No. 11-605

IN THE
Supreme Court of the United States

KIMBERLY-CLARK WORLDWIDE, INC. AND,
KIMBERLY-CLARK GLOBAL SALES, LLC
Petitioners,

V.

FIRST QUALITY BABY PRODUCTS, LLC AND
FIRST QUALITY RETAIL SERVICES, LLC
Respondents.

On Petition for Writ of Certiorari to the United States Court Of Appeals for the Federal Circuit

BRIEF OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO AS AMICUS CURIAE SUPPORTING PETITIONERS

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INTEREST OF THE AMICUS[1]

Founded in 1884, the Intellectual Property Law Association of Chicago ("IPLAC") is the oldest intellectual property law association in the nation. Its approximately 1,000 members represent a full spectrum of the profession ranging from law firm attorneys to sole practitioners, corporate attorneys, law school professors, and law students. IPLAC is centered in Chicago, a principal forum for patent litigation in this country. Every year, IPLAC's members prosecute thousands of patent applications and litigate many patent lawsuits.[2]

IPLAC is a not-for-profit organization dedicated to maintaining a high standard of professional ethics in the practice of patent, trademark, copyright, trade secret, and associated fields of law. A principal aim is to aid in the development and administration of

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[1] In accordance with Supreme Court Rule 37.6, IPLAC states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than IPLAC or its counsel. In accordance with Supreme Court Rule 37, counsel of record for all parties received notice of the intention of IPLAC to file an *amicus curiae* brief earlier than 10 days before the due date, and they consented to filing, as in the information provided herewith.

[2] While over 30 federal judges are honorary members of IPLAC, none of them was consulted or participated in any way on this brief.

these laws and the manner by which they are applied by the courts and by the United States Patent and Trademark Office. IPLAC is further dedicated to providing a medium for the exchange of views on intellectual property law among those practicing in the field and to educating the public at large.

IPLAC has no interest in any party to this litigation or stake in the outcome of this case, other than its joint desire for a correct interpretation and application of the United States Patent Laws.

SUMMARY OF THE ARGUMENT

IPLAC urges the Court to resolve the internal inconsistency in the Federal Circuit's approach to preliminary injunctions – the "vulnerability" standard vs. the four requirements of *eBay* – and to bring the Federal Circuit in line with the rest of the courts in this country. By equating a plaintiff's mere "vulnerability" on its patent with its entire unlikelihood of success on the merits, the Federal Circuit has made the effective enforcement of patent rights impossible for many patentees at the beginning of the litigation process. Patentees who are denied preliminary injunctive relief do not receive a full trial on the merits within a few months; hence, their status remains uncertain and costly both because of infringers and because of the cost of litigation.

ARGUMENT

The framers of our Constitution understood the importance of rewarding inventors, for limited times, for their creative endeavors. Congress then

implemented a plan for protecting the rights of the inventor and promoting the advance of the useful arts by providing for both legal and equitable remedies for patent infringement. Section 284 provides that "[u]pon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement . . . ." 35 U.S.C. § 284. However, damages are not the sole remedy for a patent holder. Indeed, many times, damages do not at all remedy the harm caused by an infringer. Therefore, in implementing protection for patentees, Congress also provided section 283,

> "The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable."

35 U.S.C. § 283. Thus, where equity prevails, courts have relied on this language to impose both preliminary and permanent injunctions in patent cases.

In its 2006 *eBay* decision, this Court held that the same "well-established principles of equity" that govern injunctive relief in other areas of the law "apply with equal force to dispute arising under the Patent Act." *eBay Inc. v. MercExchange, L.L.C.,* 547 U.S. 388, 391 (2006).

There is no dispute here regarding the general standard for preliminary relief: (i) plaintiff is likely to succeed on the merits; (ii) plaintiff is likely to suffer irreparable harm in the absence of

preliminary relief; (iii) the balance of equities favors the plaintiff; and (iv) the public interest favors preliminary relief. Nor is there a dispute about the defenses available to defendant: non-infringement and invalidity.

Here, however, the Federal Circuit, again has adopted a patent-specific rule for determining whether plaintiff is likely to succeed on the merits. Specifically: If the accused infringer raises a substantially meritorious defense, then the motion for preliminary injunction should be denied. In essence, if plaintiff cannot show a likelihood of success on the merits, then the other three elements of the *eBay* test are immaterial.

