No. 10-1339

IN THE

Supreme Court of the United States

LAWRENCE B. LOCKWOOD and PANIP, LLC,
Petitioners,

v.

SHEPPARD, MULLIN, RICHTER & HAMPTON, LLP,
JONATHAN HANGARTNER, and STEVE P. HASSID,
Respondents.

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

BRIEF OF *AMICUS CURIAE* iRUNWAY INDIA PRIVATE, LTD., IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

TABLE OF AUTHORITIES—Continued

TABLE OF AUTHORITIES—Continued

OTHER AUTHORITIES Page

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STATEMENT OF INTEREST OF THE *AMICUS CURIAE* [1]

iRunway India Private, Ltd. ("iRunway"), a technology consulting and litigation support firm headquartered in India with U.S. offices and substantial U.S. operations, assists corporations and law firms in

[1] No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, or its counsel, made a monetary contribution to its preparation or submission. The parties have consented to the filing of this brief. The parties have been given at least 10 days notice of the intention to file this *amicus* brief.

this country to realize and protect the value of patents. As such, it is thoroughly familiar with U.S. patent reexamination procedures and their impact on the ability of patent holders to license or enforce their patent rights. iRunway's business, like that of its clients, is based upon the effectiveness and reliability of the U.S. patent system in ensuring that patent holders are able to fully realize the rights granted by federal patent law. Insofar as that system is undermined by the judgment of the courts below, which bars patent holders from a remedy for harm to their patents resulting from fraudulent reexamination requests, iRunway's business will be adversely impacted, as will that of its present and future clients.

SUMMARY OF ARGUMENT

As explained in the petition, the traditional reasons for granting certiorari are present here: this case would provide the Court with an opportunity to resolve a split among the federal courts of appeal regarding the extent to which state law causes of action addressing fraud committed before federal agencies are preempted; it presents questions critical to achieving the goals of our national patent system—to wit, the ability of state law to provide a remedy to patent holders harmed by fraudulently-instigated patent reexamination requests; and, as an alternative to full review on the merits, this case deserves to be granted and remanded for reconsideration in light of a pending case that will provide substantial guidance on the application of the preemption principles relied on by the lower courts to dismiss Petitioners' claims in this case. *Amicus* wishes to highlight additional reasons why it is important for this Court to grant certiorari here.

This case presents a question that is critical to the achievement of the goals and purposes of our entire scheme of federal intellectual property protection: when federal agencies charged with administering U.S. intellectual property laws have limited authority, ability and resources to police fraudulent misconduct by third parties before them seeking to maliciously deprive federal rights holders of their legitimately earned intellectual property protections, to what extent can state law provide supplementary protections and remedies against that conduct? It is clear that Congress has never indicated an intent to displace such traditional state law actions that have long buttressed and helped to maintain the health of the federal intellectual property system, and the lower courts application of a completely inapposite preemption decision of this Court, *see Buckman Co. v. Plaintiffs' Legal Committee*, 531 U.S. 341 (2001), to rule otherwise threatens to substantially undermine the goals and objectives of that system.

Like the U.S. patent system, the U.S. trademark and copyright systems also provide mechanisms for parties unrelated to the patent holder (typically competitors in the marketplace) to make *bona fide* challenges to federally-granted trademarks and copyrights before the agencies charged with their administration. And like the patent system, those agencies (in the case of trademarks, the same federal agency that administers patents) also have limited resources to police fraud by third parties seeking to challenge their decisions to award the intellectual property rights in question.

If state law remedies designed to provide adequate redress for such misconduct do not remain available, this could seriously diminish the central objective of

these federal intellectual property regimes by deterring persons who would otherwise seek their protection from doing so—and in turn force such persons either to forego the innovation, creations or product investments they would otherwise have made, or to turn to non-federal mechanisms for protecting their intellectual property which do not provide the public benefits like the broad distribution of innovative ideas or creative expression that the federal schemes seek principally to incent.

Accordingly, this Court should grant review in this case to address this critical and recurring issue of federal intellectual property enforcement, and to make clear that *Buckman* is not a "one-size-fits-all" decision that applies to federal regulatory regimes that are completely different than the one that was at issue in that case.

