

# Recent Developments in Patent Law (2013-2014)

Decisions by the Supreme Court and the Federal Circuit



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**Belo Mansion – July 25, 2014**



# FEDERAL CIRCUIT



## A Court in Transition



Chief Judge  
2014-2021



May 2012

Court (2013) was at full complement of 12 Active Judges –  
w/ CJ Rader's retirement, now 11  
Since 2010 –

- 3 Active Judges Have Resigned
- 2 Active Judges Have Assumed Senior Status
- 2 Senior Judges Have Died
- 6 New Active Judges (3 in 2013)
- 3 Active Judges Have Ability to take Senior Status
- 11 Active Judges + 6 Senior Judges (17 Judges)

# U.S. Court of Appeals for the Federal Circuit

## Federal Circuit Chief Judges

7 years or age 70, whichever is first

Markey 1982-1990



Nies 1990-1994



Archer 1994-1997



Mayer 1997-2004



Michel 2004-2010



Rader 2010-2014



Prost 2014-2021 (?)



Never a  
chief  
judge



J. Rich 1956-1999 (43 yrs on bench) –co-author '52 Act

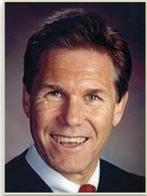
Next CJ



J. Moore –b/d – 1968  
– would be 53 in 2021

# U.S. Court of Appeals for the Federal Circuit

## CJ + Seniority



Randall R. Rader,  
Former Chief Judge  
Appt'd: 1990  
JD GWU 1978  
Age 65 (2014)



Pauline Newman,  
Circuit Judge  
Appt'd: 1984  
LLB NYU 1958  
Age 86 (2014)



Haldane Robert Mayer,  
Senior Circuit Judge  
Appt'd: 1987  
JD W&M



S. Jay Plager,  
Senior Circuit Judge  
Appt'd: 1989  
LLM Columbia 1961



Alan D. Lourie,  
Circuit Judge  
Appt'd: 1990  
JD Temple 1970  
Age 79 (2014)

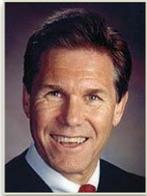


Raymond C. Clevenger, III,  
Senior Circuit Judge  
Appt'd: 1990  
LLB Yale 1966

# U.S. Court of Appeals for the Federal Circuit

## Changes

Active Senior Retired



Randall R. Rader,  
Former Chief Judge  
Appt'd: 1990  
JD GWU 1978  
Age 65 (2014)



Pauline Newman,  
Circuit Judge  
Appt'd: 1984  
LLB NYU 1958  
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Appt'd: 1990  
JD Temple 1970  
Age 79 (2014)



Raymond C. Clevenger, III,  
Senior Circuit Judge  
Appt'd: 1990  
LLB Yale 1966



Sharon Prost, Circuit  
Chief Judge  
Appt'd: 2001  
LLM GWU 1984  
Age 62 (2014)

# U.S. Court of Appeals for the Federal Circuit

Active + Senior + Retired



Alvin A. Schall, Senior  
Circuit Judge  
Appt'd: 1992  
JD Tulane 1969



William C. Bryson,  
Senior Circuit Judge  
Appt'd: 1994  
JD UT 1973  
Senior 1/7/2013



Arthur J. Gajarsa,  
Retired 1/2013  
Appt'd: 1997  
JD G'town 1967



Richard Linn,  
Senior Circuit Judge  
Appt'd: 1999  
JD G'town 1969  
Senior 11/1/2012



Timothy B. Dyk,  
Circuit Judge  
Appt'd: 2000  
LLB Harvard 1961  
Age 77 (2014)



Sharon Prost,  
Circuit Judge  
Appt'd: 2001  
LLM GWU 1984  
Age 62 (2014)



Kimberly A. Moore,  
Circuit Judge  
Appt'd: 2006  
JD G'town 1994  
Age 44 (2014)



Kathleen O'Malley,  
Circuit Judge  
Appt'd: 2010  
JD Case Western 1982  
Age 57 (2014)

# U.S. Court of Appeals for the Federal Circuit

Confirmed 2011



Jimmie Reyna  
Circuit Judge  
JD UNM1978  
b/d Nov. 11,  
1952  
Age 61 (2014)

Confirmed  
4/4/2011

Formerly w/ a  
law firm –  
specialized in  
international  
trade  
regulation



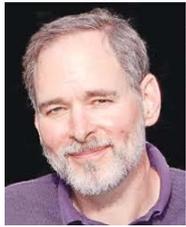
Evan J. Wallach  
Circuit Judge  
JD U.Calif.  
Berkeley 1975  
Age 64 (2014)

Confirmed  
11/8/2011

Former Judge,  
U.S. Court of Int'l  
Trade  
Expert on war  
crimes, law of war

# U.S. Court of Appeals for the Federal Circuit

## Confirmed 2013



Richard G. Taranto  
Circuit Judge  
JD Yale 1981  
b/d May 6, 1957  
Age 57 (2014)  
Confirmed 3/11/13  
Clerked for clerked for J.  
Sofaer (SDNY), J. Bork  
(D.C. Cir.), Justice  
Sandra Day O'Connor.  
Taught courses on  
patent law at Harvard  
law school  
Argued 19 cases to S Ct.



Raymond T. Chen  
Circuit Judge  
EE UCLA 1990  
JD NYU 1994  
b/d July 1968  
Age 46 (2014)  
Confirmed. 8/1/2013  
'94-'96 - Knobbe, Martens,  
Olson & Bear – prosecuted  
applications  
'96-'98 TA to Fed Cir  
'98-'13 – PTO – solicitor –  
'08.  
Argued 20 cases to Fed  
Cir



Todd M. Hughes  
Circuit Judge  
AB Harvard 1989  
JD/MA (English)Duke Univ.  
1992  
d/b 11/66  
Age 48 (2014)  
Confirmed 9/24/2013  
1984 - Dep'y Director,  
DoJ, Commercial Litigation  
DoJ  
2007-13 – Deputy Director  
DoJ Commercial Litigation-  
included patent cases

# U.S. Court of Appeals for the Federal Circuit

## Active Judges



CJ Prost



J Newman



J Lourie



J Dyk



J Moore



J O'Malley

2010

Eligible for Senior Status

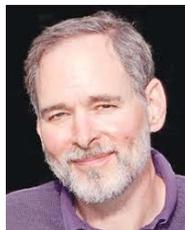


J Reyna



J Wallach

2011



J Taranto



J Chen

2013



J Hughes

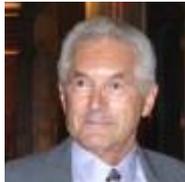
# U.S. Court of Appeals for the Federal Circuit

## Senior Judges

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J. Mayer



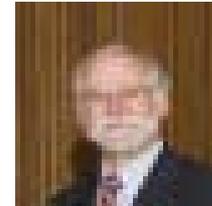
J. Plager



J. Clevenger



J. Schall



J. Bryson



J. Linn

# U.S. Court of Appeals for the Federal Circuit

JJ. Newman (84), Lourie (77), and Dyk (75) are eligible for senior status, Chief Judge Rader's retirement opens another seat

✓ Potentially, Pres. Obama may appoint more Federal Circuit judges than ever in history

	Judge	App'd	By
1	Pauline Newman	1984	Reagan
2	Alan D. Lourie	1990	G.H.W. Bush
3	Timothy B. Dyk	2000	Clinton
4	Sharon Prost	2001	G.W. Bush
5	Kimberly A. Moore	2006	G.W. Bush
6	Kathleen O'Malley	2010	Obama
7	Jimmie B. Payne	2011	Obama
8	Edward Jonathan Wallach	2011	Obama
9	Richard G. Taranto	2013	Obama
10	Raymond Chen	2013	Obama
11	Todd M. Hughes	2013	Obama
	Halvorsen Robert Mayer (senior)	1987	Reagan
	S. Jay Plager (senior)	1989	G.H.W. Bush
	Raymond C. Clevenger III (senior)	1990	G.H.W. Bush
	Alvin Anthony Schall (senior)	1992	G.H.W. Bush
	Richard Linn (senior)	1999	Clinton
	William C. Bryson (senior)	1994	Clinton

# U.S. Court of Appeals for the Federal Circuit

## Bus Drivers



Fmr CJ Rader

In general, advocated for (1) claim construction based on the claim language, unless there is clear disclaimer, (2) written description does not narrow scope of claims except in special cases, (3) scope of patent-eligible subject matter is broad.



J Lourie

In general advocates for (1) claim construction based on “invention” disclosed in the specification, (2) written description narrows the scope of the claims, and (3) scope of patent-eligible subject matter is limited by Supreme Court’s recent opinions



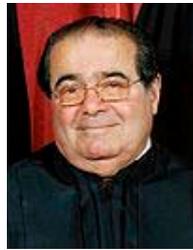
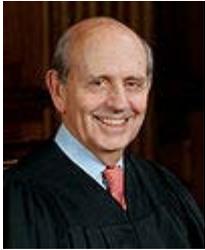
J O'Malley

Dissented in numerous “malpractice” cases urging that jurisdiction should be in the state court – ultimately, S Ct so decided

Strong voice on district court, and other issues. Generally tends toward better reasoned approach but always speaks independent thought

# Supreme Court Cases

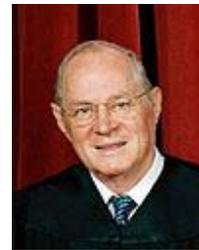
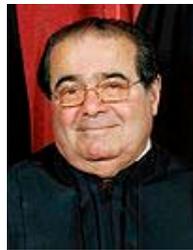
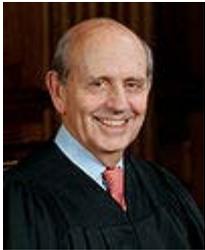
## 2013-2014 Term



# Supreme Court Cases

## 2013-2014 Term

Liberal vs. Conservative



# Supreme Court Cases 2013-2014

## ➤ Office of the Solicitor General of the United States

- Involved w/ approx. two-thirds of S Ct appeals
- Current SG - Donald B. Verrilli, Jr. (June 9, 2011)
- In appeals involving government agencies, e.g., the PTO, typically works w/ agency on appeal, although DoJ generally has “final” approval of position
- Lexicon
  - CVSG - Call for the Views of the Solicitor General – in private party petitions for certiorari in IP cases (and in other cases involving federal law questions), the S Ct frequently requests the SG’s views whether “cert” should or should not be granted – S Ct frequently, but not always, follows SG’s recommendation – SG frequently also files an amicus merits brief if “cert.” is granted
  - No time limit on responding per se, but SG typically responds in May before the summer recess, in August for the summer list of cases, and in December so case can be considered during Term if “cert” is granted



# Supreme Court Cases 2013-14

<b>Federal Circuit</b>	
Times At Bat	6
Hits	Strikeouts
1	5

# Supreme Court Cases 2013-14

## Supreme Court 2013-2014

Case	Holding	Result
<b>Alice Corp. Pty. Ltd v. CLS Bank International</b>	Claims to Method Mitigating “Settlement Risk” Were Drawn to an “Abstract Idea” – Implementing Method on a Generic Computer Did Not Transform Method Into a Patent Eligible Method	Fed. Cir. – AFF’D
<b>Medtronic, Inc. v. Mirowski Family Ventures, LLC</b>	When a Licensee Seeks a Declaratory Judgment Against a Patentee to Establish That There is No Infringement, the Burden of Proving Infringement Remains With the Patentee	Fed. Cir. – REV’D
<b>Octane Fitness, LLC v. ICON Health &amp; Fitness, Inc.</b>	Supreme Court Rejects Federal Circuit’s Two-Part Test Under <u>Brooks Furniture</u> (Subjective Bad Faith-Objectively Baseless) For an Award of Attorney’s Fees Under § 285 as Unduly Rigid and Impermissibly Encumbers Statutory Grant of Discretion to District Courts	Fed. Cir. – REV’D
<b>Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.</b>	An Appellate Court Should Review All Aspects of a District Court’s § 285 Determination for Abuse of Discretion	Fed. Cir. – VACATED & RMD’D

# Supreme Court Cases 2013-14

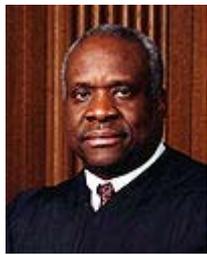
## Supreme Court 2013-2014

Case	Holding	Result
<b>Nautilus, Inc. v. Biosig Instruments, Inc.</b>	A Patent is Invalid for Indefiniteness if its Claims, Read in Light of the Specification, and the Prosecution History, Fail to Inform, With Reasonable Certainty, Those Skilled in the Art About the Scope of the Invention	Fed. Cir. – VACATED & RMD'D
<b>Limelight Networks, Inc. v. Akamai Techs., Inc.</b>	Liability for Inducement Must be Predicated on Direct Infringement	Fed. Cir. – REV'D
<b>Petrella v. Metro-Goldwyn-Mayer, Inc.</b>	Laches Cannot be Invoked to Preclude Adjudication of a Claim for Damages Brought Within the Three-Year Window	9 <sup>th</sup> Cir. – REV'D & RMD'D



## Supreme Court Cases 2013-2014

Patent Eligibility - § 101



### *Alice Corp. Pty. Ltd v. CLS Bank International*, S573 U.S.

\_\_\_\_ (2014)(Opinion by J. Thomas for unanimous court – concurring opinion by J. Sotomayor, joined by JJ Ginsberg, Breyer

Claims to Method for Mitigating “Settlement Risk” Were Drawn to an “Abstract Idea” – Implementing Method on a Generic Computer Did Not Transform Method Into a Patent Eligible Method 🌶️🌶️🌶️🌶️

- Cert. GRANTED December 6, 2013    ARGUED March 31, 2014
- DECIDED June 19, 2014    Fed. Cir. AFF'D
- Alice Corp.’s 4 patents-in-suit, drawn generally to a computerized trading system and method for exchanging obligations in which a trusted third party settles obligations between a first and second party so as to eliminate “settlement risk” – basically an escrow system
- (1) Method Claims, (2) Computer-Medium (“*Beauregard*”) Claims, (3) System Claims

## Supreme Court Cases 2013-2014

### *Alice Corp. Pty. Ltd v. CLS Bank International*, - Cont'd

- D Ct – s/j – all claims = not drawn to patent-eligible subject matter
- Fed Cir (en banc) – widely divided court - affirmed
- Net Result – 5 judges, headed by J. Lourie = affirmed – all claims drawn to patent ineligible subject matter + 2 judges (CJ. Rader + J. Moore, method and medium claims = patent ineligible subject matter – but on different rationale than J. Lourie) – so maj affirmed re method and medium claims
- System Claims – 5 judges headed by J. Lourie would affirm – 4 judges headed by CJ. Rader + J. Newman – would reverse re system claims – thus, district court aff'd by equally divided ct.

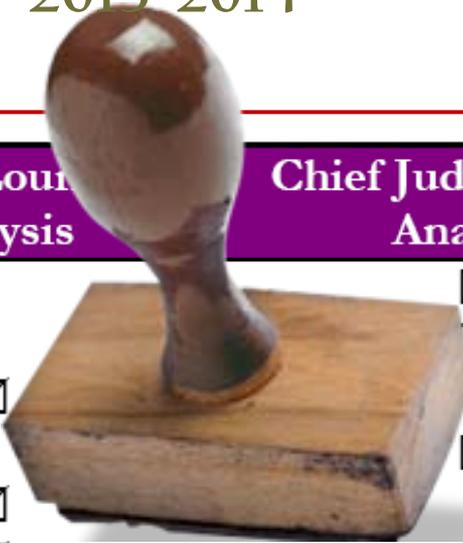
# Supreme Court Cases 2013-2014

Judges	Method Claims		Computer Medium Claims		System Claims	
	Patent Eligible	Patent Ineligible	Patent Eligible	Patent Ineligible	Patent Eligible	Patent Ineligible
CJ Rader		✓		✓	✓	
J. Newman	✓		✓		✓	
J. Lourie		✓		✓		✓
J. Linn**	✓		✓		✓	
J. Dyk		✓		✓		✓
J. Prost**		✓		✓		✓
J. Moore		✓		✓	✓	
J. O'Malley**	✓		✓		✓	
J. Reyna		✓		✓		✓
J. Wallach		✓		✓		✓
J. Taranto*	?	?	?	?	?	?
Totals	3	7	3	7	5	5
* did not participate						
** original panel						

Note: although CJ Rader and J Moore concurred in the result for the method and computer medium claims, they did so on legal principles different from J Lourie's opinion. Thus, the result was by a plurality of the court – and has questionable precedential effect. See *Marks v. United States*, 430 U.S. 188 (1977).

A “majority” did not adopt either J Lourie’s or CJ Rader’s rationale – precedential effect doubtful

## Supreme Court Cases 2013-2014



	Judge Lourie's Analysis	Chief Judge Rader's Analysis
✓ CJ Rader		<input checked="" type="checkbox"/>
J. Newman		<input checked="" type="checkbox"/> *
✓ J. Lourie	<input checked="" type="checkbox"/>	
J. Linn		<input checked="" type="checkbox"/>
J. Dyk	<input checked="" type="checkbox"/>	
J. Prost	<input checked="" type="checkbox"/>	
J. Moore		<input checked="" type="checkbox"/>
J. O'Malley		<input checked="" type="checkbox"/>
J. Reyna	<input checked="" type="checkbox"/>	
J. Wallach	<input checked="" type="checkbox"/>	
J. Taranto	?	?
<b>Totals</b>	<b>5</b>	<b>5</b>

Not Precedential

\* J. Newman did not join CJ Rader’s opinion, but her opinion indicates that she is more aligned with CJ Rader’s analysis than J. Lourie’s analysis

## Supreme Court Cases 2013-2014

### *Alice Corp. Pty. Ltd v. CLS Bank International*, - Cont'd

- S Ct – “We hold that the claims at issue are drawn to the abstract idea of intermediated settlement, and that merely requiring generic computer implementation fails to transform that abstract idea into a patent-eligible invention.”
- S Ct – “Laws of nature, natural phenomena, and abstract ideas are “ “the basic tools of scientific and technological work.””
- S Ct – “At the same time, we tread carefully in construing this exclusionary principle lest it swallow all of patent law. \* \* \* Thus, an invention is not rendered ineligible for patent simply because it involves an abstract concept.”
- S Ct - “Accordingly, in applying the §101 exception, we must distinguish between patents that claim the “buildin[g] block[s]’ of human ingenuity and those that integrate the building blocks into something more, \* \* \*, thereby ‘transform[ing]’ them into a patent-eligible invention \* \* \*.”



# Supreme Court Cases 2013-2014

## *Alice Corp. Pty. Ltd v. CLS Bank International*, - Cont'd

1

- S Ct – *Mayo* “framework” – “First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts.”
- “To answer that question, we consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.”
- S Ct - claims are drawn to the abstract idea of intermediated settlement – analogized to claims at issue in *Bilski*. “[I]ntermediated settlement, like hedging, is an ‘abstract idea’ beyond the scope of §101.”
- S Ct – “The ‘abstract ideas’ category embodies ‘the longstanding rule that “[a]n idea of itself is not patentable.” ‘ “
- S Ct – “In any event, we need not labor to delimit the precise contours of the “abstract ideas” category in this case.”

What is an “abstract idea”

## Supreme Court Cases 2013-2014

### *Alice Corp. Pty. Ltd v. CLS Bank International*, - Cont'd

2

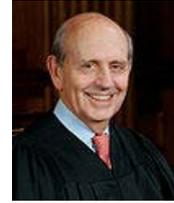
- S Ct – “At *Mayo* step two, we must examine the elements of the claim to determine whether it contains an “inventive concept” sufficient to “transform” the claimed abstract idea into a patent-eligible application.”
- S Ct – “We conclude that the method claims, which merely require generic computer implementation, fail to transform that abstract idea into a patent eligible invention.”
- S Ct – “These cases demonstrate that the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”
- S Ct – “Thus, if a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on . . . a computer,’ \* \* \*, that addition cannot impart patent eligibility.”
- S Ct – “the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea of intermediated settlement on a generic computer. They do not.”

## Supreme Court Cases 2013-2014

### *Alice Corp. Pty. Ltd v. CLS Bank International*, - Cont'd

- S Ct – “Petitioner’s claims to a computer system and a computer readable medium fail for substantially the same reasons. Petitioner conceded below that its media claims rise or fall with its method claims.”
- S Ct – “what petitioner characterizes as specific hardware—a“data processing system” with a “communications controller” and “data storage unit,” \* \* \* is purely functional and generic.”
- S Ct – “Put another way, the system claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea.”
- Concurring – J. Sotomayor, joined by JJ Ginsberg, Breyer - “I adhere to the view that any ‘claim that merely describes a method of doing business does not qualify as a “process” under §101.’”

# Supreme Court Cases 2013-2014



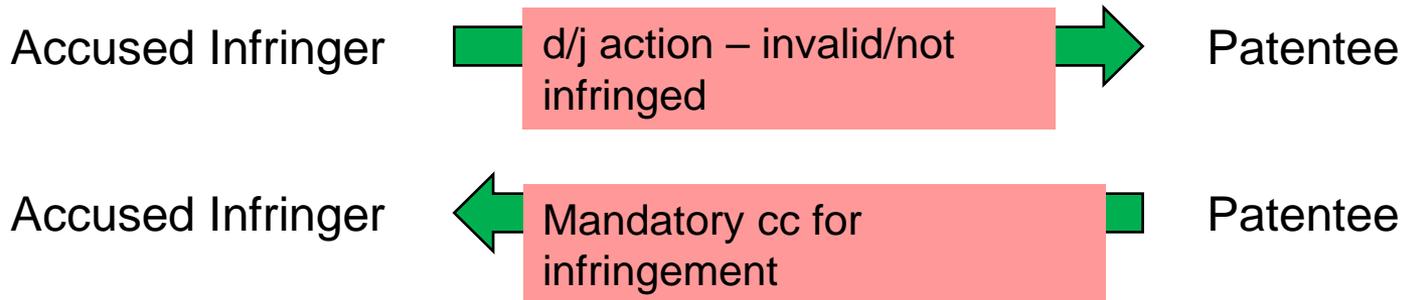
## *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. \_\_\_\_\_ (2014)(J. Breyer, unanimous Court)

When a Licensee Seeks a Declaratory Judgment Against a Patentee to Establish That There is No Infringement, the Burden of Proving Infringement Remains With the Patentee 

- Cert. GRANTED May 20, 2013      DECIDED January 22, 2014
- Fed Cir – REV'D
- Question – burden of proof in d/j action involving a license:
  - *MedImmune, Inc. v. Genentech, Inc.* - patent licensee that believes that its products do not infringe the patent is "not required ... to break or terminate its ... License agreement before seeking a declaratory judgment in federal court that the underlying patent is ... not infringed."
  - Question presented is whether, in such a declaratory judgment action brought by a licensee under *MedImmune*, the licensee has the burden to prove that its products do not infringe the patent, or whether (as is the case in all other patent litigation, including other declaratory judgment actions), the patentee must prove infringement.

