



# PATENT HAPPENINGS

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on judicial, legislative, and administrative developments in patent law.

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## JUDICIAL HAPPENINGS

### Comiskey on En Banc Rehearing

On September 20, 2007, the Federal Circuit handed down the original panel opinion for *In re Comiskey*, 499 F.3d 1365 (Fed. Cir. 2007).<sup>1</sup> In that opinion, the court, *sua sponte*, held that claims directed to a *method* for conducting an arbitration that are not limited to conducting the method with a machine are invalid for claiming nonstatutory subject matter under § 101. The court concluded that such claims, in their broadest scope, effectively claim a mental process. *Id.* at 1379. The panel further held that the *system* claims in the application claimed patentable subject matter

<sup>1</sup> See *Patent Happenings*, Sept. 2007 (Part II) at pp. 1-2.

since they required the use of computer. *Id.* at 1380. But, the panel also noted that the system claims “at most merely add a general purpose computer to an otherwise unpatentable mental process.” *Id.* The Federal Circuit remanded the application to the PTO with directions for the PTO to consider whether the systems claims were obvious in view of the prior art. *Id.* at 1380-81.

The applicant thereafter filed a petition for *en banc* rehearing. The Federal Circuit delayed ruling on the petition until it handed down its *en banc* opinion addressing patentability under § 101 in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (*en banc*), *petition for cert. filed* (Jan. 30, 2009).<sup>2</sup> In *Bilski*, the court held that to claim patentable subject matter, a process claim must meet the machine-or-transformation test. *Id.* at 960-61. Notably, *Bilski* only addresses process claims. It does not address the question of whether systems claims claim patentable subject matter.

Apparently satisfied that its treatment of process claims in *In re Bilski* addressed the process claims presented in *Comiskey*, the Federal Circuit denied the petition for an *en banc* rehearing. *In re Comiskey*, No. 2006-1286, 2009 WL 68845, \*11 (Fed. Cir. Jan. 13, 2009). However, it also vacated the original *Comiskey* panel decision so that the panel could submit a revised opinion. *Id.* In the revised opinion, 2009 WL 162408 (Fed. Cir. Jan. 26, 2009),<sup>3</sup> the panel kept its earlier discussion and analysis of the process claims. Significantly, the panel deleted its ruling that the system claims claimed patentable subject matter.<sup>4</sup> Where the original panel opinion had remanded the application to the PTO to consider whether the claims

<sup>2</sup> See *Patent Happenings*, Oct. 2008 at pp. 1-2.

<sup>3</sup> The panel issued a first revised opinion on January 13, 2009 (2009 WL 68845), and subsequently revised that revised opinion on Jan. 26, 2009. The second set of revisions appear to be of a minor editorial nature.

<sup>4</sup> Compare *id.* at \*10-\*11 with 499 F.3d at 1380-81.

were obvious, the revised opinion remanded to the PTO with express directions for the PTO to determine in the first instance whether the system claims recited patentable subject matter. *Id.* 2009 WL 162408 at \*11.

The court's actions drew sharp dissents from Judges Moore and Newman. Judge Moore, joined by Judges Newman and Rader, objected to the panel's *sua sponte* act in deciding the appeal on the basis of § 101. Judge Moore noted that the PTO had only rejected the claims for obviousness under § 103, and had not rejected the claims for claiming unpatentable subject matter. Hence, in her view, the court overstepped its appellate function by raising the § 101 issues and directing the PTO to specifically consider those issues. 2009 WL 68845 at \*18. Judge Moore also questioned the need for a remand to determine the § 101 issue for the system claims since the PTO had already rejected the system claims for being obvious, and both parties had briefed the § 103 issues before the Federal Circuit. *Id.* at \*20. Judge Newman dissented from the denial of the *en banc* rehearing based on concerns with the substantive law and what she perceived to be confusion in the area of business methods patents created by *Bilski* and *Comiskey*. *Id.* at \*22-\*26

