

# The Business of Process Patents

Charles Krikorian  
VP, Intellectual Property, Lundbeck Inc.



The specialist in psychiatry  
and pioneer in neurology

## The process patent infringer

- **Until 1988, importation of products of patented processes did not infringe**
  - “A sale [or import] of a product made by a patented process does not itself infringe the patent; it is the unauthorized use of the process that infringes the patent.”
    - U.S. v. Studiengesellschaft Kohle, (D.C. Cir. 1981)
- **The 1988 Process Patent Amendments Act, PPAA**
  - One who “imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States” 35 USC §271(g)



## A closer look at §271(g)

- **“imports into the United States OR offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States...[unless]**
  - (1) it is materially changed by subsequent processes; or
  - (2) it becomes a trivial and nonessential component of another product.
  
- **Determinations under (1) and (2) are very fact-dependent**



## What is a Product?

- In *NTP v. RIM*, the CAFC held that email, like the production of other information, is NOT a product under 271(g), because “product” in this context means a physical product, not an intangible like data or information
- In *CNET Networks v. Etilize*, a district court held that a downloadable electronic catalog was a product “because the file is downloaded onto the local hard drives of computers owned by customers in the United States.”



## “Materially Changed” or “Trivial and Nonessential”?

- Accused protein “materially changed” because it:
  - was expressed from a deletion derivative of the gene
  - in contrast to t-PA, was not glycosylated
  - had a longer half-life in vivo
  - was easier to administer
  - was itself patented in the US
- Accused hormone was not “materially changed” even though the patent was for a process to make a plasmid that encodes the hormone (even after acknowledging that the plasmid and the hormone “are entirely different materials”)
- A chipset made by a patent process was not a trivial and nonessential component of another part even though the chipset passed through several companies, was part of other systems and modules, and was a very small part of the finished automobile



## PPAA's burden shifting 1: a presumption of knowledge

---

### ■ Upon notice, importers / suppliers have to establish that

- The process used was not the patented one
- By an acceptable “request for disclosure”
  - to the manufacturer or
  - supplier (who must do likewise)
- With an adequate response (*not* trivial).

### ■ *Excess inventory* gives rise to a rebuttable **presumption of knowledge of infringement**

- Because inventory can be disposed after notification without liability



## PPAA's burden shifting 2: a presumption of infringement

---

- A presumption of infringement arises under the PPAA when
  - A substantial likelihood exists that the product was made by the patented process,
  - One is unable to determine the process actually used in the production of the product after a reasonable effort is made.
    - The burden of proving non-infringement is on the party so asserting (e.g., importers, merchants, sellers etc.)



## Business Method Patents and the PPAA

- Does *NTP* and *CNET* really depend upon whether something is downloaded onto a local hard drive?
- *In re Bilski* turns on the issue of whether a method for hedging risk in commodities trading is patentable subject matter
  - *Ever since State Street Bank, the courts have presumed that so-called business method patents are patentable, because Section 101 of the Patent Laws permits a process, machine, manufacture, or composition of matter to be patented*
  - *In Bilski, the CAFC adopted what it said was the Supreme Court-approved “machine-or-transformation test,” namely is the process claim at issue “tied to a particular machine” or “transforms an article.”*



# Microsoft Patent Application

Publication No. 2007-0288601

---

- **A method comprising:**
  - a blog server receiving an instant message;
  - the blog server converting the instant message to blog-compatible information; and
  - the blog server posting the blog-compatible information on a blog.
- ***Bilski*-proof?**
- **Can it be asserted under the PPAA?**
- **Let's consider our hypothetical**