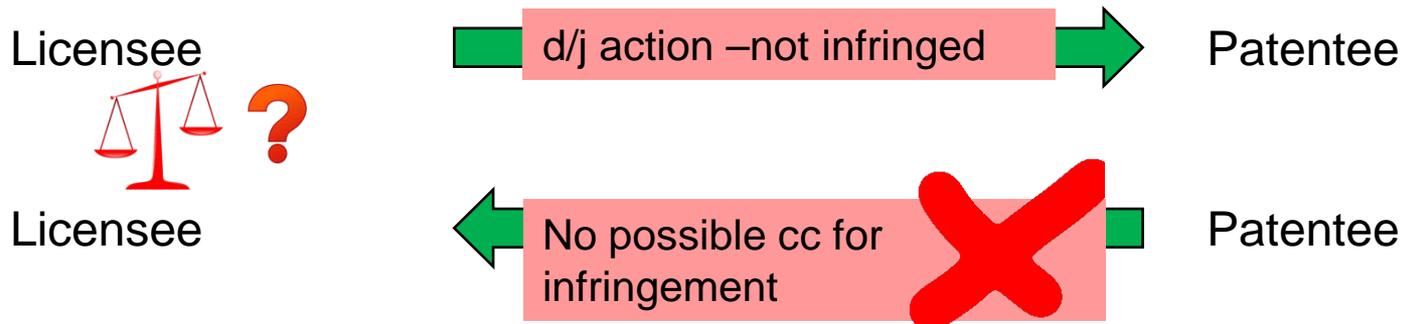
# Supreme Court Cases 2013-2014

## Normal Case



In “normal case,” patentee bears burden of persuasion that accused products etc. infringe.

## Case where there is a licensee who has not breached license



## Supreme Court Cases 2013-2014

*Medtronic, Inc. v. Boston Scientific Corp.*, 695 F.3d 1266 (Fed. Cir. 2012)((Opinion by J Linn, w/ JJ Lourie and Prost)

- Normal rule - patentee bears the burden of proving infringement by a preponderance of the evidence
- In the absence of a license, “when the same patent is at issue in an action for declaration of non-infringement, a counterclaim for patent infringement is compulsory and if not made is deemed waived.”
- In that instance, the substantive burden of proof does not change – the patentee as counterclaimant bears the burden of proof.
- However, after *MedImmune*, l’ees may bring d/j for invalidity/non-infringement or both, while paying royalties – patentee has no counterclaim for infringement
- Fed Cir - if neither side put on any proof, there was no reason why the declaratory judgment plaintiff should win.
- Fed Cir – “this court holds that in the limited circumstance when an infringement counterclaim by a patentee is foreclosed by the continued existence of a license, a licensee seeking a declaratory judgment of noninfringement and of no consequent liability under the license bears the burden of persuasion.”

# Supreme Court Cases

## 2013-2014

### Supreme Court – REV'D

- “Simple legal logic, resting upon settled case law, strongly supports our conclusion”
  - 1. Burden of proving infringement rests on patentee
  - 2. The operation of the Declaratory Judgment Act is “procedural”
  - 3. The “the burden of proof” is a “‘substantive’ aspect of a claim.”
- Practical considerations
  - 1. Shifting the b/p may create uncertainty about scope of patent – suppose accused d/j infringer fails to prove non-infringement and patentee in later action also fails to prove infringement – leaves public uncertain about patent scope
  - 2. Restatement (Second) of Judgments = relitigation of an issue (say, infringement) decided in one suit “is not precluded” in a subsequent suit where the burden of persuasion “has shifted” from the “party against whom preclusion is sought . . . to his adversary.”
  - 3. Create unnecessary complexity b/c licensee may not know patentee’s theory of infringement – patentee is in better position to explain alleged infringement
  - 4. Difficult to reconcile w/ purposes of DJ Act – facilitating resolution of disputes

## Supreme Court Cases 2013-14

### § 285 – Two Part Test for Exceptional Case Status



## *Octane Fitness, LLC v. ICON Health & Fitness, Inc.,*

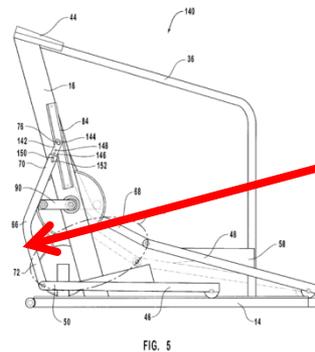
572 U.S. \_\_\_\_ (2014)(J Sotomayor for a nearly unanimous Court – J Scalia joined except for footnotes 1-3)

- Supreme Court Rejects Federal Circuit’s Two-Part Test Under *Brooks Furniture* For an Award of Attorney’s Fees Under § 285 as Unduly Rigid and Impermissibly Encumbers Statutory Grant of Discretion to District Courts 
- Opinion below, *ICON Health & Fitness, Inc. v. Octane Fitness, LLC*, \_\_\_\_ Fed. Appx. \_\_\_\_ (Fed. Cir. 2012)((Opinion by Circuit Judge Lourie, joined by Chief Judge Rader, Circuit Judge Newman)
- Cert. GRANTED Oct. 1, 2013      ARGUED February 26, 2014
- DECIDED April 29, 2014      Fed. Cir. – REV’D
- Question – exceptional case – is Fed Cir standard too “rigid”
- Answer - Yes

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- ICON patent-in-suit – elliptical exercise machine - allowed for adjustable stride length



stride length was adjusted by changing length of stroke rail 66 using either manual adjustment or a motor with a gear

- D Ct – s/j non-infringement, denied finding “exceptional” – Octane could not show that ICON’s claim was objectively baseless or that ICON had brought suit in bad faith.
- Fed Cir – AFF’D

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.,* -

Cont'd

- < 1946 – Patent Act did not provide for an award of attorney’s fees to prevailing party – “American Rule” governed
- 1946 – Congress added discretionary fee-shifting – a court “may in its discretion award reasonable attorney’s fees to the prevailing party upon the entry of judgment in any patent case.” 35 U. S. C. §70 (1946 ed.)
  - S Ct added footnote 1:

<sup>1</sup>This provision did “not contemplate[e] that the recovery of attorney's fees [would] become an ordinary thing in patent suits . . . .” S. Rep. No. 79–1503, p. 2 (1946).
  - J Scalia did not join in that footnote.
- S Ct – Congress “viewed the award of fees not ‘as a penalty for failure to win a patent infringement suit,’ but as appropriate ‘only in extraordinary circumstances.’ \* \* \*The provision enabled them to address ‘unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of similar force,’ which made a case so unusual as to warrant fee-shifting.”

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, -

Cont'd

- 1952 – Congress amended and recodified as § 285 - “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.”
- S Ct – “We have observed, in interpreting the damages provision of the Patent Act, that the addition of the phrase “exceptional cases” to §285 was “for purposes of clarification only.”<sup>2</sup> \* \* \* And the parties agree that the recodification did not substantively alter the meaning of the statute.<sup>3</sup>”
  - Footnotes 2-3:
    - <sup>2</sup>The Senate Report similarly explained that the new provision was “substantially the same as” §70, and that the “ ‘exceptional cases’ ” language was added simply to “expres[s] the intention of the [1946]statute as shown by its legislative history and as interpreted by the courts.” S. Rep. No. 82–1979, p. 30 (1952).
    - <sup>3</sup>See Brief for Petitioner 35 \* \* \* Brief for Respondent 17 \* \* \*.
  - J Scalia did not join in those two footnotes.

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – “In the two decades that followed [after 1982], the Federal Circuit, like the regional circuits before it, instructed district courts to consider the totality of the circumstances when making fee determinations under §285.”
- S Ct – in 2005 – in *Brooks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.* – Fed Cir held a case is “exceptional” only –
  - “when there has been some material inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. P. 11, or like infractions.”
  - “Absent misconduct in conduct of the litigation or in securing the patent may be imposed against the patentee only if both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.”
- *iLOR, LLC v. Google, Inc.* (Fed. Cir. 2011) – (1) objectively baseless only if “so unreasonable that no reasonable litigant could believe it would succeed,” and (2) subjective bad faith only if plaintiff “actually know[s]” that it is objectively baseless – *Kilopass Tech.* (2013) – actual knowledge not req’d – earlier language = *dicta*.

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – Fed Cir in *Brooks Furniture* - because “[t]here is a presumption that the assertion of infringement of a duly granted patent is made in good faith[,] . . . the underlying improper conduct and the characterization of the case as exceptional must be established by clear and convincing evidence.”
- S Ct – D Ct found no subjective evid of ICON’s bad faith from (1) ICON was a bigger company that had never commercialized the patent-in-suit, or a e-mail exchange indicating suit was for “commercial strategy – but in a footnote noted:
  - One e-mail, sent from ICON’s Vice President of Global Sales to two employees, read: “ ‘We are suing Octane. Not only are we coming out with a greater product to go after them, but throwing a lawsuit on top of that.’ ” \* \* \* One of the recipients then forwarded that e-mail to a third party, along with the accompanying message: “ ‘Just clearing the way and making sure you guys have all your guns loaded!’ ” \* \* \* More than a year later, that same employee sent an e-mail to the Vice President of Global Sales with the subject, “ ‘I heard we are suing Octane!’ ” \* \* \* The executive responded as follows: “ ‘Yes—old patent we had for a long time that was sitting on the shelf. They are just looking for royalties.’ ” \* \* \* The District Court wrote that “in the light most favorable to Octane, these remarks are stray comments by employees with no demonstrated connection to the lawsuit.” \* \* \*

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – Patent Act does not define “exceptional”
- S Ct – relied on dictionary definitions - “[e]xceptional” meant “uncommon,” “rare,” or “not ordinary.”
- S Ct –
  - We hold, then, that an “exceptional” case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated. District courts may determine whether a case is “exceptional” in the case-by-case exercise of their discretion, considering the totality of the circumstances. As in the comparable context of the Copyright Act, “[t]here is no precise rule or formula for making these determinations,’ but instead equitable discretion should be exercised ‘in light of the considerations we have identified.’” *Fogerty v. Fantasy, Inc.*, 510 U. S. 517, 534 (1994).

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – in *Fogerty* – D Cts may consider, non-exhaustive list of factors - “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.”
- S Ct – Fed Cir’s analysis = overly rigid
  - Fed Cir – “exceptional” only if D Ct either finds litigation-related misconduct OR both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless.”
  - S Ct – extends to already independently sanctionable conduct – “But sanctionable conduct is not the appropriate benchmark.”
  - S Ct – “Under the standard announced today, a district court may award fees in the rare case in which a party’s unreasonable conduct—while not necessarily independently sanctionable—is nonetheless so “exceptional” as to justify an award of fees.”

## Supreme Court Cases 2013-14

### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – Fed Cir’s analysis = overly rigid – Cont’d
  - Fed Cir – “exceptional” only if D Ct finds litigation was both “brought in subjective bad faith” and “objectively baseless.”
  - S Ct – too restrictive – “But a case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.”
  - S Ct – rejects argument that “objectively baselessness” follows from *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U. S. 49 (1993) - “the *PRE* standard finds no roots in the text of §285, and it makes little sense in the context of determining whether a case is so ‘exceptional’ as to justify an award of attorney’s fees in patent litigation.
- S Ct – *Brooks Furniture* would render § 285 superfluous - We have long recognized a common-law exception to the general “American rule” against fee shifting—an exception, “inherent” in the “power [of] the courts” that applies for “willful disobedience of a court order” or “when the losing party has ‘acted in bad faith, vexatiously, wantonly, or for oppressive reasons . . . .’”

## Supreme Court Cases 2013-14

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### *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, - Cont'd

- S Ct – rejected “clear and convincing” standard –
  - “Section 285 demands a simple discretionary inquiry; it imposes no specific evidentiary burden, much less such a high one. Indeed, patent-infringement litigation has always been governed by a preponderance of the evidence standard, \* \* \*, and that is the ‘standard generally applicable in civil actions,’ because it ‘allows both parties to “share the risk of error in roughly equal fashion,” ’ \* \* \* .”

## Supreme Court Cases 2013-14

§ 285 – Exceptional Case –  
Appellate Review – De Novo or  
Clear Error



*Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S.  
\_\_\_\_ (2014)(J Sotomayor, for a unanimous Court)

An Appellate Court Should Review All Aspects of a District Court's § 285  
Determination for Abuse of Discretion 

- Opinion below, *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 701 F.3d 1351 (Fed. Cir. 2012), 687 F.3d 1300 (Fed. Cir. 2012)
- Cert. GRANTED October 1, 2013    ARGUED February 26, 2014
- DECIDED – April 29, 2014    Fed. Cir. VACATED & RMD'D
- Question – whether an appellate court should accord deference to a D Ct's determination that litigation is “objectively baseless”

## Supreme Court Cases 2013-14

### *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, - Cont'd

- Federal Circuit Panel - J Dyk w/ J Newman, dissent-in-part J Mayer
- Panel Majority “[w]e review the court’s determination of objective reasonableness without deference since it is a question of law”
- Fed Cir Denial Pet. Re-Hrg En Banc –
  - JJ Dyk, Newman – concurred
  - J Moore w/ CJ Rader, JJ O’Malley, Reyna, Wallach – dissented
  - J Reyna w/ JJ Moore, O’Malley, Wallach – dissented – CJ Rader joined Parts I-II
- J Moore w/ CJ Rader, JJ O’Malley, Reyna, Wallach – dissent
  - “An exceptional case determination under 35 U.S.C. § 285 has traditionally been one of the questions of fact determined by the trial court that is reviewable only for clear error.”
  - “Contrary to our precedent, the divided *Highmark* panel decided that a district court's exceptional case finding — based on its determination that the infringement claims asserted at trial were objectively baseless — is entitled to no deference and should be reviewed de novo.”

## Supreme Court Cases 2013-14

### *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, - Cont'd

- J Moore w/ CJ Rader, JJ O'Malley, Reyna, Wallach – dissent - Cont'd
  - “An exceptional case determination under 35 U.S.C. § 285 has traditionally been one of the questions of fact determined by the trial court that is reviewable only for clear error.”
  - “Contrary to our precedent, the divided *Highmark* panel decided that a district court's exceptional case finding — based on its determination that the infringement claims asserted at trial were objectively baseless — is entitled to no deference and should be reviewed de novo.”
- J Reyna w/ JJ Moore, O'Malley, Wallach – dissented – CJ Rader joined Parts I-II
  - “Until now, we have treated all aspects of § 285 determinations as issues of fact and we have repeatedly emphasized the importance of deferring to the trial judge who is intimately familiar with the litigation and has observed all case developments — factual, legal, evidentiary, or otherwise — before ruling on a motion for attorneys' fees.”

## Supreme Court Cases 2013-14

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### *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, - Cont'd

- Allcare – owned patent-in-suit – drawn to “utilization review” in “managed health care systems.”
- Highmark – d/j – invalid, unenforceable and not infringed
- Allcare – cc'd – infringement
- Both parties – motions for s/j
- D Ct – s/j – non-infringement
- Highmark – moved to atty fees under § 285 – D Ct granted motion
- D Ct – Allcare had engaged in a pattern of “vexatious” and “deceitful” conduct throughout the litigation.
- D Ct - Allcare had “pursued this suit as part of a bigger plan to identify companies potentially infringing the '105 patent under the guise of an informational survey, and then to force those companies to purchase a license of the '105 patent under threat of litigation.”

## Supreme Court Cases 2013-14

### *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, - Cont'd

- D Ct – Allcare had “maintained infringement claims [against Highmark] well after such claims had been shown by its own experts to be without merit” and had “asserted defenses it and its attorneys knew to be frivolous.”
- D Ct – awarded approx. \$4.9 million in atty fees, approx. \$210 thousand in expenses, and approx. \$375 thousand in expert witness fees.
- Fed Cir – reviewed *de novo* – question whether “objectively baseless” under *Brooks Furniture* was a question of law.
- Fed Cir – Allcare’s argument re claim construction = no so unreasonable, and other conduct did not warrant an award of fees
- On petition for rehearing – 5 judges dissented – *de novo* review invades province of the D Ct
- S Ct – *Octane Fitness*, decided same day, decided an “exceptional case” is “simply out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.”

## Supreme Court Cases 2013-14

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### *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, - Cont'd

- S Ct – also *Octane Fitness* - “[d]istrict courts may determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion, considering the totality of the circumstances.”
- S Ct – “Because §285 commits the determination whether a case is ‘exceptional’ to the discretion of the district court, that decision is to be reviewed on appeal for abuse of discretion.”
- S Ct – “We therefore hold that an appellate court should apply an abuse-of-discretion standard in reviewing all aspects of a district court’s §285 determination.”

## Supreme Court Cases – 2013-2014

“insolubly ambiguous” - § 112(b)



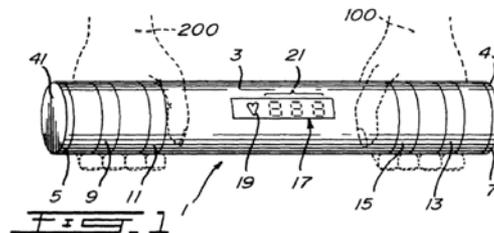
*Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. \_\_\_\_ (2014) (J Ginsberg, for a unanimous court)

- A Patent is Invalid for Indefiniteness if its Claims, Read in Light of the Specification, and the Prosecution History, Fail to Inform, With Reasonable Certainty, Those Skilled in the Art About the Scope of the Invention 
- Cert. GRANTED January 20, 2014      ARGUED April 28, 2014
- DECIDED June 2, 2014      Fed. Cir. – VACATED & RMD'D
- Questions
  - Does the Federal Circuit's acceptance of ambiguous patent claims with multiple reasonable interpretations - so long as the ambiguity is not "insoluble" by a court - defeat the statutory requirement of particular and distinct patent claiming?
  - Does the presumption of validity dilute the requirement of particular and distinct patent claiming?

# Supreme Court Cases 2013-2014

## *Nautilus, Inc. v. Biosig Instruments, Inc.*, - Cont'd

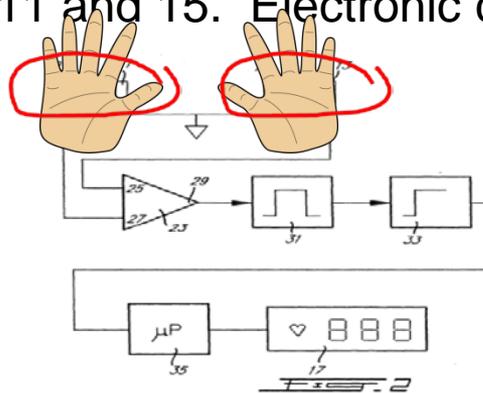
- Biosig's patent - heart rate monitor - eliminated noise signals while detecting a user's heart rate
- Signals produced by skeletal muscles ("electromyogram" or "EMG" signals) when users move their arms or squeeze the monitor with their fingers
- EMG signals have the same frequency as electrical signals produced by the heart ("electrocardiograph" or "ECG" signals) and therefore can mask ECG signals
- Invention – differentiate signals
- Hollow cylinder w/ electronic circuitry was mounted on exercise equipment



# Supreme Court Cases 2013-2014

## *Nautilus, Inc. v. Biosig Instruments, Inc.*, - Cont'd

- User's hands, 100 and 200 contacted "live" electrodes, 9 and 13, and one of "common" electrodes, 11 and 15. Electronic circuitry



- Included difference amplifier 23 connected to electrodes 9 and 13 – EMG cancelled out – ECG amplified
- Claims – “a first live electrode and a first common electrode mounted on said first half in spaced relationship with each other”
- D Ct – construed “spaced relationship” but held ambiguous – later s/j invalid - §112(2)
- Fed Cir – REVD – no parameters in spec – but sufficient guidance

## Supreme Court Cases 2013-2014

### *Nautilus, Inc. v. Biosig Instruments, Inc.*, - Cont'd

- Fed Cir – “the distance between the live electrode and the common electrode cannot be greater than the width of a user’s hands [and] \* \* \* it is not feasible that the distance between the live and common electrodes be infinitesimally small, effectively merging the live and common electrodes into a single electrode with one detection point.”
- IPO, ABA, AIPLA – generally – “insolubly ambiguous” = wrong
- Last S Ct case - *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236 (1942) – J. Jackson - Claim – “Sustantially [*sic*] pure carbon black in the form of commercially uniform, comparatively small, rounded, smooth aggregates having a spongy or porous interior.”
  - “The statutory requirement of particularity and distinctness in claims is met only when they clearly distinguish what is claimed from what went before in the art, and clearly circumscribe what is foreclosed from future enterprise. A zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field.”

## Supreme Court Cases 2013-2014

### *Nautilus, Inc. v. Biosig Instruments, Inc.*, - Cont'd

- S Ct – “First, definiteness is to be evaluated from the perspective of someone skilled in the relevant art.”
- S Ct – “Second, in assessing definiteness, claims are to be read in light of the patent’s specification and prosecution history.”
- S Ct - Third, “[d]efiniteness is measured from the viewpoint of a person skilled in [the] art *at the time the patent was filed.*”
- S Ct – Rejected SG’s argument - would require only that the patent provide reasonable notice of the scope of the claimed invention.
- S Ct – “[A]bsent a meaningful definiteness check, we are told, patent applicants face powerful incentives to inject ambiguity into their claims.” FTC Report (2011)
- S Ct – “Eliminating that temptation is in order” - the patent drafter is in the best position to resolve the ambiguity

## Supreme Court Cases 2013-2014

### *Nautilus, Inc. v. Biosig Instruments, Inc.*, - Cont'd

- S Ct – “[W]e read §112, ¶ 2 to require that a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.”
- S Ct – the ability to construe the claims is not enough
  - “It cannot be sufficient that a court can ascribe some meaning to a patent’s claims; the definiteness inquiry trains on the understanding of a skilled artisan at the time of the patent application, not that of a court viewing matters post hoc. To tolerate imprecision just short of that rendering a claim ‘insolubly ambiguous’ would diminish the definiteness requirement’s public-notice function and foster the innovation-discouraging ‘zone of uncertainty.’”
- S Ct – did not reach merits.

# Supreme Court Cases 2013-2014

## Joint Infringement and Inducing Infringement



*Limelight Networks, Inc. v. Akamai Techs., Inc.*, 572 U.S. \_\_\_\_ (2014)(Alito, J., for a unanimous court)

- Liability for Inducement Must be Predicated on Direct Infringement 
- Cert. GRANTED January 10, 2014      ARGUED April 30, 2014
- DECIDED June 2, 2014                      Fed. Cir. – REV'D
- Question – Cont'd
  - The question presented is:
  - Whether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a).

# Supreme Court Cases 2013-2014

## *Limelight Networks, Inc. v. Akamai Techs., Inc.*, - Cont'd

- Fed Cir (en banc) - “[r]equiring proof that there has been direct infringement . . . is not the same as requiring proof that a single party would be liable as a direct infringer.”
- Akamai patent – “tagging” of large files accessible on Akamai servers
- Limelight did not provide “tagging” - Limelight provided instructions to its customers regarding how to tag
- D Ct – In light of *Muniauction* – Limelight did not perform all method steps – not an infringer.
- S Ct – “liability for inducement must be predicated on direct infringement. “
- S Ct – “The Federal Circuit’s analysis fundamentally misunderstands what it means to infringe a method patent. A method patent claims a number of steps; under this Court’s case law, the patent is not infringed unless all the steps are carried out.”

## Supreme Court Cases 2013-2014

### *Limelight Networks, Inc. v. Akamai Techs., Inc.*, - Cont'd

- S Ct – “Assuming without deciding that the Federal Circuit’s holding in *Muniauction* is correct, there has simply been no infringement of the method in which respondents have staked out an interest, because the performance of all the patent’s steps is not attributable to any one person. And, as both the Federal Circuit and respondents admit, where there has been no direct infringement, there can be no inducement of infringement under §271(b).”
- S Ct – “If a defendant can be held liable under §271(b) for inducing conduct that does not constitute infringement, then how can a court assess when a patent holder’s rights have been invaded?”
- “What if a defendant pays another to perform just one step of a 12 step process, and no one performs the other steps, but that one step can be viewed as the most important step in the process? In that case the defendant has not encouraged infringement, but no principled reason prevents him from being held liable for inducement under the Federal Circuit’s reasoning, \* \* \*.”