One could view the Federal Circuit's actions in *Comiskey* as trying to create an opportunity to expand § 101 rejections for system claims that merely implement otherwise unpatentable business methods. We probably won't have to wait long for this issue to percolate up from the PTO. On the same day that the Federal Circuit handed down the revised opinion in *Comiskey*, the BPAI in *Ex parte Cornea-Hasegan*, 2009 WL 86725 (BPAI Jan. 13, 2009), affirmed a § 101 rejection of a claim directed to a "computer readable media" that contained instructions to perform a claimed process after the PTO held that the associated process claims in the application claimed ineligible subject matter. The claims at issue were directed to a method for predicting results of floating point mathematical operations and calculating the results by using software rather than hardware (floating-point hardware) when the results are tiny (too small to be accurately calculated using hardware). The BPAI held that the method claims failed under *Bilski* because the process was not tied to a machine, as it viewed the broad recitation in the claims of the method being done by a "processor" as not limiting the method to being done on any specific machine. The BPAI also held that the method claims only operated on an intangible item, an abstract floating-point number, and

therefore failed the second prong of the machine-or-transformation test. As to the "computer readable medium" claim, the BPAI affirmed the § 101 rejection. It held that the claim "does not transform physical subject matter and is not tied to a particular machine. . . . Limiting the claim to computer readable media does not add any practical limitation to the scope of the claim."<sup>5</sup>

#### Providing Information to Patient Not Patentable

In another case directed to the question of patent eligible subject matter, the district court in *King Pharmaceuticals, Inc. v. Eon Labs, Inc.*, 2009 WL 120306, \*9-\*11 (E.D.N.Y. Jan. 20, 2009), held that a claim to method of treating a patient by administering a drug product in a manner anticipated by the prior art was not made patentable by including an additional step of informing the patient about how the drug product worked. The district court held that the process claim failed *Bilski*'s test for patentable subject matter because giving information to patients did not tie the process to a particular machine or apparatus or transform an article into a different state or thing. *Id.* The court noted that the claim could be infringed by someone practicing the teachings of the prior art and providing the patient with a copy of the patent. The court concluded that [s]uch a claim, which effectively allows a patentee to exclude others from informing people of (unpatentable) scientific discoveries is anathema to the aims of the patent statute, which favors disclosure. Claim 21 is, therefore, invalid." *Id.* The court also held invalid a claim that simply claimed the method of informing a patient with a certain health ailment how the drug product worked. Characterizing the claim as an attempt to "claim a monopoly on information," the district court found it unpatentable under § 101. Finally, the court also held invalid a method claim that included the additional step of supplying the drug product from a container having certain information printed on its label. Following the "printed matter" doctrine, the court held this claim invalid.<sup>6</sup>

<sup>5</sup> In contrast, the BPAI overturned an examiner's rejection that claims directed to "[a] digital file stored on a computer readable medium" did not claim patent eligible subject matter in *Ex parte Van Beeks*, 2009 WL 112387 (BPAI Jan. 16, 2009). The BPAI concluded that the claims claimed patent eligible subject matter in accordance with *In re Lowry*, 32 F.3d 1579 (Fed. Cir. 1994).

<sup>6</sup> See generally, Robert A. Matthews, Jr., *Annotated Patent Digest* § 20:19 Printed Matter [hereinafter APD].

### Federal Circuit Cases Applying KSR

In January, the Federal Circuit issued four opinions addressing various aspects of the law of obviousness and the application of *KSR*<sup>7</sup> to obviousness determinations. Showing that obviousness is a robust invalidity defense, three out of the four cases held claims invalid on dispositive motions.

In *Boston Scientific Scimed, Inc. v. Cordis Corp.*, No. 2008-1073, 2009 WL 89246, \*8-\*9 (Fed. Cir. Jan. 15, 2009), the Federal Circuit reversed a denial of a JMOL seeking to overturn a jury verdict that the accused infringer failed to prove that the asserted claim was obvious. The claim at issue was directed to a stent having a top-coating made from a non-thrombogenic material and an under-coating containing a biologically active material. The court found that a single prior art patent taught all of the limitations of the claim, but did so in the context of describing two separate embodiments. The two embodiments were disclosed in side-by-side figures in the prior art patent. Remarking that “[c]ombining two embodiments disclosed adjacent to each other in a prior art patent does not require a leap of inventiveness,” the Federal Circuit found a motivation to combine the two embodiments since the claimed invention was a predictable variation of the two embodiments. *Id.* at \*8. It thus concluded that substantial evidence did not support the jury’s verdict of validity. *Id.* The Federal Circuit further held that since there was no dispute regarding the content of the prior art or the apparent obviousness of the claimed invention in view of the prior art, the court was “free to override the jury’s legal conclusion on the ultimate question of obviousness without deference.” *Id.* at \*9. It also rejected the patentee’s arguments regarding secondary considerations. The patentee argued that the prior art owner’s failed attempts to make a stent like the claimed invention showed nonobviousness. However, the record evidence showed that the failure was due to problems with unclaimed aspects of the device.<sup>8</sup> Consequently, the court characterized the evidence of failed attempts as being a “weak” showing of a secondary consideration that could not overcome the strong *prima facie* case of obviousness. *Id.*

