

RECENT DEVELOPMENTS IN PATENT LAW SEPTEMBER 7, 2016

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Claim Construction

A RETURN TO THE PAST?

- “The only embodiment described in the ’669 patent specification is the character-based protocol, and the claims were correctly interpreted as limited thereto.”
 - *Wang Labs., Inc. v. America Online, Inc.*, 197 F.3d 1381(Fed. Cir. 1999)
- “When the preferred embodiment is described as the invention itself, the claims are not entitled to any broader scope than the preferred embodiment.”
 - *Watts v. XL Sys., Inc.*, 232 F.3d 877 (Fed. Cir. 2000)
- “Where the specification makes clear that the invention does not include a particular feature, that feature is deemed to be outside the reach of the claims of the patent, even though the language of the claims, read without reference to the specification, might be considered broad enough to encompass the feature in question.”
 - *SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337 (Fed. Cir. 2001)

A RETURN TO THE PAST?

- “No other, broader concept was described as embodying the applicant’s invention, or shown in any of the drawings, or presented for examination.”
 - *Toro Co. v. White Consolidated Indus., Inc.*, 199 F.3d 1295 (Fed. Cir. 1999)
- “And while the specification does not contain any statements of explicit disavowal or words of manifest exclusion, it repeatedly, consistently, and exclusively uses ‘group’ to denote fewer than all subscribers, manifesting the patentee’s clear intent to so limit the claim.”
 - *Irdeto Access, Inc. v. Echostar Satellite Corp.*, 383 F.3d 1295 (Fed. Cir. 2004)

GPNE CORP. V. APPLE, INC.

--- F.3d --- (Fed. Cir. Aug. 1, 2016)

- “node”
- “node” properly construed as “pager with two-way data communications capability that transmits wireless data communications on a paging system that operates independently of a telephone network”
- “[W]hen a patent ‘repeatedly and consistently’ characterizes a claim term in a particular way, it is proper to construe the claim term in accordance with that characterization.”

WI-LAN USA, INC. V. APPLE, INC.

--- F.3d --- (Fed. Cir. Aug. 1, 2016)

- “specified connection”
- Singular or plural?
- “Consistent use of a term in a particular way in the specification can inform the proper construction of that term.”

INDACON, INC. V. FACEBOOK, INC.

824 F.3d 1352 (Fed. Cir. 2016)

- “alias”
- Textual or graphical expression?
- “[N]othing in the specification suggests that ‘alias’ encompasses graphical expression.”
- “custom link”
- No accepted meaning in the art
- “cannot be construed broader than the disclosure in the specification”

RUCKUS WIRELESS, INC. V. INNOVATIVE WIRELESS SOL'NS, INC.

824 F.3d 999 (Fed. Cir. 2016)

- “communications path”
- Does it include wireless communication?
- “[W]e see no intrinsic or extrinsic evidence to support IWS’s assumption that a person of ordinary skill . . . would have understood the plain and ordinary meaning . . . to include wireless communications.”

RUCKUS WIRELESS, INC. V. INNOVATIVE WIRELESS SOL'NS, INC.

824 F.3d 999 (Fed. Cir. 2016) (dissent) (Stark, J. designation)

- Ordinary meaning includes wireless
- Lack of proof due to lack of dispute below.

NETZER CONSULTING ENGR. V. SHELL OIL CO.

824 F.3d 989 (Fed. Cir. 2016)

- “fractionating”
- Is “fractionating” limited to distillation?
- “The specification repeatedly and consistently uses ‘fractionating’ . . . to describe separating petrochemicals based on boiling point differentials.”
- “clear and unmistakable statements”
“distinguishing” and “disclaiming”

PROFECTUS TECH. LLC V. HUAWEI TECH. CO.

823 F.3d 1375 (Fed. Cir. 2016)

- “mountable” construed as “having a feature for mounting”
- Every embodiment includes a feature for mounting.
- “By noting that the picture display or frame must have some intrinsic mounting feature, the district court properly recognized, consistent with the claim language and specification, that the picture display or frame must include something that may be used for mounting the device.”
- Communication ports are not “inherent features for mounting a device.”

PROFECTUS TECH. LLC V. HUAWAI TECH. CO.

823 F.3d 1375 (Fed. Cir. 2016) (dissent) (Moore, J.)

- Agrees with Court's claim construction
- Issues of fact concerning communication ports being “a feature for mounting”
- Exclusively not required
- Intent behind design is irrelevant
- Doesn't require “a standalone inherent feature”

PLAIN MEANING CASES

- *Straight Path IP v. Sipnet EU SRO*, 806 F.3d 1356 (Fed. Cir. 2015) (“is connected to the network”)
 - “When claim language has as plain a meaning on an issue as the language does here, leaving no genuine uncertainties on interpretive questions relevant to the case, it is particularly difficult to conclude that the specification reasonably supports a different meaning.”
- *Nuance Comm’ns, Inc. v. Abbyy USA*, 813 F.3d 1368 (Fed. Cir. 2016) (no error for refusal to construe “identifying”)
- *Summit 6 LLC v. Samsung Elecs. Co.*, 802 F.3d 1283 (Fed. Cir. 2015) (no error for refusal to construe “being provided to”)

PLAIN MEANING CASES

- *Eon Corp. IP Holdings LLC v. Silver Spring Network, Inc.*, 815 F.3d 1314 (Fed. Cir. 2015) (construing ordinary meaning of “portable” and “mobile” in light of specification)
- *UltimatePointer LLC v. Nintendo Co.*, 816 F.3d 816 (Fed. Cir. 2015) (construing “handheld device”) (“[Adopting the] ‘ordinary meaning,’ however, would incorrectly divorce the claim language from ... the specification.”)

PLAIN MEANING CASES

- *Trustees of Columbia Univ. v. Semantec Corp.*, 811 F.3d 1359 (Fed. Cir. 2016) (departing from plain and ordinary meaning by consulting specification is permissible)
 - “[W]e reject Columbia’s argument that the presumption of plain and ordinary meaning ‘can be overcome in only two circumstances [express definition or express disavowal]’”
- *Kaneka Corp. v. Xiamen Kingdomway Grp.*, 790 F.3d 2015) (finding that “sealed” defined by specification even though it only appears in the claims)

INDUCED INFRINGEMENT

LIFE TECHS. CORP. V. PROMEGA CORP., 773 F.3d
1338 (Fed. Cir. 2014) – Accepted on Cert to Supreme Court

— 35 U.S.C. SECTION 271(f)(1) PROVIDES:

- Whoever without authority supplies or causes to be supplied in or from the United States *all or a substantial portion of the components of a patented invention*, where such components are uncombined in whole or in part, in such manner as to *actively induce* the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

LIFE TECHS. CORP. V. PROMEGA CORP., 773

F.3d 1338 (Fed. Cir. 2014) continued . . .

- The Circuit found for the patentee, ruling:
 1. The exporter can induce itself to combine the components abroad.
 2. A single, essential component can serve as “a substantial portion of the components.”
- The Supreme Court accepted cert on the second of these surprising holdings: “Whether the Circuit erred in holding that supplying a single, commodity component of a multi-component invention from the United States is an infringing act under section 271(f)(1), exposing the manufacturer to liability for all worldwide sales.”