# Supreme Court Cases 2013-2014

Laches – Copyright Cases



## *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. \_\_\_\_\_

(2014)(Opinion by J. Ginsburg, joined by JJ Scalia, Thomas, Alito, Sotomayor, and Kagan, dissent by J. Breyer, joined by CJ Roberts and J Kennedy)

- Laches Cannot be Invoked to Preclude Adjudication of a Claim for Damages Brought Within the Three-Year Window
- As to Equitable Relief, in Extraordinary Circumstances, Laches May Bar at the Very Threshold the Particular Relief Requested
- Plaintiff 's Delay Can Always be Brought to Bear at the Remedial Stage, in Determining Appropriate Injunctive Relief, and in Assessing the “profits of the infringer . . . attributable to the infringement.”
- Cert. GRANTED Oct. 1, 2013    ARGUED January 21, 2014
- DECIDED May 19, 2014            9<sup>th</sup> Cir – REV'D & REMD'D

# Supreme Court Cases 2013-2014

## Laches – Copyright Cases

### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, Cont'd

- Question – © laches – “similar” issue under patent law – 6 year statute of limitations on damages – rebuttal presumption of laches if outside 6 years – but © and patent statutes significantly different:
  - The Copyright Act expressly prescribes a three year statute of limitations for civil copyright claims. 17 U.S.C. § 507(b). The three-year period accrues separately for each act of infringement, even if it is one of a continuing series of acts of infringement. “
  - Petitioner contends that the federal courts of appeals have divided 3-2-1 over whether the defense of laches can bar a civil copyright suit brought within the three-year statute of limitations. Petitioner contends that 3 circuits forbid any application of laches or restrict the remedies to which it can apply. Two other circuits strongly disfavor laches and restrict it to exceptional circumstances. Petitioner contends that the Ninth Circuit not only does not restrict laches or the remedies to which it can apply, but has also adopted a presumption in favor of applying laches to continuing copyright infringements.

## Supreme Court Cases 2013-2014

### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- Question presented:
  - Whether the nonstatutory defense of laches is available without restriction to bar all remedies for civil copyright claims filed within the three-year statute of limitations prescribed by Congress, 17 U.S.C. § 507(b).
- 17 U.S.C. § 507(b) provides: “(b) Civil Actions.— No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.”
- Patent statute, 35 U.S.C. § 286 - “Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.”

## Supreme Court Cases 2013-2014

### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- Paula Petrella's father, Frank Petrella, wrote two screenplays (one entitled *The Raging Bull*) and a book about the life of boxer Jake LaMotta.
- Giacobbe "Jake" LaMotta, nicknamed "The Bronx Bull" and "The Raging Bull," was an American middleweight boxer.
- He subsequently became a "celebrity" – appearing in movies and as a stand-up comic.
- He was portrayed by Robert De Niro in the 1980 film *Raging Bull*. The asserted basis for the movie was his 1970 memoir *Raging Bull: My Story*.
- Frank Petrella - 3 copyrighted works: 2 screenplays, one registered in 1963, the other in 1973, and a book, registered in 1970. Action concerns 1963 screen play
- 1976, Frank Petrella and LaMotta assigned their rights in the 3 works, including renewal rights, to Chartoff-Winkler Productions, Inc.
- 1978 – MGM acquired motion picture rights to book and both screenplays

## Supreme Court Cases 2013-2014

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### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- 1980 - MGM released, and registered a copyright in, the film Raging Bull, w/ Robert DeNiro – continued to distribute in DVD
- 1981 – Frank Petrella died in 1981, during the initial terms of the copyrights in the screenplays and book – thus copyrights reverted to his heirs despite earlier assignment
- 1991 - Paula Petrella renewed copyright in 1963 sceenplay. Copyrights in other screenplay and book not timely renewed.
- 1998 - Petrella's attorney informed MGM that Petrella had obtained the copyright to screenplay - attorney asserted MGM infringed on the copyright now vested in Petrella - threatened to take legal action.
- 2009 – Petralla filed suit – damages and injunction – only sought relief for past 3 years
- D Ct – laches barred action     9<sup>th</sup> Cir – Aff'd

## Supreme Court Cases 2013-2014

### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- S Ct – A copyright claim arises or “accrue[s]” when an infringing act occurs.
- S Ct - Each wrong gives rise to a discrete “claim” that “accrue[s]” at the time the wrong occurs.
- S Ct - in short, each infringing act starts a new limitations period.
- S Ct - Under the Act’s three-year provision, an infringement is actionable within three years, and only three years, of its occurrence.
- S Ct - Infringer is insulated from liability for earlier infringements of the same work.
- S Ct – “The Ninth Circuit erred, we hold, in failing to recognize that the copyright statute of limitations, §507(b), itself takes account of delay.”
- S Ct – “if infringement within the three-year look back period is shown, the Act allows the defendant to prove and offset against profits made in that period “deductible expenses” incurred in generating those profits.”

# Supreme Court Cases

2013-2014

## *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- S Ct – Deft may “prove and offset against profits made in that period ‘deductible expenses’ incurred in generating those profits. §504(b).”
- S Ct – “In addition, the defendant may prove and offset ‘elements of profit attributable to factors other than the copyrighted work.’ §504(b).”
- S Ct – “The defendant thus may retain the return on investment shown to be attributable to its own enterprise, as distinct from the value created by the infringed work.”
- S Ct – “in face of a statute of limitations enacted by Congress, laches cannot be invoked to bar legal relief \* \* \*”
-  S Ct – “[T]he Federal Circuit has held that laches can bar damages incurred prior to the commencement of suit, but not injunctive relief. *A. C. Aukerman Co. v. R. L. Chaides Constr. Co.*, \* \* \* (en banc). We have not had occasion to review the Federal Circuit’s position.”

# Supreme Court Cases

2013-2014

## *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- S Ct – rejected MGM’s argument that laches was “available . . . in every civil action” to bar all forms of relief.
- S Ct – rejected MGM’s argument – b/c “equitable tolling” read into every statute, so should laches – S Ct – “equitable tolling” is a rule of interpretation
- MGM - “[Petrella] *conceded that she waited to file because ‘the film was deeply in debt and in the red and would probably never recoup.’*”
- S Ct – “It is hardly incumbent on copyright owners, however, to challenge each and every actionable infringement.”
- MGM - danger that evidence needed or useful to defend against liability will be lost during a copyright owner’s inaction.
- S Ct – “Any hindrance caused by the unavailability of evidence, therefore, is at least as likely to affect plaintiffs as it is to disadvantage defendants.” Plus, little need for “extrinsic” evid – copyright reg enough.
- S Ct – MGM could have filed a d/j action.

## Supreme Court Cases 2013-2014

### *Petrella v. Metro-Goldwyn-Mayer, Inc.*, - Cont'd

- S Ct – however, “when a copyright owner engages in intentionally misleading representations concerning his abstention from suit, and the alleged infringer detrimentally relies on the copyright owner’s deception, the doctrine of estoppel may bar the copyright owner’s claims completely, eliminating all potential remedies.”
- S Ct – “In extraordinary circumstances, however, the consequences of a delay in commencing suit may be of sufficient magnitude to warrant, at the very outset of the litigation, curtailment of the relief equitably awardable.”
- **Dissent – J. Breyer, joined by CJ Roberts and J Kennedy** – generally urged that laches should be available, despite statute, to account for unreasonable delays – notes 3 yrs can become a long time b/c each of infringement effectively extends statute.

# Federal Circuit En Banc Cases



# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics*

*North America Corp.*, 744 F.3d 1272 (Fed. Cir. 2014)(J Newman w/ JJ Lourie, Dyk, Prost, Moore, Taranto, concur J Lourie, dissent J O'Malley w/ CJ Rader, JJ Reyna, Wallach)

## *Cybor* Rule Continued – Claims Construed as a Matter of Law

- 10-member en banc panel – JJ Chen, Hughes did not participate – 6-4 split
- Petition for rehearing en banc of Plaintiff-Cross Appellant Lighting Ballast granted – panel opinion vacated
- Required new briefs addressing:
  - a. Should this court overrule *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998)?
  - b. Should this court afford deference to any aspect of a district court's claim construction?
  - c. If so, which aspects should be afforded deference?

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Invention - electronic lighting ballasts for fluorescent lighting
- Claim – “voltage source means providing a constant or variable magnitude DC voltage between the DC input terminals”
- Dfts – “voltage source means” = MPF § 112(6) + invalid § 112(2) b/c no disclosed structure
- D Ct – 1<sup>st</sup> agreed w/ Dfts – but on motion for reconsideration – not a MPF limitation – relied on expert testimony - one of skill in the art would understand the claimed “voltage source means” to correspond to a rectifier (which converts AC to DC) or other structure capable of supplying useable voltage to the device
- Jury – infringed – D Ct – denied JMOL
- Fed Cir original panel – REV'D

# Federal Circuit Cases En Banc

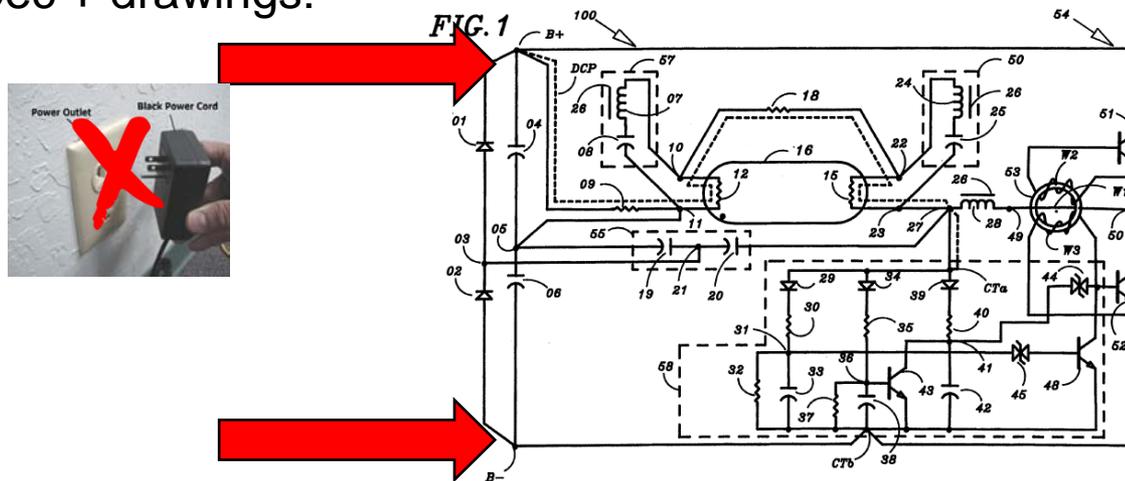
## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Fed Cir Original Panel – “means” = presumption MPF
- Fed Cir Original Panel - “voltage source means” – no structure – just what it does
- Fed Cir Original Panel – invalid - § 112(2) – “testimony merely demonstrates that several different structures could perform the recited function, namely, a rectifier, battery, solar cell, or generator. The possibility that an ordinarily skilled artisan could find a structure that would work does not satisfy the disclosure requirements of means-plus-function claiming under § 112.”

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp., - Cont'd*

- Spec + drawings:



- Disclosed DC voltage input terminals B+ and B-

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- En Banc – 38 entities filed 21 briefs – fell into three categories
  - (1) Lighting Ballast = *Cybor* wrong - traditional role of appellate deference to D Ct's factual findings should receive deference - claim construction involved a question of fact,
  - (2) other *amici* - including United States - hybrid approach – factual aspects of claim construction should be reviewed under a clearly erroneous standard - final conclusion remained a question of law - if D Ct's construction was entirely from intrinsic record, then *de novo* review was appropriate - if D Ct' relied on extrinsic evidence, e.g., expert testimony, then factual findings would receive a clearly erroneous standard of review
  - (3) other *amici* = *Cybor* was correct, supported by *stare decisis*, and promoted the goal of a uniform national standard.

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- En Banc – Majority – J Newman
  - Stare Decisis – *Cybor* unchanged
  - “[t]he question now before this *en banc* court is not the same question that was before the *en banc* court in 1998 when *Cybor* was decided. The question now is not whether to adopt a *de novo* standard of review of claim construction, but whether to change that standard adopted fifteen years ago and applied in many hundreds of decisions.”
  - (1) no post-*Cybor* developments from the Supreme Court, Congress, or the Federal Circuit that undermined the reasoning of *Cybor*, and (2) no demonstration that *Cybor* had proved unworkable.
  - “[n]o consensus has emerged as to how to adjust *Cybor* to resolve its perceived flaws.

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- En Banc – Majority – J Newman – Cont'd
  - Criticized suggested hybrid approach as complicating litigation:
    - “Disentangling arguably factual aspects, some in dispute and some not, some the subject of expert or other testimony and some not, some elaborated by documentary evidence and some not, some construed by the district court and some not, some related to issues to be decided by a jury and some not—and further disentangling factual aspects from the application of law to fact—is a task ripe for lengthy peripheral litigation.”
  - “[t]he principles of *stare decisis* counsel against overturning precedent when there is no evidence of unworkability and no clearly better resolution,”
  - “[w]e have carefully considered the arguments for discarding or modifying *Cybor*, and conclude that they do not justify departing from the now well-established principles and procedures.”

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- En Banc – Majority – Response to Dissents
  - Dissents - “a substantial proportion of the legal community” believes that *Cybor* was “wrongly decided.”
    - Response - “all of the technology industries that offered advice to the court, urge retention of *Cybor's* standard.”
    - Dissent criticized as “offer[ing] no superior alternative to *de novo* review, nor any workable standard for distinguishing between legal and factual components of claim construction.”
  - Dissents - the *de novo* standard resulted in high reversal rates
    - Response - no longer true, citing a draft 2013 law review article
    - Also cited data from the Administrative Office of the United States Courts said to show a decline in the percentage of district court patent cases were appealed.
    - Those data also suggested a decline in the percentage of patent cases that proceeded to trial.

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- En Banc – Majority – Cont'd
  - Reinstated original panel opinion
- J Lourie – concurring – add'l reasons –
  - (1) Supreme Court had held that claim construction was a question for the court, not a jury
  - (2) One of the reasons for creation of the Fed Cir was to promote national uniformity - would not achieved “for us to bless a claim construction in one district court, based on that court’s judging the credibility and demeanor of the expert witnesses in one case, when a different case might lead to a different result based on a different district judge’s appraisal of different witnesses.”
  - (3) “in claim construction, simpler is better—claim construction in all its aspects for the judge, subject to review by the appellate court, with sensible reliance on the prior work of the trial judge. Creating a formal distinction between fact-sounding issues subordinate to claim construction and the ultimate claim construction is a complication that we should not foist on this court.”

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Dissents – J O'Malley's - 43 page dissent – w/ CJ Rader, JJ Reyna, Wallach
  - “[t]he majority opinion is surprising because it refuses to acknowledge what experience has shown us and what even a cursory reading of the Supreme Court’s decision in *Markman* \* \* \* confirms: construing the claims of a patent at times requires district courts to resolve questions of fact.”
  - “And, it puts itself at odds with binding congressional and Supreme Court authority when it refuses to abide by the requirements of Rule 52(a)(6) of the Federal Rules of Civil Procedure, which expressly instructs that, on appeal, all ‘findings of fact \* \* \* must not be set aside unless clearly erroneous.’ ”
  - “[i]t is also surprising because, having, for the third time, invited a broad swath of the intellectual property community to express opinions regarding the merits of *Cybor* \* \* \* we now premise our refusal to change its holding on principles of stare decisis—that, and a professed inability to come up with a workable alternative to de novo review.”
  - *Phillips v. AWH Corp.*, had also invited input on the correct standard of review.

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Dissents – J O'Malley's - 43 page dissent – w/ CJ Rader, JJ Reyna, Wallach - Cont'd
  - Rejects stare decisions - “principles of stare decisis do not justify retention of the rule of *Cybor* and the appropriate standard of review is dictated by Rule 52(a), \* \* \*.”
  - “[t]he one thing clear about *Cybor* is that no one in the legal community—except perhaps the members of the majority—has come to believe that either the wisdom or vitality of *Cybor* is settled.”
  - “Whether one urges the retention of the holding in *Cybor* (as do some amici) or urges its revision (as do the parties, the Patent and Trademark Office, and the rest of the amici), it is hard to dispute that tumult has surrounded *Cybor* since it was decided. “
  - *Cybor* had misconstrued the Supreme Court in *Markman*.

# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Dissents – J O'Malley's - 43 page dissent – w/ CJ Rader, JJ Reyna, Wallach - Cont'd
  - Supreme Court had acknowledged that claim construction involved factual aspects and was not wholly a legal question
  - “[I]n *Markman*, the Supreme Court said that judicial efficiencies supported allocation of claim construction determinations to the court rather than the jury. It did not say that ‘subsidiary factual determinations’ made by trial courts ceased to be subject to the deference congressionally mandated by the Federal Rules of Civil Procedure, however. And, it did not say that it was this court and only this court to which the question should be allocated.”
  - Lastly – “While we agree that the ultimate question of claim meaning should remain subject to de novo review, claim construction often requires district courts to resolve underlying issues of disputed fact. - [cont'd]

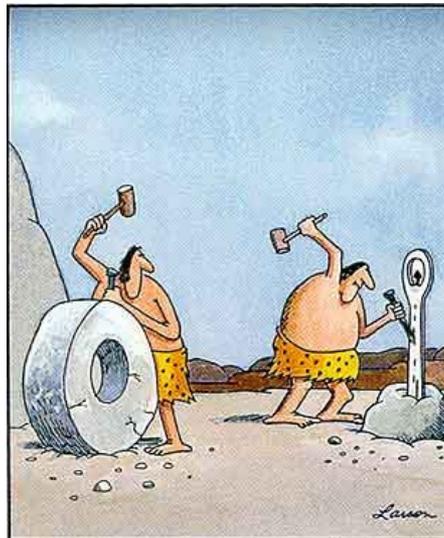
# Federal Circuit Cases En Banc

## *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, - Cont'd

- Dissents – J O'Malley's - 43 page dissent – w/ CJ Rader, JJ Reyna, Wallach - Cont'd
  - Lastly – [ Cont'd] “These include, among others: whether a claim term had a specialized meaning among those skilled in the art at the time; what texts, including treatises and dictionaries, demonstrate about how a person of skill in the art would interpret a claim term, and which contemporaneous tests are most relevant; whether to credit one expert's testimony over another's regarding issues bearing on claim construction; who qualifies as a person of ordinary skill in the art; what is the relevant field of invention; what prior art is relevant; what a person of skill in the art would glean from that prior art; and what inferences can be fairly drawn from the prosecution history, including whether a disclaimer of claim scope has occurred. When a district court makes fact-findings needed to resolve claim construction disputes, Rule 52(a) requires us to defer to those findings unless they are clearly erroneous.

# FEDERAL CIRCUIT CASES

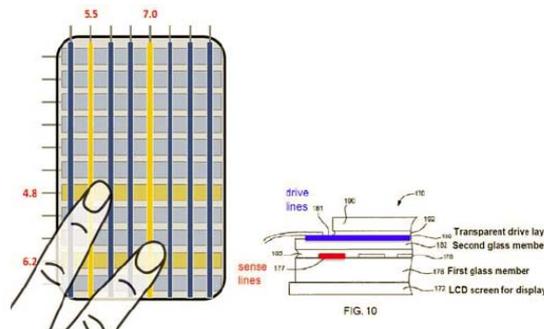
## NOVELTY AND LOSS OF RIGHT TO A PATENT



## § 102 – Novelty and Loss of Right to a Patent Anticipation– Single Reference Rule

*Apple, Inc. v. U.S. Int’l Trade Comm’n*, 725 F.3d 1356 (Fed. Cir. 2013) (J. Moore, w/ J. Linn, cipdip by J. Reyna) 🌿 🌿 🌿

- A “Passing Reference” to Another Application is Insufficient to Incorporate Specific Disclosures in That Application by Reference
  - Apple’s patents-in-suit = smartphone touchscreens – specifically a transparent capacitive sensing medium that could detect multiple touches at once



- Detection and response to touch occurred through “mutual capacitance” circuitry measuring the change in voltage between a horizontal wire and a vertical wire when a finger approached a crossing point on the screen

# § 102 – Novelty and Loss of Right to a Patent Anticipation– Single Reference Rule

## *Apple, Inc. v. U.S. Int'l Trade Comm'n*, Cont'd

Anticipation requires that all claim limitations be disclosed in a “single reference”

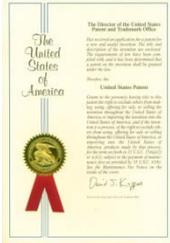
1. A widget comprising:

xxxxx

yyyyy

zzzzz

anticipated by



“Single reference” includes what is “incorporated by reference” provided host document identifies with “detailed particularity what specific material it incorporates and clearly indicate[s] where that material is found in the various documents”

1. A widget comprising:

xxxxx

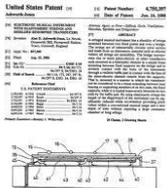
yyyyy

zzzzz

anticipated by



+ “incorporated by reference” – if specific enough



Fall back is § 103 – but opens door to motivation, objective considerations etc.

## § 102 – Novelty and Loss of Right to a Patent Anticipation– Single Reference Rule

### *Apple, Inc. v. U.S. Int’l Trade Comm’n*, Cont’d

- ITC - prior art patent, Perski ‘455, anticipated some claims of one patent-in-suit – entitled to earlier filing date of a provisional application, Perski ‘808.
- One claim, though – claim 10 – also required finding that the Perski ‘808 application had “incorporated by reference” another provisional application by Morag
- Fed Cir - Perski ‘808 application did not incorporate the Morag disclosure by reference
- Fed Cir - “[f]or a prior art reference to anticipate a claim, the reference must disclose each claim limitation in a single document.”
- Fed Cir - “[t]he prior art document, however, may incorporate subject matter by reference to another document such that the incorporated material becomes part of the host document for the purposes of anticipation. \* \* \* ‘To incorporate material by reference, the host document must identify with detailed particularity what specific material it incorporates and clearly indicate where that material is found in the various documents.’”