The Federal Circuit affirmed a summary judgment<sup>9</sup>

<sup>7</sup> *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

<sup>8</sup> See generally, APD § 18:140 Unsuccessful Attempts by Others, Including the Accused Infringer, to Make the Invention.

<sup>9</sup> *Friskit, Inc. v. RealNetworks, Inc.*, 499 F. Supp. 2d 1145, 1149-1153 (N.D. Cal. July 26, 2007).

finding claims directed to a system for downloading music over the internet obvious in *Friskit, Inc. v. RealNetworks, Inc.*, No. 2007-1583, 2009 WL 59182 (Fed. Cir. Jan. 12, 2009) (*nonprecedential*). After rejecting the patentee’s argument that the prior art failed to disclose some of the claim limitations, the Federal Circuit also rejected the patentee’s contention that even though the inventor may not have invented any of the individual components of the system, its patents ‘deliver the glue to put existing technologies together into a single application,’ and therefore the claims are valid. Applying *KSR*, the Federal Circuit held that regardless if the patentee came up with the “glue” to piece the various items of prior art together, the claimed invention was just a “predictable use of prior art elements according to their established functions’ ... within the grasp of one of ordinary skill in the art,” and therefore obvious. *Id.* at \*5. The Federal Circuit also rejected the patentee’s evidence of secondary considerations as being insufficient to overcome the strong *prima facie* showing of obviousness. First, the Federal Circuit held that the patentee’s evidence of alleged commercial success had to be rejected because the patentee “failed to show that the success of those products was attributable to the subject matter that [the patentee] contends is nonobvious.” *Id.* at \*6. Further the court found that the patentee’s “inability to relate the success of [the accused infringer]’s products to the alleged inventive aspects of the claimed invention was “fatal to its claim that the commercial success of the invention is evidence of nonobviousness.” *Id.* Second, the Federal Circuit rejected the patentee’s evidence of alleged copying as showing non-obviousness because the patentee failed to show that the copying followed “failed development efforts by the infringer”<sup>10</sup> or that the “copied technology fell within the scope of the asserted claims.”<sup>11</sup> *Id.* Finally, the Federal Circuit held that the patentee’s evidence of an alleged long-felt need did not show non-obviousness because the patentee failed to show a need based on inadequacies in the technology, but only showed that market forces, unrelated to technical ability, hampered development.<sup>12</sup>

<sup>10</sup> See generally, APD § 18:136 Substantive Aspects of “Copying” Showing Nonobviousness.

<sup>11</sup> See generally APD § 18:137 Nexus of Copying to the Claimed Invention.

<sup>12</sup> See generally, APD § 18:116 Substantive Aspects of “Long-Felt Need” Showing Nonobviousness.

Quoting *Orthopedic Equip. Co.*,<sup>13</sup> the Federal Circuit explained that “[T]he fact that the two disclosed apparatus would not be combined by businessmen for economic reasons is not the same as saying that it could not be done because skilled persons in the art felt that there was some technological incompatibility that prevented their combination. Only the latter fact is telling on the issue of nonobviousness.” *Id.*