***WARSAW ORTHOPEDIC, INC. V. NUVASIVE,
INC.***, 824 F.3d 1344 (Fed. Cir. 2016)

— FOLLOWING *COMMIL* AND *GLOBAL-TECH*, THE PANEL RULES THAT WARSAW (A MEDTRONIC COMPANY) INDUCED INFRINGEMENT.

- A reasonable jury could have concluded that Warsaw must have known, or was willfully blind to the fact, that doctors using the device infringed.

UNWIRED PLANET, LLC V. APPLE, INC.,

NO. 2015-1725, 2016 U.S. APP. LEXIS 13364 (Fed. Cir. July 22, 2016)

— SUMMARY JUDGMENT OF NO INDUCED OR CONTRIBUTORY INFRINGEMENT IS VACATED.

- District court's basis for granting the motion was the objective strength of Apple's noninfringement argument.
- That is not an appropriate basis to conclude that no reasonable juror could conclude that Apple acted with actual knowledge or was willfully blind that it was inducing or contributing to infringement.

DIVIDED INFRINGEMENT

AKAMAI TECHS., INC. V. LIMELIGHT

NETWORKS, INC., 797 F.3d 1020 (Fed. Cir. 2015)

— A UNANIMOUS *EN BANC* CIRCUIT HOLDS THAT LIABILITY FOR DIRECT INFRINGEMENT IS NOT LIMITED TO PRINCIPAL-AGENT OR CONTRACTUAL RELATIONSHIPS AND JOINT ENTERPRISES.

- \$45 million verdict reinstated based upon substantial evidence of conditioning of participation upon performing infringing steps.
- This will make it considerably easier to find a defendant liable for direct infringement than was possible under *Muniauction*.

INFRINGEMENT UNDER DOE

WI-LAN, INC. V. APPLE, INC.,

811 F.3d 455 (Fed. Cir. 2016)

- Conflicting expert witness testimony
 - Apple – order affects the number of multipliers and the circuitry required
 - Wi-LAN – order is insubstantial as it would save only twenty transistors out of a million
- Jury verdict of noninfringement (DOE)
- Upheld on appeal

SPECTRUM PHARMACEUTICALS, INC. V. SANDOZ INC.,
802 F.3d 1326 (Fed. Cir. 2015)

- “a quantity at least sufficient to provide **multiple doses ... in an amount of 2000 mg per dose**”
- Accused product - vials of 175 mg or 250 mg
- Prosecution history reflects “a clear and unmistakable . . . intent to surrender”

MOMENTA PHARMS, INC. V. TEVA PHARMS, USA, INC.,
809 F.3d 610 (Fed. Cir. 2015)

- Teva used patented process to test batches to see whether they meet regulatory requirements
- § 271(g) prohibits importation of a product “*made by* a process patented in the United States”
- “made” is equated with “manufacture”
- “made by” does not include testing
- Dissent:
 - Quality control is “integral part” of manufacturing
 - Purification patents?

VALIDITY

OBVIOUSNESS

ARENDI S.A.R.L. V. APPLE INC.,

No. 2015-2073, 2016 U.S. App. LEXIS 14652 (Fed. Cir. August 10, 2016)

— THE CIRCUIT REVERSES AN IPR DETERMINATION OF OBVIOUSNESS BECAUSE THE BOARD MISAPPLIED CIRCUIT LAW ON THE USE OF COMMON SENSE IN AN OBVIOUSNESS ANALYSIS.

- Common sense has its proper place in the obviousness inquiry, BUT:
 - 1) Common sense may be invoked to provide a known motivation to combine, not to supply a missing claim limitation;
 - 2) The limitation in question should be simple and the technology straightforward;
 - 3) References to “common sense” cannot be used as a wholesale substitute for reasoned analysis and evidentiary support.

ZOLTEK CORP. V. UNITED STATES,

815 F.3d 1302 (Fed. Cir. 2016)

– THE PANEL REJECTS THE ATTEMPTS BY THE GOVERNMENT’S EXPERT TO RECONSTRUCT THE INVENTION USING NOT ONLY TEACHINGS THAT WERE NOT PRIOR ART BUT ALSO THE TEACHINGS OF THE PATENT ITSELF.

- The patent cannot be used as a road map for putting together the pieces of a jigsaw puzzle to come up with the claimed invention.

PURDUE PHARMA L.P. V. EPIC PHARMA, LLC, 811 F.3d 1345 (Fed. Cir. 2016)

– IN AFFIRMING THE CASE, THE PANEL HOLDS THAT THE DISTRICT COURT DID NOT ERR IN DISREGARDING PROCESS LIMITATIONS IN PRODUCT-BY-PROCESS CLAIMS SINCE THE FOCUS OF SUCH CLAIMS MUST BE THE PRODUCT, NOT THE PROCESS OF MAKING IT.

- The panel also rejects the argument that it was impermissible for the district court to pick and choose among the teachings of a reference since the examples within the reference are all “directly related” to one another.

IN RE GREGORY E. URBANSKI,

809 F.3d 1237 (Fed. Cir. 2016)

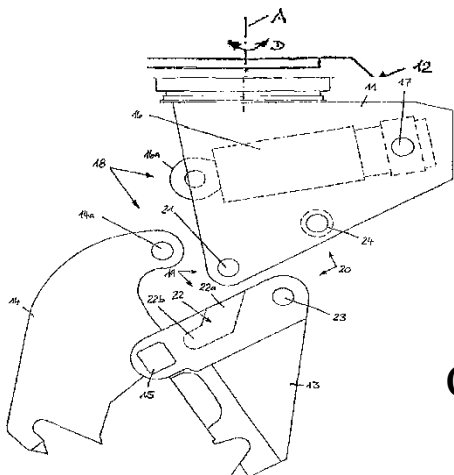
– THE BOARD PROPERLY FOUND THAT ONE OF ORDINARY SKILL WOULD HAVE BEEN MOTIVATED TO PURSUE THE DESIRABLE PROPERTIES TAUGHT BY WONG, EVEN AT THE EXPENSE OF FOREGOING THE BENEFIT TAUGHT BY GROSS.

- Modifying the Gross process by shortening the hydrolysis time would have rendered the process inoperable for Gross's intended purpose, viz., forming stable dispersions.
- Although Gross teaches the benefit of stable dispersions, Wong teaches other desirable properties, viz., improved sensory properties without substantially reducing the fiber content.

ALLIED ERECTING AND DISMANTLING CO., INC. V. GENESIS ATTACHMENTS, LLC.,

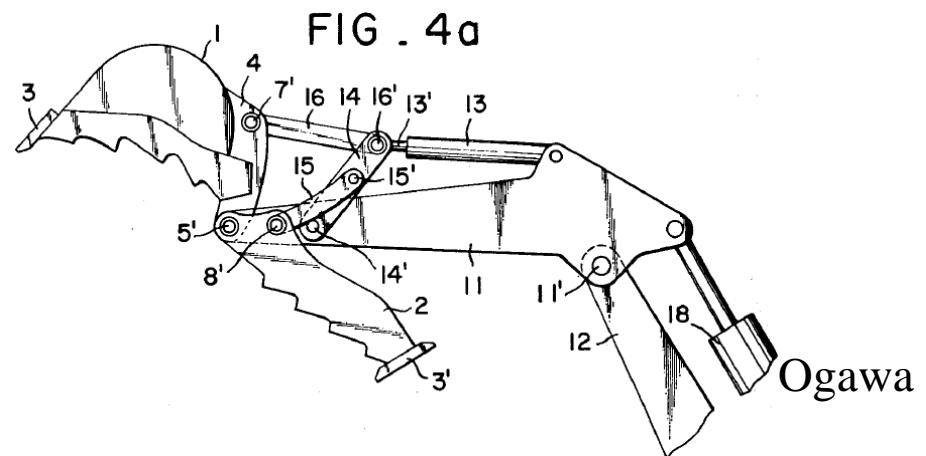
No. 2015-1533, 2016 U.S. App. LEXIS 10797 (Fed. Cir. June 15, 2016)

- The test of obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference.
- Rather, the test is whether a skilled artisan would have been motivated to combine the teachings.



