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INTELLECTUAL PROPERTY & TECHNOLOGY NEWSFLASH

"BE CAREFUL WHAT YOU SAY ABOUT YOUR PATENTS"

The Federal Circuit has recently broadened the test to determine whether an "actual case and controversy" exists sufficient to support a declaratory judgment action seeking a declaration of patent invalidity or non-infringement. Following the precedent of the recent Supreme Court case of MedImmune, Inc. v. Genentech, Inc., in which the Court held that a valid licensee of a patent can still file a declaratory judgment challenging validity or infringement, even though the licensee is not under a "reasonable apprehension of suit," the Federal Circuit stated that the prior "reasonable-apprehension-of-suit" test itself "contradicts" and "conflicts" with the MedImmune decision. Now, the correct test is one of weighing "all the circumstances" to determine whether a party has a justiciable Article III controversy. In view of this new test: (1) patent holders must be extremely circumspect in disclosing patents to third parties as even a minimal threat regarding infringement may give rise to a declaratory judgment lawsuit; and (2) those under a minimal threat of patent infringement may now be able to bring a declaratory judgment action, such as those receiving "offer to license" letters from patent holders.

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