Amicus further wishes to highlight that even if this Court were to determine that this case is not the vehicle it desires to address these important questions, the key issue in this case regarding the scope of *Buckman* preemption is so close to that which is at issue in the pending case of *Pliva, Inc. v. Mensing*, 131 S.Ct. 817 (2010), that a grant and remand of this case for reconsideration in light of *Pliva* is almost certainly warranted. *See, e.g., Lawrence on Behalf of Lawrence v. Chater*, 516 U.S. 163, 169 (1996) (observing that "we GVR'd for further consideration in light of a Supreme Court decision rendered almost three months *before* the summary affirmance by the Court of Appeals that was the subject of the petition for certiorari") (emphasis in original); *id*. at 170 (affirming willingness "to issue a GVR order in cases in which recent events have cast substantial doubt on the correctness of the lower court's summary disposition").

ARGUMENT

I. THE DISTRICT COURT'S RULING WAS A CLEAR MISAPPLICATION OF *BUCKMAN*, AND THE FEDERAL CIRCUIT'S ADOPTION OF IT THREATENS TO GRAVELY UNDERMINE THE NATIONAL INTERESTS UNDERLYING FEDERAL INTELLECTUAL PROPERTY LAWS WHICH HAVE TRADITIONALLY BEEN PROTECTED BY SUPPLEMENTARY STATE LAW CAUSES OF ACTION.

Ultimately, federal patent, copyright and trademark protections exist for the benefit of the American public by granting limited monopolies to, respectively, stimulate technological innovation, human creativity and the quality of products and services promoted in the marketplace. These laws and policies are vital to the health and vigor of the national economy, particularly in the modern era of technology and communications. Equally vital are supplementary state law protections which have long existed to strengthen and complete the federal intellectual property scheme; indeed, protections which often predate the federal scheme and served as a foundation for it to be built around and upon. *See, e.g., Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 479 (1974) ("Just as the States may exercise regulatory power over writings so may the States regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress. . .").

In the critical field of patent law, in order to ensure the effectiveness and integrity of the patent-granting process that is so key to the promotion of technological innovation, the Federal Circuit adopted a sensible combination of federal and state law protections against those who would intentionally abuse that process for their own self-interested purposes. Thus, that court took the position that if, in proceedings before the U.S. Patent and Trademark Office ("PTO"), a party seeking or contesting a patent intentionally and maliciously made false statements or misrepresentations to the agency, then that party could be held liable under applicable state causes of action for any damages caused by such statements. *See, e.g., Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 F.3d 1318, 1335-37 (Fed. Cir. 1998) (asserting that "federal patent law bars the imposition of liability for conduct before the PTO unless the plaintiff can show that the patentholder's conduct amounted to fraud or rendered the patent application process a sham"), *cert. denied*, 525 U.S. 1143 (1999), *overruled in part on other grounds*, 175 F.3d 1356 (Fed. Cir. 1999). On the other hand, if such statements or misrepresentations were not made fraudulently and in bad faith, then such state causes of action were preempted and the injured party was limited to remedies furnished by PTO regulations—remedies typically of a non-compensatory nature. *See id*.

This distinction made eminent sense on the theory that when the federal patent review process is operating as intended via good faith submissions of parties that the PTO can properly weigh and act upon, then the rights and obligations of the parties before that agency are governed exclusively by federal patent law and such conduct should not be subject to collateral review (and potentially conflicting judg-

ments) under state law. By contrast, where the federal patent process is being willfully subverted and undermined by a party with the intent of depriving the PTO of an adequate basis for making its determinations, then the purposes and goals of federal patent law can only be strengthened by the application of state law designed to deter such conduct and provide compensation to parties damaged by it. *See id.*

However, despite the soundness of these principles, in this case which involves allegations of a fraudulent patent reexamination request made principally to obstruct and delay Petitioners' exercise of their legitimate patent rights, both the District Court and the Federal Circuit apparently believed that allowing a state law remedy for such conduct was no longer permissible in light of this Court's decision in *Buckman Co. v. Plaintiffs' Legal Committee*, 531 U.S. 341 (2001).[2] But this reading of *Buckman* is clearly incorrect.