Caterpillar

Fig. 1



Ogawa

SECONDARY CONSIDERATIONS

WBIP, LLC V. KOHLER CO.,

Nos. 2015-1038, 2015-1044, 2016 U.S. App. LEXIS 13136
(Fed. Cir. July 19, 2016)

– EXCELLENT ANALYSIS OF SECONDARY CONSIDERATION.

- Nexus does not have to be shown as to what is novel in the claim – need only show that the specific products are embodiments of the claimed invention, and the proffered evidence relates to those products.
- This creates a presumption of nexus (that can be rebutted by, e.g., evidence of increased marketing).
 - Long felt need established by history of product liability suits.
 - Praise in the form of industry awards.
 - Copying – internal emails at Kohler to fund work on competitive product after employees learned of invention.

***PPC BROADBAND, INC. V. CORNING OPTICAL
COMMC'NS R.F. LLC***, 815 F.3d 734 (Fed. Cir. 2016)

– THE PANEL REVERSES AND REMANDS THE BOARD'S DECISION REJECTING THE EVIDENCE OF COMMERCIAL SUCCESS BECAUSE THE EVIDENCE SHOWS THAT PPC'S CONNECTORS ARE THE INVENTION DISCLOSED AND CLAIMED IN THE PATENT.

THE BOARD AND THE CIRCUIT MUST PRESUME THAT ANY COMMERCIAL SUCCESS OF THESE PRODUCTS IS DUE TO THE PATENTED INVENTION.

APPLE, INC. V. SAMSUNG ELECTRONICS CO., 816 F.3d 788 (Fed. Cir. 2016)

– THE CIRCUIT REVERSES THE DENIAL OF JMOL OF INVALIDITY OF TWO OF APPLE'S PATENTS, DIRECTED TO THE IPHONE'S "SLIDE TO UNLOCK" AND "AUTOCORRECT" FEATURES, REJECTING APPLE'S ARGUMENTS AS TO SECONDARY CONSIDERATIONS SUCH AS COMMERCIAL SUCCESS AND PRAISE FROM APPLE USERS.

- The Circuit also affirms the judgment of non-infringement of Apple's other patents directed to "universal search" and "background sync" features.

PRINTED PUBLICATIONS

BLUE CALYPSO, LLC V. GROUPON, INC.,

815 F.3d 1331 (Fed. Cir. 2016)

— THE PANEL AGREES WITH THE BOARD IN REJECTING GROUPON'S ARGUMENT THAT A PAPER POSTED ON THE PERSONAL WEBPAGE OF A GRADUATE STUDENT WAS REASONABLY ACCESSIBLE TO ONE INTERESTED IN THE ART.

- The opinion also broadly defines what is a “financial product” as it relates to a Covered Business Method patent and narrowly defines the “technological invention” exception.
- CBM review is limited to patents that claim a method for performing data processing used in the management of a financial service, except that CBM does not include “technological inventions.”

ON-SALE BAR

MERCK & CIE V. WATSON LABORATORIES, INC., 822 F.3d 1347 (Fed. Cir. 2016)

— A FAXED OFFER PRIOR TO THE BAR DATE THAT INCLUDED PRICE, DELIVERY AND PAYMENT TERMS IS A BARRING OFFER FOR SALE.

- Even if the fax did not include safety and liability terms, was never signed, and was ultimately withdrawn.

MEDICINES CO. V. HOSPIRA, INC., Nos. 2014-1469, 2014-1504, 2016 U.S. App. LEXIS 12667 (Fed. Cir. JULY 11,2016)(EN BANC)

– UNANIMOUS CIRCUIT RULES THAT SALE FROM SUPPLIER TO MEDICINES IS NOT A BARRING SALE UNDER § 102(B). SALE WAS ONLY FOR MANUFACTURING SERVICES AND NOT OF PATENTED PRODUCTS.

Experimental Use Exception to On-Sale Bar

MEDICINES CO. V. HOSPIRA, INC., 791 F.3D 1368 (FED. CIR. 2015)

– THE PANEL REVERSES A DETERMINATION THAT THE EXPERIMENTAL USE EXCEPTION APPLIES TO PRE-CRITICAL DATE SALES OF PLAINTIFF’S ANGIOMAX BLOOD THINNING DRUG, WHICH HAD SALES OF \$600 MILLION LAST YEAR.

- Experimental use cannot occur after a reduction to practice.
- The panel rejected Medicines’ argument that the invention had not been “conceived” because they did not appreciate the maximum impurity level limitation of the claims.
- The sale of the invention obviates the need for inquiry into conception.

INEQUITABLE CONDUCT

THE OHIO WILLOW WOOD CO. V. ALPS SOUTH, LLC, 813 F.3d 1350 (Fed. Cir. 2016)

– THE DISTRICT COURT WAS NOT CLEARLY ERRONEOUS IN RULING THAT OWW’S PATENT LIAISON WAS GUILTY OF INEQUITABLE CONDUCT BY FAILING TO DISCLOSE LETTERS THAT PROVIDED CORROBORATION TO TESTIMONY THAT OWW REPEATEDLY CONTENDED WAS UNCORROBORATED.

- Ohio Willow Wood must pay Alps the attorney fees it incurred from the time it engaged in inequitable conduct during the second of two ex parte reexaminations.

PATENTABLE SUBJECT MATTER

ENFISH, LLC V. MICROSOFT CORP.

822 F.3d 1327 (Fed. Cir. May 12, 2016)

- A data storage and retrieval system for a computer memory, comprising
 - means for configuring said memory according to a logical table, said logical table including:
 - a plurality of logical rows . . .
 - a plurality of columns . . . ; and
 - means for indexing data stored in said table.

ENFISH, LLC V. MICROSOFT CORP.

822 F.3d 1327(Fed. Cir. 2016)

- District court finds abstract idea of “the concept of organizing information using tabular formats”
- Federal Circuit criticizes as a high level of abstraction untethered from the claim language
- Claims not directed to any table, but to self-referential table
- Improvements to computer functioning
 - Faster searching
 - More effective storage of data

ENFISH, LLC V. MICROSOFT CORP.

