

June 11, 2009

Federal Circuit Case Explains When Patent Applicants Are Entitled to a Narrow Exception of the Two-Way Test for Assessing Obviousness-Type Double Patenting

In re Fallaux, ___ F.3d ___, No. 08-1545 (Fed. Cir. May 6, 2009)

On May 6, 2009, the Federal Circuit affirmed the decision of the U.S. Patent and Trademark Office's (PTO's) Board of Patent Appeals and Interferences concerning the PTO examiner's rejection of Dr. Fallaux's claims in U.S. patent application Serial No. 10/618,526. Dr. Fallaux's claims related to gene therapy using human recombinant adenovirus. The U.S. PTO Board rejected the claims pursuant to the doctrine known as "obviousness-type double patenting."

In the United States, when a claim of one patent or application is an obvious variation of a claim of another—and both patents or applications are owned by the same person or company (or subject to an obligation of assignment to the same person or company)—the second patent or application is considered invalid because of this doctrine. This is the case when a first patent or application has at least one claim which, though not identical to any claim of the second patent or application, is an obvious variation and would not be patentable were one citable as prior art against the other.

In *Fallaux*, the Federal Circuit clarified that when determining whether double patenting exists, a "one way" test is normally applied. The one-way test determines whether the claims in the pending application are obvious in view of the prior application or previously issued patent. In this case, the examiner decided that Dr. Fallaux's pending application claims were obvious over previously issued patent claims. Dr. Fallaux attempted to overcome the rejection of the application claims by arguing that the examiner should have applied the more stringent "two-way" test for obviousness-type double patenting. When applying the two-way test, the examiner also asks whether the claims in the prior application or previously issued patent are obvious over the claims of the pending application. The Federal Circuit disagreed with Dr. Fallaux and stated that the two-way test "is a narrow exception to the general rule of the one-way test." It went on to clarify: "The two-way test is only appropriate in the unusual circumstance where the PTO is 'solely responsible for the delay in causing the second-filed application to issue prior to the first.'" In short, the patent applicant is entitled to the narrow exception of the two-way test only when the PTO is at fault for the delay that causes the improvement patent to issue prior to the basic patent.

In this case, the PTO Board determined that Dr. Fallaux was not entitled to the more stringent, two-way test, because, as a factual matter, Dr. Fallaux was entirely responsible for the delay that caused the issued patents to issue prior to the filing of the Fallaux application.

A copy of the opinion can be found at: <http://www.cafc.uscourts.gov/opinions/08-1545.pdf>.

\$100M Verdict for Mattel Over Bratz Dolls Upheld

Carter Bryant v. Mattel Inc., No. 2:04-cv-9049 (CDCA April 28, 2009)

On December 22, 2008, Morgan Lewis reported in this newsletter Mattel's victory in *Carter Bryant v. Mattel Inc.*, a lengthy legal battle begun in 2004 over rights to the Bratz doll, a rival to Mattel's Barbie. On April 28, U.S. District Judge Stephen Larson upheld the \$100 million jury verdict for Mattel Inc. and confirmed in his ruling that the Bratz doll is Mattel property. Judge Larson appointed a temporary federal receiver to take control of the Bratz brand and the assets of MGA Entertainment Inc., which had marketed Bratz dolls since 2001.

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