

ANTICANCER, INC. v. PFIZER, INC., Appeal No. 2013-1056 (Fed. Cir. October 20, 2014).
Before Newman, Reyna and Taranto. Appealed from S.D. Cal. (Judge Sammartino).

Background:

AntiCancer owned two patents related to the imaging of gene expression in mice using a green fluorescent protein derived from green-glowing jellyfish. AntiCancer disclosed this technology to a company later acquired by Pfizer. Upon learning that Pfizer was using this technology, AntiCancer filed a complaint on the grounds of breach of license, bad faith, and unjust enrichment. After finding certain publications by Pfizer describing this technology, AntiCancer amended the complaint to include counts for patent infringement.

Pfizer filed a motion for summary judgment on the patent infringement counts, arguing that AntiCancer's Preliminary Infringement Contentions (required by the district court prior to discovery) were defective. The district court agreed and authorized AntiCancer to supplement the Preliminary Infringement Contentions, but required payment by AntiCancer of attorney fees and costs related to the summary judgment motion. In response to AntiCancer's objection to the fee-shifting requirement, the district court entered summary judgment for Pfizer. AntiCancer appealed.

Issue/Holding:

Did the district court err in imposing a conditional fee-shifting sanction and granting Pfizer's motion for summary judgment? Yes, vacated and remanded.

Discussion:

The Patent Local Rules of the Southern District of California require a party claiming patent infringement to provide Preliminary Infringement Contentions identifying the allegedly infringed claims and infringing products, and providing a chart associating each claim element with the infringing products. Pfizer alleged, and the district court held, that AntiCancer's claim charts were deficient with respect to three claim elements. The district court then ordered AntiCancer to either (i) amend the Preliminary Infringement Contentions and pay Pfizer's attorney fees and costs, or (ii) object and have summary judgment entered in favor of Pfizer.

The Federal Circuit held that a fee-shifting sanction requires an explicit finding of bad faith, which the district court had not made. The Federal Circuit further noted that the Preliminary Infringement Contentions were intended to merely provide a framework for streamlining the ensuing discovery process, and there was no requirement that the Preliminary Infringement Contentions include proof of infringement. In this case, the Federal Circuit determined that AntiCancer's Preliminary Infringement Contentions were as complete as possible prior to the beginning of discovery, and therefore there was no indication of bad faith on the part of AntiCancer. Thus, the Federal Circuit held that the district court had exceeded its discretion in imposing a fee-shifting sanction as a condition for amending the Preliminary Infringement Contentions and proceeding with the litigation.