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[2] The District Court appeared to be confused as to whether a sham or fraud exception to the preemption of state law claims for conduct before the PTO was available in federal law even prior to the *Buckman* decision. *See* Petition for Certiorari, Appendix C, at 19a-20a. This confusion provides another important reason for this Court to review this case in order to clarify that there is nothing objectionable, and everything desirable, about allowing state law claims to redress such conduct as a supplement to federal patent law. And although the District Court did provide some alternative grounds for its ruling, on appeal the panel of the Federal Circuit was primarily concerned with whether *Buckman* permitted such state law claims. *See* http://www.cafc.uscourts.gov/oral-argument-recordings/all/lockwood.html (recording of *Lockwood* oral argument). Moreover, since a summary affirmance by an appeals court only requires one adequate basis for affirming a ruling of a district court, this Court should assume that the Federal Circuit ruled

Buckman concerned the disclosure obligations that a medical device maker and its agents need to comply with to obtain FDA approval—a type of federally-endowed right—to market and sell its product to the public. When the plaintiffs in that case attempted to essentially second-guess the FDA's grant of an approval by bringing state law fraud actions claiming that the device maker's agent had made misrepresentations to the agency in order to secure that approval, this Court applied principles of conflict preemption to find that such actions were preempted. *See Buckman*, 531 U.S. at 347-53. It reasoned that the federal statute at issue both "amply" and "exclusively" "empower[ed] the FDA to punish and deter fraud against the [agency], and that this authority is used by the [FDA] to achieve a somewhat delicate balance of statutory objectives . . . [which could] be skewed by allowing fraud-on-the-FDA claims under state tort law"—namely, the objectives of speeding certain devices to market by requiring less information disclosures about them, and not deterring legitimate off-label uses of devices by requiring overly broad disclosure requirements. *Id.* at 348-52.

In other words, it was clear to the Court that Congress intended the FDA to be the exclusive enforcer of the agency's information disclosure requirements

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on the *Buckman* question without endorsing the alternative District Court rulings which Petitioners have vigorously contested. *See*, *e.g.*, *Mandel v. Bradley*, 432 U.S. 173, 176 (1977) ("When we summarily affirm, without opinion, . . . we affirm the judgment but not necessarily the reasoning by which it was reached") (quotations omitted). Of course, the correctness of those alternative rulings would remain open issues on a remand of this case following this Court's clarification of *Buckman*'s application to fraudulent or sham proceedings before the PTO.

in order to achieve certain well-defined statutory objectives. Moreover, it made sense that the agency charged with granting a federal right was also the body charged with policing whether or not the statutory preconditions for obtaining that right had been satisfied or not. Administering such a scheme "in the shadow of 50 States' tort regimes" would produce inevitable conflicts "with the [FDA's] judgment and objectives." *Id*. at 350.

In the present case, not only is there no evidence that Congress intended that the PTO should be the exclusive enforcer or remedy for fraudulent patent reexamination submissions, *see* 35 U.S.C. § 1, et. seq., but the regulatory scheme and context related to such reexaminations point to a quite opposite conclusion. First, the regulatory context within which fraudulent invocations of the patent reexamination process occur is entirely different than the one which was before the Court in *Buckman*. Instead of a situation where a federal agency is policing its own information requirements for granting a federally-endowed right like FDA marketing approval (which would be analogous to the PTO exclusively policing information submissions from patent applicants necessary to obtaining a patent award, a policing function it leaves to the courts through the inequitable conduct doctrine),[3] in the patent reexamination con-

[3] "Inequitable conduct is an equitable defense to patent infringement that, if proved, bars enforcement of a patent. . . . To prevail on a claim of inequitable conduct, the accused infringer must prove that the patentee acted with the specific intent to deceive the PTO" in order to obtain a patent. *See Therasense, Inc., et. el. v. Becton, Dickinson & Co. et. el.*, 2011 WL 2028255 at 4, 9 (Fed. Cir. 2011) (en banc). By stark contrast, there exists no comparable federal doctrine or remedy for punishing misconduct by third parties during the patent reexamination process.

text any third party is allowed to submit information requesting such a review—third parties over which patent law does not purport to exercise significant regulatory authority. *See* 35 U.S.C. § 302. Indeed, such third parties need not be a lawyer or patent agent licensed to practice before the PTO (they need not be lawyers or patent agents at all), and they can even submit reexamination requests anonymously. *See id.* at §§ 301-02. Whereas it might make sense to have uniform and exclusive policing by federal agencies of the information provided by parties seeking to avail themselves of rights created by federal law, extraneous third parties such as reexamination requestors who supply false or misleading information increase the risk that federal objectives underlying patent law will actually be subverted precisely because such parties are not a central focus or concern of the regulatory process. Hence, it can only strengthen federal goals and policies underlying patent law to have state law assist in policing against fraud in the reexamination process.[4]