822 F.3d 1327(Fed. Cir. 2016)

- “Whether the focus of the claims is on the **specific asserted improvements in computer capabilities . . . or**, instead, on a process that qualifies as an ‘abstract idea’ for which **computers are invoked merely as a tool.**”
- Claims at issues here are improvements to computer functionality

BASCOM GLOBAL V. AT&T MOBILITY

--- F.3d ---, (Fed. Cir. June 27, 2016)

- Filtering content on the Internet
 - Local
 - Network
- Abstract idea
- Inventive concept
 - Well-understood, routine, conventional activities, or
 - Non-conventional, non-generic arrangement of known, conventional pieces

BASCOM GLOBAL V. AT&T MOBILITY

--- F.3d ---, (Fed. Cir. June 27, 2016)

- Individual components
 - Local client computer
 - Remote ISP server
 - Internet computer network
 - Controlled access network accounts
 - “any type of code which may be executed”
 - Filtering software known in art
- Inventive concept is that some ISPs identify individual accounts and associate a request for Internet content with the specific individual account
- On limited record (12(b)(6)), court cannot say specific method of filtering was conventional or generic

ELECTRIC POWER GRP., LLC V. ALSTOM SA

--- F.3d --- (Fed. Cir. Aug. 1, 2016)

- Real time performance monitoring of electric power grid
- Steps of
 - Collecting data from multiple sources
 - Analyzing the data
 - Displaying results
- “The claims . . . merely call for the performance of the claimed information collection, analysis, and display functions on a set of generic computer components and display devices.”
- “Merely requiring the selection and manipulation of information—to provide a ‘humanly comprehensible’ amount of information useful for the users—by itself does not transform the otherwise-abstract processes of information and collection and analysis.

IN RE TLI COMM'CONS LLC PATENT LITIGATION

823 F.3d 607 (Fed. Cir. 2016)

- Classifying and storing digital images
- Recited physical components
 - Telephone unit
 - Server
- Generic environment in which to carry out the abstract idea
- Claims not directed to a solution to a “technological problem” but to abstract idea
- Well understood, routine, conventional activities previously known

*MORTGAGE GRADER, INC. V. FIRST CHOICE
LOAN SERVICES, INC.*

811 F.3d 1314 (Fed. Cir. 2016)

- “a method for a borrower to evaluate and/or obtain . . . a loan”
- *Alice* was a sufficient change to the law to allow amendment of invalidity contentions
- Abstract idea of “anonymous loan shopping”
- No inventive concept
 - Generic computer components (interface, network, database)
 - claims do not improve computer functioning

GENETIC TECHNOLOGIES, LTD. V. MERIAL, L.L.C.
818 F.3d 1369 (Fed. Cir. 2016)

- Coding and non-coding regions in genes are inherited together and linked together more than probability would dictate.
- Inventor used well-established lab methods, to amplify and analyze non-coding regions known to be linked to coding region
- Claims directed to patent ineligible matter - law of nature
- Claims specifies only conventional steps –
 - amplifying
 - analyzing
- The application must provide something inventive, beyond mere “well understood, routine, conventional activity”

RAPID LIT. MGMT. LTD. V. CELLZDIRECT, INC.

--- F.3d ---, (Fed. Cir. 2016)

- Process of preserving hepatocytes
 - Subject previously frozen and thawed cells to density gradient fractionation
 - Recovering viable cells
 - Refreeze viable cells
- Results in new and useful way of preserving hepatocytes
 - Far from routine
 - Prior art taught away from multiple freezings
 - “hardly considered routine or conventional”

REMEDIES

DAMAGES

ROSEBUD LMS INC. V. ADOBE SYSTEMS, INC.
812 F.3d 1070 (Fed. Cir. 2016)

- § 154(d)(1)(B) requires actual notice
- No requirement that applicant send notice
- No genuine issue of material fact
 - Knowledge of grandparent
 - Adobe followed Rosebud and its product
 - Prior litigation between parties on patents in family
- Affirms summary judgment

ENHANCED DAMAGES

HALO ELECTRONICS, INC. V. PULSE ELECTRONICS, INC.

-- U.S. --, 136 S. CT. 1923 (2016)

- “The court may increase the damages up to three times the amount found or assessed.” 35 USC § 284
- *Seagate* set the standard for willfulness under § 284
 - Objectively high likelihood
 - Risk known or should have been
 - Clear and convincing evidence

HALO ELECTRONICS, INC. V. PULSE ELECTRONICS, INC.

-- U.S. --, 136 S. CT. 1923 (2016)

- *Octane Fitness* and *Highmark* change the standard for § 285
 - “[A]n ‘exceptional’ case is simply one that stands out from other with respect to the substantive strength of a party’s litigating position . . . or the unreasonable manner in which the case was litigated.”
 - Totality of the circumstances
 - Discretionary

HALO ELECTRONICS, INC. V. PULSE ELECTRONICS, INC.

-- U.S. --, 136 S. CT. 1923 (2016)

- Rejects *Seagate* test
- Discretion, but “discretion is not a whim.”
- Apply “punitive” or “vindictive” sanction for egregious infringement
 - Malicious
 - Bad-faith
 - Deliberate
 - Consciously wrongful
 - Flagrant
 - Characteristic of a pirate

HALO ELECTRONICS, INC. V. PULSE ELECTRONICS, INC.

-- U.S. --, 136 S. CT. 1923 (2016)

- “punish the full range of culpable behavior”
- “discretion in a manner free from the inelastic constraints of the *Seagate* test”
- “[S]uch punishment should generally be reserved for egregious cases typified by willful misconduct.”

ATTORNEY FEES

LUMEN VIEW TECHNOLOGY LLC V.

FINDTHEBEST.COM, INC., 811 F.3d 479 (Fed. Cir. 2016)

- AN AWARD OF ATTORNEY FEES IS VACATED AND THE CASE IS REMANDED BECAUSE THE COURT CONSIDERED INAPPROPRIATE FACTORS IN ITS DOUBLING OF THE LODESTAR AMOUNT IN ITS AWARD OF ATTORNEY FEES.
- Deterrence is not an appropriate factor to be considered in calculating an attorney fee award.

INJUNCTIVE RELIEF

WBIP, LLC V. KOHLER CO.,

Nos. 2015-1038, 2015-1044, 2016 U.S. App. LEXIS 13136
(Fed. Cir. July 19, 2016)

— THE CIRCUIT REVERSES THE DENIAL OF PERMANENT INJUNCTION EVEN THOUGH PUBLIC HEALTH ARGUABLY SUPPORTS DENIAL OF INJUNCTION.

- District court failed to weigh public interest in enforcing patents.
- District Court's reasoning that it would be in public interest to have more manufacturers applies to most cases.
- Congress indicated in 35 U.S.C. §271(e)(4)(B) that injunctions may be appropriate even for life saving products like pharmaceuticals.

APPLE INC. V. SAMSUNG ELECS. CO., 801 F.3d 1352 (Fed. Cir. 2015)

— THE CIRCUIT REVERSES THE DENIAL OF APPLE’S MOTION FOR PERMANENT INJUNCTION, CLARIFYING THE STANDARD FOR SHOWING IRREPARABLE HARM POST-*EBAY* IN CASES WHERE A PRODUCT INCLUDES MANY FEATURES AND EMBODIES MANY PATENTED INVENTIONS.

- To show irreparable injury, the patented features do not need to be the sole reason why consumers purchase the infringing product.
- The patents in suit here cover many features that the record reflects contribute to the consumer’s purchasing decision, so nexus has been shown.

MURATA MACHINERY USA V. DAIFUKU CO., LTD.,

No. 2015-2094, 2016 U.S. App. LEXIS 13863 (Fed. Cir. August 1, 2016)

– DENIAL OF PRELIMINARY INJUNCTION WAS VACATED WHERE THE DISTRICT COURT DID NOT APPEAR TO APPLY THE APPROPRIATE TEST AND IN ANY EVENT DID NOT EXPLAIN THE BASES FOR ITS DECISION.

