

Intellectual Property Newsletter



[Back to the Future: Fed Circuit Affirms Doctrine of Equivalents for Later-Arising Computer Technology.](#)

John Harbin

Energy Transportation Group, Inc. v. William Demant Holding A/S, No. 2011-1487 (Oct. 12, 2012).

<http://caselaw.findlaw.com/us-federal-circuit/1614025.html>

Energy Transportation Group (ETG) owns two patents whose claims cover a method and device for suppressing feedback noise in hearing aids. At trial, the accused hearing aids, which incorporate later-developed technology for automatically and continuously adjusting the feedback suppression signal, were held to infringe the claims of the ETG patents, literally or under the doctrine of equivalents. The Fed Circuit affirmed.

Hearing aids contain a microphone that picks up sound and converts it to an electrical signal, a speaker that converts the electric signal back into sound waves, and sound-processing circuitry between the microphone and speaker for adjusting the received sound to compensate for hearing impairment. Some of the amplified sound from the hearing aid speaker may travel back to the microphone via an “acoustic feedback path,” producing a distressing whistling sound at the speaker.

November 2012

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The two ETG patents, which share a common specification and a priority date of June 1986, describe a method of reducing feedback in hearing aids by incorporating into the circuitry a programmable filter whose frequency-dependent phase and amplitude values are adjusted—for example, by a host computer—to cancel the feedback signal. The accused hearing aids, which were marketed beginning in 2001, incorporate a chip capable of continuously updating the amplitude and phase values of the cancellation signal. Although the ETG patents didn't describe an algorithm or chip for continuously updating the feedback-suppression signal, the court noted that nothing in the patent indicates that the step of “determining the effect of amplitude and phase on the cancellation feedback signal” must be performed externally or at a fixed time. The Federal Circuit affirmed the district court's conclusion that the accused devices infringe the claims under the doctrine of equivalents because they perform the same function (“determine the effect on amplitude and phase of the signal transmission”), in the same way (by “calculating the coefficients”), with the same result of cancelling acoustic feedback.

The case is analogous to *Hughes Aircraft Co. v. United States*, 140 F.3d 1470 (Fed. Cir. 1998), where the patent at issue involved controlling the position of a satellite using calculations that were, at the time the patent was filed, made at a ground station and relayed to the satellite. Advances in computer technology occurring after the patent issued allowed the same calculations to be made on board, rather than at a ground station. Nonetheless, the method of controlling the position of the satellite was deemed to be an insubstantial change in the way the satellite performed the claimed function.

Notably, the court upheld a damages award in which the plaintiff's damages expert relied in part on the discredited 25% rule. The court held that the use of the 25% rule did not “irretrievably

damage” the method the expert used to calculate a royalty, noting he relied “more prominently on other factors,” and that the jury's award was not grossly excessive.

Federal Circuit to Revisit §101 Issues Relating to Computer-Implemented Inventions.

Peter Dehlinger

CLS Bank International v. Alice Corp., Fed. Cir., No. 2011-1301, *en banc rehearing granted* 10/9/12.

<http://www.cafc.uscourts.gov/images/stories/opinions-orders/2011-1301%20order.pdf>

The Federal Circuit agreed to an *en banc* rehearing of *CLS Bank* for purposes of clarifying the issue of patent eligibility under 35 U.S.C. §101 of method, system, and medium claims implemented on a computer. The order vacates the earlier split panel decision finding the invention patent eligible (*CLS Bank International v. Alice Corporation PTY, LTD* (Fed. Cir. 2012)).

The court appears set to consider three questions that were at the heart of the conflicting panel decisions:

1. What test should the court adopt to determine whether a computer-implemented invention is a patent ineligible “abstract idea”;
2. When, if ever, does the presence of a computer in a claim lend patent eligibility to an otherwise patent-ineligible idea; and
3. Should it matter, for purposes of assessing patent eligibility of a computer-implemented invention under 35 U.S.C. §101, whether the invention is claimed as a method, system, or storage medium, i.e., should such claims be considered equivalent for §101 purposes?