Moreover, courts typically *do not* find state law claims for harm caused by inequitable conduct to be preempted on the theory that attempting to enforce ill gotten patents creates harms in the marketplace that go beyond fraud on the PTO. *See, e.g., Dow Chemical Co. v. Exxon Corp.*, 139 F.3d 1470, 1473-79 (Fed.Cir. 1998), *cert denied*, 525 U.S. 1138 (1999). But the different treatment of state law claims for fraud associated with reexaminations is indefensible, since the harm to patent holders from having a cloud placed on their patents and being unable to license them certainly constitutes marketplace harm.

[4] Indeed, the PTO had not given any indication that state law might present an obstacle to the objectives underlying its administration of the reexamination process, such as might warrant the finding of implied preemption by the courts below. *See Wyeth v. Levine*, 129 S. Ct. 1187, 1201 (2009) ("While agencies have no special authority to pronounce on preemption absent

Second, and relatedly, the *Buckman* Court made much of the numerous FDA-related laws that were "aimed at detecting, deterring, and punishing false statements made during this and related approval processes," 531 U.S. at 349, as well as the fact that those laws were explicit that it was "the Federal Government rather than private litigants who are authorized to file suit for noncompliance with the medical device provisions. . . ." *Id.* at 349 n.4; *see also id.* at 352. Here, patent law has no comparable mandate that the PTO is the exclusive enforcer of the requirements of the Patent Act; instead, and unlike the medical device statutory regime at issue in *Buckman*, the Patent Act relies primarily upon private lawsuits to enforce its key requirements governing patent validity. Additionally, unlike the detailed

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delegation by Congress, they do have a unique understanding of the statutes they administer and an attendant ability to make informed determinations about how state requirements may pose an obstacle to the accomplishment and execution of the full purposes of Congress") (quotations omitted). On the contrary, all the PTO's statements would lead one to the conclusion that it would prefer to leave the policing of its processes to the courts. *See, e.g.*, Brief for the United States as Amicus Curiae on Rehearing En Banc in Support of Neither Party at 16 & n. 6, *Therasense Inc. v. Becton, Dickinson & Co.*, 374 Fed. App'x 3 (Fed. Cir. 2010) (Nos. 2008-1511, 2008-1512, 2008-1514, 2008-1515) (brief reprinted at 2010 WL 3390234 at *16 & n. 6) (stating that "the agency is constrained in its ability to investigate 'fraud on the PTO' because [it] cannot issue subpoenas," and noting that "[i]n the late 1980s, the PTO attempted to prosecute allegations of 'fraud on the PTO,' but was unsuccessful because it lacked subpoena power as well as the necessary resources and thus discontinued this effort"). S*ee also* Raymond A. Mercado, *The Use and Abuse of Patent Reexamination: Sham Petitioning Before the PTO*, 12 Colum. Sci. & Tech. L. Rev. 93, 148-50 (2011) (citing evidence of PTO's inability or reluctance to police fraud).

FDA fraud enforcement provisions outlined by the *Buckman* Court, the Patent Act provides no comparable tools to police fraud on the PTO. That law provides for the licensing of those who practice before the agency and the potential discipline of those found to have engaged in misconduct, *see* 35 U.S.C. §§ 2(b)(2), 32, hardly the panoply of civil penalties and criminal enforcement provisions that drove the *Buckman* Court to conclude the FDA had ample power "to punish and deter fraud against [it]." Indeed, if anything, this limited enforcement mechanism provides powerful evidence that Congress could not have intended the PTO to be the exclusive enforcer of fraud committed in proceedings against it. Congress surely was aware that the commission of such fraud could potentially harm a wide variety of interests that extend far beyond any harm to the PTO itself and the integrity of its operations—the only harm that this narrow remedial power suggests it was designed to redress.[5]