## § 102 – Novelty and Loss of Right to a Patent Anticipation– Single Reference Rule

### *Apple, Inc. v. U.S. Int'l Trade Comm'n*, Cont'd

- Fed Cir - “Perski '808 only makes a passing reference to Morag as a ‘method similar’ for detecting the presence of a stylus. \* \* \* It does not affirmatively incorporate any information. Perski '808 does not even refer to the particular functionality in Morag that detects the presence of a stylus, let alone the process that outputs touch event information to form a pixilated image, as required by claim 10.”
- Fed Cir – claim 10 not anticipated

Novelty and Loss of Right to a Patent  
Loss of Rights – § 102(b) – “On Sale”

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*“On Sale”*

Novelty and Loss of Right to a Patent  
Loss of Rights - § 102(b) – “On Sale”

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- *UMC Elecs. Co. v. United States*, 816 F.2d 647 (Fed. Cir. 1987) – ARTP not a prerequisite for “on sale”
  - ARTP = embodied in some physical form + testing to determine whether it works for its intended purpose
- *Pfaff v. Wells Elecs.*, 525 U.S. 55 (1998) (1) “First, the product must be the subject of a commercial offer for sale” and (2) “Second, the invention must be ready for patenting”
  - No requirement for a RTP
  - Does that mean an “ARTP” where testing to determine whether invention works for its intended purpose is required?
  - Context suggests RTP

*Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, 726

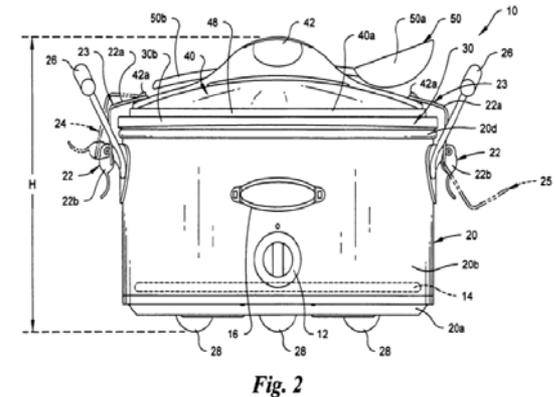
F.3d 1370 (Fed. Cir. 2013) (J. O’Malley w/ J. Bryson, dissenting opinion J. Reyna)

- A Binding Contract is Not Required to Meet the First Prong of *Pfaff*: There is No “Supplier Exception” to the On-Sale Bar: A Commercial Offer For Sale by a Foreign Entity Directed to a United States Customer at its United States Address Satisfies “in this country” in § 102(b) 
- D Ct - Hamilton Beach’s purchase order sent to its foreign supplier, and the supplier’s response, constituted placing the invention “on sale” under § 102(b) prior to the critical date – invalid
- Fed Cir P Maj – AFF’D noting, *inter alia*, that there is no “supplier exception” to the “on sale” bar
- J Reyna dissented urging that the offer for sale was not a “commercial” offer for sale.

## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- Hamilton Beach and Sunbeam = direct competitors in small kitchen appliances, including “slow cookers.”
- Patent-in-suit (‘928 patent) filed on June 4, 2010, as a continuation of an application that in turn was a continuation of an application filed on March 1, 2006 and issued on February 3, 2009, as the ‘831 patent.
- D Ct – ‘928 not entitled to earlier ‘831 priority date b/c “new matter”
- Fed Cir – did not decide – assumed ‘928 entitled to earlier priority date
- Therefore – critical date = March 1, 2005
- Invention – slow cooker w/ clip-on lid



## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- HB's commercial embodiment = Stay or Go® slow cooker - substantial commercial success – raised market share 30+ percent.
- Sunbeam, - Cook & Carry®
- Sunbeam designed around by mounting sealing clips on the lid of the slow cooker rather than on the body
- HB – continuation appl – patent-in-suit - clips to be on lid
- Fed Cir – after *Pfaff* - “[t]he on-sale bar applies when two conditions are satisfied before the critical date: (1) the claimed invention must be the subject of a commercial offer for sale; and (2) the invention must be ready for patenting.”
- Fed Cir - “[a]n invention is ‘ready for patenting’ when prior to the critical date: (1) the invention is reduced to practice; or (2) the invention is depicted in drawings or described in writings of sufficient nature to enable a person of ordinary skill in the art to practice the invention.”

## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- Fed Cir – “there is no ‘supplier exception’ to the on-sale bar. See *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353, 1355 (Fed. Cir. 2001). Thus, it is of no consequence that the ‘commercial offer for sale’ at issue in this case was made by Hamilton Beach’s own supplier and was made to Hamilton Beach itself.”
- Fed Cir – “Finally, a commercial offer for sale made by a foreign entity that is directed to a United States customer at its place of business in the United States may serve as an invalidating activity. *In re Caveney*, 761 F.2d 671, 676–77 (Fed. Cir. 1985). It is undisputed that Hamilton’s Beach’s foreign supplier directed its activity to Hamilton Beach within the United States.
- HB – Feb. 8, 2005 - purchase order to foreign supplier - 2000 Stay or Go® slow cookers – prices, shipping instructions etc.
- Supplier – Feb. 25, 2005 - confirmed, *via* email, receipt of PO - would begin production after receiving Hamilton Beach’s “release.”

## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- D Ct - under *Linear Tech. Corp. v. Micrel, Inc.* (2001) an offer to buy a patented invention prior to the critical date amounts to an invalidating sale under § 102(b) as long as the offer is accepted and a binding contract to sell is formed.
- Fed Cir – “there was no need for the district court to require a binding contract on these facts; *Linear Tech* is factually distinguishable, making the lower court’s and parties’ reliance on it misplaced.”
- Fed Cir - “[a]s this court has repeatedly stated, a commercial offer for sale under § 102(b) is ‘one which the other party could make into a binding contract by simple acceptance.’ ”
- Fed Cir - “the supplier made an offer to sell the slow cookers to Hamilton Beach. At that point, the commercial offer for sale was made and, under the governing corporate purchase agreement, Hamilton Beach could accept the offer when it so pleased.”

## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- Fed Cir – “And, Hamilton Beach concedes, as it must, that, had it provided a ‘release’ any time after it received that email, a binding contract would have been formed. \* \* \* As such, even if the parties had not entered into a binding contract when the supplier responded to the purchase order, the response, nevertheless, was a commercial offer for sale that Hamilton Beach could have made into a binding contract by simple acceptance. This was enough to satisfy *Pfaff’s* first prong without the need for a binding contract. \* \* \* To the extent the parties and the district court read *Linear Tech* to require more, they were wrong.”
- J Reyna - no “commercial” sale or offer for sale – acknowledged no “supplier” exception, but in those cases the sales were “commercial”

## § 102 – Novelty and Loss of Right to a Patent “On Sale”

### *Hamilton Beach Brands, Inc. v. Sunbeam Products, Inc.*, - Cont'd

- J Reyna - “[m]y greatest concerns involve the implications this case will have for future innovators, most notably small enterprises and individual inventors who lack in-house prototyping and fabricating capabilities. \* \* \* Whenever the development process requires those entities to manufacture working prototypes or pre-mass-production samples, they often have no choice but to reach out to thirdparty suppliers. Under the majority’s holding in this case, a single offer to buy for purely experimental purposes may trigger the on-sale bar, and the experimental-use exception will offer them no salvation. It is from this evisceration of the experimental-use exception that I respectfully dissent.”

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

*In re Enhanced Security Research, LLC*, 739 F.3d 1347 (Fed. Cir. 2014) (J. Dyk w/ J. Taranto, dissent by J. O'Malley)

➤ Federal Circuit Splits on Whether Manual That Was Missing Even-Number Pages in One of Two Sections That the PTO Relied On, and Bore Indicia Indicating It Was a Draft, and Where Only Evidence That It Had Been Available to the Public Was From an Interested Witness, Should Have Been Relied On as Prior Art 🌶️ 🌶️ 🌶️

➤ Key issue – whether Manual, describing certain software, should have been considered as invalidating p/a

- Dubious date
- Incomplete – pages missing
- May have been a draft

- Proponent = interested witness
- ? Whether ever available to public

- Panel Maj – AFF'D rejection
- Strong dissent – J O'Malley



## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- ESR's patent-on-appeal = computer security device and method for preventing unauthorized access to LAN
- 3/p – requested ex parte reexamination – (1) Manual for s/w product NetStalker + article by Liepins et al.
  - Eff f/d – patent = 10/7/1996
  - Manual – title page = May 1996
  - ESR – version of Manual may not have been available in May 1996, there were indicia that version was a draft and not available to the public
- Stephen Smaha – CEO of company that produced NetStalker – declaration
  - Members of the public could obtain Manual by asking for it
  - NetStalker was sold to approximately 12 customers
  - NetStalker was advertised no later than 1995

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- Fed Cir Panel Maj – short opinion - “[i]n view of the Manual’s inscription date, the Smaha Declaration, and evidence of NetStalker advertisements published in 1995, we conclude that substantial evidence supports the Board’s finding that the Manual constituted publically-available prior art under § 102(a)(1).”
- J O’Malley – dissent – Smaha declaration incomplete and unreliable
  - Smaha = interested party – paid expert for party opposing ESR in litigation
  - Manual supplied by Smaha
  - Smaha = only person who (1) had access to Manual - (2) could explain missing pages – (3) explain whether complete reference existed – (4) why Manual submitted in incomplete form
  - Smaha never (1) claimed more complete Manual existed, (2) why submitted in incomplete form, or (3) explained missing portions
  - J O’Malley - “[t]he Smaha declaration was telling more for what it failed to state than for what little it actually did say with regard to accessibility.”

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- J O'Malley – dissent – Cont'd
  - “Given his undisputed bias, the Board and majority should demand precision with respect to such important facts, and not rely on what appeared to be half-truths. If the manual really was publicly accessible as of the critical date, it would not have been difficult for Smaha to actually say so, and to support his statements with verifiable facts.”
- J O'Malley – questioned whether Manual “available” in May 1996
  - Manual – “version 1.0.2” – Smaha did not say that version advertised in 1995
  - No indication that public had info which would have prompted anyone to request copy
  - No indication that “version 1.0.2” of NetStalker ever mf'd or offered for sale
  - Manual – indicia of being a “draft” – “cryptic date legend on cover, question marks in index, lacked last 10 pages from final chapter
  - Smaha – filed his own application on similar technology, but did not list Manual as p/a

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- J O'Malley – dissent – Cont'd
  - Brd's finding not supported by substantial evid
  - Smaha's statements sufficient ambiguous – could cover either scenario – accessible or not accessible
  - Brd cannot conclude accessible w/o evid to support
- ESR – PTO should not have relied on Manual b/c required to consider reference “as a whole” – here could not b/c missing pages
- Fed Cir Panel Maj – MPEP permits consideration of less than complete doc – e.g., “pertinent portions” of non-English docs, partial translations, portions of bound texts and articles > 60 pgs
- Fed Cir Panel Maj - “missing pages may sometimes be necessary for understanding a prior art reference,” but concluded that “nothing in the Manual here suggests that the missing pages were necessary to an understanding of the pertinent parts of the reference.”

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- Panel Maj – footnote
  - PTO rules allowed ex'r to request add'l info from inventor
  - But – under AIA Third Party Preissuance Submission procedure, 35 U.S.C. § 122(e) – PTO draft rules – ex'rs cannot request add'l info from 3/ps
  - Suggested PTO change the rule
- J O'Malley – dissent
  - PTO – had relied on chpts 5 and 6
  - Chpt 5 “Running NetStalker – Manual only had pgs 5-1, 5-3, 5-5 and 5-7 – i.e., missing even numbered pages
  - Chpt 7 – which ex'r had referenced – only had first 3 pages
  - Criticized Panel Maj for “speculating” that missing pages would not have been useful to the PTO
  - J O'Malley – “Without those pages, neither this court nor the Board can determine whether the missing pages of NetStalker teach away from the claimed invention.”

## § 102 – Novelty/Loss of Right to a Patent Patented or Described in a Printed Publication

### *In re Enhanced Security Research, LLC*, - Cont'd

- J O'Malley – dissent - cont'd
  - “[w]here a reference is proffered by an interested party with control over all information relating to that reference, it is not too much to ask that the proffer be complete in all material respects.”
  - Although sometimes appropriate to rely on “portions,” here Smaha provided no explanation for incompleteness.
  - Also - ? Of Due Process –
    - “[T]here is risk of an erroneous deprivation of those rights when the provider of an incomplete document is the one asking that a reexamination be instituted and is involved in active litigation with the patent holder.”
    - “This is especially so where the only one with access to both the reference and information about the reference is a paid representative of that party. In such circumstances, minimal additional safeguards clearly are warranted.”
    - “Allowing the PTO to rely on a reference that is unavailable and incomplete without explanation threatens the reliability and fairness of the proceedings.”

## § 102 – Novelty/Loss of Right to a Patent Antedating a Reference

*In re Enhanced Security Research, LLC*, 739 F.3d 1347 (Fed. Cir. 2014) (J. Dyk w/ J. Taranto, dissent by J. O'Malley)

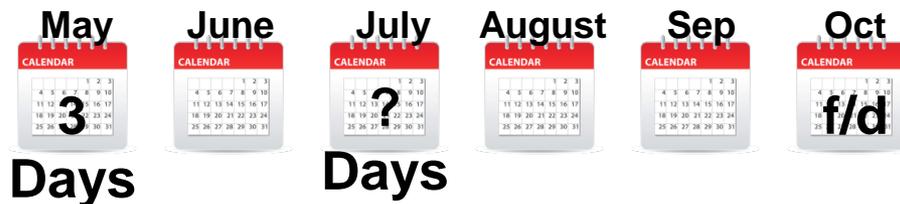
- When Relying on Attorney Diligence to Antedate a Reference, the Attorney's Records Should "show the exact days when activity specific to [the patentee's] application occurred" 🌿 🌿 🌿
  - Eff f/d = Oct. 7, 1996                      p/a Manual = May 1996
  - ESR – conceived invention < May 1996 + exercised diligence to f/d
  - ESR – relied on "attorney diligence" – submitted decls from
    - Shipley – inventor
    - Saunders – attorney
    - Described mtgs and phone calls between Feb. 28, 1996 when Shipley and Saunders first met – and Oct. 7, 1996 – f/d



## § 102 – Novelty/Loss of Right to a Patent Antedating a Reference

### *In re Enhanced Security Research, LLC*, - Cont'd

- *Bey v. Kollonitsch* - Fed Cir 1986 –
  - “reasonable diligence can be shown if it is established that the attorney worked reasonably hard on the particular application in question during the continuous critical period.”
  - But - attorney’s records should “show the exact days when activity specific to [the patentee’s] application occurred.”
- Here – Fed Cir Panel Maj - “[t]he record reveals that over the course of five months [from before May 1996 to October 7, 1996], Saunders had a few conversations with Shipley, conducted a prior art search, billed for under 30 hours of work, and drafted the patent application.”
- Brd - apart from records showing work on “May 4, 6, and 20, and activity in July,” ESR failed to provide “records or other evidence showing the exact days when activity specific to this application occurred.”



## § 102 – Novelty/Loss of Right to a Patent Antedating a Reference

### *In re Enhanced Security Research, LLC*, - Cont'd

- En Banc Panel Maj –  
 Although § 1.131 [Rule 131] did not require Saunders to work on Shipley's patent application without pause, we hold that substantial evidence supports the Board's finding that ESR failed to demonstrate the requisite attorney diligence."
- J O'Malley's dissent did not address

## *Medtronic CoreValve, LLC v. Edwards Lifesciences*

*Corp.*, 741 F.3d 1359 (Fed. Cir. 2014) (J Dyk w/ J Taranto, dissent by J O'Malley)

- Priority Claim Under § 120 Requires a Reference to All Intermediate Applications: A “Recycled” Priority Claim in Intermediate Applications That Omits Prior Intermediate Applications is Defective and Breaks the Chain of Priority:
- “this application” in Priority Claim Refers to Present Application
- Federal Circuit Rejects Proposed “Reasonable Person” Test For Sufficiency of Priority Claim
  - Fed Cir – AFF’D D Ct’s conclusion that Medtronic’s patent-in-suit was not entitled to an earlier priority date b/c of defects in the claim of priority
  - Thus, D Ct correctly granted s/j that asserted claims were anticipated.

§ 102 – Novelty/Loss of Right to a Patent  
Antedating a Reference - Domestic Priority – § 120/§ 119(e)

*Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.*, -  
Cont'd

- Medtronic's '281 patent-in-suit = prosthetic vascular valve
- '281 patent f/d Jan. 5, 2009, issued Feb. 22, 2011
- Claimed priority to French Appl ("French Appl 1a") f/d Nov. 17, 1999
- French Appl 1a was not relevant to claims being asserted against Edwards
- Pertinent priority chain was to French Appl 1b f/d Oct. 31, 2000

Application	Serial Number	Filing date
French Application 1b	French Application No. FR 00/14028	Oct. 31, 2000
International Application 2b	International Application No. PCT/FR 01/03258	Oct. 19, 2001
U.S. Application 4	U.S. Patent Application Serial No. 10/412,634	Apr. 10, 2003
U.S. Application 6 ?	U.S. Patent Application Serial No. 11/352,614	Feb. 13, 2006
U.S. Application 8 ?	U.S. Patent Application Serial No. 12/029,031	Feb. 11, 2008
U.S. Application 10	U.S. Patent Application Serial No. 12/348,892	Jan. 5, 2009

§ 102 – Novelty/Loss of Right to a Patent  
Antedating a Reference - Domestic Priority – § 120/§ 119(e)

*Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.*, -

Cont'd

- Edwards – partial s/j = defects in claim of priority ltd priority of asserted claims to no earlier than April 10, 2003, date of U.S. Appl. No. 4
- Edwards - + s/j asserted claims anticipated by French Appl. 1b + Int'l Appl 2b
- D Ct – granted both motions – '281 not entitled to date of French Appl. 1b b/c of failure to comply w/ § 119, and not entitled to date of Int'l Appl. 2b b/c of failure to comply w/ § 120
- Fed Cir – only considered § 120
- Fed Cir - § 120 allowed an application to claim the benefit of an earlier domestic filing date if, *inter alia*, “it contains or is amended to contain a specific reference to the earlier filed application \* \* \* submitted at such time during the pendency of the application as required by the Director.”
- *Encyclopaedia Britannica, Inc. v. Alpine Electronics of America, Inc.* (2010) - “the ‘specific reference’ requirement mandates ‘each [intermediate] application in the chain of priority to refer to the prior applications.’ ”

§ 102 – Novelty/Loss of Right to a Patent  
Antedating a Reference - Domestic Priority – § 120/§ 119(e)

*Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.*, -

Cont'd

- Fed Cir – b/c U.S. Appls. 6 and 8 did not specifically reference earlier filed applications in the priority chain, the '281 patent was not entitled to claim the priority date of International Application 2b under § 120
- '281 Appl. properly claimed priority:
  - The present application (U.S. Application 10) claims priority under 35 U.S.C. § 120 as a continuation of U.S. Application Serial No. 12/029,031 (U.S. Application 8), filed February 11, 2008, which is a continuation of U.S. Application Serial No. 11/352,614 (U.S. Application 6), filed February 13, 2006, which is a continuation of U.S. Application Serial No. 10/412,634 (U.S. Application 4), filed April 10, 2003, which is a continuation-in-part of International Application No. PCT/FR 01/03258 (International Application 2b), filed October 19, 2001.
- However, U.S. Appls. 6  8:
  - [T]his application is also a continuation-in-part of International Application No. PCT/FR 01/03258 [International Application 2b], filed on Oct. 19, 2001, which was published in a language other than English.



§ 102 – Novelty/Loss of Right to a Patent  
Antedating a Reference - Domestic Priority – § 120/§ 119(e)

*Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.*, -

Cont'd

- U.S. Appl 6 omitted reference to U.S. Appl 4
- U.S. Appl 8 omitted reference to both U.S. Appls 4 + 6
- Thus, “this application” in U.S. Appls 6 and 8 were defective
- Fed Cir - surmised that Medtronic had “recycled” priority claim from U.S. Appl 4 in U.S. Appls 6 and 8
- Medtronic - “this application” referred to U.S. Appl 4 regardless whether used in U.S. Appls 6 and 8
- Fed Cir - not persuaded - plain language + MPEP, always referred to present application
- Medtronic - “this application” should be interpreted re what a reasonable person would understand within the context of the patent
- Fed Cir – NO – “Medtronic’s proposal runs afoul of the language of the statutory provision, which requires ‘a specific reference’ to each earlier filed application, as well as the implementing regulation for § 120, which requires precise details in priority claims down to the ‘application number (consisting of the series code and serial number),’ \* \* \* .”

§ 102 – Novelty/Loss of Right to a Patent  
Antedating a Reference - Domestic Priority – § 120/§ 119(e)

*Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.*, -

Cont'd

- Fed Cir – PLUS - “reasonable person” would not necessarily interpret “this application” to refer to U.S. Appl 4 b/c U.S. Appl 3, U.S. Application 4’s predecessor, was also a possible candidate
- Although “a closer look at the ’281 patent’s complicated priority recitations, as well as an understanding of § 120’s disclosure requirements, would have eliminated U.S. Application 3 as a candidate because it neither claims priority to International Application 2b nor does it belong to the same priority chain as the Asserted Claims.”
- But - “such a conclusion would come to light only if the reasonable person had a sufficient understanding of prosecution procedure and litigation subject matter. These nuances demonstrate the difficulty in ascertaining the correct priority chain of a patent application that did not contain ‘specific references.’ ”
- Fed Cir - “[t]he patentee is the person best suited to understand the genealogy and relationship of her applications; a requirement for her to clearly disclose this information should present no hardship. \* \* \* Allocating the responsibility of disclosure through specific references to the patentee eliminates the inefficiencies associated with having the public expend efforts to unearth information when such information is readily available to the patentee.”

# FEDERAL CIRCUIT CASES

## Obviousness – Non-Obviousness § 103



## Obviousness/Non-Obviousness – § 103

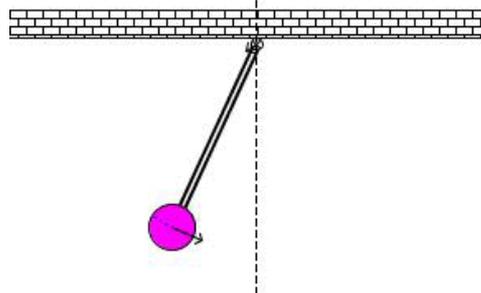
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### *Obviousness/Non-Obviousness Analysis Post-KSR*



# Obviousness/Non-Obviousness – § 103

## ➤ Overview



Pre- *KSR* : Showing of motivation required

➔ Post-*KSR* : Showing of motivation – design needs or market pressures

➔ Post-*KSR* : Mechanical inventions largely fail to pass hurdle

➔ Post-*KSR* : Showing of motivation – pharma and complex inventions pass hurdle

➔ Post-*KSR* : Increasingly, some mechanical inventions pass hurdle

## § 103 – Obviousness/Non-Obviousness Presumption of Validity

“Procedural lapses during examination, should they occur, do not provide grounds of invalidity. Absent proof of inequitable conduct, the examiner’s or the applicant’s absolute compliance with the internal rules of patent examination becomes irrelevant after the patent has issued.”

*Magnivision, Inc. v. Bonneau Co.* (Fed. Cir. 1997)



## § 103 – Obviousness/Non-Obviousness Secondary Considerations

*Plantronics, Inc. v. Aliph, Inc.*, 724 F.3d 1343 (Fed. Cir. 2013) (J. Wallach w/ CJ. Rader and J. O'Malley)

➤ All Evidence Pertaining to the Objective Indicia of Non-Obviousness Must be Considered Before Reaching an Obviousness Conclusion – The Significance of This Fourth *Graham* Factor Cannot Be Overlooked or Relegated to “Secondary Status” 🌿 🌿 🌿

➤ Plantronic’s patent - concha-style headsets

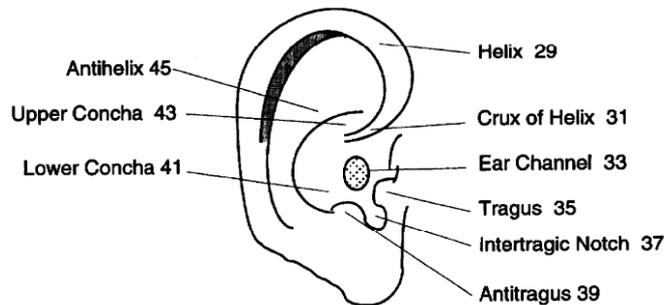


FIGURE 3

“a receiver attachment that couples to the body of the receiver, a support member extending from the receiver attachment, and a concha stabilizer pad coupled to the end of the support member such that the concha stabilizer pad contacts the upper concha under the antihelix of the ear with the receiver placed in the lower concha in front of the ear canal.”

Concha stabilizer pad had three points of contact: the tragus, the anti-tragus, and the upper concha.

