ACADEMIA MAY LOSE VALUABLE PATENT DEFENSE

The "experimental use defense" can immunize a university or non-profit institution from liability from patent infringement, or at least that is what most patent lawyers believed for the past 190 years. Now that venerable doctrine has been gutted by a federal appeals court, and the United States Supreme Court may decide its continued viability within the next few months.

When a university or non-profit institution is accused of patent infringement, one defense that it may raise is the so-called "experimental use defense." In essence, the university or non-profit alleges that it is not liable to the patent owner, even though the university or non-profit is practicing the invention claimed in the patent, because its use is merely "experimental" or for purely research purposes. In other words, the university or non-profit argues that its practice of the patented invention is not intended for commercial exploitation so it should not have to pay the patent owner any damages or royalties.

The current confusion over the "experimental use defense" arises from conflicting decisions regarding Duke University's assertion of that defense in a patent infringement case filed by one of its former faculty members. Professor John Madey managed the free electron laser lab at Duke from 1989 to 1997. Prof. Madey is also the owner of several patents relating to laser technology. A dispute arose regarding Prof. Madey's management of Duke's laser lab, which caused him to resign from the Duke faculty in 1998 and accept a position with the University of Hawaii. However, Duke continued to operate the laser lab which contains equipment embodying the inventions in two of Prof. Madey's patents. Prof. Madey sued Duke for patent infringement in federal district court in North Carolina. The district court ultimately dismissed Prof. Madey's patent infringement claims concluding that Duke was entitled to the protection afforded by the "experimental use defense."

Prof. Madey appealed that decision to the Court of Appeals for the Federal Circuit in Washington, which hears all appeals from patent cases. Last October, the Federal Circuit reversed the district court's decision concluding that Duke could *not* invoke the "experimental use defense." Specifically, the Federal Circuit decided that the "correct focus should not be on the non-profit status of Duke, but on the legitimate business Duke is involved in and whether or not the use was solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry." Because Duke is in "the business" of conducting laser research (although not for the purpose of earning a profit), the Federal Circuit decided that it was not entitled to assert the "experimental use defense."

The Federal Circuit's narrow interpretation of the "experimental use defense" sent shock waves through the academic community. In January, Duke asked the United States Supreme Court to review the Federal Circuit's decision. Several academic and non-profit institutions joined Duke's request, including the Association of American Medical Colleges, the American Council on Education, Ralph Nader's Consumer Project on Technology, and 24 individual colleges and universities. They argued that the Supreme Court should take the case and reverse the Federal Circuit's decision because it "will have a significant chilling effect on all academic scientific research" and "will directly and significantly increase the cost of basic research."

In April, the Supreme Court took the unusual step of asking the Solicitor General to express the Bush Administration's views on the matter. The Supreme Court will decide whether to review the case within the next few months. If the Supreme Court chooses to review the scope of the "experimental use doctrine," it could reach a final decision early next year. Unless the Supreme Court reverses the Federal Circuit's decision, the "experimental use defense" will no longer be a viable defense for universities and non-profits that are engaging in their

customary research efforts. Universities and non-profits will then be faced with the choice of purchasing patent licenses, potentially for every single research project, or repeatedly defending costly patent infringement lawsuits.

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