In *Tokyo Keiso Co., Ltd. v. SMC Corp.*, No 2008-1045, -1112, 2009 WL 59769 (Fed. Cir. Jan. 9, 2009) (*nonprecedential*), the Federal Circuit affirmed a summary judgment<sup>14</sup> that claims directed to a volume flow meter that used a measuring line made from a specific plastic material, PFA, were invalid for obviousness. In the patent’s specification the inventor had admitted that the prior art disclosed all aspects of the claimed invention other than the use of the particular plastic material. The accused infringer introduced a prior art reference, not considered by the PTO and in the same field of endeavor as the claimed invention, that showed the use of Teflon plastic pipes in flow meter devices for the same purposes as used in the claimed invention. The patentee argued that because it specifically claimed the use of a specific type of plastic, PFA, the prior art’s generic disclosure of Teflon did not render obvious the claimed invention. The Federal Circuit rejected this argument. It noted that PFA is a species of Teflon. Accordingly, even if PFA is the “best” plastic to use in flow meter devices, as the patentee contended, the Federal Circuit found that its use is only a predictable result of the prior art where the specification described “no reason why PFA is preferable to other members of the Teflon family.” *Id.* at \*6. The Federal Circuit noted that the patentee’s failure to show unexpected results from the use of PFA confirmed the court’s finding that the disclosure of using Teflon rendered using the claimed PFA obvious. *Id.*

Finding a district court erred in its factual analysis of what a prior art reference disclosed, the Federal Circuit vacated a summary judgment holding claims directed to a desiccant container invalid for obviousness in *Sud-Chemie, Inc. v. Multisorb Technologies, Inc.*, No. 2008-1247, 2009 WL 212413, \*5-\*6 (Fed. Cir. Jan. 30, 2009). The claim at issue

required a laminate formed from two “compatible” materials. The specification defined “compatible” as meaning that the two materials had similar softening points. The prior art reference relied on to show obviousness disclosed combining materials in the same class as materials described in the challenged patent’s specification. But the reference did not disclose combining materials with similar softening points. Based on the prior art’s reference to the same class of material, the district court concluded that the materials met the “compatible” requirement. But the district court apparently had not sufficiently considered the characteristic of the softening points when it made its ruling. Analyzing the technical facts more closely, the Federal Circuit concluded that the combined materials disclosed in the prior art reference had different softening points, and therefore they “are different in a way that the ’942 patent treats as important to the invention.” *Id.* at \*6. The Federal Circuit concluded that the prior art actually disclosed incompatible materials, rather than compatible materials as claimed. *Id.* Accordingly, the Federal Circuit vacated the summary judgment of invalidity, and remanded to the district court to redo its obviousness analysis.

#### Disavowal from Statements at BPAI Hearing

A patent’s prosecution history provides an important evidentiary component for claim construction purposes.<sup>15</sup> The prosecution history includes “all express representations made by or on behalf of the applicant to the examiner to induce a patent grant.”<sup>16</sup> Typically, the prosecution record is memorialized in written communications between the applicant and the Office.<sup>17</sup> In 2007, however, the Board of Patent Appeals & Interferences (BPAI) began transcribing oral arguments.<sup>18</sup> Relying on this new source of evidence regarding the prosecution history, the district court in *Simplification LLC v. Block Financial Corp.*, 2009 WL 159701, \*1 & \*4-\*5

<sup>13</sup> *Orthopedic Equip. Co. v. United States*, 702 F.2d 1005, 1013’ (Fed. Cir. 1983). See also APD § 18:54 Inability to Physically Combine Aspects of Prior Art.

<sup>14</sup> *Tokyo Keiso Co., Ltd. v. SMC Corp.*, 533 F.Supp.2d 1047, 1057-59 (C.D. Cal. 2007).

<sup>15</sup> See generally, APD § 6:1 General Aspects of Using the Prosecution History in Claim Construction.

<sup>16</sup> *Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 452 (Fed. Cir. 1985).

<sup>17</sup> 37 C.F.R. § 1.2 (“All business with the Patent and Trademark Office should be transacted in writing.”)

<sup>18</sup> See Official Gazette Notice of January 23, 2007 (“In 2007, the Board will begin transcribing oral arguments before the Board. The transcript of the argument will be entered into the official record of the proceeding. Availability of the transcript should improve public insight into the proceeding.”) <http://www.uspto.gov/go/og/2007/week04/patran.htm>

(D. Del. Jan. 23, 2009), found a disavowal of claim scope created by an applicant's statements made to the BPAI during oral argument. The claim construction dispute centered on whether a claim directed to "a method for automatic tax reporting by an electronic intermediary" required a fully automatic system that did not allow for manual intervention once the process started. During the infringement litigation the patentee argued that the claim did not require a fully automatic system. The district court disagreed. It noted that during the oral argument before the BPAI, the following exchange occurred: Judge Lee: "If there's any manual input outside of initiation, then it's not covered by the claim. [Applicant's counsel]: It's not covered by the claim and it does not anticipate the claim." According to the court, this statement showed that the applicant had clearly and unambiguously disavowed coverage for systems that are not fully automatic. The court also accepted the accused infringer's argument that the statement before the BPAI "is not merely 'a random page of an obscure document in the prosecution history.' Rather, it is a statement 'at the culmination of the reexamination process on the biggest stage at the Patent Office-an Oral Hearing before the [BPAI].'"