The Federal Circuit stated its patent-specific test as a vulnerability test: "Vulnerability is the issue at the preliminary injunction stage, while validity is the issue at trial." *Altana Pharma AG v. Teva Pharm. USA, Inc.*, 566 F.3d 999, 1006 (Fed. Cir. 2009) (quoting *Amazon.com, Inc. v. barnesandnoble.com, Inc.*, 239 F.3d 1343, 1359 (Fed. Cir. 2001)). Pet. App. 4a-5a. Validity is reviewed at trial under the established clear and convincing burden rather than simply a "vulnerability" burden as adopted by the Federal Circuit on preliminary injunction. This lower and unproven "vulnerability" burden on preliminary injunction is even more reason why the other three requirements should not be dismissed.

Judge Newman has criticized the Federal Circuit's latest patent-specific rule in her majority opinion in *Abbott Labs. v. Sandoz, Inc.* in 2008. *Abbott Labs. v. Sandoz, Inc.*, 544 F.3d 1341 (Fed. Cir.

2008), as has Judge O'Malley in her dissent from the denial of the petition for rehearing *en banc* in the present case. Judge Newman noted that the equitable factors "are of particular significance at the preliminary stage," citing *University of Texas v. Camenisch*, 451 U.S. 390 (1981), and that the court must consider these factors in addition to whether defendant has raised a "substantial question." The patent cases are "not deserving of unique treatment" in deciding whether to grant preliminary injunctions.

In 2008, Judge Newman further noted that modifying the rule of patent preliminary injunctions on a panel by panel basis, especially after *eBay*, is improper without an *en banc* decision. *See Abbott*, 544 F.3d at 1371.

> As it stands, neither district courts, nor litigants, nor panels of this court, are provided with clear guidance, or any reason to reject the stricture of *eBay,* 547 U.S. at 393, 126 S.Ct. 1837, that "[n]othing in the patent Act indicates that Congress intended such a departure" from "the long tradition of equity practice".

Id. (internal citations omitted).

However, the Federal Circuit continued to determine patent preliminary injunctions based on "vulnerability," declined to hear the issue *en banc*, causing the area of law to remain uncertain both in terms of costs and ultimate outcome.

By equating a plaintiff's mere "vulnerability" on its patent with its entire unlikelihood of success

on the merits, the Federal Circuit has made the effective enforcement of patent rights impossible for many patentees at the beginning of the litigation process. Patentees who are denied preliminary injunctive relief do not receive a full trial on the merits within a few months; hence, their status remains uncertain and costly both because of infringers and because of the cost of litigation.

In most cases, patent litigations do not get to trial in under 2 years. Chris Barry, et al., *2011 Patent Litigation Study, Patent Litigation Trends As The "America Invents Act" Becomes Law*, PRICE WATERHOUSE COOPERS, at 27. "[C]ivil litigation is getting squeezed," "nearly 45,000 cases [are] in a holding pattern," and according to one district court Chief Judge, "[c]ivil litigation has ground to a halt." *See* Gary Fields and John R. Emshwiller*, Criminal Case Glut Impedes Civil Suits,* NEW YORK TIMES*,* November 11, 2011, at 1. Most patentees settle before trial. Paul F. Morgan, *Guest Post: Microsoft v. i4i – Is the Sky Really Falling*, PatentlyO, http://www.patentlyo.com/patent/invalidity/ (Jan 9, 2011, last visited Dec. 19, 2011) ("[M]ore than 97% of patent suits are settled before trial with no judicial validity test.") And for some, by trial, it is too late. They have suffered irreparable harm – a factor ignored by the Federal Circuit if the accused infringer raised a decent defense - not a winning defense, just one that makes the patent "vulnerable."

IPLAC urges the Court to resolve the internal inconsistency in the Federal Circuit's approach to preliminary injunctions – the "vulnerability" standard vs. the four requirements of *eBay* – and to

bring the Federal Circuit in line with the rest of the courts in this country. As this Court explained in *eBay*, the long-standing equitable standards for injunctive relief apply to cases arising under the Patent Act. 547 U.S. at 391. The judgment of the Federal Circuit should be reversed.

Respectfully submitted,

December 19, 2011

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