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[5] Regulations enacted pursuant to the PTO's authority under 35 U.S.C. § 32 have been modeled on Fed R. Civ. P. 11, for example 37 C.F.R. 11.18. *See* 73 Fed. Reg. 47650, 47653 (Aug. 14, 2008). Yet courts have rejected arguments that Rule 11 and analogous regulations somehow serve to preempt claims for malicious prosecution. *See, e.g.*, *McShares, Inc. v. Barry*, 970 P.2d 1005, 1014 (Kan. 1998) ("Rule 11 cannot abridge the substantive state law of malicious prosecution, nor was it adopted to serve as a surrogate for an action based upon a claim of malicious prosecution resulting from frivolous, harassing, or vexatious litigation.") (quotation omitted), *cert. denied*, 526 U.S. 1158 (1999); *Del Rio v. Jetton*, 63 Cal. Rptr. 2d 712, 716-17 (Cal. Ct. App. 1997) ("Nothing in Rule 11 indicates an intent to occupy the entire field of groundless suits brought for such malicious purpose, nor is there any conflict between rule 11 and a damages action for such malicious prosecution.").

Third, the *Buckman* Court also stressed that the "variety of enforcement options" available to police FDA fraud was critical to give that agency important flexibility "to achieve a somewhat delicate balance of statutory objectives"—namely, to have complete and accurate information for making marketing approval decisions on one side, weighed against the need to speed medical devices to market and allow for off-label (and largely undocumented) uses on the other. Here, as just discussed, the Patent Act does not provide the PTO with such a variety of enforcement mechanisms against fraud. This is because the PTO has no "balance of statutory objectives" to strike in relation to fraud-on-the-agency allegations in the reexamination context that are anywhere comparable to those of the FDA in the medical device context.

As opposed to having concerns about the amount and quality of information it requires in order to achieve goals such as speeding medical devices to market or permitting untested uses, in reexamination proceedings the PTO is principally concerned with obtaining relevant and truthful information to assess whether a patent challenger has legitimate grounds for attempting to invalidate a patent that has already passed the PTO's rigorous review processes. Thus, any concerns that may exist about causing a patent *applicant* to submit excessive documentation to the PTO in the patent *procurement* process to *shield* themselves from later charges of inequitable conduct, *see, e.g.*, *Therasense*, *Inc.*, 2011 WL 2028255 at 9, do not apply to a reexamination requestor who is using that process as a *sword* to challenge an existing patent. The latter party must simply submit relevant and truthful information that raises substantial new questions about the validity of an existing patent, a submission which the law

should encourage to be full and complete. Accordingly, supplemental state law actions that promote such submissions will only buttress the purposes and goals of the PTO in the reexamination context rather than interfere with any competing objectives it is charged with achieving. Indeed, such state law actions would inevitably deter baseless requests for reexamination and have a very salutary effect on the agency's goals in this area.

Lastly, this Court in *Buckman* emphasized that its preemptive reach does not include all "state-law causes of action that parallel . . . federal requirements. . . ." 531 U.S. at 353. Quite to the contrary, it covers only a narrow category of such actions that depend solely upon the violation of federal law and not upon "traditional state tort law which . . . predate[] the federal enactments in question." *Id.* Plainly, the malicious prosecution claim at the heart of this case is the quintessence of a traditional state tort claim that exists quite independently of federal patent law requirements. *See, e.g., Radcliffe v. Rainbow Constr. Co.*, 254 F.3d 772, 785 (9th Cir.) (stating that "[f]reedom of citizens from . . . malicious prosecution touch[] interests so deeply rooted in local feeling and responsibility that, in the absence of compelling congressional direction, we could not infer that Congress had deprived the States of power to act") (quotation omitted), *cert. denied*, 534 U.S. 1020 (2001).

For all of these reasons, it is clear that the lower courts erred to the extent they dismissed Petitioners' claims on the grounds of *Buckman* preemption. Not only is review by this Court vital to provide lower courts with guidance on applying that decision to starkly different regulatory regimes such as federal patent law, but also because its application in the

area of federal intellectual property law threatens to gravely undermine federal goals and objectives in this vital field. To the extent that those who would otherwise seek federal patents or registered copyrights in order "[t]o promote the Progress of Science and the Useful Arts," U.S. Const. Art. I, Section 8, clause 8, are deterred from doing so because third parties can fraudulently interfere with such rights with no threat of meaningful recourse, to that extent will the lower court rulings in this case undermine a critical federal objective underlying those laws. The same can be said for those who might otherwise seek federal trademark registrations that would contribute to the integrity and quality of the national marketplace for goods and services.