- The district court merely said it was denying the motion because it was denying plaintiff's motion to lift the stay pending IPR.
- Rule 52(a) requires the district court to perform a complete analysis of the issues to be considered, and must issue findings of fact and conclusions of law that can be properly considered on appeal.

DEFENSES

**SCA HYGIENE PRODS. AKTIEBOLAG V. FIRST
QUALITY BABY PRODS., LLC**, 807 F.3d 1311 (Fed.
Cir. 2015)

— AN *EN BANC* CIRCUIT REAFFIRMS THE PANEL DECISION 6-5 THAT LACHES IS AVAILABLE AS A DEFENSE IN PATENT CASES, BUT THE SUPREME COURT ACCEPTED THE CASE.

- The Supreme Court held in *Petrella v. Metro-Goldwyn-Mayer* that laches is not available as a defense in copyright cases.
- The Circuit holds that *Petrella* is not applicable to patent cases since section 286 is not a statute of limitations, as in *Petrella*.

SCA HYGIENE PRODS. AKTIEBOLAG V. FIRST QUALITY BABY PRODS., LLC, NO. 15-927 (U.S.)

- Whether and to what extent the defense of laches may bar a claim for patent infringement brought within the Patent Act's six-year statutory limitations period, 35 U.S.C. § 286.
- Argument scheduled for Nov. 1, 2016.

EQUITABLE ESTOPPEL

HIGH POINT SARL V. SPRINT NEXTEL CORP.

817 F.3d 1325 (Fed. Cir. 2016)

- Elements of equitable estoppel
 - Misleading conduct that leads infringer to reasonably infer that patentee won't enforce patents
 - Reliance
 - Material prejudice (economic/evidentiary)
- Silence ***must*** be accompanied by additional factors as to amount to bad faith

HIGH POINT SARL V. SPRINT NEXTEL CORP., CONTINUED
817 F.3d 1325 (Fed. Cir. 2016)

- Parties knew of unlicensed activity for a long period of time as early as 2001
- Detrimental reliance proven by testimony showing that Sprint considered alternative technology
- Prejudice
 - Economic – billions of dollars involved
 - Evidentiary – information about inventor was fading or already absent
- No abuse of discretion

EXHAUSTION

LEXMARK INT’L, INC. V. IMPRESSION PRODUCTS INC.
816 F.3d 721 (Fed. Cir. 2016) (en banc)

- “without authority” - § 271(a)
- “A patentee’s own sale of its patented article subject to a clearly communicated restriction ... does not exhaust the patentee’s ... rights.” *Malinckrodt*
- Federal Circuit distinguishes *Quanta* because LG authorized Intel to sell products practicing the patents.
- For unrestricted sales, the buyer presumptively has authority to use and resell.
- Holds that patent can restrict resale/reuse if clearly communicated to the buyer at the time of sale

LEXMARK INT’L, INC. V. IMPRESSION PRODUCTS INC.
816 F.3d 721 (Fed. Cir. 2016) (en banc)

- *Jazz Photo* held that “United States patent rights are not exhausted by products of foreign provenance ...”
- *Kirtsang* – decided under 17 U.S.C. § 109(a)
 - “[T]he owner of a particular copy ... lawfully made under this title ... is entitled, without authority of the copyright owner, to sell . . . that copy”
- No analog in the patent statute

LEXMARK INT’L, INC. V. IMPRESSION PRODUCTS INC.

816 F.3d 721 (Fed. Cir. 2016) (Dyk, J., dissenting)

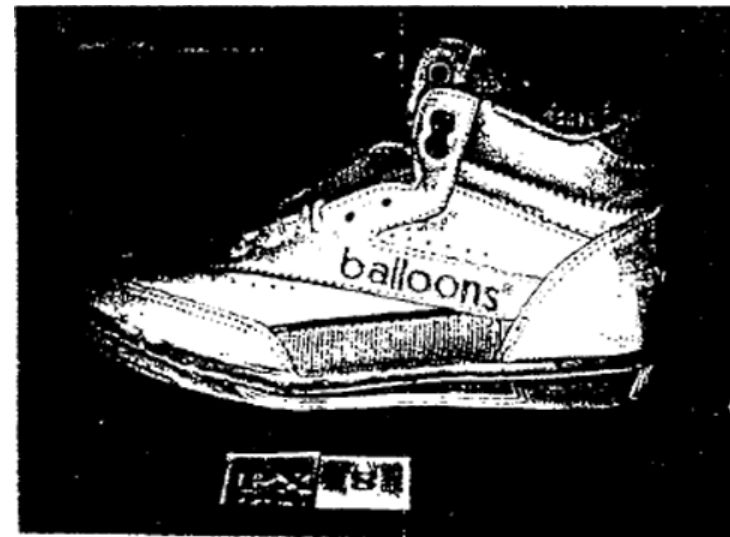
- *Malinckrodt* was wrongly decided
 - Supreme Court cases hold that patent rights extinguished upon first sale in U.S.
 - “unconditional sale” refers to one in which title passes
- Foreign sales
 - Retain *Jazz Photo* if
 - Patentee expressly reserves U.S. rights

DESIGN PATENTS

Validity

ETHICON ENDO-SURGERY, INC. V. COVIDIEN, INC., 796 F.3d 1312 (Fed. Cir. 2015)

— SUMMARY JUDGMENT OF INVALIDITY BASED ON FUNCTIONALITY IS REVERSED BECAUSE THE DISTRICT COURT DID NOT FOLLOW THE “STRINGENT” TEST FOR INVALIDATING DESIGN PATENTS BASED ON FUNCTIONALITY.



Damages in Design Patent Cases

APPLE INC. V. SAMSUNG ELECS. CO., 786 F.3d 983 (Fed. Cir. 2015)

— THE CIRCUIT AFFIRMS THE UTILITY AND DESIGN PATENT INFRINGEMENT PORTIONS OF THE CASE AFTER REVERSING THE JUDGMENT AS TO TRADE DRESS INFRINGEMENT, FINDING THE TRADE DRESS TO BE FUNCTIONAL.

- Reduces \$930 million judgment to \$548 million.
- Shows the importance of applying for design patents and not relying exclusively on common law trade dress protection or trademark registration of product configurations.

APPLE INC. V. SAMSUNG ELECS. CO., (CONTINUED)

– IN RECITING THAT AN INFRINGER "SHALL BE LIABLE TO THE OWNER TO THE EXTENT OF [THE INFRINGER'S] TOTAL PROFIT," 35 U.S.C. § 289 EXPLICITLY AUTHORIZES THE AWARD OF TOTAL PROFIT FROM "THE ARTICLE OF MANUFACTURE TO WHICH SUCH DESIGN OR COLORABLE IMITATION HAS BEEN APPLIED."

- The clear statutory language prevents the Circuit from accepting Samsung's argument that there must be an allocation of the damages limited to what is attributable to what is shown in the design patent.
- Has been accepted by the Supreme Court on certiorari.

NORDOCK, INC. V. SYSTEMS, INC.,

803 F.3d 1344 (Fed. Cir. 2015)

— LIKE *APPLE V. SAMSUNG*, THE PANEL RULES THAT TOTAL PROFITS SHOULD BE BASED ON THE ARTICLE OF MANUFACTURE TO WHICH THE DESIGN PATENT IS APPLIED—NOT JUST A PORTION OF THAT ARTICLE OF MANUFACTURE.