## § 103 – Obviousness/Non-Obviousness Secondary Considerations

### *Plantronics, Inc. v. Aliph, Inc.*, - Cont'd

- Headset included a receiver 27 and voice tube 30. Receiver attachment included ear cushion 11 having an open recessed portion 13 forming a “C” shape dimensioned to fit onto receiver 27. Stabilizer support 17 extended from the upper surface of ear cushion 11. The end of stabilizer support 17 was coupled to concha stabilizer pad 21 which contacted the upper concha 43 below the antihelix. During use, ear cushion 11 contacted the tragus 35 and the antitragus 39 at points 23 and 25.

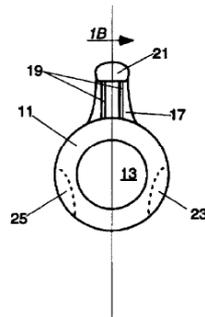


FIGURE 1A

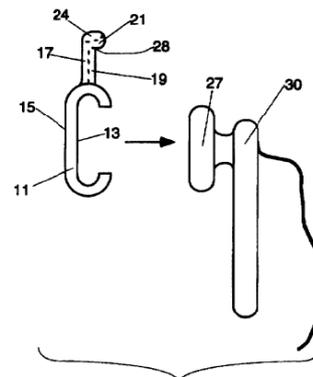


FIGURE 1B

## § 103 – Obviousness/Non-Obviousness Secondary Considerations

### *Plantronics, Inc. v. Aliph, Inc.*, - Cont'd

- After suit filed – Aliph req'd reexam – reexam confirmed patentability of claims + added claims.
- D Ct – s/j – asserted claims invalid and not infringed
- Fed Cir – D Ct - erred in construing “stabilizer support member” and “concha stabilizer” to “elongated” structures
- Fed Cir – + failed to give proper consideration to “secondary considerations.”
- D Ct – 2 references, Lieber and Komoda disclosed “a receiver, ear cushion, stabilizer support and pad” and difference between p/a and claims - bridged by “common sense.”
- Fed Cir - “[a]lthough the obviousness analysis is somewhat flexible, a district court’s conclusions with respect to obviousness must find support in the record. \* \* \* [T]he mere recitation of the words “common sense” without any support adds nothing to the obviousness equation.’ \* \* \* [obviousness findings] grounded in ‘common sense’ must contain explicit and clear reasoning providing some rational underpinning why common sense compels a finding of obviousness.”

## § 103 – Obviousness/Non-Obviousness Secondary Considerations

### *Plantronics, Inc. v. Aliph, Inc.*, - Cont'd

- Fed Cir - “[w]here, as here, the necessary reasoning is absent, we cannot simply assume that ‘an ordinary artisan would be awakened to modify prior art in such a way as to lead to an obviousness rejection.’ \* \* \* It is in such circumstances, moreover, that it is especially important to guard against the dangers of hindsight bias.”
- Fed Cir - “[a]s a safeguard against ‘slipping into use of hindsight and to resist the temptation to read into the prior art the teachings of the invention in issue,’ we have required courts to consider evidence of the objective indicia of nonobviousness prior to making the ultimate determination of whether an invention is obvious” (emphasis added)
- Fed Cir - “[f]ailure to give proper consideration to such evidence, as in this case, can be fatal because ‘common sense’ may not be so apparent in view of objective evidence of nonobviousness (e.g., commercial success and copying), particularly when all reasonable inferences are drawn in favor of the patentee.”

## § 103 – Obviousness/Non-Obviousness Secondary Considerations

### *Plantronics, Inc. v. Aliph, Inc.*, - Cont'd

- Fed Cir - “[h]ere, the district court concluded that the [patent-in-suit] was invalid as obvious before considering objective indicia of nonobviousness.”
- Fed Cir - “[t]his court has consistently pronounced that all evidence pertaining to the objective indicia of nonobviousness must be considered before reaching an obviousness conclusion.” (emphasis added)
- Comment: J Wallach’s strong opinion could be read that district court opinions that reach a conclusion of obviousness before considering commercial success etc. are open to challenge. Although correct that many cases emphasize that “secondary considerations” must be considered as part of the obviousness enquiry – rather than later, namely whether secondary considerations support or overcome prior conclusion re obviousness, it seems doubtful that the Federal Circuit would reverse solely because the district court reached a conclusion of obviousness before addressing the “secondary considerations” – if the district court actually addressed the “secondary considerations.”

## § 103 – Obviousness/Non-Obviousness “Secondary Considerations”

*Apple, Inc. v. U.S. Int’l Trade Comm’n*, 725 F.3d 1356 (Fed. Cir. 2013) (J. Moore w/ J. Linn, cipdip J. Reyna)

- ITC Erred by Failing to Resolve “Secondary Considerations” Before Reaching Conclusion on Obviousness 
- Apple – patents-in-suit – touch-screens
- ITC = asserted claims of first patent-in-suit would have been obvious in light of SmartSkin, a prior art touch screen product, in combination with a patent application that resulted from the SmartSkin project – an unexamined Japanese application (Rekimoto)
- ITC = motivation to combine the use of transparent electrodes with a mutual capacitance sensor, and that Rekimoto disclosed the limitations in claim 10 that were absent from SmartSkin
- Fed Cir – REV’D - ITC had not properly considered the “secondary considerations.”

## § 103 – Obviousness/Non-Obviousness “Secondary Considerations”

### *Apple, Inc. v. U.S. Int’l Trade Comm’n*, - Cont’d

- Fed Cir - “We are troubled by the ITC’s obviousness analysis. We have repeatedly held that evidence relating to all four *Graham* factors—including objective evidence of secondary considerations—must be considered before determining whether the claimed invention would have been obvious to one of skill in the art at the time of invention. \* \* \* Indeed, it is axiomatic that ‘[t]he establishment of a prima facie case \* \* \* is not a conclusion on the ultimate issue of obviousness.’ ”
- Fed Cir - “[f]or example, Apple presented evidence of industry praise by business publications. Time Magazine hailed the iPhone as the 2007 ‘Invention of the Year’ in part because of the phone’s multitouch capabilities. \* \* \* Bloomberg Businessweek published a 2007 article entitled ‘Apple’s Magic Touch Screen,’ in which the magazine hailed the multipoint touch screen’ as ‘[t]he most impressive invention since the new iPhone.’ \* \* \* Around the same time, Wired Magazine reviewed the iPhone and its ‘brilliant screen’ and the iPhone as ‘the best device I have ever seen’.”



## § 103 – Obviousness/Non-Obviousness “Secondary Considerations”

### *Apple, Inc. v. U.S. Int’l Trade Comm’n*, - Cont’d

- J Reyna – even stronger – “I emphasize that objective evidence of nonobviousness, such as that gleaned from the patented product’s role in the marketplace, is the indicia of the innovation principle upon which rests our system of patents.”
- Fed Cir P Maj – “[t]he dissent’s claim that objective evidence is the ‘best’ evidence is not correct. \* \* \* In an individual case, it is certainly possible that objective evidence may outweigh the evidence that tends to establish obviousness. It is also possible that strong evidence under the first three *Graham* factors may outweigh the objective evidence. But there is no hierarchy of evidence.”

## § 103 – Obviousness/Non-Obviousness “Secondary Considerations”

*Cheese Systems, Inc. v. Tetra Pak Cheese and Power Systems, Inc.*, 725 F.3d 1341 (Fed. Cir. 2013) (CJ. Rader w/ J. Reyna, CDJ. Davis, F. Bryson, sitting by designation)

➤ District Court Should Address “Secondary” Evidence to Avoid Remand Even if the District Court Concludes That the Claims Have Not Been Proved to Have Been Obvious 

- Patent-in-suit - certain “horizontal” cheese making vats
- Prior Art = “co-rotating” paddles – INVENTION – “counter-rotating paddles”
- CSI – D/J action - Tetra Pak, the exclusive licensee, counter-claimed for infringement
- D Ct – s/j (1) CSI’s accused products infringed under the doctrine-of-equivalents, and (2) the asserted claims were not invalid as being anticipated or obvious
- Fed Cir – AFF’D - CSI’s accused products literally infringed the asserted claims, and those claims had not been proved invalid.

## § 103 – Obviousness/Non-Obviousness “Secondary Considerations”

### *Cheese Systems, Inc. v. Tetra Pak Cheese and Power Systems, Inc.*, - Cont'd

- Fed Cir – reiterated importance of “secondary considerations” – “Objective evidence of nonobviousness can include copying, long felt but unsolved need, failure of others, commercial success, unexpected results created by the claimed invention, unexpected properties of the claimed invention, licenses showing industry respect for the invention, and skepticism of skilled artisans before the invention. These objective considerations can protect against the prejudice of hindsight bias, which often overlooks that “[t]he genius of invention is often a combination of known elements which in hindsight seems preordained.”
- Fed Cir – important to consider even if concluding non-obvious – “Where a court holds a claim obvious without making findings of secondary considerations, the lack of specific consideration of secondary considerations ordinarily requires a remand. \* \* \* Even where, as here, a district court upholds a claim over an assertion of obviousness, a trial court may prevent remands by making these potentially crucial fact-findings. \* \* \*”



# FEDERAL CIRCUIT CASES

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## Double-Patenting

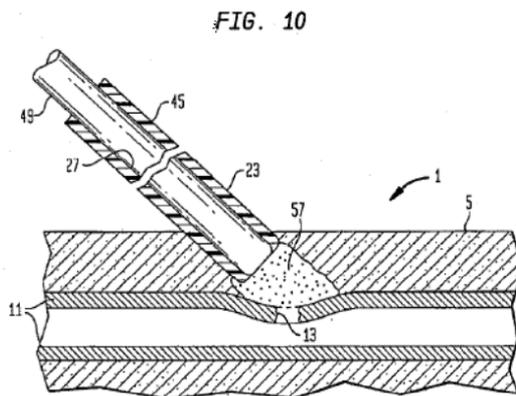
*St. Jude Medical, Inc. v. Access Closure, Inc.*, 729 F.3d 1369 (Fed. Cir. 2013) (J. Plager w/ J. Wallach, concurring J. Lourie)

- Federal Circuit Panel Majority – Seeking a Generic Claim in a Divisional Application After an Election of Species in Parent Application Having No Generic Claim Violates Requirement for Consonance: Concurring Opinion – Election of Species Was Irrelevant – Consonance Nevertheless Violated 🌶️ 🌶️ 🌶️
  - St Jude Janzen patent-in-suit - methods and devices for sealing a “vascular puncture” which occurs when a medical procedure requires puncturing a vein or artery, for example to insert a catheter. In practice, a medical professional would have to apply pressure to the puncture site until clotting occurred.
  - Janzen (and Fowler patents, not pertinent to current issue) disclosed a variety of alternative methods and devices

# Double Patenting § 121 – “Safe Harbor”

## *St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- Janzen patent disclosed a medical device that inserted a plug 57 (composed of collagen or similar material) into a vascular puncture to seal the puncture 13



### Janzen Patent Family

Grp I – Device  
Grp II – Method  
Species A, B, C

Grandparent  
Patent

Grp I – Spec B

Divisional

Same

Parent  
Patent

Grp I – Spec B

Continuation

Janzen  
Patent

Continuation

Sibling  
Patent

Device + Method  
Grp I-Spec C  
Grp II-Spec C

Grp II – Generic

Consonance



*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

➤ Grandparent - Ex'r – restriction requirement – device vs. method:

[Group] I. Claims . . . drawn to a device for use in sealing a puncture in a wall of a blood vessel.

[Group] II. Claims . . . drawn to a method of sealing a puncture in a wall of a blood vessel.

➤ Plus required election of species:

Species A: Claims relating to the apparatus comprising a solid tissue dilator;

Species B: Claims relating to the apparatus comprising a hollow dilator and guidewire;

Species C: Claims relating to the apparatus comprising a guidewire and no dilator.

➤ Elected Group I, Species B – grandparent patent issued.

*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- Parent - Ex'r – restriction requirement:
  - Essentially the same as in Grandparent
  - Elected Group I, Species B – parent patent issued
- Janzen patent-in-suit and Sibling application
  - Janzen patent-in-suit – all claims originally cancelled – copied claims from other patent to provoke interference – won interference – issued w/ both method and apparatus claims
  - Sibling – claim 1 – method claim (thus Group II), but generic – not restricted to Species A, B or C
- Jury - ACI had infringed claims 7 and 8 of the Janzen patent, but claims 7, 8 and 9 invalid for double patenting in light of the sibling patent – *i.e.*, those claims were not patentably distinct from claim 7 of the sibling patent.
- D Ct – bench trial on § 121 “safe harbor” - safe-harbor provision applied, and thus overturned the jury verdict
- 252 ➤ Fed Cir – REV'D

## Double Patenting § 121 – “Safe Harbor”

### *St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- 35 U.S.C. § 121: “[a] patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application filed **as a result of such a requirement**, shall not be used as a reference \* \* \* against a divisional application or against the original application or any patent issued on either of them, if the divisional application is filed before the issuance of the patent on the other application.”
- However, in order to enjoy that “safe harbor,” **subsequent divisional applications must claim subject matter “consonant” with the restriction requirement** – comes from “filed as result of” language in § 121
- **Fed Cir - Janzen patent did not maintain “consonance” with the restriction requirement – but P Maj and J Lourie, concurring – took markedly different routes to get there.**

*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- ACI - the restriction in the grandparent application between Group I – devices, and Group II – methods, set the line of demarcation, and the election of species had no effect
- ACI - the Janzen patent-in-suit crossed that line because it contained claims to both a device and method, and therefore violated the requirement for consonance
- J Lourie, concurring, essentially agreed.
- St. Jude – the election of species was an additional restriction requirement. Thus, the original restriction requirement was not binary, but was between 6 different inventions:

➤ Group I, Species A	Group II, Species A
➤ Group I, Species B	Group II, Species B
➤ Group I, Species C	Group II, Species C
- St Jude – Janzen patent maintained consonance b/c claims were to Group I, Species C and Group II, Species C, not Group I, Species B

*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- Fundamental distinction between J Lourie, concurring, and P Maj
- P Maj – election of species is also a “restriction requirement” if there is no generic claim
- J Lourie – election of species presents novel legal issue, but is irrelevant – only “restriction requirement” is between Group I and Group II
- P Maj - typically an applicant would elect a generic claim and claims to a species. If the generic claim was deemed allowable, then the applicant could obtain claims to all of the species.
- P Maj – however – pointed to 37 C.F.R. § 1.146, which provides:
  - In the first action on an application containing a generic claim to a generic invention (genus) and claims to more than one patentably distinct species embraced thereby, the examiner may require the applicant in the reply to that action to elect a species of his or her invention to which his or her claim will be restricted if no claim to the genus is found to be allowable.
- P Maj - if no generic claim is found allowable, then the election of species will create a restriction under 35 U.S.C. § 121

*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- Fed Cir P Maj - “there were two restriction requirements imposed on the grandparent application: the original device/method restriction, and the second restriction that resulted from the election of species.”
- Fed Cir P Maj - because the Janzen application pursued Group I, Species C and Group II, Species C, which were different than the invention pursued in the grandparent application, Group I, Species B, the line of demarcation was maintained in that respect.
- Fed Cir P Maj – however, consonance was not maintained in the sibling
- In the sibling patent, independent claim 1 was drawn to a method of sealing a puncture involving neither a guidewire nor a dilator – namely Group II, but not limited to any of Species A, B or C
- Fed Cir P Maj - reasoned that the sibling application was not filed “as a result” of the restriction requirement because it pursued a claim generic to all of the species, and therefore “overlapped Group II, Species C” in the Janzen patent-in-suit.

*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

- Fed Cir P Maj - because the Janzen patent-in-suit and the sibling patent did not maintain consonance, the “safe-harbor” did not apply, and claims 7, 8 and 9 of the Janzen patent-in-suit were invalid.
- J Lourie, concurring - “this case is resolved by the failure of the granted Janzen and '498 (sibling) patents to maintain consonance with the original restriction requirement. **The accompanying requirement for election of species, which perhaps raises an issue of first impression, is a complication that should not come into play in deciding the appeal.**”
- J Lourie, concurring - **“The restriction requirement required dividing claims to devices from claims to methods, and the Janzen patent contains both device and method claims. It is the opposite of consonant.”**
- J Lourie, concurring - an election of species is not the same as a restriction requirement because it is tentative, and an applicant can avoid the consequences by ultimately obtaining a generic claim. 37 C.F.R. § 1.146 uses the word “restriction,” but urged that an election of species was not a “restriction requirement” per se.

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*St. Jude Medical, Inc. v. Access Closure, Inc.*, - Cont'd

Open Question



Is an election of species a “restriction” requirement under § 121?

JJ Plager and Wallach = Yes

J Lourie = No

# FEDERAL CIRCUIT CASES

## Written Description – Enablement – Best Mode



Scope of Claims



Undue experimentation  
*In re Wands*



Intentional Concealment

# FEDERAL CIRCUIT CASES

## Written Description – Enablement – Best Mode Trends

Written Description – trend by at least by J. Lourie and those following his lead has been to limit claims to “invention” described in spec

-OR-

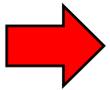
if claims are broader than that, to find claims invalid under § 112(1)

Enablement – trend is to insist on evidence of *In re Wands* factors - not a frequent source of invalidity unless claims clearly “broad”

Best Mode – trend is not to find violation of best mode, unless there is evidence of active concealment – note AIA – no longer ground for invalidity, but remains part of § 112

*Wyeth and Cordis Corp. v. Abbott Laboratories*, 720 F.3d 1380  
(Fed. Cir. 2013) (J. Moore w/ JJ. Bryson and Wallach) 

- Scope of Enablement Must be Commensurate With the Scope of the Claims: Synthesizing Tens of Thousands of Compounds Exceeds “routine experimentation” Even If the Procedures are “routine”
  - Balloon catheters – balloon inflated – crushes plaque – may injure artery wall – proliferation of muscle cells – re-narrowing of artery = restenosis
  - Claims – method of treating “restenosis in a mammal \* \* \* which comprises administering an antirestenosis effective amount of rapamycin to said mammal.”
  - “rapamycin” = class of compounds
  - Spec - disclosed only one species called sirolimus, which was produced by a bacterium, *Streptomyces hygroscopicus*.
  - D Ct - adopted Wyeth’s proposed construction - “rapamycin” = “a compound containing a macrocyclic triene ring structure produced by *Streptomyces hygroscopicus*, having immunosuppressive and anti-restenotic effects.”



*Wyeth and Cordis Corp. v. Abbott Laboratories*, - Cont'd

- D Ct – invalid – lack of enablement for scope of the claim
- Fed Cir = AFF'D
- Fed Cir - “[c]laims are not enabled when, at the effective filing date of the patent, one of ordinary skill in the art could not practice their full scope without undue experimentation.”
- Fed Cir - There were at least tens of thousands of candidates, and the specification did not disclose how to structurally modify sirolimus or how to do so to retain claimed utility.
- Second, it would be necessary, according to the Federal Circuit, to first synthesize and then screen each candidate using assays disclosed in the specification to determine whether a compound had the immunosuppressive and antirestenotic effects.
- Fed Cir – “The resulting need to engage in a systematic screening process for each of the many rapamycin candidate compounds is excessive experimentation.”

# FEDERAL CIRCUIT CASES

## Legal Ethics and Inequitable Conduct



# Legal Ethics & Inequitable Conduct

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Post – *Therasense* Cases

*Ohio Willow Wood Co. v. Alps South, LLC*, 735 F.3d 1333 (Fed. Cir. 2013) (J. Reyna w/ JJ. Dyk, Bryson)

- Failure to Disclose Potentially Corroborating Evidence While Arguing to PTO That Declaration Submitted During *Ex Parte* Reexamination Lacked Corroboration, Arguing No Physical Product of Prior Art Existed When Counsel Had Such Products, and Misleading Arguments Concerning Whether a Witness Was “Interested” All Sufficient to Create Fact Issues That Precluded Summary Judgment of No Inequitable Conduct 🌿🌿🌿

- Fed Cir – vacated + remanded D Ct’s grant of s/j of no IE – unresolved issues of material fact
- OWW – family of patents – cushioning devices for residual stumps of amputated limbs



*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

- OWW sued Alps – patent '237 patent = f/d March 5, 1996
- Alps – 2 ex parte reexams – D Ct stayed litigation
- 1<sup>st</sup> Reexam – Alps req'd reexam of '237 patent – prior gel liner mf'd by Silipos, Inc. – “Silosheath” – sock-shaped nylon – turned inside out – dipped into mineral oil-based polymeric gel – created coating on interior of sheath – acted as cushion + mineral oil lubricated skin
  - Ex'r also responsible for parallel reexam of '688 patent – similar claims
  - Rej'd all claims – Silosheath
  - Interview w/ OWW attorneys, rep for OWW + Kania (named inventor)
  - OWW – sample Silosheath shown to ex'r – argued polymeric gel bled thru nylon – gel on exterior – uncomfortable for user
  - Ex'r – allowed – after amdt providing gel coating only on interior of liners

*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

- 2<sup>nd</sup> Reexam – filed 6 days after conclusion of 1<sup>st</sup> reexam
  - Alps – amd'd claims invalid over Silipos product - Single Socket Gel Liner” (SSGL) – asserted SSGL did not have gel on exterior surface
  - Supported by decl from Jean-Paul Comtesse – formerly associated w/ Silipos – had worked on development team for Silosheath and SSGL
  - Comtesse = decl + depo = SSGL did not have bleed thru b/c made from DuPont “Coolmax” material – denser and thicker than nylon
  - Ex'r – rejected all claims – obvious – acknowledged that advertisement for SSGL did not disclose whether SSGL had gel only on interior – but accepted Comtesse decl and depo testimony
  - On appeal – OWW – Comtesse = “highly interested” + testimony not corroborated – said Comtesse had “admitted” he continued to received royalties + he had personal financial interest in litigation – denied there was any other evidence to support Comtesse’s testimony

*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

- 2<sup>nd</sup> Reexam – filed 6 days after conclusion of 1<sup>st</sup> reexam – Cont'd
  - Brd – single issue – whether ex'r had erred in crediting Comtesse's testimony
  - Brd – no corroborating testimony – no evid that SSGL in ad was made using Coolmax material + Comtesse was interested 3/p
- D Ct – s/j – no inequitable conduct
- Fed Cir - “a reasonable finder of fact could conclude that OWW withheld evidence from the PTO during the second reexamination that sufficiently corroborated Mr. Comtesse's testimony regarding the construction of the SSGL. The corroborating evidence that OWW did not disclose to the PTO includes witness testimony, documents, and physical samples.”

*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

➤ **Not Disclosed**

- Before reexam, OWW had been provided w/ 3 declarations
  - Gailey – prof. Univ. of Miami School of Medicine
    - Familiar w/ Silipos products
    - OWW had sent him SSGL in mid-1990s
    - Covering of SSGL made from “cotton polyester blend
    - No bleed thru
    - Features of SSGL remained the same for many years
    - Provided SSGL he had received as an exhibit
    - Alps – evid that Gailey rec'd SSGL on March 28, 1995 – tag indicated it was constructed of Coolmax material
    - Gailey had consulted w/ both OWW and Alps, but had not personal stake in outcome

*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

➤ **Not Disclosed** – Cont'd

➤ Before Brd, OWW argued – no evid established that SSGL made from Coolmax < March 5, 1996

➤ Fed Cir – “Corroboration does not require that every detail of the testimony be independently and conclusively supported by explicit disclosures in the pre-critical date documents or physical exhibits. \* \* \* Under a ‘rule of reason’ approach, we view the totality of the evidence pertinent to the testimony, including circumstantial evidence, in order to ascertain whether the testimonial assertions are credible.”