It's not surprising that the task of defining a workable “abstract idea” test is at the top of the list. In several post-*Bilski* cases on patent eligibility of

computer-aided business methods, including *CLS Bank*, the Federal Circuit has struggled with the meaning of “abstract idea” as applied to business methods. (*Fort Props. Inc. v. Am. Master Lease LLC*, 671 F.3d 1317, 1322 (Fed. Cir. 2011); *Dealertrack Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012); and *Bancorp Services, LLC v. Sun Life Assurance Company of CA* (Fed. Cir. 2012). The court in *CLS Bank*, for example, admitted that “the dividing line between inventions that are directed to patent ineligible abstract ideas and those that are not remains elusive.”

However, one of the court’s post-*Bilski* cases offers a more workable approach. In *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) the court disqualified the computer-aided business method at issue because “it is drawn to an unpatentable mental process—a subcategory of unpatentable abstract ideas.” Whether one considers “mental processes” a separate category of patent ineligible processes, as earlier Supreme Court cases have (see, for example, *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)), or a subcategory of “abstract ideas,” it is hard to argue with the result: It is much easier to determine whether a method can be carried out by mental processes alone—an analysis that takes advantage of our everyday experiences with problem solving—than whether or not a claimed method should be disqualified as an “abstract idea.” (The business methods in both *CLS Bank* and *Bilski*, for example, are easily disqualified as mental processes, but not so convincingly dismissed as “abstract ideas.”)

The mental-processes exclusion should be seen as a useful complement to the “abstract-idea” exclusion. Where the invention cannot be carried out by mental processes alone—for example, because the method is computationally intensive—the §101 analysis will require a second-level inquiry to determine whether the claimed invention “performs a function that the patent laws were designed to protect” (*Diamond v. Diehr* 450 U.S. 175 (1981)). Nonetheless, the “mental processes” exclusion would appear to be an efficient first-level inquiry for disqualifying computer-aided

methods without having to determine whether the invention should be disqualified as an “abstract-idea.”

[Second Bite of the Apple—Fed Circuit Reverses Preliminary Injunction Against Samsung’s Galaxy Nexus Smartphone.](#)

Adam Conrad

Apple Inc. v. Samsung Elecs. Co., Ltd., No. 2012-1507 (Oct. 11, 2012).

<http://docs.justia.com/cases/federal/appellate-courts/cafc/12-1105/12-1105-2012-05-14.pdf>

The Federal Circuit issued a highly anticipated decision that reversed a district court’s preliminary injunction against the Galaxy Nexus smartphone. The court first held that Apple had not demonstrated irreparable harm. According to the court, Apple was required to show not only that it will suffer irreparable harm but also that “a sufficiently strong causal nexus relates the alleged harm to the alleged infringement.” Slip op. 6. A minimal nexus is not enough: “The patentee must rather show that the infringing feature drives consumer demand for the accused product.” *Id.* at 8. Apple did not demonstrate that nexus.

The court held that the “causal nexus requirement is not satisfied simply because removing an allegedly infringing component would leave a particular feature, application, or device less valued or inoperable.” *Id.* at 10. Many ordinary features—such as batteries or even screws—have the same effect yet do not drive customer demand. Thus, Apple’s evidence of a nexus was insufficient at least because its own survey evidence showed that the allegedly infringing feature was not among the top five reasons that consumers purchase Android smartphones.

Although the lack of irreparable harm was sufficient to warrant reversal and remand, the Federal Circuit, in the interest of judicial economy, also considered

a limited claim construction issue, reversing the district court's construction and rejecting Apple's alternative. That ruling may affect the question of infringement as this battle in the smartphone wars moves forward.

Even in Death, an Immediate, Concrete Dispute is Required for Declaratory-Judgment Jurisdiction.

Adam Conrad

Matthews Int'l Corp. v. Biosafe Eng'g, LLC, No. 2012-1044 (Sept. 25, 2012).

<http://docs.justia.com/cases/federal/appellate-courts/cafc/12-1044/12-1044-2012-09-25.pdf>

The Federal Circuit affirmed a dismissal for lack of declaratory-judgment jurisdiction in a case involving patents related to cremation technology. The court found no immediate, concrete dispute to support Article III jurisdiction.