- Design patent showed only the “lip and hinge” portion of a dock leveler, but profits should be awarded on awarded on the entire “article of manufacture” – the dock leveler.
- Where, as here, only a design patent is at issue, a patentee may not recover both infringer profits and additional damages under § 284.
- A design patentee can recover either (1) total profits from the infringer's sales under § 289, or (2) damages in the form of the patentee's lost profits or a reasonable royalty under § 284, or (3) \$250 in statutory damages under § 289, whichever is greater.

PROCEDURAL CASES

REMBRANDT VISION TECH., L.P. V. JOHNSON & JOHNSON VISION CARE, INC., 818 F.3d 1320 (Fed. Cir. 2016)

- Rule 60(b)(3) – “fraud, . . . misrepresentation or misconduct”
- “surface layer” and “soft”
- expert falsified evidence and withheld documents
- proof that withheld evidence would alter result is not required
- sufficient proof – altered the way that Rembrandt’s counsel would have approached the case

***REMBRANDT VISION TECH., L.P. V. JOHNSON &
JOHNSON VISION CARE, INC.,***
818 F.3d 1320 (Fed. Cir. 2016) (dissent)

- Rembrandt had “full and fair opportunity” to prove “soft”
 - dispositive of infringement
 - false testimony did not effect that issue
- No showing that false testimony on “surface layer” would have changed approach to “soft” limitation

LUMINARA WORLDWIDE, LLC V. LIOWN ELEC. CO., 814 F.3d 1343 (Fed. Cir. 2016)

- “all substantial rights”
- Disney’s retained right are insubstantial
 - “any other entity, theme park, or venue **operated** by or **under license** from [Disney] or any of its Affiliates
- Luminara has sufficient rights to sue in its own name
 - “sole and exclusive right” to sue
 - practice the patent
 - sublicense

***DIAMOND COATING TECHNOLOGIES, LLC V.
HYUNDAI MOTOR AMERICA***, 823 F.3d 615 (Fed. Cir.
May 17, 2016)

– LICENSE AGREEMENT DID NOT CONVEY ALL SUBSTANTIAL RIGHTS TO DIAMOND SO DIAMOND MAY NOT MAINTAIN SUIT.

- Vitally important factors
 - The exclusive right to make, use, and sell
 - Nature and scope of retained right to sue
- Diamond did not retain right to practice the patent.
- Diamond's right to enforce the patent of Sanyo's licensor's best interest.
- Diamond's ability to license the patent is limited.

POLAR ELECTRO OY V. SUUNTO OY,

--- F.3d --- (Fed. Cir. July 20, 2016)

- Personal jurisdiction in Delaware
- Suunto (Finland) sells products through sister company (ASWO)
- Suunto ships products to addresses specified by AWSO, including retailer in DE
- Suunto website has “Dealer Locator”
- Specific jurisdiction exists
 - Purposeful activity directed to forum
 - Claim arises from activities in forum
 - Reasonable and fair

VERINATA HEALTH, INC. V. ARIOSIA DIAGNOSTICS, INC.,

---F.3d --- (Fed. Cir. July 26, 2016)

- “This Section 31(c) shall not apply to, and no arbitration shall resolve, disputes relating to issues of scope, infringement, validity and/or enforceability of any Intellectual Property Rights.”
- Breach of contract counterclaims not subject to arbitration because they raise questions concerning scope and infringement of patents asserted in complaint.

RECENT AMENDMENTS TO FEDERAL RULES OF CIVIL PROCEDURE

- Form 18 permitted very general allegations of infringement, at least as to direct infringement.
- In 2015 amendments, Form 18 was abrogated so *Twombly* and *Iqbal* apply to actions filed after December 1, 2015.
- Recent district court patent cases applying *Twombly* and *Iqbal* are not consistent, varying from requiring an application of the asserted claims to the accused designs - to requiring little more than Form 18 because local rules require claim charts to be provided early in the case.

CONTEMPT

DELORME PUBL. CO. V. ITC, 805 F.3d 1328 (Fed. Cir. 2015)

— THE PANEL AFFIRMS A DECISION BY THE ITC ASSESSING A PENALTY OF OVER \$6 MILLION BASED ON DELORME’S VIOLATION OF A CONSENT ORDER.

- The panel rejects DeLorme’s argument that it did not have to comply with the Consent Order because of the subsequent invalidation of the admittedly-infringed claims.
- Citing the *Commil v. Cisco* Supreme Court decision, the panel notes that good faith belief in invalidity is not a defense to induced infringement.
- The panel also disagrees with DeLorme that the sale of individual components, along with instructions as to how to assemble, was not a violation of the Consent Order.

Privilege

IN RE QUEEN'S UNIVERSITY,
820 F.3d 1287 (Fed. Cir. 2016)

– THE CIRCUIT RECOGNIZES A PATENT AGENT/CLIENT PRIVILEGE.

- But only as to activities and communications reasonably necessary and incident to the preparation and prosecution of patent applications or other proceedings in the USPTO.

Forum *Non Conveniens*

HALO CREATIVE & DESIGN LIMITED V. COMPTOIR DES INDES INC., 816 F.3d 1366 (Fed. Cir. 2016)

— BECAUSE THE MOVANT HAD NOT DEMONSTRATED THE ADEQUACY OF AN ALTERNATIVE FOREIGN JURISDICTION, THE CIRCUIT DENIES A MOTION TO DISMISS ON FORUM *NON CONVENIENS* GROUNDS WHEN THE CRUX OF THE CASE IS U.S. INTELLECTUAL PROPERTY RIGHTS.

JMOL

NORDOCK, INC. V. SYSTEMS, INC.,

803 F.3d 1344 (Fed. Cir. 2015)

— AFFIRMS THE DISTRICT COURT THAT JMOL WAS NOT PRESERVED FOR APPEAL.

- Systems failed to properly renew the motion for JMOL as to validity with sufficient particularity.
- “Everything we made we renew. I'm not sure what that is, but just for the record whatever we said before ...”

PTO MATTERS

INTER PARTES REVIEW

CUOZZO SPEED TECHS., LLC V. LEE,

136 S. Ct. 2131 (2016)

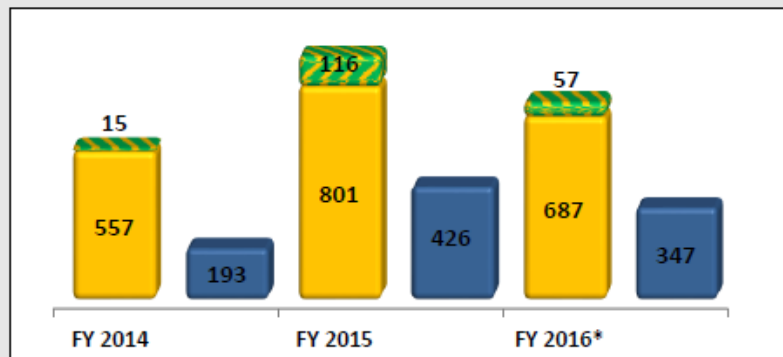
- 35 U.S.C. § 314(d) bars Cuozzo's appeal of the PTO decision to institute IPR.
- The PTO regulation requiring the Board to apply BRI is a reasonable exercise of rule making authority.