#### *I.e. versus e.g.*

Claim construction can often turn on minute details.<sup>19</sup> The case of *Tidel Eng'g. L.P. v. Fire King Intern., Inc.*, 2009 WL 33433, \*4-\*5 (E.D. Tex. Jan. 6, 2009), vividly illustrates this point. In *Tidel*, the court had to construe the claim term "economy safe." The only reference to "economy safe" in the specification provided that "economy models of the safe (*i.e.*, comprised of just a safe and a unit 16, without a PC board and printer) can be placed at various locations throughout a retail establishment." The patentee argued that this description merely described a preferred embodiment and did not limit the claim term such that the "economy safe" could only be a safe and unit without a PC board and printer. The court disagreed. It faulted the patentee for not "meaningfully explain[ing] the applicant's choice of 'i.e.' instead of 'e.g.'" Noting that "*i.e.*" traditionally means "that is," the court rejected the patentee's proposed construction as being contrary to the literal meaning of the term.

<sup>19</sup> Numerous cases effectively hold that a patentee is stuck with the language it chose, and therefore small, unintended, errors in claiming the invention can result in a narrow claim construction. See generally APD § 5:45 —Patentee Stuck With the Claim Language Chosen.

Since the specification did not describe any other alternatives for the "economy safe" the court construed the term as being limited to the descriptive language that followed the "*i.e.*"<sup>20</sup>

#### *Number of Offenses of False Marking*

The false marking provision of the Patent Act, 35 U.S.C. § 292, provides that a person found guilty of false marking "[s]hall be fined not more than \$500 for every such offense."<sup>21</sup> In the last few years, opportunistic plaintiffs<sup>22</sup> have filed false marking claims with hopes of recovering a \$500 penalty assessed for every and every individual article falsely marked by a defendant. The majority of district court cases addressing the issue, however, have concluded that the number of "offenses" should not be measured by the number of articles falsely marked, but by the number of occasions where the defendant falsely marked a group of articles. Hence, where false marking arises from a single continuous act, e.g., a production run, there is only a single "offense."<sup>23</sup> The Federal Circuit has yet to address what constitutes an "offense" under § 292.<sup>24</sup>

Adding to the growing number of district court opinions construing "offense" to mean the number of acts of false marking, rather than the number of products that are falsely marked, the district court in *A.G. Design & Associates, LLC v. Trainman Lantern Co., Inc.*, 2009 WL 168544, \*3 (W.D. Wash. Jan. 23, 2009), granted a patentee summary judgment that its alleged false marking of over 15,000 lanterns constituted but a single offense since it was part of one continuous act of marking. The court analogized an act of false marking to an act of counterfeiting. It noted that "counterfeiting laws do not apply to every bill counterfeited; rather only to the act of illegally producing or tendering the counterfeit bills." *Id.*

<sup>20</sup> See generally, APD § 4:134 "*i.e.*" See also APD § 4:122 "*E.g.*"

<sup>21</sup> 35 U.S.C. § 292(a).

<sup>22</sup> The statute permits anyone to bring a *qui tam* action to enforce the provision. See generally, APD § 34:103 Anyone can Assert Violation. To the extent a fine is imposed, the party suing for the false marking may recover only half of the fine. The government gets the other half. 35 U.S.C. § 292(b).

<sup>23</sup> See generally, APD § 34:102 Penalties for Violation (collecting cases).

<sup>24</sup> It may get that opportunity when it considers the appeal from *Forest Gp., Inc. v. Bon Tool Co.*, No. H-05-4127, 2008 WL 2962206, \*6 (S.D. Tex. July 29, 2008), *adhered to on subsequent proceedings*, 2008 WL 4376346, \*3 (S.D. Tex. Sept. 22, 2008).

