

SAN FRANCISCO BAY AREA INTELLECTUAL PROPERTY
AMERICAN INN OF COURT

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June 2007 Meeting Announcement:

***The IP Year In Review: The Real World
Application of eBay, Microsoft and KSR***

The 2006-2007 IP Inn of Court Term concludes with this June meeting, ending a *Supreme* year for the IP Bar. This meeting will recap the three Supreme Court decisions above in the context of a hypothetical fact pattern that raises important issues from these decisions. The format of the presentation will further delve into procedural and jurisdictional issues under WIPO Rules.

Panelists:	James Chadwick	<i>Sheppard Mullin</i>
	Sean P. DeBruine	<i>Akin Gump</i>
	M. Scott Donahey	
	Eric Evans	<i>Mayer Brown</i>
	Elizabeth Howard	<i>Orrick</i>
	Aaron Jacobs	<i>Heller Ehrman</i>
	Jason Kipnis	<i>Weil Gotshal</i>
	Shelley Mack	<i>Fish & Richardson</i>
	Suzanne K. Nusbaum	<i>Impartia</i>
	L. Scott Oliver	<i>Morrison & Foerster</i>
	Julie S. Turner	<i>The Turner Law Firm</i>

Time and Location: June 20, 2007 at 6:00pm
Morrison & Foerster
755 Page Mill Road, Palo Alto
650.813.5600

Dinner to Follow at: Straits Café
3295 El Camino Real, Palo Alto
650.494.7168

Fact Pattern

Part I: The Patent Application

Karl-Peter Sayens is the President and CTO of a medical device company called Newco. Dr. Sayens has recently developed a new algorithm that will cut the time for most MRI scans in half. The algorithm works in conjunction with a special fixture to be attached to the MRI system.

Dr. Sayens wants to apply for a patent, but he has heard about the *KSR* decision and is worried about how that decision might impact the prosecution of his patent now and the validity of the patent later.

He meets with his patent prosecutor(s) to discuss, among other things, the value of engaging in a thorough prior art search versus not conducting one in light of *KSR*. He also wants to discuss how difficult it might be now to overcome an examiner's rejection of claims as obvious.

Finally, he is considering licensing his patent (should it issue) and wants to know if there is any way he can put in a license provision entitling him to a permanent injunction should the licensee default, regardless of whether Newco is making the device or not.

Part II: The Litigation and Arbitration

Fast forward a year. The Sayens patent has just issued. Newco has made the business decision to license the Sayens patent to Manco whose product has just been approved by the FDA. Newco receives a royalty per unit based on the number of Manco units sold.

Newco has also found out that a company called MedSoft, a U.S. software company that specializes in software for medical devices, has developed a very similar or possibly identical algorithm as that patented by Newco. The MedSoft software also requires a very similar accessory device to work with its software, but MedSoft does not sell this accessory.

MedSoft ships its own code overseas but does not ship any accessories. It is unclear whether MedSoft ships only one golden master or ships a separate disk for use and delivery with each MRI system into which the software is incorporated.

One of the companies MedSoft ships to is Tiemens, a maker of MRI systems. Tiemens enjoys worldwide sales, with about 15% of its production of the medical devices being imported into the United States, where it is used in 80% of all hospitals.

Newco believes that the software from MedSoft infringes its patent. It further believes that the Tiemens MRI infringes the Sayens patent because it contains the software and because one of the claims is to such software as used in MRI systems.

Newco wants to sue to shut down Tiemens's import of these medical scanning devices, and wants to collect money from MedSoft for each infringing medical scanning device sold worldwide with MedSoft's software included.

Newco is consulting with its patent litigators concerning the best course of action. Should Newco bring a claim against Tiemens before the ITC? Can the ITC issue an "injunction" against the importation of Tiemens's MRI in light of the *eBay* case? Can Newco successfully sue MedSoft for direct or contributory infringement based on its shipment to Tiemens, in light of the *Microsoft* case? What if MedSoft is shipping individual CDs to be loaded onto each separate MRI and then shipped along with the MRI system?

Newco's in-house counsel discloses that MedSoft has proposed arbitrating the disputes under the rules of the World Intellectual Property Organization, and that she is considering this possibility. She introduces two members of the WIPO Panel of Arbitrators to discuss with her and her litigation advisors how arbitration would likely proceed under the WIPO rules, to set out the perceived advantages of arbitration, and to directly respond to the tough questions and open skepticism of Newco's patent litigators.