

Reasonable Apprehension Of An Infringement Suit Is Not Required:

Wonderful News For A Prospective Licensee

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Introduction

Prospective licensees no longer have to accept onerous license terms through gritted teeth. In 2007, the Supreme Court in *MedImmune v. Genentech* criticized the Federal Circuit's "reasonable apprehen-

sion of suit" test¹ and held a patent licensee can bring a declaratory judgment action against a patent owner without first having to breach its license agreement and risk a willful infringement suit.² Since *MedImmune*, the Federal Circuit abolished

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1 *MedImmune v. Genentech*, 127 S. Ct. 764 (2007). Footnote 11 of this decision reads in pertinent part:

[T]he Federal Circuit's "reasonable apprehension of suit" test (or, in its evolved form, the "reasonable apprehension of imminent suit" test, *Teva Pharms. USA, Inc. v. Pfizer Inc.*, 395 F.3d 1324, 1333 (2005)). A licensee who pays royalties under compulsion of an injunction has no more apprehension of imminent harm than a licensee who pays royalties for fear of treble damages and an injunction fatal to his business. The reasonable-apprehension-of-suit test also conflicts with our decisions in *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273, 61 S. Ct. 510, 85 L. Ed. 826 (1941), where jurisdiction obtained even though the collision-victim defendant could not have sued the declaratory-judgment plaintiff-insurer without first obtaining a judgment against the insured; and *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239, 57 S. Ct. 461, 81 L. Ed. 617 (1937), where jurisdiction obtained even though the very reason the insurer sought declaratory relief was that the insured had given no indication that he would file suit. It is also in tension with *Cardinal Chemical Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 98, 113 S. Ct. 1967, 124 L. Ed. 2d 1 (1993), which held that appellate affirmance of a judgment of noninfringement, eliminating any apprehension of suit, does not moot a declaratory judgment counterclaim of patent invalidity.

2 *Id.* at 764 (referring to *Alvater v. Freeman*, 319 U.S. 359, the Court held where a plaintiff is threatened by government action, a plaintiff is not required to expose himself to liability before bringing suit to challenge the basis for the threat. A plaintiff's action or inaction in failing to violate the law eliminates the imminent threat, however, it does not eliminate an Article III jurisdiction. An Article III jurisdiction still exists because the threat-eliminating behavior was coerced. Additionally, the Court found that lower federal and state courts have long accepted jurisdiction where the plaintiff's self-avoidance of imminent injury is coerced by the threatened enforcement action of a private party rather than the government. Furthermore, a licensee's failure to cease its royalty payments did not render non-justiciable a dispute over the patent's validity).