### Pre-suit Document Destruction

The district court in *Micron Technology, Inc. v. Rambus Inc.*, 2009 WL 54887 (D. Del. Jan. 9, 2009), held patents asserted by Rambus unenforceable against the accused infringer as a sanction for Rambus destroying documents before it began its infringement litigations.<sup>25</sup> Based on its view of the evidence of the document destruction, the district court found that Rambus instituted a document retention policy as part of its strategy of preparing for litigation. According to the court, Rambus destroyed documents pursuant to the policy, but it should have reasonably anticipated that documents it was destroying would be relevant to the future litigation it anticipated. Quoting Third Circuit precedent, the court noted that “if a party knew or should have known that the documents would become material at some point in the future then such documents should have been preserved. Thus a party cannot blindly destroy documents and expect to be shielded by a seemingly innocuous document retention policy.”<sup>26</sup> Thus, the court concluded that “because the document retention policy was discussed and adopted within the context of Rambus’ litigation strategy, the court finds that Rambus knew, or should have known, that a general implementation of the policy was inappropriate because the documents destroyed would become material at some point in the future. Therefore, a duty to preserve potentially relevant evidence arose in December 1998 and any documents purged from that time forward are deemed to have been intentionally destroyed, i.e., destroyed in bad faith.” *Id.* at \*13. The court further found that the accused infringer showed prejudice since Rambus destroyed internal documents likely relevant to the accused infringer’s inequitable conduct and patent misuse defenses. *Id.* Concluding that the destruction of documents was extensive, and that lesser sanctions would be ineffective, the court held that patents unenforceable as against the accused infringer. *Id.*

Interestingly, the holding in *Micron* is contrary to the holding in the 2006 opinion in *Hynix Semiconductor Inc.*<sup>27</sup> where the district court considered the same conduct in a bench trial in the context of an unclean hands defense, and ruled that Rambus had not committed spoliation that prejudiced

<sup>25</sup> Spoliation of evidence can carry harsh consequences. See generally, APD § 41:230 Duty to Preserve Evidence.

<sup>26</sup> *Gumbs v. Int’l Harvester, Inc.*, 718 F.2d 88, 96 (3d Cir. 1983).

<sup>27</sup> *Hynix Semiconductor Inc. v. Rambus, Inc.*, 2006 WL 565893, \*20, \*25 & \*27 (N.D. Cal. Jan. 5, 2006).

the accused infringer.

### Discovery Sanctions – Texas Style

In the Eastern District of Texas, conventional wisdom counsels litigants to take seriously their obligations to respond in good faith to discovery requests.<sup>28</sup> The court has shown a willingness to issue sanctions well beyond an award of reasonable attorney fees when it finds a litigant has willfully failed to comply with discovery obligations. For example, in *Kamatani v. Benq Corp.*,<sup>29</sup> the court ordered an accused infringer to pay a half a million dollar fine to the court as a sanction for failing to produce discovery relating to a license agreement and making misrepresentations to the court regarding the efforts to comply with prior discovery orders. This sanction was ordered in addition to precluding the accused infringer from asserting any defense at trial associated with the license agreement. In *Juniper Networks, Inc. v. Toshiba Am., Inc.*,<sup>30</sup> the court sanctioned an accused infringer for willfully disobeying a discovery order and misrepresenting facts to the court about the alleged non-existence of discovery materials. The court ordered a host of procedural sanctions that included precluding the accused infringer from introducing any expert testimony at trial on the issue of infringement, instructing the jury as to the deliberate misconduct of the accused infringer and the jury’s ability to draw an adverse inference therefrom, ordering that the accused infringer would be given only one third the time the patentee would be given for closing argument, half the time for opening statements, and half the time for jury voir dire, and further awarding the patentee its attorneys’ fees and costs attributable to the discovery abuses.<sup>31</sup>

<sup>28</sup> For further material and cases concerning discovery sanctions in patent infringement actions in other jurisdictions see APD §§ 41:198-224.

<sup>29</sup> 2005 WL 2455825, \*15 (E.D. Tex. Oct. 4 2005).

<sup>30</sup> 2007 WL 2021776, \*4 (E.D. Tex. July 11, 2007).

