of invalidity, unenforceability and noninfringement, along with a claim of patent misuse. The lower court dismissed the action, concluding that it lacked personal jurisdiction over Kuzmak because the license agreements had already been terminated and that Kuzmak conducted all discussions concerning these agreements by way of telephone and mail from New Jersey.

On appeal the Federal Circuit reversed, concluding that Kuzmak had sufficient minimum contacts with California to support jurisdiction. In support, the court cited Kuzmak's letter asserting willful infringement as the most important contact, since the charge of "willful" infringement indicated Kuzmak's awareness that he might be entitled to treble damages and attorneys fees

in a successful infringement action against Inamed. The court noted that Kuzmak's sending of the letter through his counsel to Inamed's attorney in New York is immaterial because it was considered to be directed at Inamed, who was located in California.

Noting that the sending of an infringement letter without more is insufficient to establish jurisdiction over an out-of-state patentee, the Federal Circuit also cited Kuzmak's negotiation of four license agreements and the receipt of royalty payments based on sales of devices manufactured in California as additional evidence that Dr. Kuzmak purposefully directed activities at California residents. The Federal Circuit further held that Inamed's claims were at least related to Kuzmak's activities in California. Finally, the court held that Kuzmak failed to show that the exercise of jurisdiction was unreasonable or unfair due to a back injury. The court noted that such injury could form the basis for a request to change venue or other challenge to the forum.

PATENTEE'S LETTER SUGGESTING THAT A LICENSE MAY BE NEEDED PROVIDES SUFFICIENT NOTICE OF INFRINGEMENT TO CAUSE DAMAGES TO BEGIN ACCRUING

When a patented article has been produced by a patentee or its licensee, the amount of damages the patentee can recover in an infringement suit is statutorily limited to those acts of infringement that occurred after the patentee gave the alleged infringer "notice of infringement." 35 U.S.C. 287(a). The statute permits either constructive notice, which is accomplished by marking the article with the patent number, or actual notice. For actual notice, leading cases have required an affirmative communication of a specific charge of infringement by a specific accrual product or device. However, the patentee is not required to make an unqualified charge of infringement.

In *Gart v. Logitech, Inc.*, No. 00-1088 (Fed. Cir. June 26, 2001), the Federal Circuit held that a letter suggesting that a license may be needed is sufficient to provide

actual notice under 35 U.S.C. § 287(a). The court further stated that the alleged infringer's subjective belief of whether the letter was a charge of infringement was irrelevant to whether notice was adequate.

In April 1995, Gart sent Logitech a letter stating that Gart owned the '165 patent and that Logitech was selling trackballs under the name TRACKMAN VISTA, and suggesting that Logitech "determine whether a non-exclusive license is needed under the patent." In September 1996, Gart sent another letter to Logitech stating that Logitech may find the '165 patent "particularly interesting" relative to its TRACKMAN VISTA and TRACKMAN MARBLE products. Logitech responded that the '165 patent does not cover its product. Gart then sent another letter in January 1997, stating that he was investigating "the Logitech Vista and Marble Trackballs infringement of" the '165 patent.

Gart then filed suit alleging that Logitech's TRACKMAN products, as well as products sold under the name MOUSEMAN, infringed the '165 patent. On motion by Logitech to limit damages, the lower court held that Gart had not given notice of infringement of the TRACKMAN products until the January 1997 letter and had not given notice of infringement of the MOUSEMAN products until Gart filed suit.

On appeal, the Federal Circuit held that Gart's 1995 letter was sufficient to provide notice of infringement of the TRACKMAN VISTA products. The court stated the issue of whether the patentee's communication provides sufficient specificity regarding a charge of infringement must focus on the actions of the patentee and not the subjective belief of the alleged infringer. The court found that the 1995 letter provided a sufficiently specific charge of infringement because it referenced claims of the '165 patent and Logitech's selling of products and noted that Logitech may want to determine whether a license is needed. The court said that the clear objective inference from this letter is that Gart believed the TRACKMAN VISTA products infringed the '165 patent. Further, the court held that the 1996 letter, considered with the 1995 letter, provided notice that Gart believed that the TRACKMAN MARBLE products infringed the '165 patent. Finally, the Federal Circuit affirmed the lower court's conclusion that Gart did not provide notice of infringement of the MOUSEMAN products until it filed suit.

A FRENCH COURT'S DECISION REGARDING THE OWNERSHIP OF A U.S. PATENT IS RECOGNIZED AND ACCEPTED BY U.S. COURTS UNDER THE DOCTRINE OF COMITY

In *International Nutrition Company v. Horphag Research Ltd.*, No. 00- 1408 (Fed. Cir. July 16, 2001), the

Federal Circuit held that the district court did not abuse its discretion in recognizing and accepting the decision of a French court concerning ownership of a U.S. patent related to plant extracts.

In this case, *Societe Civile D'Investigations Pharmacologiques D'Aquitane (SCIPA)*, a French company, entered into a joint development agreement with *Horphag Overseas Limited*, an English company, that resulted in U.S. Patent No. 4,698,360 (the '360 patent). The agreement was executed in France and specified that litigation regarding interpretation or performance under the agreement was under the jurisdiction of Bourdeaux, although it contained no choice of law provision.

The inventor of the '360 patent assigned his rights to SCIPA and Horphag. SCIPA assigned its rights in the '360 patent to *International Nutrition Company (INC)*, a Liechtenstein company, Horphag sued in Bourdeaux to void the assignment, asserting that it violated French law. In that action, the court voided the assignment for violating French statutory prohibitions against joint owners unilaterally assigning their ownership stakes in patents. INC's subsequent infringement suit in the United States district court for the district of Connecticut against Horphag and others was dismissed because the district court, extending recognition or "comity" to the French court, held that INC lacked standing as it had no ownership interest in the '360 patent.

On appeal, the Federal Circuit noted that courts will not extend comity to foreign proceedings when doing so would be contrary to the policies or prejudicial to the interests of the United States. INC argued that giving comity would violate U.S. patent law. In this case, however, the Federal Circuit held that the district court did not abuse its discretion in granting comity to the decisions of the French court because that court merely determined who owned the '360 patent, which is typically not a question arising under United States patent laws. The court noted that the development contract did not contain an explicit choice of law clause, but that it had a forum selection clause requiring actions be tried in Bordeaux, and that the French courts looked to the objective indicia of the parties about the choice of law and concluded that French law governed the question of ownership. As a result, the court held that the district court did not abuse its discretion by extending comity to the decision of the French courts.