With respect to the method claims at issue, the court keyed on the lack of evidence showing that the declaratory-judgment plaintiff's non-incineration cremation products will be used in an infringing manner. The plaintiff did not itself use its products. In addition, no customer had yet installed one of plaintiff's products. And the fact that the plaintiff's customers *could* operate the products in an infringing manner upon installation was insufficient; the evidence must show that they *would* do so. As a result, the plaintiff could not show a sufficiently concrete dispute with respect to direct or indirect infringement. Notably, the court reached this conclusion despite evidence that the declaratory-judgment defendant had orally accused the plaintiff of infringement, had written letters to that effect, and had also made those allegations to plaintiff's customers and potential customers.

The court reached the same result with respect to the system claims at issue. Those claims issued

nearly a month after plaintiff filed the complaint. Because the district court lacked jurisdiction at the time the complaint was filed, it also lacked authority to exercise jurisdiction over the later-added system claims.

Patent Dispute over Chewing Gum with Menthol and Coolant Leaves Unpleasant Taste.

Peter Dehlinger

W.M. Wrigley Jr. Co., v Cadbury Adams USA LLC (Fed. Cir. 2012).

<http://caselaw.findlaw.com/us-federal-circuit/1604143.html>

When is a disclosed genus sufficiently small to anticipate a claimed species? The test established by *In re Petering*, 301 F.2d 676, 133 USPQ 275 (CCPA 1962) is that a genus (or a preferred subgenus) anticipates a species if one of ordinary skill in the art is able to "envisage" the claimed species within the disclosed genus (or subgenus). That test becomes trickier, however, when the claimed invention is a combination of species selected from two or more genus lists disclosed in a single reference. That was the challenge faced by the court in *Wrigley*.

Wrigley and Cadbury Adams each owned a patent claiming a chewing gum containing a combination of menthol and a coolant (WS-3 in the Cadbury patent, and WS-23 in the Wrigley patent). After Wrigley introduced its menthol/WS-23 gum prompted by Wrigley's commercial success, Cadbury reformulated its gum to contain menthol and WS-23, leading to the present patent-infringement dispute. The district court granted Wrigley's motion for summary judgment of noninfringement of Cadbury's patent, and granted Cadbury's summary judgment motion that the Wrigley patent was invalid on grounds of anticipation and obviousness.

The anticipating reference applied against the Wrigley patent was a patent to Shahidi (US 5,688,181) which discloses a variety of oral compositions, including chewing gum, whose novel components are a combination of xylitol and bis-glycinate, but which could additionally contain ingredients selected from lists of cooling agents (of which WS-3 and WS-23 and one other were identified as particularly preferred); water-soluble fluoride agents, humectants, abrasive polishing materials, surfactants, antimicrobial agents, and flavoring agents (of which menthol was identified as among 23 other “most suitable” flavorants).

Wrigley argued that Shahidi was not anticipating for two reasons. First, although Shahidi discloses all of the ingredients in the claimed chewing-gum composition, it does not disclose them in the combination recited in the claim. Second, and related to the first, Shahidi would not have enabled a person of ordinary skill in the art to derive the claimed combination of ingredients, because undue experimentation would be required to select the claimed combination from among the thousands of ingredients in the several lists in Shahidi.

By a 2-1 panel majority, the Federal Circuit upheld the district court’s summary judgment ruling that the Wrigley patent is invalid as anticipated by Shahidi. This despite the fact that the combination of chewing gum, menthol and WS-23 was not contemplated in the Shahidi reference, and there was no preference or guidance in Shahidi for selecting these three components out of the thousands of possible combinations of ingredients from the several lists.

In her dissent, Judge Newman reminded the majority that, “in order to anticipate, the prior art must be such that a person of ordinary skill would ‘at once envisage’ the specific claimed composition”, and concluded “the purported anticipatory reference does not show this combination and does not present so short and selective a list of these ingredients as to warrant an

inference that their combination was already known.”