➤ Before Brd – OWW argued Comtesse testified pre-critical date SSGL was same as Silosheath

➤ Fed Cir – belied by Comtesse’s testimony

➤ Also, Silosheath and SSGL identified as separate products in price lists, catalogs and sizing charts

*Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

- Fed Cir - “[o]verall, the testimony from the three prosthetists, the patent application, and the physical exhibits provide consistent and convincing evidence that corroborates Mr. Comtesse’s testimony regarding the structure of the SSGL prior to March 5, 1995. It is the cumulative weight of this evidence that lends credibility to Mr. Comtesse’s testimony. Accordingly, viewing the evidence in a light most favorable to Alps, we conclude that there is a genuine issue of fact regarding whether OWW withheld evidence from the PTO that was sufficient to corroborate Mr. Comtesse’s testimony.”
- PLUS – Fed Cir – OWW made misrepresentations re Comtesse
  - Comtesse “admitted” he was an “interested witness” who continued to receive royalties
  - Comtesse was the “inventor” of SSGL
  - Fed Cir – all refuted by Comtesse’s testimony



## Inequitable Conduct – Legal Ethics Materiality

### *Ohio Willow Wood Co. v. Alps South, LLC*, - Cont'd

- Fed Cir - “[t]he record also indicates that OWW’s counsel was aware that Mr. Comtesse’s level of interest was critical to convincing the BPAI to reverse the examiner’s final rejection in the second reexamination. \* \* \* These statements demonstrate that OWW’s counsel knew that the misrepresentations about Mr. Comtesse’s interest and inventorship would ‘affect issuance of the patent’ by triggering heightened scrutiny of his testimony.”
- Fed Cir – also unresolved issues re intent - “There is no dispute OWW’s counsel knew that if the BPAI accepted Mr. Comtesse’s account of the prior art SSGI then the ’237 patent would not have emerged from the second reexamination proceeding. Thus, OWW’s counsel in that proceeding \* \* \* sought to discredit Mr. Comtesse’s testimony and, as noted in the foregoing section, did so by making misrepresentations and misleading statements that were directly refuted by credible evidence that OWW did not otherwise disclose. Under the circumstances, this evidence creates a genuine issue of material fact as to whether [that] conduct before the PTO was undertaken for the deliberate purpose of obtaining an otherwise unwarranted patent.”

*Network Signatures, Inc. v. State Farm Mutual Automobile*

*Insurance Co.*, 731 F.3d 1239 (Fed. Cir. 2013) (J. Newman w/ J. Wallach, dissent by J. Clevenger)

- In Connection With a Petition to Revoke for Non-Payment of a Maintenance Fee, Checking Box on PTO-Supplied Form That Delay was “Unintentional” Without a Supplemental Explanation Does Not Constitute Withholding “Material” Information 
- Strong Dissent Urges Otherwise, And Urges Remand to Determine “Intent”
- Panel Majority Disagrees With Dissent That Standard of Proof Drops to Preponderance of the Evidence When The Assertion is a Withholding of Material Information
  - Patent - internet security technology – developed at Naval Research Lab  
- assigned to the government, represented by the Secretary of the Navy

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

Petition to Revive

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Delay was unintentional

PTO Form

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- An NRL attorney, Mr. Karasek, and his staff were responsible for managing NRL's patent portfolio
- 7.5 year maintenance fee for the patent-in-suit was due by April 23, 2004.
- Mr. Karasek - NRL made maintenance fee decisions once or twice a year, and if there was an expression of interest in licensing, NRL would pay the maintenance fee, but would allow the patent to lapse as "routine practice" if there was no "identified commercial interest."
- Maintenance fee for patent-in-suit was not paid b/c NRL was not then aware of any commercial interest in the patent
- On May 10, 2004, two weeks after the due date, Mr. Hazim Ansari of Network Solution's predecessor company, telephoned an individual at NRL's Technology Transfer Office, and enquired about licensing the patent-in-suit.
- Mr. Ansari said that he had been trying to contact NRL, but a prior voicemail of April 5, 2004, had not been returned, and emails of April 12 and 14, 2004, had "bounced back."

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- Karasek told of the enquiry, and on the same day, May 10, 2004, filed a petition with the PTO to accept delayed payment of the maintenance fee
- Petition was on the PTO supplied form, which had the statement that “[t]he delay in payment of the maintenance fee to this patent was unintentional.”
- Petition included the maintenance fee plus the delayed payment surcharge.
- PTO approved the delayed payment the following week. NRL subsequently licensed the patent to Network Signatures.
- Network Signatures sued State Farm – State Farm – Karasek engaged in inequitable conduct b/c he had not provided supplemental explanation for “unintentional”
- Karasek = delayed payment was “unintentional” b/c it resulted from a “mistake of fact.”
- Karasek = it was a “mistake of fact” b/c NRL would have routinely paid the maintenance fee if it had known of the commercial interest

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- 1989 Commissioner's Decision - *In re Maldague* - PTO explained that “[a] distinction must be made between a mistake in fact, which may form the basis for a holding of unintentional abandonment \* \* \* , and the arrival at a different conclusion after reviewing the same facts a second time.”
- 2003 Commissioner's Decision in *In re Carlson* - PTO explained that “[t]he discovery of additional information after making a deliberate decision to withhold a timely action is not the ‘mistake in fact’ that might form the basis for acceptance of a maintenance fee \* \* \* under the reasoning of *Maldague*.”
- In *Carlson*, patentee had allowed the patent to lapse, and three months later learned of possible infringement and sought to revive the patent by late payment of the fee.
- D Ct – relied on *Carlson* - omission of “any evidence or explanation of why the delay was considered unintentional was but-for material.”

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- Fed Cir P Maj – REV'D - standard PTO form required no details for “unintentional” delay, and contained the preprinted “statement” that: “The delay in payment of the maintenance fee to this patent was unintentional,” without requesting further detail.
- J Clevenger – dissent - “[t]he correct question on materiality is whether the PTO would have granted Karasek’s revival petition if he had disclosed the circumstances surrounding the revival.”
- J Clevenger – dissent - “[b]ecause I believe that State Farm has shown that the PTO would have denied Karasek’s petition, I would affirm the grant of summary judgment on materiality.”

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- J Clevenger – dissent - “Network Signatures, relying on cases such as *In re Patent No. 6,118,582*, \* \* \* and *In re Maldague*, \* \* \* argues that the above facts present a ‘mistake of fact’ scenario and the PTO would have granted the revival petition had Karasek disclosed them to the PTO. State Farm disagrees, and argues that this situation is indistinguishable from cases such as *In re Patent of Carlson*, \* \* \* and *In re Patent No. 5,181,974*, \* \* \* where the PTO denied revival under a mistake of fact theory.”
- J Clevenger – dissent - “[t]he PTO’s cases do suggest that a petitioner can rely on a mistake of fact to revive an expired patent, but Network Signatures cannot cite to any case where the PTO actually granted revival under this theory.”
- J Clevenger – dissent - should be remanded to consider intent – “Karasek’s statement that he never considered filing a supplemental statement with the revival petition rings hollow in light of his review of several PTO cases which included supplemental statements.”

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- P Maj – in response – went outside the record – “An examination of recently approved petitions confirms that such petitions are routinely filed and granted without explanation for the ‘unintentional’ delay. The Official Gazette of August 13, 2013 lists thirty-six petitions, 1393 OG 85, twenty-one of which were available for our review. None of the reviewed petitions include a substantive discussion of ‘unintentional’ delay by either the petitioner or the Director. The other fifteen petitions were not accessible electronically. The PTO grants petitions to excuse ‘unintentional’ delay ‘automatically,’ and in ‘real-time.’”
- J Clevenger - in a footnote that “[t]here is some dispute in our post-*Therasense* case law over the correct standard of proof on materiality.
- J. Clevenger - “I would clarify that where inequitable conduct involves withheld prior art, it is correct to apply the preponderance standard. In cases such as this one, involving information not related to patentability, I would apply a clear and convincing evidence standard to materiality.”

*Network Signatures, Inc. v. State Farm Mutual Automobile Insurance Co.*, - Cont'd

- P Maj - disagreed, responding that “the en banc court in *Therasense* stated that ‘[t]he accused infringer must prove both elements—intent and materiality—by clear and convincing evidence.’ \* \* \* The court did not distinguish among issues, when the charge was that the lawyer had committed inequitable conduct. The court in *Therasense* sought to ameliorate the opportunistic plague of personal attack and satellite litigation, by establishing a consistent standard.”

## Legal Ethics and Inequitable Conduct Materiality

*Intellect Wireless, Inc. v. HTC Corp.*, 732 F.3d 1339 (Fed. Cir. 2013)  
(J. Moore w/ JJ. Prost and O'Malley)

- False Rule 131 Affidavit Coupled With Failure to Expressly Disclose to the PTO the Falsities in that Affidavit Crosses the Materiality Hurdle: Intent May Be Inferred From Never Telling the Examiner the Truth 
- Intellect's 2 patents-in-suit = drawn to wireless transmission of caller ID information
- HTC contended that patents were unenforceable b/c of inequitable conduct by sole inventor, Daniel Henderson
- Henderson, in response to a rejection, filed a Rule 131 affidavit asserting an earlier actual reduction to practice – a false statement
- Intellect – Henderson's atty quickly filed a revised affidavit, and advised ex'r of error
- Fed Cir – disagreed – revised affidavit did not highlight the truth, but obfuscated the truth

*Intellect Wireless, Inc. v. HTC Corp.*, - Cont'd

- Fed Cir - original Rule 131 affidavit contained numerous false statements:
  - “the claimed invention was actually reduced to practice and was demonstrated at a meeting”;
  - “the working prototype demonstration included communicating information from a calling party connected to a communications network that provided caller identifying information to a called party”;
  - referring to a device that “displayed the caller identification and associated image information transmitted via a wireless network”
- Fed Cir - “[w]hen an applicant files a false declaration, we require that the applicant ‘expressly advise the PTO of [the misrepresentation’s] existence, stating specifically wherein it resides.’ ” per (1983) *Rohm & Haas Co. v. Crystal Chem. Co.*

### *Intellect Wireless, Inc. v. HTC Corp.*, - Cont'd

- Further, “if the misrepresentation is of one or more facts, the PTO [must] be advised what the actual facts are.”
- Additionally, the applicant must “take the necessary action \* \* \* openly. It does not suffice that one knowing of misrepresentations in an application or in its prosecution merely supplies the examiner with accurate facts without calling his attention to the untrue or misleading assertions sought to be overcome, leaving him to formulate his own conclusions.”
- Fed Cir - Henderson’s revised affidavit did not clearly identify the earlier false information, and, if anything, “obfuscated the truth.”
- For example, the revised affidavit mentioned “diligence from the date of conception to the effective filing date,” implying that Mr. Henderson was now relying upon constructive reduction to practice” but did not expressly negate the false references to an actual reduction to practice in the earlier affidavit.

## Legal Ethics and Inequitable Conduct Materiality

### *Intellect Wireless, Inc. v. HTC Corp.*, - Cont'd

- In the revised affidavit, Henderson referred to a “prototype now in the Smithsonian” suggesting an earlier actual reduction to practice, and a “product brochure and packing receipt” carrying the same implication.
- Intellect urged that Henderson’s attorney specifically advised the examiner of the mistaken claim of an actual reduction to practice. But, according to the Federal Circuit, there was no evidence of the same in the record.
- Intent – D Ct - Henderson had made false statements regarding an earlier actual reduction to practice during prosecution of related patents as well.
- Fed Cir – agreed – PLUS - “[m]oreover, the district court’s finding of intent could be affirmed based on the content of the two declarations. The completely false statements in a first declaration were followed by a replacement declaration that, rather than expressly admitting the earlier falsity, dances around the truth. \* \* \* As discussed earlier, neither Mr. Henderson nor his attorney told the Examiner the truth. Thus, the district court did not clearly err in concluding that specific intent to deceive the PTO was the most reasonable inference from Mr. Henderson’s conduct.”

# FEDERAL CIRCUIT CASES

Correction of Issued Patents  
Reissue – Reexamination – Certificates of  
Correction

*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, \_\_\_ F.3d \_\_\_

(Fed. Cir. 2014) (J Moore w/ J Newman, cipdip J Dyk)

- License to Identified Patents That Also Includes “continuation, continuation-in-part and divisional patent applications that claim priority to” the Identified Patents Does Not Cover Other Patents Claiming Priority to Earlier Common Provisional Application 🌿 🌿 🌿
  - Endo – sold Opana® ER - extended release drug containing painkiller called oxymorphone
  - 2 of Endo’s patents – ‘122 and ‘126 – drawn to extended-release oxymorphone compositions and methods of treating pain using those compositions
  - 3<sup>rd</sup> Endo patent – ‘482 - drawn to purified oxymorphone compositions and methods of making those compositions.
  - 2 appeals – one by Roxane Laboratories, Inc., and the other by Actavis Inc., and Actavis South Atlantic LLC.
  - ‘122 and ‘126 – both appeals – ‘482 only in Actavis appeal

*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

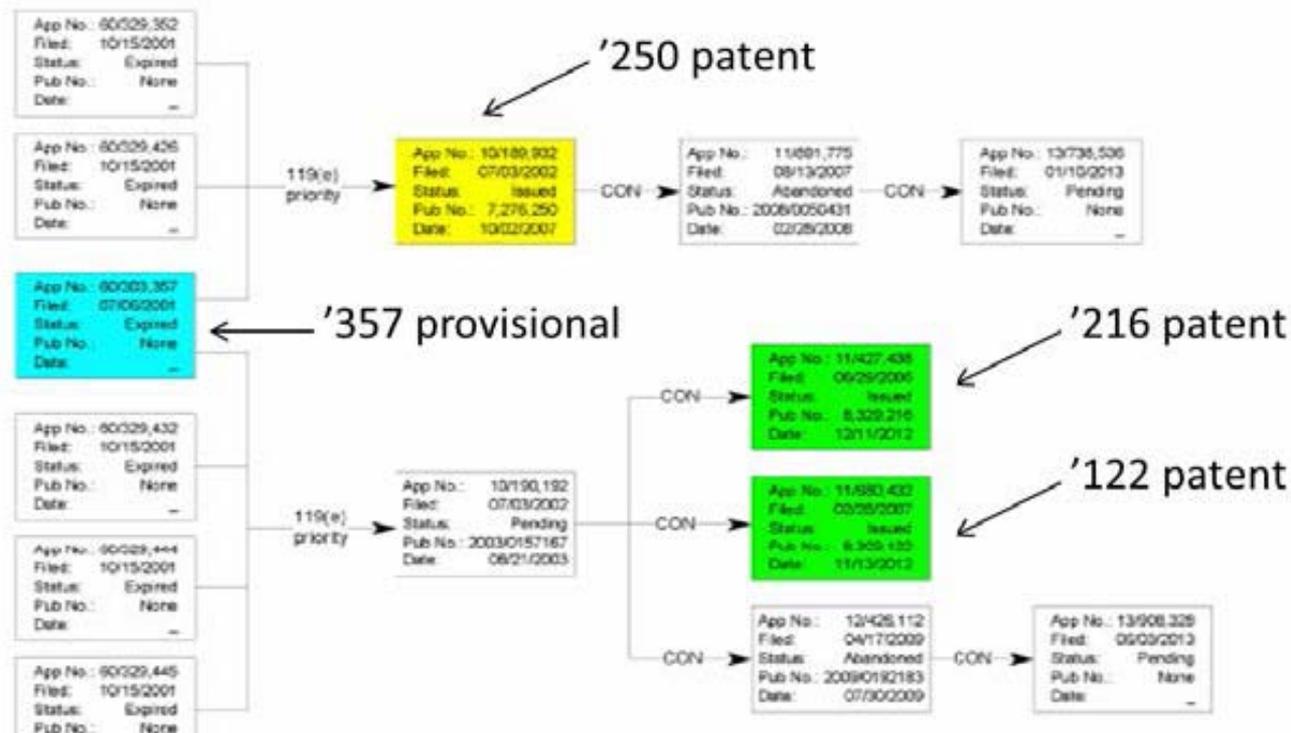
- Prior litigation – Roxane and Actavis – filed ANDAs – generic versions of Opana® ER
  - Settled – granted Roxane and Actavis licenses and covenant-not-to-sue
  - Roxane Agreement – defined “Licensed Patents” as:
    - (a) any [U.S.] patents that are both (i) now owned by Endo . . . and (ii) issued as of the Effective Date of this Agreement, including the Opana® ER Patents,
    - (b) any [U.S.] patent applications that claim priority to the Opana® ER Patents, including any continuation, continuation-in-part and divisional patent applications that claim priority to Opana® ER Patents, and
    - (c) any patents resulting from the reissue or reexamination of patents or patent application of patents or patent applications comprised within clauses (a) and (b) \*
- \* \*
- Defined “Opana® ER Patents” as U.S. Patent Nos. 5,662,933, 5,958,456, and 7,276,250.
  - Included “No Implied Rights” provision – agmt ltd to terms of agmt

*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- Actavis Agreement – similar, but included add'l patent
- '122, '216 and '482 patents issued after Roxane and Actavis agmts
- '122 and '216 issued to Endo      '482 Endo acquired
- Endo sued – requested preliminary inj – Roxane + Actavis = express + implied license from legal estoppel
- D Ct - “as a matter of law \* \* \* Endo is estopped from claiming that the activity of Actavis and Roxane, which has gone on for a substantial period of time, is now suddenly barred because of these new patents.”
- Fed Cir – REV'D
- Fed Cir - the “Roxane Agreement covers U.S. patent applications that ‘claim priority to the Opana® ER Patents [e.g., any of the licensed patents], including any continuation, continuation-in-part and divisional patent applications that claim priority to Opana® ER Patents.’ \* \* \* There can be no dispute that the ‘122 and ‘216 patents are not continuations of any of the licensed patents.”
- Fed Cir – ‘122 and ‘216 – did not claim priority to any licensed patent

*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- Fed Cir - “[t]here is no reading of this language [of the license] that extends coverage to patents that merely have a provisional application in common with the licensed patents.”



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*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- Fed Cir – also, apparently during contract negotiations, Endo and Roxane considered the language “any application claiming a common priority date as the licensed patents,” which would have covered the ‘122 and ‘216 patents-in-suit.
- But, that language did not appear in the final Roxane Agreement.
- Fed Cir – Actavis Agmt – substantially the same language – Actavis also did not have license to ‘122 and ‘216 patents + ‘482 patent was unrelated to previously licensed patents
- Roxane + Actavis – under rationale of *TransCore, LP v. Electronic Transaction Consultants Corp.* (2009) - Endo should not be allowed to deprive Roxane and Actavis of the benefit of their earlier bargain.
- Fed Cir – overly broad reading

## *Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- Fed Cir - a patentee's right under § 154 "is merely one to exclude others from making, using or selling [the product covered by the licensed patent] \* \* \*." The Federal Circuit panel majority noted that "[t]he doctrine of legal estoppel does not nullify these general principles. Instead, it 'refers to a narrow category of conduct encompassing scenarios where a patentee has licensed or assigned a right, received consideration, and then sought to derogate from the right granted..' "
- Fed Cir - In *TransCore* the patentee had asserted a continuation patent that was broader than, and necessary to practice, a patent included in an earlier settlement agreement. The Federal Circuit there concluded that the patentee was legally estopped from asserting a patent having a claim scope that encompassed the claims of one of the licensed patents. The implied license was limited to the scope of the licensed claims.
- Fed Cir - "We reject Appellees' invitation to expand the implied license doctrine. You get what you bargain for. And we will not use the implied license doctrine to insert ourselves into that bargain and rewrite the contract."

## *Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- J Dyk – dissent – agreed Roxane did not have express/implied license to ‘122/’216 patents – Roxane knew of ‘122/’216 patents during settlement.
- J Dyk – dissent – agreed Actavis did not have implied license to ‘482 patent – not owned at time of settlement negotiations.
- J Dyk – dissent - Actavis should have implied license to ‘122/’216 patents – unlike Roxane, Endo had not disclosed ‘122/’216 patents to Actavis
- J Dyk – also differences between settlement agmts – at time of prior settlement, Endo had 4 patents in Orange Book – ‘250, ‘933, ‘456, and ‘143 – only sued Actavis on ‘456 – in settlement – granted Actavis license to ‘456, and covenant-not-to-sue re ‘250 etc.
- Actavis agmt - defined “Opana® ER Generic Product” as “any product that is \* \* \* sold under the Actavis ANDA.”
- J Dyk - “*TransCore* held that a patentee cannot license existing patents to another party for the production of a specific product and then assert a newly acquired patent against that party to prevent it from producing the same product.”

## *Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- J Dyk - “a patent claiming priority to a provisional application must cover the same inventive subject matter as the provisional application,” and “[s]ince the '250 patent (covered by the license agreements) and the '122 and '216 patent applications (subsequently issued) claim priority to the same provisional application and, thus, must cover the same inventive subject matter, the agreements confer an implied license to the two new patents absent contrary evidence. In other words, under our decisions in *TransCore* and *General Protecht* [*General Protecht Group, Inc. v. Leviton Manufacturing Co., Inc.*], the settlement agreements here created a presumption that the '122 and '216 patents were impliedly licensed to Actavis and Roxane, even though the only licenses explicitly mentioned in the settlement agreements were to the '250, '456, and '933 patents.”
- J Dyk – Roxane was aware of '122/'216 patents – sufficient to negate implied license – but Actavis was unaware of patents

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*Endo Pharmaceuticals, Inc. v. Actavis, Inc.*, - Cont'd

- J Dyk - Actavis agreement provided that the license and covenant-not-to-sue extended to “Opana® ER Generic Products” defined as “any product that is marketed and/or sold under the Actavis ANDA.” The Roxane agreement, on the other hand, limited the license and covenant-not-to-sue to the “Licensed Patents.”
- J Dyk - Actavis agreement therefore did not limit the license to specific patents as the Roxane agreement did.
- J Dyk - “[a] comparison of the two license agreements and the different negotiation histories suggests that Actavis could reasonably conclude it had negotiated a right to sell all Opana® ER generic products despite the interim issuance of the '122 and '216 patents, not merely practice the patents expressly licensed.”

