



The claim game

The Court of Appeals for the Federal Circuit ruled in January that declaratory judgment jurisdiction does not exist for claims that a plaintiff is not asserting in a lawsuit

In *Streck Inc v Research & Diagnostic Systems Inc* 2011-1044 (Fed Cir 10th Jan 2012), the US Court of Appeals for the Federal Circuit held that a declaratory judgment claimant must show the existence of a continuing case or controversy with respect to each and every patent claim on which it seeks a declaratory judgment of invalidity. If there is no such showing, a district court does not have jurisdiction to address claims that a patent owner either does not assert or initially asserts and later withdraws.

By way of background, Streck Inc filed suit against Research & Diagnostic Systems Inc and Techne Corporation alleging that the defendants infringed three of Streck's patents for integrated haematology controls used to monitor the accuracy and consistency of instruments that analyse blood samples. Streck's patented invention combined both reticulocyte and white blood cell components in a single integrated control, in contrast to earlier controls that contained either a reticulocyte component or a white blood cell component, but not both. As is common in patent infringement actions, R&D answered the complaint by denying infringement and asserting counterclaims seeking declaratory judgments of non-infringement and invalidity.

Pursuant to local patent rules, Streck provided R&D with its infringement contentions early in the case, identifying 15 claims in the three patents that R&D allegedly infringed. Shortly thereafter, R&D provided its invalidity contentions, in which R&D alleged that those 15 asserted claims were anticipated by R&D's prior invention of an integrated haematology control. As the litigation progressed, Streck narrowed its list of allegedly infringed claims down to nine claims. R&D, meanwhile, expanded its invalidity

contentions to assert that all but one claim of the three patents in suit were invalid for inadequate written description and lack of enablement, thus putting into play claims that it was not being accused of infringing. Specifically, R&D contended that while the patents disclosed an integrated control with analogue reticulocytes, they did not adequately describe an integrated control with true reticulocytes; nor did they enable a person skilled in the art to make and use such an integrated control.

In a series of rulings before, during and after trial, the district court dismissed R&D's invalidity counterclaims with respect to all claims not asserted by Streck. With respect to the asserted claims, the district court granted judgment in Streck's favour, as a matter of law, on issues of infringement, written description and enablement. Meanwhile, the jury found for Streck on R&D's prior invention defence. The district court then entered judgment in favour of Streck and issued a permanent injunction.

On appeal, the Federal Circuit affirmed the district court's judgment. Regarding the district court's handling of the unasserted claims, the Federal Circuit noted that the existence of a case or controversy must be evaluated on a claim-by-claim basis. A party seeking a declaratory judgment must show, for each claim, "that there is a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment". The party must also show that jurisdiction existed at the time it filed the claim for declaratory relief and that it has continued since. On the record before it, the court concluded that R&D had failed to demonstrate a continuing case or controversy as to the unasserted claims. Consequently, the district court did not have jurisdiction over those claims and properly declined to address them.

The Federal Circuit also affirmed the district court's denial of R&D's invalidity challenges to the asserted claims. Given the patents' references to true reticulocytes, coupled with the well-known use of true

reticulocytes in the prior art and evidence that true and analogue reticulocytes worked the same way in the patented invention, the court held that a person of ordinary skill would recognise that the patents in suit describe and enable true reticulocyte integrated controls. The court also held that the issue of priority was controlled by its earlier decision in a related appeal (2011-1045).

The *Streck* decision is instructive for patent owners that would prefer not to litigate certain claims, whether out of concern that they may be found invalid or out of desire to present only the strongest claims to the judge or jury. Where that is the goal, limitations on the claims being asserted should be stated as early as practicable and in writing, for example, in infringement contentions, interrogatory responses or correspondence.

For accused infringers such as R&D, all is not lost. *Res judicata* will bar Streck from asserting infringement of the unasserted claims against R&D in a subsequent litigation involving the same or essentially the same products. But R&D still could face a lawsuit on the unasserted claims (as well as the asserted claims) for other products. To avoid R&D's fate, declaratory judgment claimants should word their counterclaims to encompass all claims (as opposed to only "asserted claims" as R&D did) and be prepared to show the existence of an actual case or controversy as to any unasserted claims. This may entail letting the patentee know that you have another non-accused product, or will soon be coming out with a new product and asking the patentee for a covenant not to sue on the unasserted claims as to such other or new products. If the patentee refuses, then that may be sufficient to show a case or controversy as to the unasserted claims.

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