With respect to patent holders or those contemplating filing for one, it is clear that fraudulent requests for reexamination have a serious potential for inflicting a level of harm that could deter future patent applications (as well as beneficial amendments to existing patents) and the all-critical disclosure of important technological innovations to the public. These harms have been well documented and include the loss of the value of a patent and related royalties for many years during the patent's strongest earning period, as well as the incurring of substantial legal and other costs in defending against such requests. S*ee, e.g.,* Raymond A. Mercado, *The Use and Abuse of Patent Reexamination: Sham Petitioning Before the PTO*, 12 Colum. Sci. & Tech. L. Rev. 93, 97, 99-100, 103-04, 107-11, 133-34 (2011); *id.* at 100 (discussing statements of Senator Jon Kyl in a Senate Judiciary Committee meeting that patent reexaminations "routinely costs a patent owner hundreds of thousands of dollars in legal fees" and that "many smaller companies, universities, and others . . .

will simply abandon their patent because they lack money to defend themselves") (citation omitted). When patent law makes it so easy for competitors and others who might be motivated to maliciously interfere with a patent holder's legitimate rights to engage in such conduct and burden patent holders with such extreme costs, it only stands to reason that many inventors or innovators will choose trade secret protection over that of patents—with the corresponding loss of disclosure and harm to the public interest that such a choice would entail. Moreover, the harm from baseless reexamination requests extends well beyond the victimized patent holder to the national economy itself. *See id.* at 104 (discussing the statement of PTO Director David Kappos that "there are lots and lots of jobs riding on the patents we have in reexamination") (citation omitted).

Moreover, similar concerns exist about allowing third parties to maliciously interfere with federally-granted trademark registrations. For instance, the Lanham Act governing trademark registrations expressly creates procedures by which third parties can formally oppose or seek to cancel a trademark registration. *See* 15 U.S.C. §§ 1063-64. And as might be expected, third party competitors have been known to abuse these processes by filing allegedly false petitions in an attempt to interfere with these federally-endowed rights. *See, e.g., T.N. Dickinson Co. v. LL Corp.*, 227 U.S.P.Q. 145 (D.Conn. 1985) (holding that allegations competitor knowingly filed false and misleading trademark cancellation petitions were sufficient to permit antitrust and state unfair competition claims to proceed); *see also Gray v. Novell, Inc.*, 2011 U.S. App. LEXIS 413 (11th Cir., Jan. 7, 2011) (state law fraud claim premised on allegedly false trademark opposition petition dismissed based on lack of

evidentiary support). If such state law actions are held to be preempted, surely third party competitors will seek to abuse these processes with a consequent loss of incentive for trademark users to apply for and maintain federal trademark registrations.

Finally, the federal copyright scheme presents similar concerns about third party abuse of administrative challenges to valid copyright registrations, albeit not perhaps to the extent presented by the patent and trademark regimes for the simple reason that the procedures for such challenges are currently not as well developed under copyright law. *See, e.g., Syntek Semiconductor Co. v. Microchip Technology, Inc.*, 307 F.3d 775, 781-82 (9th Cir. 2002) (referring challenge to validity of competitor's copyright registration to the Copyright Office for determination, and concluding that while there is an administrative process for third parties seeking to cancel another's copyright registration, "the particular contours of the administrative cancellation remedy are not readily apparent"); *but see Member Services, Inc. v. Sec. Mut. Life Ins. Co. of N.Y.*, 2010 WL 3907489 (N.D.N.Y. 2010) (declining to refer invalidity challenge in part on grounds that "there is no indication that petition has been filed in the U.S. Copyright Office to invalidate the challenged copyrights"). However, in light of the lower courts' rulings in this case, it is inevitable that if parties believe they can file baseless administrative challenges to the copyrights held by their competitors and not be held accountable for such actions, such conduct will only increase and threaten the goals of the U.S. copyright regime as well.

In sum, the lower court rulings in this case, if left uncorrected, threaten to substantially undermine the objectives and purposes of the entire federal intellec-

tual property scheme because all are administered by federal agencies in ways that implicate the concerns raised here. Baseless, fraudulent and anti-competitive administrative challenges to validly held intellectual property rights bestowed by federal law will, if left unredressed by supplemental state causes of action, inevitably cause substantial harm not only to the rights holders themselves, but also to the entire federal system and the public for which it was established.