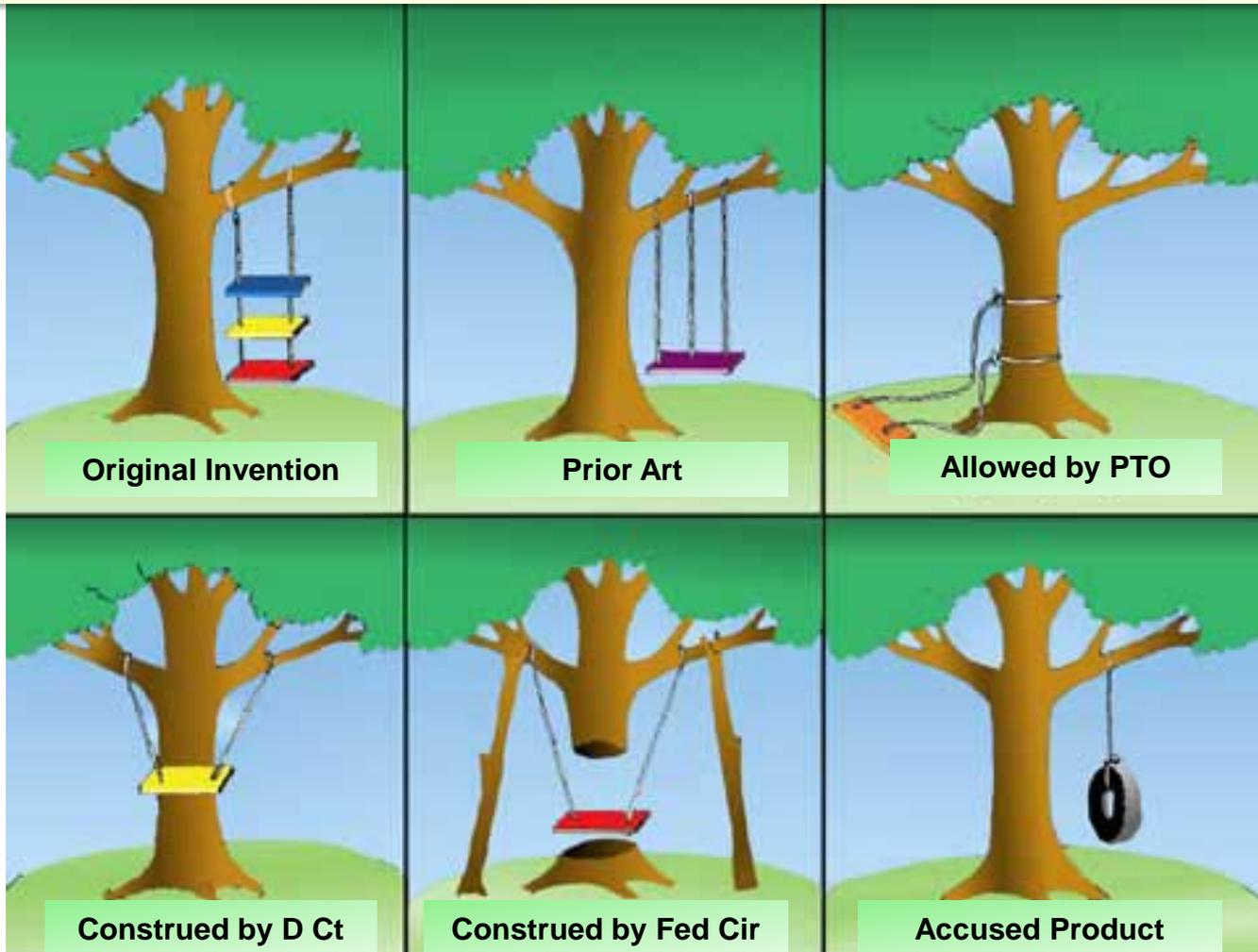
# FEDERAL CIRCUIT CASES

## Claim Construction



# FEDERAL CIRCUIT CASES

## Claim Construction?



# Claim Construction – Overview

Although claim construction remains controversial in individual cases, the number of cases in which claim construction is disputed seems to have fallen off dramatically

In general, district courts seem to be doing a better job of claim construction

Also, claim construction now largely based on unique facts of each case – not particularly instructive

## Current Ct Split:



Fmr CJ. Rader *et al.* – focus remains on claim language



J. Lourie *et al.* – focus is on spec b/c WD requirement

## Panel



## Claim Construction Cases Generally Focusing on Claim Language

*3M Innovative Properties Co. v. Tredegar Corp.*, 725 F.3d 1315  
(Fed. Cir. 2013) (J. Reyna, concurring opinion by J. Plager, cipdip J.  
O'Malley) 🥒🥒

- Court Splits on Construction of One Out of Four Disputed Terms: Concurring Opinion Suggests Adopting Contract Law Doctrine of “*contra proferentem*. \* \* \* When a term is ambiguous, a crystal ball matter, the ambiguity should be construed against the draftsman”
  - D Ct - construed 30 disputed terms in 3M’s four asserted patents, which led to a joint stipulation of non-infringement under those constructions.
  - 4 disputed constructions were the object of the appeal by 3M
  - Fed Cir - unanimously agreed that d ct had erred in construing 2 of the 4 terms on appeal, and reversed
  - Fed Cir - also unanimously agreed that D Ct had correctly construed 1 of the remaining two terms, and affirmed
  - Fed Cir P Maj - concluded that D Ct had correctly construed the remaining disputed claim term, but J. O’Malley dissented.

## Claim Construction Cases Generally Focusing on Claim Language

### *3M Innovative Properties Co. v. Tredegar Corp.*, - Cont'd

- Circuit Judge Plager, in a concurring opinion, joined Circuit Judge Reyna's majority opinion, but wrote separately suggesting that:

“Cases like this—claim construction issues such as this one—may well deserve application of a principle analogous to the contract doctrine of *contra proferentem*. \* \* \* When a term is ambiguous, a crystal ball matter, the ambiguity should be construed against the draftsman. (Or better yet, the claim should simply be invalidated as indefinite, though our court has not seen fit to go there as yet.)”

- Judge Plager – concurring - “when claims are larded with terms such as ‘substantially,’ ‘preferentially,’ and ‘relatively,’ and when it takes four judges and some seventy pages of densely written opinions to find meaning in these terms, there is considerable evidence of a failure by the claim drafters to be clear and precise, and, beyond that, of a shortcoming in the patent examination process that permits claims to be so drafted.”

*Bayer CropScience AG v. Dow AgroSciences LLC*, 728 F.3d 1324  
(Fed. Cir. 2013) (J. Taranto, w/ JJ. Prost and Bryson)

- When a Term of Science is Used in a Claim, That Term Should be Given Its Customary and Ordinary Construction, Unless the Specification Clearly Provides Otherwise, Even Though the Term of Science in Context is Wrong 
- Take-Away Teaching - before using a recognized term of science in drafting a specification and claims, one should make sure that the term of science accurately reflects the technology.
- Here it did not, and Bayer was stuck with the recognized meaning of the scientific term.
- As a result, the Federal Circuit affirmed the district court's summary judgment of non-infringement.

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- Bayer's patent - "Microorganisms and Plasmids for 2,4-Dichlorophenoxyacetic Acid (2,4-D) Monooxygenase Formation and Process for the Production of These Plasmids and Strains."
- Resulted from research directed to genetically modifying plants to be resistant to 2,4-D herbicide
- Application filed in the late 1980s
- Scientists had discovered that certain bacteria found in soil could grow on 2,4-D
- Those bacteria converted 2,4-D into 2,4-dichlorophenol, or "2,4-DCP," which was not toxic to the bacteria, and which the bacteria used as a source of carbon and energy
- Inventors - first to isolate, clone and characterize a gene that coded for enzymes that catalyzed 2,4-D-to-2,4-DCP reactions from the soil bacterium strain *Alcaligenes eutrophus* JMP134 - objective was to transfer that gene to plants giving such plants the ability to inactivate 2,4-D.

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- Specification specified the gene sequence in Fig. 10 - also explained how the gene was isolated
- But scientists did not fully understand the enzymatic reaction
- Reaction required the presence of an oxygen molecule, but the inventors did not know where one of the two oxygen atoms wound up
- Inventors knew one of the atoms combined with 2,4-D to create an unstable compound that split apart into 2,4-DCP and glyoxylate
- Inventors speculated that the second oxygen atom was incorporated into water, which was the prevailing, but unverified, view of the scientific community.
- Enzymes catalyzing a reaction in which one oxygen atom ends up in water and the second is incorporated into a product other than water were called **monooxygenases**
- Patent used the term “monooxygenase” throughout the specification to characterize the enzyme whose gene it sequenced, as well as in the claims.

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- 1993 – while application was still pending, scientists discovered that it was incorrect to refer to Bayer's enzyme as a monooxygenase because the second oxygen atom did not actually end up in water
- Rather, the second oxygen atom was likewise incorporated into products other than water, and the correct term was "dioxygenase."
- Bayer did not attempt to amend the claims or specification, even though the application did not issue until 7 years after that discovery in 1993.
- Claim 1 of the patent-in-suit called for:
  - A recombinant gene, comprising
  - a DNA sequence encoding a polypeptide having the biological activity of 2,4-D monooxygenase which is capable of being expressed in a plant, operably linked to a heterologous promoter capable of promoting the expression in a plant of a structural gene operably linked thereto.

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd



Bayer's claims were technically wrong, and they knew it when patent issued

Will Bayer be limited to claims as drafted?



## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- Dow produced a line of genetically modified seeds that were resistant to 2,4-D, as well as other herbicides.
- Dow's products used enzymes that were dioxygenases that catalyzed a reaction in which 2,4-D converted to 2,4-DCP.
- Dow contended that "having the biological activity of 2,4-D monooxygenase" meant any enzyme that triggered cleaving of the side chain of 2,4-D to produce 2,4-DCP, even if it was a dioxygenase and even if it did not share other biological activities of the particular enzyme whose gene Bayer had sequenced.
- D Ct - the "plain and ordinary meaning" requires that "2,4-D monooxygenase" be read to embody the established scientific meaning of "monooxygenase," which involves one oxygen atom going to water, and that the whole phrase therefore meant "the enzymatic activity of an enzyme, in a biological system, that causes a reaction with 2,4-D, and two molecules of oxygen, where one molecule of oxygen is added to 2,4-D and the other ultimately forms water."

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- Fed Cir - “[a]dopting Bayer’s position, we think, would require that the [patent-in-suit], or its history, make reasonably clear that Bayer was not using the term in its established descriptive sense. \* \* \* Familiar claim-construction policies regarding public notice and patentee drafting duties make it appropriate to demand such clarity here: Bayer chose the language based on an unverified belief that it accurately described its enzyme, learned that the belief was false while its application was pending, had seven years before its patent issued to alter the language, but never did.”
- Fed Cir - “[i]n short, as the district court explained, the claim language has a strong accepted scientific meaning. Bayer’s alternative construction strips the monooxygenase half of the claim phrase of its accepted descriptive meaning and then asserts a specification ‘definition’ of the biological-activity half. We do not find enough in the specification or prosecution history to justify those steps.”
- Perhaps of equal importance, the Fed Cir opened the door to considering whether Bayer’s broad construction would render the claims invalid under § 102(a) as lacking enablement or written description support.

## Claim Construction Lexicographical References

### *Bayer CropScience AG v. Dow AgroSciences LLC*, - Cont'd

- 
- Fed Cir – “In this case, which is not one in which a patentee invokes invalidity considerations to support a narrowing construction, Bayer seeks a broad construction of its own patent, and the alleged infringer Dow has raised invalidity problems with that construction. A record regarding those problems was extensively developed at the same time as the record for claim construction. In these circumstances, it is both possible and sensible to find that such grave doubts reinforce the textual objections to Bayer’s proposed construction.”
  - Fed Cir – although Federal Circuit in *Phillips* held that “validity analysis is [not] a regular component of claim construction,” concluded that “leaves room for reliance on this bolstering consideration where, as here, the record on invalidity is sufficiently developed to establish grave validity doubts under the court’s standards.” (emphasis added)
  - Fed Cir - emphasized that Bayer’s proposed construction was functional in nature, and very broad - questioned whether such a construction would lead to invalidity.

# FEDERAL CIRCUIT CASES

## Construction of Means-Plus-Function Limitations

“means” plus function

Claimed “function” defines scope of “corresponding structure” disclosed in spec “clearly linked” to claimed function

Claim scope = disclosed structure + statutory equivalents = literal infringement



# Construction of Means- and Step-Plus-Function Limitations

## Written Description and Definiteness Issues

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- Means- and Step-Plus-Function Limitations
  - Written Description and Definiteness Issues



## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

*Apple Inc. v. Motorola, Inc.*, \_\_\_ F.3d \_\_\_ (Fed. Cir. 2014) (J Reyna, dip CJ Rader, cipdip J Prost)

- Federal Circuit Panel Splits on Proper Analysis When Limitation Does Not Use the Word “Means”: Specifically, Federal Circuit Panel Splits on Whether Specification Should be Consulted During the First Step in the Analysis: Split Raises Potentially Significant Issue When Drafting Claims in Computer-Implemented Inventions 🌶️ 🌶️ 🌶️
  - 3 opinions – 85 pages long
  - D Ct – Circuit Judge Posner, sitting by designation
  - Fed Cir – Rev’d Judge Posner’s construction of a limitation as a means-plus-function limitation governed by § 112(f)
  - Apple + Next Software, Inc. – sued Motorola – 3 patents
  - Motorola cc’d – 6 patents
  - Apple amd’d to add 12 more patents

## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Apple’s ‘949 patent – using finger contacts to control a computer thru a touchscreen
- Claim 1 – “instructions for applying one or more heuristics to the one or more finger contacts to determine a command for the device,” “wherein the one or more heuristics comprise,” “a vertical screen scrolling heuristic for \* \* \* based on an angle of initial movement of a finger contact with respect to the touch screen display,” “a two-dimensional screen translation heuristic for \* \* \* based on the angle of initial movement of the finger contact with respect to the touch screen display,” “a next item heuristic for \* \* \*.”
- D Ct - “heuristic” limitations described functions “without describing the structure necessary to perform the functions.”
- D Ct – limitations = means-plus-function governed by § 112(6) (now § 112(f))
- D Ct – spec = sufficient “corresponding structure + ltd “next item heuristic” to finger tap on right side of the screen
- D Ct – granted Motorola s/j non-infringement

## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Fed Cir P Maj opinion = tutorial
- Fed Cir P Maj – two-step analysis – in first step – determining whether claim drafted in means-plus-function form, the specification must be consulted:

The overall means-plus-function analysis is a two-step process. Naturally, there is some analytical overlap between these two steps. In the first step, we must determine if the claim limitation is drafted in means-plus-function format. As part of this step, we must construe the claim limitation to decide if it connotes “sufficiently definite structure” to a person of ordinary skill in the art, which requires us to consider the specification (among other evidence). In the second step, if the limitation is in means-plus-function format, we must specifically review the specification for “corresponding structure.” Thus, while these two “structure” inquiries are inherently related, they are distinct.

## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- J Prost dissented – consulting spec should not be part of first step:

As an initial matter, the majority misstates our law on means-plus-function claiming. Generally speaking, a means-plus-function analysis proceeds in two phases: first, the court must determine whether the claim term is drafted in means-plus-function format such that 35 U.S.C. § 112 ¶ 6 applies. \* \* \* Only then should the court undertake to construe the disputed claim term by identifying the “corresponding structure, material, or acts described in the specification” to which the claim term will be limited.
- J Prost - “the majority’s analysis collapses these two steps into one, and in doing so, it effectively renders the category of non-indefinite means-plus-function claim terms a null set.”

## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Fed Cir P Maj – responded – consulting spec was simply part of claim construction (paragraphs added):

In so doing, we naturally look to the specification, prosecution history, and relevant external evidence to construe the limitation.

In so doing, we naturally look to the specification, prosecution history, and relevant external evidence to construe the limitation.

While this inquiry may be similar to looking for corresponding structure in the specification, our precedent requires it when deciding whether a claim limitation lacking means connotes sufficiently definite structure to a person of ordinary skill in the art. \* \* \* Because these inquiries are distinct, it is possible to find that a claim limitation does not connote sufficiently definite structure despite the presence of some corresponding structure in the specification. \* \* \* As such, not “every” mean-plus-function limitation is indefinite under our precedent; only those that lack the term means, do not connote sufficiently definite structure, and lack corresponding structure. We do not state or apply a different rule in this case. In this case, as we find that the claims connote sufficiently definite structure to a person of ordinary skill in the art, we do not reach the second step of the means-plus function analysis.

## Construction of Means- and Step-Plus Function Claims Presumption From Not Using “Means” Prevails

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Fed Cir P Maj – limitation does not use “means” – therefore a presumption against construing as means-plus-function – presumption is “strong” and “not readily overcome”
- J Prost – dissent – echoes concerns by Prof. Lemley (paragraphs added):

To begin with, it is true that the absence of the word “means” in the disputed claim terms creates a presumption that these are not means-plus-function limitations.

\* \* \*

However, it is undisputed that the heuristics limitations recite functions performed by the heuristics (e.g., “determining that the one or more finger contacts correspond to a command to transition from displaying a respective item in a set of items to displaying a next item in the set of items”).

The relevant question therefore is whether the claim fails to recite sufficient structure for performing those functions, in which case the presumption against means-plus-function treatment would be overcome. \* \* \*

## Construction of “Means- and Step-Plus-Function Claims Presumption From Using “Means” Overcome

*TecSec, Inc. v. International Business Machines Corp.*, 731 F.3d 1336 (Fed. Cir. 2013) (J. Linn w/ J. Moore, dissent J. Reyna) 🌿 🌿 🌿

- “system memory means” and “digital logic means” Convey Sufficient Structure to One of Ordinary Skill in the Art to Avoid § 112(6)
  - Fed Cir P Maj – D Ct – improperly construed “system memory means”
  - Fed Cir –

The use of the term “means” triggers a rebuttable presumption that § 112, ¶ 6 applies. \* \* \* One way in which this presumption can be overcome is if “the claim recites sufficient structure for performing the described functions in their entirety.” \* \* \* To determine if the claim recites sufficient structure, “it is sufficient if the claim term is used in common parlance or by persons of skill in the pertinent art to designate structure, even if the term covers a broad class of structures and even if the term identifies the structures by their function.”

# FEDERAL CIRCUIT CASES

## Infringement

# Infringement

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- ❖ *Infringement*
  - ❖ *Assignor Estoppel*
  - ❖ *Direct*
  - ❖ *Contributory*
  - ❖ *Induced*
  - ❖ *Other*



*Commil USA, LLC v. Cisco Systems, Inc.*, 720 F.3d 1361 (Fed. Cir. 2013) (J. Prost, cipdip J. Newman, cipdip J. O’Malley)

➤ After *Global-Tech*, Federal Circuit Case Law Panel Finding of Induced Infringement to Rest on Wh “knew or should have known” Verbatim Fed Cir Law Error – No Longer Good Law Negligence Court’s Comments – Federal

Panel Concludes Jury Instruction Repeating Verbatim Fed Cir Law Error – No Longer Good Law



➤ Supreme Court panel - (1) the district court gave the jury a legally erroneous instruction with respect to indirect infringement, (2) Cisco’s evidence of a good-faith belief of invalidity may negate the requisite intent for induced infringement, and (3) the district court did not err in granting a new trial.

## Infringement § 271(b) – Inducement - Intent

### *Commil USA, LLC v. Cisco Systems, Inc.*, - Cont'd

- Commil's patent - a method of providing faster and more reliable handoffs of mobile devices from one base station to another as a mobile device moved throughout an area
- Accused - certain Cisco WiFi access points and controllers infringed certain claims of the patent-in-suit
- 1<sup>st</sup> Trial – jury rejected Cisco's invalidity contentions, found Cisco liable for direct infringement, and awarded Commil \$ 3.7 million in damages + found Cisco was not liable for induced infringement
- Commil filed motion for a new trial on induced infringement and damages
- D Ct granted
- 2<sup>nd</sup> Trial – jury verdict in favor of Commil on both indirect infringement and damages, this time awarding \$ 63.7 million in damages
- D Ct - final judgment awarding \$ 63.7 million in actual damages, \$ 10.3 million in prejudgment interest, and \$ 17,738 in costs.

Infringement  
§ 271(b) – Inducement - Intent

*Commil USA, LLC v. Cisco Systems, Inc.*, - Cont'd

- D Ct – induced infringement jury instruction – jury could find inducement if “Cisco actually intended to cause the acts that constitute direct infringement and that Cisco knew or should have known that its actions would induce actual infringement.”
- “knew or should have known” language was verbatim from Fed Cir 1990 *Manville Sales Corp. v. Paramount Sys., Inc.*, approved by the Federal Circuit *en banc* in 2006 in *DSU Medical Corp. v. JMS Co., Ltd.*
- Cisco = instruction allowed jury to find inducement on a showing of “mere negligence” contrary to the Supreme Court’s 2011 decision in *Global-Tech Appliances, Inc. v. SEB S.A.* - Fed Cir agreed
- *Global-Tech* - induced infringement “requires knowledge that the induced acts constitute patent infringement.”
- S Ct - knowledge requirement could be satisfied by showing actual knowledge or willful blindness.
- S Ct - expressly distinguished actual knowledge and willful blindness from recklessness and negligence.

Infringement  
§ 271(b) – Inducement - Intent

*Commil USA, LLC v. Cisco Systems, Inc.*, - Cont'd

- Fed Cir - “[c]ircumstantial evidence can, of course, support a finding of actual knowledge or willful blindness just as it did in *Global-Tech*.”
- Fed Cir – But jury instruction was not so limited. “[w]hile the court did instruct the jury that certain circumstantial evidence could support a finding of inducement, the present jury instruction plainly recites a negligence standard, which taken literally, would allow the jury to find the defendant liable based on mere negligence where knowledge is required.”

➤ Fed Cir - “Therefore, to the extent our prior case law allowed the finding of induced infringement based on recklessness or negligence, such case law is inconsistent with *Global-Tech* and no longer good law. It is, therefore, clear that the jury instruction in this case was erroneous as a matter of law.”

- Instruction = prejudicial – vacated and remanded
- JJ Newman and O’Malley concurred-in-part, and did not specifically join this portion of the opinion, their separate opinions indicate that they both agreed with this portion of the opinion

# Infringement

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- ❖ *Doctrine of Equivalents*
- ❖ *Vitiating Rule “Explained”*

## Infringement Under the Doctrine of Equivalents Vitiation Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co.,*

\_\_\_ F.3d \_\_\_ (Fed. Cir. 2013) (J. Moore, w/ JJ. Dyk and Mayer)

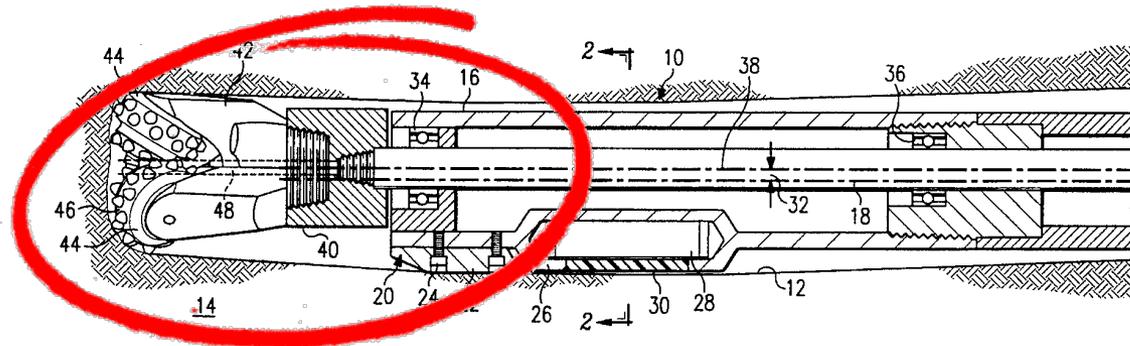
- Federal Circuit Reverses Summary Judgment of Non-Infringement Under the Doctrine of Equivalents Based on Expert Declaration, And Reiterates That “[v]itiation is ‘a legal determination that “the evidence is such that no reasonable jury could determine two elements to be equivalent.” ’ ” 
- Fed Cir – REV’D D Ct’s grant of s/j of non-infringement under the doctrine-of-equivalents concluding that there were unresolved issues of fact.

## Infringement Under the Doctrine of Equivalents Vitiation Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co., -*

Cont'd

- CMW – owner of patent on horizontal drilling rig



- An inner pipe rotated drill bit 42. Casing 16 was rotatably mounted about the inner pipe. Casing 16 included a “deflection shoe” that aided in steering. If casing 16 did not rotate, the asymmetry caused the drill to deflect away from a straight path. If casing 16 rotated, the drill followed a straight course.

## Infringement Under the Doctrine of Equivalents Vitiation Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co., -*

Cont'd

- CMW alleged infringement by two types of Vermeer drills: non-commercial prototypes and commercial products.
- Both used a “bent sub” that CMW contended met certain limitations of the claims.
- The prototypes also included wear pads.
- D Ct – s/j non-infringement for both the commercial products and the prototypes
- Fed Cir – error - CMW had not been given notice that summary judgment may be granted for the prototypes.

