Published on *The National Law Review* https://natlawreview.com

IP Experience in the Due Diligence Process More Important than Ever

Article By:

Intellectual Property Team at Vedder Price

The Federal Circuit has recently denied Abraxis Bioscience, Inc.'s ("Abraxis") bid for panel rehearing and rehearing en banc in its dispute with Navinta LLC ("Navinta").[1] The decision of the Court to deny rehearing in any form is important because the denial leaves unchanged the Court's decision from November 2010 regarding patent assignments.

The Federal Circuit's decision in **Abraxis Bioscience, Inc. v. Navinta LLC** in November 2010 dismissed Abraxis' claim for lack of standing after Navinta appealed a district court's judgment of direct and indirect infringement of Abraxis patents directed toward pain management drug products.[2] On appeal, the Federal Circuit dismissed the case without prejudice and vacated the district court's decision based on Abraxis' lack of standing. The Federal Circuit held that, as a matter of federal law, Abraxis lacked standing because it did not have legal title to the patents at the time the suit was brought.

Abraxis acquired title to the patents through a mult

said the Federal Circuit, until after the patent infringement suit had been filed.

The Federal Circuit carefully analyzed the specific language of the assignment documents and stated that, despite state law allowing transactions to be given legally binding retroactive effect, the after-suit assignment did not give Abraxis the legal title required for standing to bring a patent infringement suit. The opinion stated, "[A]lthough state law governs the interpretation of contracts generally…the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases. We have accordingly treated it as a matter of federal law."

The Federal Court's decision hinged on the language of the Asset Purchase Agreement, which stated that AstraZeneca "shall, or shall cause" the transfer of the patent rights to Abraxis. This language created only an expectancy interest and not an actual transfer until the subsequent assignment documents were executed. The Federal Circuit's decision is reminiscent of parts of the chain-of-title dispute that is currently under review by the U.S. Supreme Court in

Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.

The bottom line considering this and previous Federal Circuit holdings is that there are unique situations to the transfer of patents that are governed by the law of the Federal Circuit and not state law. For this reason, an experienced IP attorney should be intimately involved in transactions that involve the transfer of patent rights.

National Law Review, Volume I, Number 145