

**ALERT**

## **Federal Circuit Patent Bulletin: *AntiCancer, Inc. v. Pfizer Inc.***

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October 20, 2014

*"[Although a district court can] require supplementation of the Preliminary Infringement Contentions when such supplementation may assist the procedures of trial[, the] exercise of a court's inherent authority to levy a sanction as a condition of supplementing the Contentions requires conduct that 'constituted or was tantamount to bad faith.'"*

On October 20, 2014, in *AntiCancer, Inc. v. Pfizer Inc.*, the U.S. Court of Appeals for the Federal Circuit (Newman,\* Reyna, Taranto) vacated and remanded the district court's summary judgment that Pfizer did not infringe U.S. Patents No. 6,649,159 and No. RE39,337, which related to the imaging of gene expression using *Aequorea victoria* green fluorescent protein linked to a gene promoter. The Federal Circuit stated:

The purpose of preliminary infringement contentions as required by Patent Local Rule 3.1 is to assist the court and guide the parties in focusing on potentially dispositive issues, providing a framework for discovery and generally facilitating the proceedings. . . . The Southern District of California adopted Patent Local Rules similar to those of the Northern District of California and refers to decisions of the Northern District as authority for their interpretation. . . . The district court held that AntiCancer's claim charts did not provide all of the information the Patent Local Rules require. The district court held that the claim charts were deficient as to three elements: the "promoter monitoring" and "delivering cells" elements of the '159 patent, and the "metastasis to a second site" element of the '337 patent.

AntiCancer argues that the Contentions and claim charts adequately showed the connection between these claim elements and the information in the Pfizer and Crown Bioscience publications, and showed, *prima facie*, the presence of these elements in the accused activities. AntiCancer states that the degree of specificity in its Contentions and claim charts was in accordance with the Patent Local Rules, and further specificity and detail will require discovery of the defendants' non-public, internal activities. AntiCancer stresses that the Patent Local Rules contemplate that discovery will follow from the Preliminary Infringement Contentions, and that it is not expected or intended that the Contentions must provide complete proof of infringement before the

patentee has a meaningful opportunity to conduct discovery.

On the role of discovery in the specificity of the Preliminary Infringement Contentions, it cannot be ignored that AntiCancer's Preliminary Contentions were required to be filed within two months of the district court's Case Management Conference Order and just five days after AntiCancer filed its First Amended Complaint adding the infringement counts and party-defendant Crown Bioscience, with nearly ten months remaining until the close of fact discovery pursuant to the original Case Management Conference Order. [C]onsidering the language and purposes of the Local Rule, and the record of what AntiCancer disclosed in its Contentions and the limited, specific criticisms of the Contentions' sufficiency, we conclude that there is no reasonable basis for making the finding of bad faith that would be required to sustain the fees sanction, without which summary judgment here is improper. Indeed, we do not see how revised Contentions could be insufficient if AntiCancer added to them the brief explanations it provided in its opposition to summary judgment. . . . AntiCancer had argued in its brief opposing the motion for summary judgment that "it would be clear to any competent scientist or even a layman, that measuring the 'intensity' of any process is another way of saying that the process is being 'monitored,'" and provided the declaration of its founder and President, Dr. Robert M. Hoffman, explaining this science. . . . The district court apparently gave weight to the inclusion of additional explanation in AntiCancer's opposition brief and the Hoffman declaration, and remarked that AntiCancer was "capable" of making the "connection" between the Pfizer publication and the claim elements. . . . The district court thus suggested that this information should have been included in the Preliminary Infringement Contentions. AntiCancer does not object to such inclusion, but objects to the fee-shifting condition placed on this inclusion. . . .

AntiCancer argues that there was no uncertainty as to the subject matter that was charged with infringement, and that the supplemental information sought by the district court would be obtained by discovery, as contemplated by the Patent Local Rules, as well as the broad discovery regime provided for by the Federal Rules of Civil Procedure. The district court referred to the requirement that "the degree of specificity under Local Rule 3-1 must be sufficient to provide reasonable notice to the defendant why the plaintiff believes it has a 'reasonable chance of proving infringement.'" However, the question on appeal is not whether the district court properly required additional specificity in these Contentions, but whether a fee-shifting sanction was appropriately attached to the court's authorization to supplement the Contentions.

Ninth Circuit precedent negates the imposition of a fee-shifting sanction absent an explicit finding of bad faith. Although the district court described the Contentions as "woefully insufficient" and "vague," and described AntiCancer as "act[ing] unreasonably" and "disingenuous" in submitting the Contentions, there is no explicit finding of bad faith. Indeed, the district court's observation that AntiCancer's brief in opposition to

the motion for summary judgment and the Hoffman declaration might meet the court's concerns weighs against any inference of bad faith. . . . When a complaint meets the standards of the Federal Rules, and there has been no reasonable opportunity for discovery and evidentiary development of the issues, it is rarely appropriate to summarily decide the merits against the complainant. We need not intrude upon the district court's authority to require supplementation of the Preliminary Infringement Contentions when such supplementation may assist the procedures of trial. However, exercise of a court's inherent authority to levy a sanction as a condition of supplementing the Contentions requires conduct that "constituted or was tantamount to bad faith." There is no finding, and there is no basis for a finding, of such impropriety here.