The majority decision in *Wrigley* appears to back away from the holding in *Impax Laboratories, Inc. v. Aventis Pharmaceuticals Inc.* 545 F. 3d 1312 (Fed Cir. 2008), where the court concluded that undue experimentation would be required to select a compound from one list of thousands of possibly therapeutic compounds and to select a given therapeutic indication from another list, in the absence of any guidance that would lead one in the art to associate the claimed compound with the claimed therapeutic indication.

It is tempting to think that the *Wrigley* case would have had a more satisfying outcome if the Shahidi reference had been considered for obviousness rather than for anticipation. The issue posed by Shahidi as a §102 reference is whether it enables the claimed combination, i.e., chewing gum, menthol, and WS-23. Wrigley’s arguments on this point amounted to little more than hand-waving, as seen above. Had Shahidi been applied as a §103 reference, Wrigley would have had the full arsenal of arguments for overcoming an obviousness rejection based on a combination of teachings (in this case, the combined teachings from three separate lists in a single reference). Those arguments could include: the reference fails to provide motivation to select the combination of chewing gum with a flavorant and cooling agent; it fails to provide motivation for selecting the combination of menthol and WS-23 as species of flavorants and cooling agents; there was no reasonable expectation that the combination of selected ingredients would produce a satisfactory chewing gum; the combination achieved an unexpected cooling effect; and the combination met with commercial success.

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Proposed Rules to Limit E-Discovery in ITC cases.

http://www.usitc.gov/secretary/fed_reg_notices/rules/2012-24633.pdf

The U.S. International Trade Commission (USITC) proposed new rules and practices governing e-discovery in Section 337 investigations, announced in a Federal Register notice published on October 5, 2012. The proposed rules are in response to complaints from litigants, judges and bar associations on the burdens and costs of e-discovery in Section 337 investigations. The Commission is seeking comments to its proposed new rules by December 4, 2012.

On the Road to a Unitary Patent System?

<http://www.epo.org/news-issues/news/2012/20120629.html>

EU member states have agreed to locate the central division of the future European patent court in Paris, with branch courts in London and Munich. The European patent court will have exclusive jurisdiction in patent infringement and revocation proceedings and is viewed as an important step towards a unitary patent system for the EU.

Winning the Green Innovation Economy: Recent Report on Worldwide Patent from the U-VA Batten Inst.

http://www.darden.virginia.edu/web/uploadedFiles/Darden/Batten_Institute/Publications/Greentech_041212_Email.pdf

A recent Batten Institute Briefing on “Winning the Green Innovation Economy: A Guide to Worldwide Patenting” gives a breakdown of patenting activity by country, region, and technologies. The three leading countries, by number of greentech patents issued since 1990, are the US (67,432), Japan (53,217) and Germany (36,328). The strongest growth for greentech

patenting is occurring in East Asia, with China, Taiwan and South Korea all averaging annual increases of 20% or more from 1990 to 2008.

K& S Highlights: Major copyright victory of University of Georgia and Georgia State.

<http://www.kslaw.com/practices/Copyright/Matters>

Partners John Harbin and Natasha Moffitt and associates Katie Bates and Kristen Swift were part of the trial team that recently won a major copyright case in the Northern District of Georgia for the University System of Georgia and Georgia State University. The case concerns the posting of excerpts of educational publications on electronic reserves for classroom use and will help define the scope of fair use in the educational setting. Recently the trial court awarded our clients their attorneys' fees.

K& S Highlights: Recent conference Presentations.

New York partner Tony Pezzano spoke at the 2nd-Annual Litigator & Corporate Counsel West Coast Forum on Managing Complex ITC Litigation in San Francisco on October 29-30, together with Juliana Cofrancesco, Attorney Advisor, U.S. International Trade Commission, on the subject "Cost Effective Strategies for Successful Fact Finding and Subpoena Practice: How to Obtain the Information You Need from Discovery during Litigation at the ITC."