## Infringement Under the Doctrine of Equivalents Vitiation Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co., -*

Cont'd

- D Ct – s/j - neither literal infringement nor infringement under the doctrine-of-equivalents
- Fed Cir - affirmed the judgment *vis-à-vis* literal infringement, but reversed regarding equivalents
- Fed Cir - “[i]nfringement under the doctrine of equivalents may be established by showing that ‘the substitute element matches the function, way, and result of the claimed element.’ \* \* \* Whether the substitute element (1) has substantially the same function as the recited element, (2) achieves that function in substantially the same way, and (3) achieves substantially the same result are questions of fact.”

## Infringement Under the Doctrine of Equivalents Vitiating Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co.*, -

Cont'd

➤ Fed Cir - “[v]itiating is ‘a legal determination that “the evidence is such that no reasonable jury could determine two elements to be equivalent.” ’ \* \* \*  
‘[S]aying that a claim element would be vitiated is akin to saying that there is no equivalent to the claim element in the accused device based on the well-established “function-way-result” or “insubstantial differences” tests.’ ”

- Quoting *Brilliant Instruments, Inc. v. GuideTech, LLC*, 707 F.3d 1342, 1347 (Fed. Cir. 2013).
- Fed Cir - an expert declaration by CMW’s expert regarding the equivalence between the “bent sub” on the accused products, and the “deflection shoe” precluded grant of summary judgment under the doctrine-of-equivalents.
- Fed Cir - added that “[w]e also conclude that the doctrine of claim vitiating does not bar CMW’s application of the doctrine of equivalents. On summary judgment, the appropriate question for the court was whether no reasonable jury could find equivalence based on the record.”

## Infringement Under the Doctrine of Equivalents Vitiation Rule

### *Charles Machine Works, Inc. v. Vermeer Manufacturing Co., -*

Cont'd

- Comment: It does not appear from the opinion that the district court had based its decision on the doctrine of vitiation. It appears that the Federal Circuit added that comment to buttress its earlier comments in *Brilliant Instruments*.

## *Pacific Coast Marine Windshields Ltd. v. Malibu*

*Boats, LLC*, 739 F.3d 694 (Fed. Cir. 2014) (J Dyk w/ JJ Mayer, Chen)

- Principles of Prosecution History Estoppel Apply to Design Patents
- Responding to a Restriction Requirement in a Design Application by Cancelling Drawing Figures to Non-Elected Embodiments Constitutes an Amendment to Secure a Patent 
- Fed Cir –
  - principles of prosecution history estoppel applied to design patents
  - REV'D D Ct's grant of s/j of non-infringement concluding that the accused design was not within the scope of subject matter surrendered during prosecution, and
  - held that complying with a restriction requirement by cancelling figures to non-elected embodiments constituted an amendment to secure a patent, rather than an administrative convenience, although expressly limited that holding to design patents.

*Keurig, Inc. v. Strum Foods, Inc.*, 732 F.3d 1370 (Fed. Cir. 2013) (J. Lourie w/ J. Mayer, concurring J. O'Malley)

- Sale of Patented Apparatus Exhausts Corresponding Method Claims Drawn to Using the Apparatus 
- Fed Cir – AFF'D D Ct's s/j – Keurig's rts in method claims exhausted by sale of patented apparatus where method claims drawn to using apparatus
- Fed Cir P Maj – exhaustion not analyzed on claim-by-claim basis
- J. O'Malley (concurring, but really dissent) – disagreed
- Keurig – single serve coffee brewers + beverage cartridges for use in machines
- Keurig – patents – brewers and methods of using brewers

*Keurig, Inc. v. Strum Foods, Inc.*, - Cont'd

- Claim 6:
  6. A method of brewing a beverage from a beverage medium contained in a disposable cartridge, comprising the following steps, in sequence:
    - (a) piercing the cartridge with a tubular outlet probe to vent the cartridge interior;
    - (b) piercing the cartridge with a tubular inlet probe;
    - (c) admitting heated liquid into the cartridge interior via the inlet probe for combination with the beverage medium to produce a beverage; and
    - (d) extracting the beverage from the cartridge interior via the outlet probe.
- Strum – mf'd + sold cartridges – “Grove Square” – used w/ Keurig brewers
- Keurig – directly infringed apparatus claims – induced infringement of method claims
- Strum – exhaustion
- D Ct – s/j – method claims exhausted by sale of brewers
- Fed Cir – AFF'D

*Keurig, Inc. v. Strum Foods, Inc.*, - Cont'd

- Keurig – D Ct did not apply “substantial embodiment” analysis of S Ct in *Quanta Computer, Inc. v. LG Electronics, Inc.* (2008)
- Keurig – only relevant analysis
- Keurig - patent rights under method claims were not exhausted b/c brewers were capable of uses that did not infringe the method claims, especially when used with reusable cartridges that had premade holes, and therefore were not pierced during brewing
- Keurig - exhaustion must be applied on a claim-by-claim basis
- Strum - *Quanta* analysis was grounded on sale of unpatented items and therefore was not applicable here.
- Sturm - Keurig’s authorized sale of its patented brewers exhausted Keurig’s rights in the method claims.
- Fed Cir agreed with Sturm.

*Keurig, Inc. v. Strum Foods, Inc.*, - Cont'd

- Fed Cir - “rationale underlying the [exhaustion] doctrine rests upon the theory that an unconditional sale of a patented device exhausts the patentee’s right to control the purchaser’s use of that item thereafter because the patentee has bargained for and received full value for the goods.”
- Fed Cir - “[t]he Court [in *Quanta*] thus established that method claims are exhausted by an authorized sale of an item that substantially embodies the method if the item (1) has no reasonable noninfringing use and (2) includes all inventive aspects of the claimed method.”
- Fed Cir - “Keurig sold its patented brewers without conditions and its purchasers therefore obtained the unfettered right to use them in any way they chose, at least as against a challenge from Keurig. We conclude, therefore, that Keurig’s rights to assert infringement of the method claims of the [patents-in-suit] were exhausted by its initial authorized sale of Keurig’s patented brewers.”

*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, 734 F.3d 1361 (Fed. Cir. 2013) (J. Dyk w/ J. Prost, dissent J. Reyna)

- Sale Below Cost and Free Giveaway of Blood Glucose Meters Exhausts Patent Rights in Meters, and Precludes Suit For Indirect Infringement of Method Claims Directed Against Maker of Test Strips For Use With Those Meters 🌿 🌿 🌿
  - Fed Cir P Maj – Rev'd D Ct's grant of preliminary inj – defendants (collectively "Shasta") had patent exhaustion defense as a matter of law
  - Blood glucose measuring systems – electrochemical sensor + disposable strips
  - LifeScan - OneTouch Ultra – used two working electrodes – rather than one – improved accuracy, reliability
  - LifeScan – sold 40% of meters at below cost prices + distributed 60% through healthcare providers who provided to patients free – made profit from sale of test strips

*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, - Cont'd

- Shasta – sold “GenStrip” test strips – designed to work w/ LifeScan meters
- LifeScan – Shasta indirectly infringed – users = direct infringers
- LifeScan – sought preliminary inj
- Shasta – PI should not issue – substantial exhaustion defense – sale of meters exhausted method claims b/c meters substantially embodied invention
- D Ct - exhaustion defense was not viable because (1) LifeScan had not received “compensation” for the meters it gave away for free, (2) the meters did not “substantially embody” the invention
- Fed Cir P Maj - “[t]he Court in *Quanta* \* \* \* held that the critical issue, whether a method or product patent is involved, is whether the product ‘substantially embodies the patent’—i.e., whether the additional steps needed to complete the invention from the product are themselves ‘inventive’ or ‘noninventive.’ ”

*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, - Cont'd

- Fed Cir P Maj - rejected LifeScan's argument that exhaustion did not apply when a component had a substantial non-infringing use: "We have recently rejected the contention that a potential noninfringing use prevents exhaustion where the use in question is the very use contemplated by the patented invention itself," citing *Keurig, Inc., v. Sturm Foods, Inc.*
- Fed Cir P Maj - added that "[i]n any event, alternative uses are relevant to the exhaustion inquiry under *Quanta* only if they are both 'reasonable and intended' by the patentee or its authorized licensee. \* \* \* LifeScan admits that it distributes its meters 'in the expectation and intent that customers will use its OneTouch Ultra meters with [its] OneTouch Ultra test strips,' \* \* \* Thus, even if LifeScan's proposed alternative uses for its meters were reasonably available to users, they were plainly not intended, and are therefore not relevant to the issue of patent exhaustion."

*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, - Cont'd

- Fed Cir P Maj - rejected LifeScan's argument that the meters did not embody the "essential features" of the invention
- Fed Cir P Maj - "[h]ere, the undisputed facts, the specification of the patent, and the prosecution history all suggest that the claimed inventive concept of the method claims of the '105 patent lies in the meter, rather than the strips, because the meters 'control' and 'carry out' the inventive functions of the method claims in comparing the readings of the two working electrodes."
- Fed Cir P Maj - "[t]o be sure, if a patent had actually issued on the strips, the patentability of the strips could be relevant to exhaustion." – But not facts here
- Fed Cir P Maj - "[r]ejecting a claim of exhaustion in this case would be particularly problematic because LifeScan would be permitted to eliminate competition in the sale of the strips even though the strips do not embody the claimed invention and are themselves not patentable."

*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, - Cont'd

- Fed Cir P Maj - rejected LifeScan's argument that exhaustion should not apply to the 60% of the meters that were distributed for free because it did not receive compensation
- Fed Cir P Maj - “[w]e are therefore asked to decide, as a matter of first impression, whether patent exhaustion applies to a product distributed for free.”
- Fed Cir P Maj - “We conclude that, in the case of an authorized and unconditional transfer of title, the absence of consideration is no barrier to the application of patent exhaustion principles.”
- Fed Cir P Maj - “[a]lthough the Supreme Court has often discussed exhaustion in terms of a ‘sale’ and a ‘purchaser,’ \* \* \* the Court has never confined the application of patent exhaustion to that context,” PLUS
- “[t]he narrow application of patent exhaustion urged by LifeScan would be inconsistent with the doctrine’s underlying rationale—to permit the owner of an item who received it in an authorized transfer to use it.”

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*LifeScan Scotland, Ltd. v. Shasta Technologies, LLC*, - Cont'd

- J Reyna – dissent - “this case turns on the question of whether LifeScan’s meters or its test strips substantially embody the essential features of the patent. I conclude that the test strips, and not the meters, embody those essential features.”

# FEDERAL CIRCUIT CASES

Relief

# Relief

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## Relief

- Preliminary Injunction
- Damages
- Injunction
- Attorneys Fees

## Permanent Injunctions – Irreparable Harm

### *Douglas Dynamics, LLC v. Buyers Products Co.,*

717 F.3d 1336 (Fed. Cir. 2013) (CJ. Rader w/ J. Newman, dissent J. Mayer)

- That the Patentee and Accused Infringer Compete in Different Market Segments, or That the Patentee is Unable to Show Any Lost Sales to the Accused Infringer Does Not Necessarily Mean There is a Lack of Irreparable Harm 

- D Ct – s/j non-infringement re 1 or 3 patents – drawn to snowplow mounting assemblies
- Jury – 2 other patents infringed + not invalid
- D Ct – refused permanent inj, but granted ongoing royalty
- Fed Cir P Maj – D Ct had erred in claim construction 1<sup>st</sup> patent
- Fed Cir P Maj – REV'D D Ct's failure to enter permanent inj



## Permanent Injunctions – Irreparable Harm

*Douglas Dynamics, LLC v. Buyers Products Co.*, - Cont'd

- Douglas and Buyers competed in the manufacture and sale of snowplow assemblies for trucks
- Patents - mounting assemblies - simplified mounting and removing snowplows
- Buyers entered business in 2007 selling less expensive snowplows
- D Ct – Douglas – no injury – no irreparable harm – failed to show losing sales or market share to Buyers – Douglas’ market share increased 1% per year after infringement – difference in cost – customers unlikely to buy Buyers’ snowplow as a substitute
- Fed Cir P Maj - Simply because a patentee manages to maintain a profit in the face of infringing competition does not automatically rebut a case for irreparable injury. Irreparable injury encompasses different types of losses that are often difficult to quantify, including lost sales and erosion in reputation and brand distinction.”

## Permanent Injunctions – Irreparable Harm

*Douglas Dynamics, LLC v. Buyers Products Co.*, - Cont'd

- D Ct - analogized Douglas' snowplow to a Mercedes S550 and Buyers' snowplow to a Ford Taurus
- Fed Cir - “[i]ndeed, buyers interested in purchasing the Mercedes, when presented with both choices, would not likely switch to the Ford and vice versa. However, if the Ford made its place in the market by infringing on the intellectual property of the Mercedes and capitalized on its similarity to the better product, then the harm to the Mercedes product might go beyond a simple counting of lost sales—some of which would occur anyway if the Ford marketed itself effectively as a ‘Mercedes at half the price.’ The Mercedes would lose some of its distinctiveness and market lure because competitors could contend that they had ‘similar features’ without noting that those features infringe Mercedes’s proprietary technologies.”

## Permanent Injunctions – Irreparable Harm

*Douglas Dynamics, LLC v. Buyers Products Co.*, - Cont'd

- Fed Cir - “[w]here two companies are in competition against one another, the patentee suffers the harm—often irreparable—of being forced to compete against products that incorporate and infringe its own patented inventions.”
- J Mayer – dissent - Douglas has failed to meet the requirements for an injunction under *eBay Inc. v. MercExchange, L.L.C.* - “[i]n the wake of *eBay*, a patentee may no longer rely on the presumption that irreparable injury will result from the continued sale of infringing devices.”



## Actual Damages Under § 284 – Admissibility of Damages Expert Evidence

*Apple Inc. v. Motorola, Inc.*, \_\_\_ F.3d \_\_\_ (Fed. Cir. 2014) (J Reyna, dip CJ Rader, cipdip J Prost)

- Federal Circuit Issues Tutorial on Admissibility of Expert Damages Testimony:
  - (1) “A judge must be cautious not to overstep its gate keeping role and weigh facts, evaluate the correctness of conclusions, impose its own preferred methodology, or judge credibility, including the credibility of one expert over another. These tasks are solely reserved for the fact finder.”
  - (2) “This court has also recognized that estimating a ‘reasonable royalty’ is not an exact science. As such, the record may support a range of ‘reasonable’ royalties, rather than a single value. Likewise, there may be more than one reliable method for estimating a reasonable royalty.”
  - (3) “the proper inquiry evaluates the expert’s methodology in view of the full scope of the infringed claims”

## Actual Damages Under § 284 – Admissibility of Damages Expert Evidence

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Federal Circuit Issues Tutorial on Admissibility of Expert Damages Testimony – Cont'd:
  - (4) “Rule 703 explicitly allows an expert to rely on information he has been made aware of ‘if experts in the particular field would reasonably rely on those kinds of facts or data in forming an opinion on the subject.’ \* \* \* This Rule does not predicate admissibility on the source of the facts or data or, in particular, on whether the source is employed by either of the parties.”
  - (5) “using sufficiently comparable licenses is a generally reliable method of estimating the value of a patent”
  - (6) “where a potentially reliable theory is not tied to the facts of the case, the expert testimony is inadmissible”

## Actual Damages Under § 284 – Admissibility of Damages Expert Evidence

### *Apple Inc. v. Motorola, Inc.*, - Cont'd

- Federal Circuit Issues Tutorial on Admissibility of Expert Damages Testimony – Cont'd:
  - (7) “If a patentee’s evidence fails to support its specific royalty estimate, the fact finder is still required to determine what royalty is supported by the record. \* \* \* Indeed, if the record evidence does not fully support either party’s royalty estimate, the fact finder must still determine what constitutes a reasonable royalty from the record evidence”
  - (8) “At summary judgment, as is the case here, a judge may only award a zero royalty for infringement if there is no genuine issue of material fact that zero is the only reasonable royalty ”harm”
    - 3 opinions – 85 pages long
    - D Ct – Circuit Judge Posner, sitting by designation
    - Case discussed more extensively above
    - D Ct, *inter alia*, excluded virtually all of both party’s damage experts’ testimony

# Relief

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## Relief

- Attorneys Fees

## Reasonable Attorney's Fees — § 285

*Taurus IP, LLC v. DaimlerChrysler Corp.*, 726 F.3d 1306 (Fed. Cir. 2013) (J. Schall w/ JJ. Prost and Reyna)

- While An Adverse Claim Construction Generally Cannot, Alone, Form the Basis for an “Exceptional” Case Finding, a Party Cannot Assert Baseless Infringement Claims, and Must Continually Assess the Soundness of Pending Infringement Claims, Especially After an Adverse Claim Construction:
- When Patentees Have Sought Unreasonable Claim Constructions Divorced From the Written Description, The Court Has Found Infringement Claims Objectively Baseless 
- Taurus sued various defendants in two actions asserting that the defendants' external websites infringed certain claims of Taurus' patent-in-suit.
- That patent-in-suit generally related to a computer for managing “product knowledge” of products offered for sale by an entity.

## Reasonable Attorney's Fees — § 285

### *Taurus IP, LLC v. DaimlerChrysler Corp.*, - Cont'd

- In the first action, Taurus sued DaimlerChrysler Corporation (and related entities), and Mercedes-Benz USA, Inc. (“DaimlerChrysler Patent Suit”). In the second action, Taurus sued Hyundai Motor America, and others (“Hyundai Patent Suit.”).
- In the DaimlerChrysler Patent Suit, the Chrysler-related defendants (“Chrysler”) and Mercedes-related defendants (“Mercedes”) asserted license and release defenses. They also asserted a breach of contract counterclaim against Taurus, and filed a contract claim against third-party defendants
- D Ct – s/j - DaimlerChrysler Patent Suit, finding that neither Chrysler’s nor Mercedes’ accused websites infringed any of the asserted claims and finding claims 16 and 27 invalid as anticipated by a prior art patent.
- Based on the summary judgment and claim construction decisions, the parties to the Hyundai Patent Suit stipulated to dismissal of all pending claims and counterclaims to permit appeal of those two decisions.

## Reasonable Attorney's Fees — § 285

*Taurus IP, LLC v. DaimlerChrysler Corp.*, - Cont'd

- D Ct - found the DaimlerChrysler Patent Suit to be exceptional under 35 U.S.C. § 285. As a result the district court awarded damages in the amount of \$1,644,906.12, representing the costs incurred by Chrysler and Mercedes in defending against the suit.
- Fed Cir – AFF'D - “no reasonable litigant in Taurus’s position could have expected a finding that a web surfer accessing the accused external websites satisfied the requirement for a ‘user,’ as recited in claim 16. Although reasonable minds can differ on claim construction positions, Taurus’s proposed constructions of ‘user,’ and the related terms discussed above, fall below the threshold required to avoid a finding of objective baselessness.”
- Fed Cir - “[w]hen patentees have sought unreasonable claim constructions divorced from the written description, this court has found infringement claims objectively baseless.”

## Reasonable Attorney's Fees — § 285

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*Taurus IP, LLC v. DaimlerChrysler Corp.*, - Cont'd

- Fed Cir - “[w]hile an adverse claim construction generally cannot, alone, form the basis for an exceptional case finding, \* \* \* a party cannot assert baseless infringement claims and must continually assess the soundness of pending infringement claims, especially after an adverse claim construction.”

# FEDERAL CIRCUIT CASES

## District Court Practice and Procedure

## District Court Practice and Procedure Declaratory Judgments - Jurisdiction

*Danisco US Inc. v. Novozymes A/S*, 744 F.3d 1325 (Fed. Cir. 2014) (J. Lourie w/ JJ. Prost, O'Malley)

- District Court Has Declaratory Judgment Jurisdiction Even Though Action Was Filed On the Day a Patent Issued Based on Prior Litigation Conduct and the Totality of the Circumstances 
- Danisco filed d/j action (actually 2 – one in Iowa, 1 in Calif – Iowa case dismissed by parties) – on the day Novozymes' patent issued
- D Ct – dismissed – lack of justiciable controversy - Danisco's action “was filed prior to the time Novozymes took, or even could have taken, any affirmative action to enforce its patent rights.”
- Fed Cir – REVERSED - justiciable controversy based on the totality of the circumstances.
- Danisco + Novozymes competed in development of Rapid Starch Liquefaction (“RSL”) products - genetically modified industrial enzymes used for converting corn and other plant-based material into ethanol.

## District Court Practice and Procedure Declaratory Judgments - Jurisdiction

### *Danisco US Inc. v. Novozymes A/S*, - Cont'd

- Since 2001, Novozymes had sued Danisco or Danisco's predecessors for infringement "numerous times."
- One case - Novozymes amended pending appl to claim one of Danisco's new products - sued Danisco the day the patent issued – D Ct + Fed Cir, in that case, concluded added claim lacked WD support.
- Danisco - patent, issued 12/27/11, claiming priority 6/6/08 – enzyme that increased viscosity reduction in a starch liquefaction assay - the active ingredient in Danisco's RSL products.
- Novozymes amended one of its pending applications, shortly after the PTO issued a Notice of Allowance in Danisco's patent, to claim a similar enzyme.
- Novozymes then requested an interference proceeding - contested Danisco's priority claim - asserted that its amended claim encompassed the same invention as Danisco's claim.
- PTO declined interference suggestion

## District Court Practice and Procedure Declaratory Judgments - Jurisdiction

### *Danisco US Inc. v. Novozymes A/S*, - Cont'd

- Novozymes – (1) filed a request for continued examination asserting that Danisco’s patent and Novozyme’s application covered the same subject matter, + (2) filed public comments with the PTO “in order to clarify [for] the record” its belief that the enzyme claimed by Danisco’s patent “fall[s] within the scope” of Novozymes’ claim, which later issued as the sole claim in Novozymes’ patent, issued on 8/28/12.
- Danisco - filed d/j actions seeking judgment that its RSL products did not infringe Novozymes’ patent, or, alternatively, that Danisco’s patent had priority
- Fed Cir - “[b]oth Novozymes’s argument and the district court’s decision rely on the fact that Novozymes had not affirmatively accused Danisco’s RSL products of infringing the issued ’573 patent, but that fact alone is not dispositive of whether an actual controversy exists, and the district court erred in holding that it was.”

## District Court Practice and Procedure Declaratory Judgments - Jurisdiction

### *Danisco US Inc. v. Novozymes A/S*, - Cont'd

- Fed Cir - “totality of the circumstances” demonstrated that a “definite and concrete patent dispute exists between the parties
- “Novozymes’s E188P  $\alpha$ -amylase variant claim issued as the sole claim of its ’573 patent and is the same claim that Novozymes described as interfering with the claim in Danisco’s \* \* \* patent. Novozymes has insisted on multiple occasions that its ’573 patent claim reads on the BSG  $\alpha$ -amylase with an E188P mutation, which is the active compound in Danisco’s RSL products and is claimed in Novozymes’s patent. The record shows that Novozymes sought its patent because it believed that Danisco’s products would infringe once the claim issued. Novozymes twice asserted that Danisco’s \* \* \* patent was invalid and that Novozymes, not Danisco, is entitled to a patent on the claimed BSG E188P  $\alpha$ -amylase invention.”
- Fed Cir - “[t]aken together, Novozymes’s activities thus demonstrate that it has ‘engaged in a course of conduct that shows a preparedness and a willingness to enforce its patent rights.’ \* \* \* That is enough to establish subject matter jurisdiction.”

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