IN RE CSB-SYSTEM INTERNATIONAL, INC.,

No. 2015-1832, 2016 U.S. App. LEXIS 14561 (Fed. Cir. August 9, 2016)

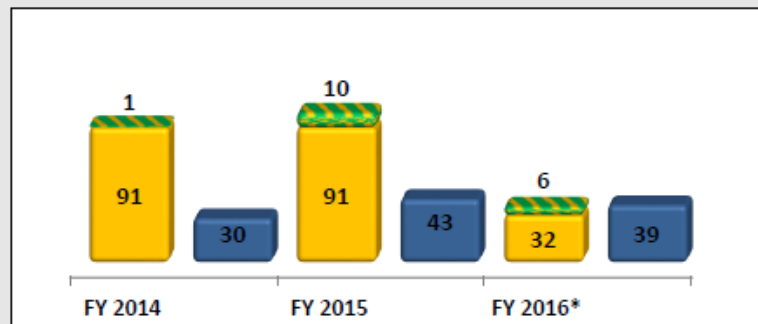
- In construing claims in an *ex parte* reexamination, the Board should have applied the *Phillips* standard because the patent expired during the reexamination, and thus the patentee lost the opportunity to amend the claims.
- In doing so, the panel rejects the argument that BRI should be used because the claims could have been amended when they were before the examiner during the reexam.
- The Circuit concludes, however, that the Board's claim construction was correct even under the *Phillips* standard, and therefore affirms its rejection of all claims as unpatentable over the prior art.

IPR - Number of Decisions On Institution Per Fiscal Year by Outcome



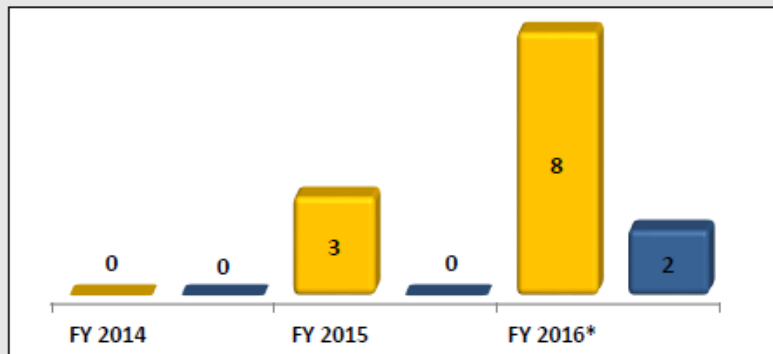
■ Instituted ■ Joinders ■ Denials

CBM - Number of Decisions On Institution Per Fiscal Year by Outcome



■ Instituted ■ Joinders ■ Denials

PGR - Number of Decisions On Institution Per Fiscal Year by Outcome



■ Instituted ■ Joinders ■ Denials

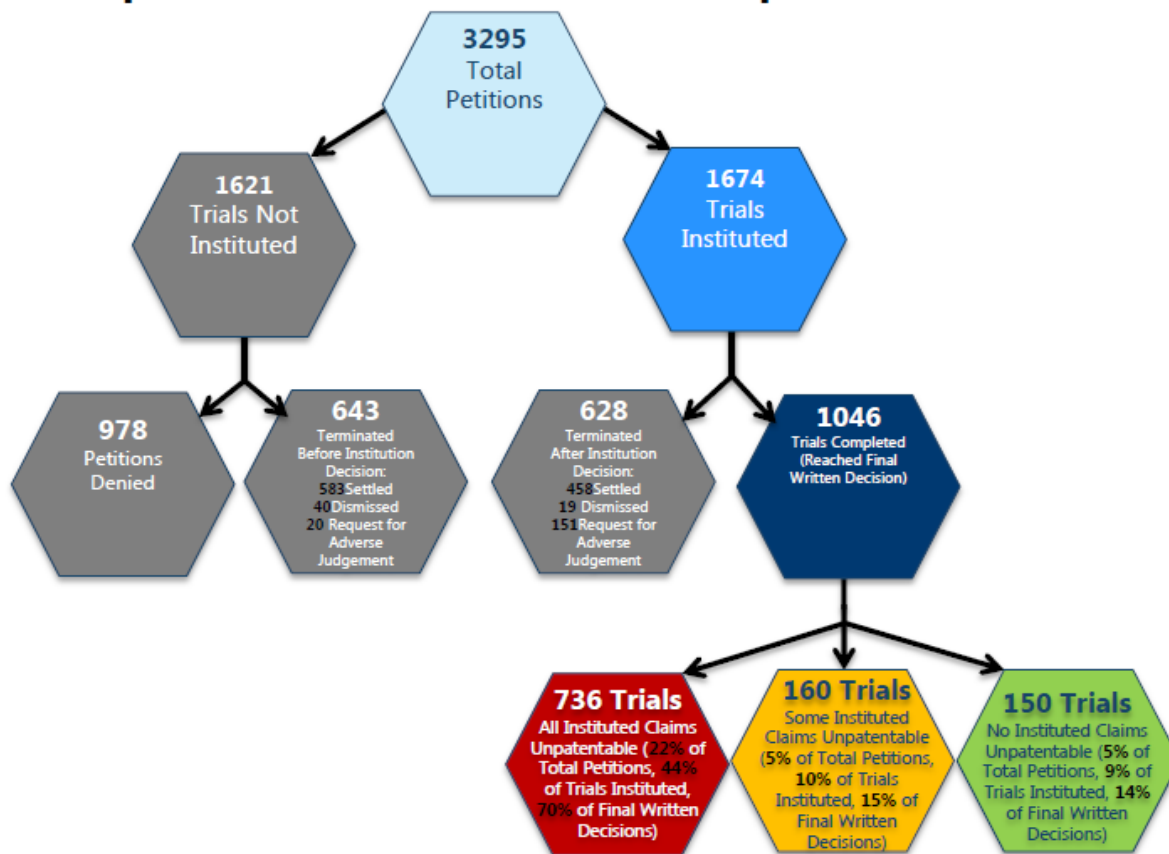
Narrative:

These three sets of bar graphs show the number of decisions on institution by fiscal year broken out by trials instituted (including joinders) and trials denied in IPR, CBM, and PGR proceedings. A trial that is instituted in part is counted as an institution in these bar graphs.