II. ALTERNATIVELY, THIS COURT SHOULD GRANT, VACATE AND REMAND THE FEDERAL CIRCUIT'S RULING FOR RECONSIDERATION IN LIGHT OF THIS COURT'S PENDING DECISION IN *PLIVA, INC. V. MENSING*, 131 S.CT. 817 (2010), WHICH WILL SUBSTANTIALLY CLARIFY THE LIMITS OF *BUCKMAN* PREEMPTION AND MAKE IT CLEAR TO THE LOWER COURTS THAT THEIR UNDULY BROAD INTERPRETATION OF THAT RULING WAS CONTRARY TO SETTLED PRINCIPLES OF FEDERAL AND STATE INTELLECTUAL PROPERTY PROTECTION.

In the case of *Pliva, Inc. v. Mensing*, 131 S.Ct. 817 (2010) that is currently on Writ of Certiorari, this Court will be deciding whether a state law products liability action against generic drug manufacturers for failure to warn is preempted by federal drug labeling requirements. The gist of the state claim is that those manufacturers failed to disclose adverse drug information to the FDA and request a labeling change that would have warned consumers about the adverse events. *See Mensing v. Wyeth, et. al.*, 588 F.3d 603, 605-07 (8th Cir. 2009), *cert. granted*, 131

S.Ct. 817 (2010). One of the main arguments by the drug manufacturers in the case is that such a state law action is preempted under *Buckman*.

As counsel for those manufacturers asserted very early in his argument before this Court, "[w]e maintain that a claim that under State law a generic company can be liable for not asking the FDA to make a labeling change is preempted under this Court's decisions both in Buckman and in ArkLa, because what the . . . Court has said is that the disclosure obligations between a Federal agency and a Federally regulated party are inherently Federal in character, and this is not a subject of traditional tort law." *See* transcript of oral argument in *Pliva*, *available at* http://www.supremecourt.gov/oral_arguments/argument_transcripts/09-993.pdf, p. 6. And in response to Justice Kennedy's question as to "why Buckman isn't applicable here," the respondent's counsel replied in part that *Buckman* did not involve "traditional . . . State law causes of action" that create a duty to warn that "complements the FDA statutory scheme. . . ." *Id.* at 40. The debate among the members of this Court about the reach of *Buckman* preemption generated no less than 41 references to that case during the course of the *Pliva* oral arguments. *See id.* at 60 (term index).

The arguments about the scope of *Buckman* preemption in *Pliva* are essentially the same arguments that exist in this case. Just as the *Pliva* petitioners are arguing that under *Buckman* federal food and drug law provides the exclusive remedy for alleged failures to disclose and warn about adverse drug information, so to the respondents in this case are claiming (and the District Court ruled) that *Buckman* means federal patent law provides the sole remedy

for the alleged failures by them to disclose complete and truthful information to the PTO in this case. Conversely, just as the *Pliva* respondents are arguing that *Buckman* does not displace traditional tort actions for failure to disclose and warn that supplement and bolster the FDA regulatory scheme, so to the petitioners in this case are arguing that *Buckman* does not entail the preemption of supplementary tort actions for alleged failures to disclose truthful information to the PTO, since ensuring the freedom of citizens from malicious prosecution is a traditional state function falling outside the scope of *Buckman*.

These arguments are virtually "on all fours" with each other, and the Court's answer to the question about the scope of *Buckman* preemption in *Pliva* will almost certainly cast substantial illumination on the correctness in this case of the lower courts' dismissal of Petitioners' state law claims on the basis of *Buckman*. Accordingly, should the Court determine that full review of this case on its merits is not warranted, this Court should, at the very least, grant Petitioners' application for a Writ of Certiorari and remand this case for reconsideration by the lower courts in light of the *Pliva* decision. *See, e.g., Lawrence on Behalf of Lawrence v. Chater*, 516 U.S. 163, 169 (1996) (observing that "we GVR'd for further consideration in light of a Supreme Court decision rendered almost three months *before* the summary affirmance by the Court of Appeals that was the subject of the petition for certiorari") (emphasis in original); *id*. at 170 (affirming willingness "to issue a GVR order in cases in which recent events have cast substantial doubt on the correctness of the lower court's summary disposition").

CONCLUSION

The petition for a Writ of Certiorari should be granted to clarify the scope of *Buckman* preemption in the context of the federal intellectual property regime and to prevent further harm to it. Alternatively, this Court should grant the Writ, and vacate and remand the decision of the U.S. Court of Appeals for the Federal Circuit for reconsideration in light of the *Pliva* decision.

Respectfully submitted,

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