<http://www.americanconference.com/ITCWest/overview>

Several partners, including Tim Barber, John Harbin, Daryl Joseffer, Jim Mayberry, Natasha Moffitt, and Scott Petty gave a seminar to Atlanta area clients on recent developments in patent law, including how to prove patent damages today; post-grant review processes under the AIA; the current

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law on Section 101; and the recent Federal Circuit decisions on indirect and joint infringement.

http://www.kslaw.com/News-and-Insights/EventDetail?us_nsc_id=6060

New York partners Bruce Baber and Katie McCarthy will be attending the INTA Leadership meeting in November.

<http://www.inta.org/Leadership/Pages/LeadershipMeeting.aspx>

Upcoming Events: The King & Spalding's 5th Annual Pharmaceutical Conference in Philadelphia on November 27.

http://www.kslaw.com/News-and-Insights/EventDetail?us_nsc_id=6047

New York partners Tony Pezzano and Michael Dougherty will be speaking at King & Spalding's 5th Annual Pharmaceutical Conference in Philadelphia on November 27 on: "Focus on Hatch/Waxman Litigation: Best Practices for Pre-Suit Investigations and Preparing Inventors/Prosecuting Attorneys for Depositions."

Quiz- Identify the IP Case in Rap Disguise.

[The Petitioner's story]

Here's a story of three who aspired
Never tired of filling orders for willing buyers
Selling gilt doorknobs with a porcelain style
Getting fat on their patent for a quite a while
'Till a plague of copiers invaded the turf,
Made false claims of comparable worth
Then came to the court with this distort --
"There's nothing new under the sun
Was already done in Brooklyn"

[The District Court of Ohio]

Ain't talkin' Latin when I say that patent

Won't fatten the inventors in Cleveland or Canton
Makes no never mind (Ohio vernacular)
However fine or even spectacular
It's all moot when the invention's routine,
A known machine in function and purpose
(Not to mention other facts that surfaced)
And easily foreseen by an astute mechanic,
Can't make that any more emphatic

[The Court Majority]

Watch us guys in a new episode
Getting down in our gowns with a patent probe
Where doorness implores us to a common chorus
About an ordinary man who's never before us
A draftsman, a craftsman, a man of the art
Smart and nimble but not off the chart
A symbol for peers, we'll call him Phosita
In 100 years when...but to our gravamen
Though the doorknob before us is a laudable advance
As we glance at the parts, we're struck by a plan
How everything functions as it's known to man
Sure, porcelain or clay may be better than wood
But they function as you predict they should
The material's not new, just a new style
It's the work of Phosita, given a while
So here's our writ of habeas denial.

[The Dissent]

If every invention from the hand of man
Was the product of genius and a studious plan
I'd bless your test, but instead I gotta pan it
'Cause the path to invention shouldn't damn it
The doorknob at issue is new and useful
Well within the purview by my perusal
Can't see the point of unlocking the mind
Looking for something even Sherlock can't find
But here's what's curious, when you stop and think
Both our opinions will find 103 ink

Answer:

<http://supreme.justia.com/cases/federal/us/52/248/case.html>

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Our Intellectual Property Practice Group

King & Spalding offers clients a full-service intellectual property (IP) practice that combines proven first-chair trial and business lawyers with true scientific specialists. The firm's Intellectual Property Practice Group consists of more than 100 IP professionals, including more than 70 lawyers and patent agents with technical degrees, located in our Atlanta, Austin, Charlotte, Houston, New York, Silicon Valley and Washington, D.C., offices.

King & Spalding has specialized expertise in Section 337 cases before the International Trade Commission. Unique among firms, we have leading practices in the three disciplines necessary in Section 337 cases: we combine our broad-based patent litigation experience and technical expertise, international trade expertise and expertise in the ITC's procedures, and a strong governmental relations group. King & Spalding has been involved in some of the largest, most complex and precedent-setting Section 337 cases.

About King & Spalding

Celebrating more than 125 years of service, King & Spalding is an international law firm that represents a broad array of clients, including half of the Fortune Global 100, with 800 lawyers in 17 offices in the United States, Europe, the Middle East and Asia. The firm has handled matters in over 160 countries on six continents and is consistently recognized for the results it obtains, uncompromising commitment to quality and dedication to understanding the business and culture of its clients. More information is available at www.kslaw.com.

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