*Data current as of: 6/30/2016



Disposition of IPR Petitions Completed to Date*



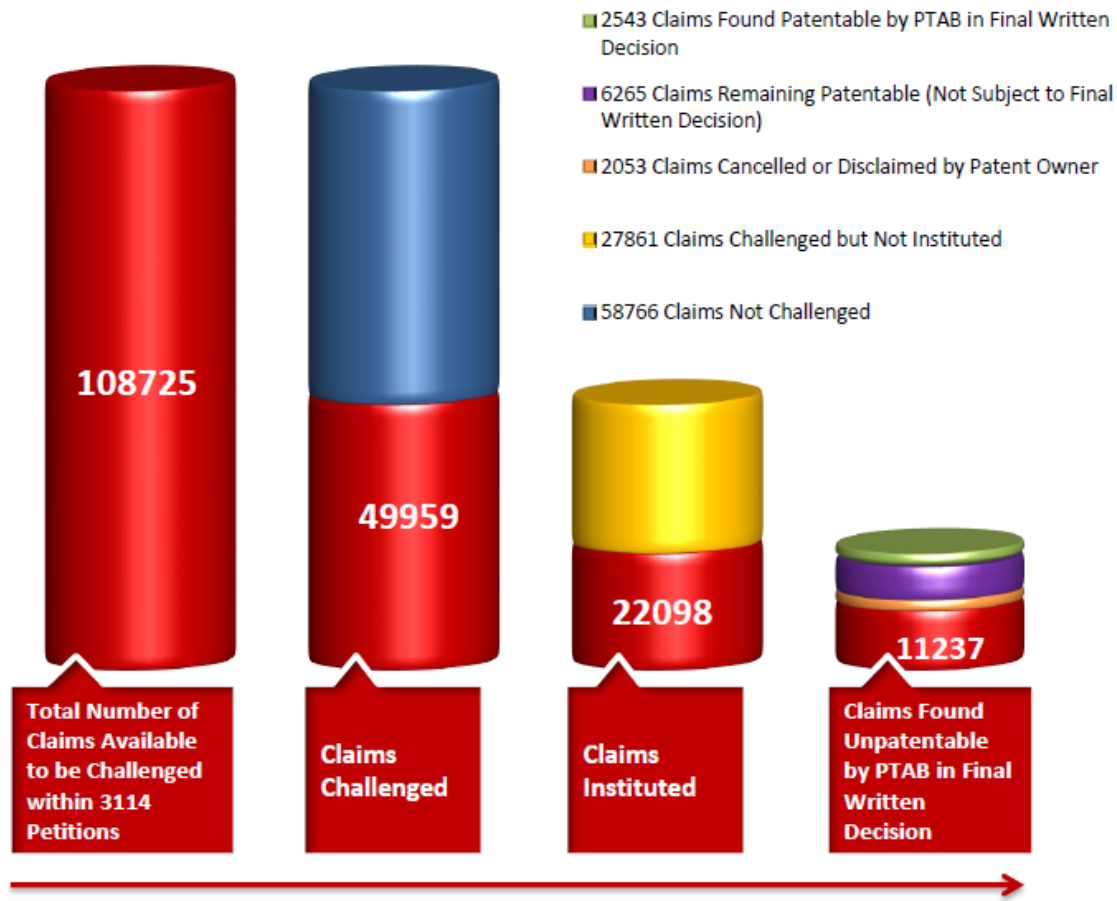
Narrative:

This graph shows a stepping stone visual depicting the outcomes for all IPR petitions filed to-date that have reached a final disposition.

*Data current as of: 6/30/2016



IPR Petitions Terminated to Date*



Narrative:

This visual contains four cylinders. The first cylinder shows the total number of claims available to be challenged in the IPR petitions filed. The second cylinder shows the number of claims actually challenged and not challenged. The third cylinder shows the number of claims on which trial was instituted and not instituted. The fourth cylinder shows the total number claims found unpatentable in a final written decision, the number of claims canceled or disclaimed by patent owner after institution, the number of claims remaining patentable (not subject to a final written decision), and the number of claims found patentable by the PTAB.

Note: "Completed" petitions include terminations (before or after a decision on institution) due to settlement, request for adverse judgment, or dismissal; final written decisions; and decisions denying institution.

*Data current as of: 6/30/2016



MURATA MACHINERY USA V. DAIFUKU CO., LTD.,

No. 2015-2094, 2016 U.S. App. LEXIS 13863 (Fed. Cir. August 1, 2016)

– AFTER PLAINTIFF ADDED TWO PATENTS TO AN EXISTING INFRINGEMENT CASE, PLAINTIFF MOVED TO LIFT THE STAY THAT HAD BEEN IN PLACE FOR AN IPR AS TO THE PATENTS ORIGINALLY IN THE CASE.

- The Circuit deferred to the district court’s broad discretion in managing its docket.
- The district court had applied the four factor test set forth in the rule governing stays pending CBM reviews: (1) stage of the proceedings; (2) potential for the stay to simplify issues; (3) undue prejudice to the non-moving party resulting from stay; and (4) potential for a stay to reduce the burden of litigation on the parties and the court.

IN RE AQUA PRODUCTS, INC.,

823 F.3d 1369 (Fed. Cir. 2016)

– PROPOSED AMENDMENTS TO CLAIMS IN IPR WILL NOT BE ACCEPTED UNLESS PATENTEE CAN SHOW AMENDED CLAIMS ARE PATENTABLE.

- Case is a good example of Circuit deference to PTO interpreting its own rules.
- Circuit has accepted Aqua’s petition for en banc review.

DELL INC. V. ACCELERON, LLC.,
818 F.3d 1293 (Fed. Cir. 2016)

– IN AN APPEAL OF AN IPR, THE PANEL VACATES AND REMANDS THE BOARD'S RULING AS TO ANTICIPATION BECAUSE DELL RAISED THIS ANTICIPATION ARGUMENT FOR THE FIRST TIME AT ORAL ARGUMENT BEFORE THE BOARD.

- Citing PTO rules, the panel holds that Acceleron was not given an adequate opportunity to respond to Dell's argument.

***INTELLIGENT BIO-SYSTEMS, INC. V. ILLUMINA
CAMBRIDGE LTD.***, 821 F.3d 1359 (Fed. Cir. 2016)

– MUST PRESENT ALL ARGUMENTS IN PRINCIPAL IPR BRIEF –
CANNOT RAISE NEW ARGUMENT IN REPLY.

REDLINE DETECTION, LLC V. STAR ENVIROTECH, INC., 811 F.3d 435 (Fed. Cir. 2015)

— REDLINE APPEALS AN IPR DECISION IN WHICH THE PTAB DENIED A MOTION BY REDLINE TO SUBMIT SUPPLEMENTAL INFORMATION UNDER 37 C.F.R. § 42.123(A) BECAUSE REDLINE GAVE NO REASON FOR NOT SUBMITTING ITS EXPERT DECLARATION AND ADDITIONAL PRIOR ART WITH ITS INITIAL PETITION, OTHER THAN COST SAVINGS.

IN RE MAGNUM OIL TOOLS INTERNATIONAL,

LTD., No. 2015-1300, 2016 U.S. App. LEXIS 13461 (Fed. Cir. July 25, 2016)

– IN AN IPR, THE BOARD ERRED IN SHIFTING THE BURDEN OF PROOF ON OBVIOUSNESS FROM THE PETITIONER TO THE PATENT OWNER, MAGNUM, AND COMES DOWN HARD ON THE BOARD FOR DOING SO.

- The burden of persuasion never shifts to the patentee.
- Also, the Circuit notes that the Board must base its obviousness decision on the evidence presented by the petitioner, and cannot adopt arguments on behalf of petitioners that could have been, but were not, raised by the petitioner during an IPR.

BELDEN INC. V. BERK-TEK LLC,
805 F.3d 1064 (Fed. Cir. 2015)

— FOR ONLY THE SECOND TIME, THE CIRCUIT REVERSES AN INTER PARTES REVIEW DETERMINATION, BUT THIS IS THE FIRST TIME THE CIRCUIT HAS RULED THAT CLAIMS THAT HAD NOT BEEN INVALIDATED, SHOULD HAVE BEEN.

- The panel finds that there is “no substantial evidence” to support the Board’s determination of nonobviousness.

THANK YOU!

Peter E. Heuser

Schwabe, Williamson
& Wyatt

Brian G. Bodine

Lane Powell