<sup>31</sup> Cases awarding other forms of sanctions for various discovery abuses include *ClearValue v. Pearl River Polymers, Inc.*, 242 F.R.D. 362, 378-79, 384 (E.D. Tex. June 28, 2007) (entering judgment against patentee, and awarding accused infringer actual costs and attorney’s fees as a discovery sanction entered individually against inventor, lawyer, and patentee based on the inventor’s and one of its attorney’s deliberate and improper withholding for over a year and half test data showing that the accused product did not meet a hotly disputed claim limitation) and *Visto Corp. v. SEVEN Networks, Inc.*, 2006 WL 3741891, \*7 (E.D. Tex. Dec. 19, 2006) (staying permanent injunction granted to patentee during pendency of appeal as a sanction for patentee’s

Apparently taking lesson from *Juniper Networks*, Magistrate Judge Everingham issued procedural sanctions against an accused infringer as part of granting a patentee's Rule 37(a) motion to compel in *Laserdynamics, Inc. v. Asus Computer Int'l.*, 2009 WL 153161, \*6 (E.D. Tex. Jan. 21, 2009). In the opinion, the court granted a patentee's motion to compel two accused infringers to provide answers and/or more complete answers to several interrogatories. As to one of the accused infringers, the court held that the accused infringer's actions in responding to the discovery requests were so deficient that they merited sanctions. The court found that, in an effort to avoid its discovery obligations, the accused infringer had willfully (1) failed to produce relevant documents, (2) imposed numerous improper objections, (3) improperly relied on Rule 33(d) to avoid answering an interrogatory regarding how its accused product functioned, and (4) failed to meet and confer in good faith to resolve discovery matters. *Id.* As a sanction, the court ordered that at trial the sanctioned accused infringer would have only half of the time given to the other accused infringers for conducting its *voir dire*, opening statement, and closing argument, and that the sanctioned accused infringer would lose one peremptory challenge. *Id.* The court also warned the parties that "future discovery abuses will result in more severe sanctions." *Id.* The court further noted that it had contemplated additionally awarding the patentee attorney's fees for the discovery abuses since such fees "[o]rdinarily ... should be recoverable." *Id.* But, because the court concluded that the patentee was also "guilty of failing to meet and confer in good faith in an attempt to resolve the disputes," it would not award fees to the patentee. It explained that the "failure to meet and confer in good faith violates the local rules of practice in this court, and the penalty is the loss of any award of fees and costs." *Id.*

#### **ADMINISTRATIVE HAPPENINGS**

The USPTO announced on January 28, 2009, that it will implement a full-time Patent Prosecution

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counsel violation of the protective order provision of a patent prosecution bar where one of the patentee's outside counsel who received information designated "attorneys eyes only," in violation of the terms of the protective order prosecuted a portion of a continuation application on behalf of the patentee and participated in a reexamination proceeding of one of the asserted patents). *See also 2M Asset Mgt., LLC v. Netmass, Inc.*, 2007 WL 666987, \*1 (E.D. Tex. Feb. 28, 2007) (instructing parties of their duty to try to resolve discovery issues without court intervention and warning parties that they may be sanctioned if they do not meet this duty).

Highway (PPH) with the Korean Intellectual Property Office. Pleased by the results of the one-year feasibility study, the USPTO concluded that the "PPH significantly expedites the acquisition of patent rights for applicants and enhances the efficiency of administrative work for both offices." Updated requirements for participating in the USPTO-KIPO PPH will be soon be made available on the USPTO's website.

The USPTO has also announced the formation of a one year Pilot PPH with the Intellectual Property Office of Singapore set to begin on February 2, 2009. Requirements to participate are posted on the USPTO's website.

#### **FIRM HAPPENINGS**

On January 29, 2009, Bob Matthews presented a talk on some of the unique aspects of patent law arising when a patent-holding company seeks to enforce a patent in the federal courts at the AIPLA Midwinter Meeting in Miami, Florida. Bob's presentation focused on the inability of most holding companies to assert a supportable legal theory justifying the recovery of lost profits damages. Bob also discussed the difficulties holding companies face in attempting to show irreparable harm to support injunctive relief. Readers interested in the topic can obtain Bob's presentation materials by sending him an e-mail. A revised version of Bob's accompanying paper will be included in an upcoming issue of *IDEA: The Intellectual Property Law Review* published by the Franklin Pierce Law Center.

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