

RECENT DEVELOPMENTS IN PATENT LAW MAY 17, 2017

Presented by:

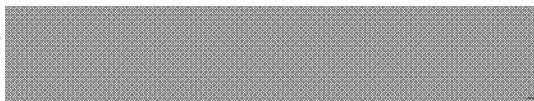
Peter E. Heuser

Schwabe Williamson
& Wyatt

Brian G. Bodine

Lane Powell

Venue



**Update to *TC Heartland LLC v. Kraft Foods Group Brands LLC*,
Case No. 16-341 (May 22, 2017)**

In an 8-0 opinion written by Justice Thomas (Justice Gorsuch did not participate), the Supreme Court rules that a defendant “resides” for purposes of the patent venue statute only where the defendant actually is incorporated or where the defendant has committed acts of infringement and has a regular and established place of business.

In re TC Heartland,

821 F.3d 1338 (Fed. Cir. 2016) (accepted for certiorari, granted Dec 14)

Will the Supreme Court say defendant “resides” only where the defendant actually is incorporated or where the defendant has committed acts of infringement and has a regular and established place of business?

- The general venue statute, 28 U.S.C. § 1391, provides that corporate defendants may be sued wherever a defendant is subject to the court’s personal jurisdiction.
- The question for the Court is whether the 2011 amendments to § 1391 change the law in a manner that effectively overruled *VE Holding*, which held that the definition of “corporate residence” in the general venue statute applies to the patent venue statute, 28 U.S.C. § 1400.

Heartland argued that the amendment to § 1391 that added “except as otherwise provided by law” meant that the patent venue statute was intended to control the definition of “corporate residence” in patent actions, instead of the general venue statute.

JURISDICTION

Several recent decisions upholding pers. juris.

Xilinx, Inc. v. Papst Licensing GmbH & Co. KG,
848 F.3d 1346 (Fed. Cir. 2017)

The Circuit reverses the dismissal of a California DJ action filed by Xilinx based on lack of personal jurisdiction, ruling that specific jurisdiction exists over a German NPE.

- Papst personnel traveled into the forum in an unsuccessful attempt to negotiate a license with Xilinx.
- Papst litigated seven other patent infringement cases in California.
- Papst would have to litigate the infringement somewhere in the U.S.

Polar Electro Oy v. Suunto Oy,

829 F.3d 1343 (Fed. Cir. 2016)

- The Circuit vacates and remands a decision dismissing Suunto, a Finnish company, based upon lack of personal jurisdiction, holding that Suunto purposefully availed itself of the Delaware market.
- Here, Suunto's U.S. distributor took title to the goods in Finland and not in the U.S. Often that title transfer controls.
- It was significant that Suunto provided outbound logistic services, including preparing export documents, packing the ordered goods and coordinating the freight to the destination specified by the distributor.
- Suunto shipped at least ninety-four accused products to Delaware retailers via that standard ordering process.

Skip next case Acorda

***Acorda Therapeutics Inc. v. Mylan Pharm., Inc.,
AstraZeneca v. Mylan Pharm.,***
817 F.3d 755 (Fed. Cir. 2016) (skip)

- Personal jurisdiction exists as to actions filed against generic drug manufacturer Mylan because it planned to sell its drugs in Delaware, the forum state.
-
- The majority holds that specific jurisdiction exists.
 - ANDA filings are tied to the deliberate making of sales in Delaware.
 - The suit is about whether that in-state activity will infringe valid patents.

SUBJECT MATTER JURISDICTION IN DECLARATORY JUDGMENT ACTIONS

Supreme Court's 2007 *MedImmune* decision relaxed the test for jurisdiction, but it did not change the rule that a case or controversy must be based on a real and immediate injury or threat of future injury that is caused by the defendants.

Several cases finding SM Juris.

Asia Vital Components Co. v. Asetek Danmark A/S, 837
F.3d 1249 (Fed. Cir. 2016)

The Circuit reverses dismissal of DJ action even though accused product had not been sold by AVC because Asetek's letter

- (1) rehashed the volatile relationship between the parties;
- (2) stated that it would not license the patents to AVC due to the previous conflicts between the parties;
- (3) accused AVC of selling other infringing products; and
- (4) noted its pending litigations against other infringers that sell similar products

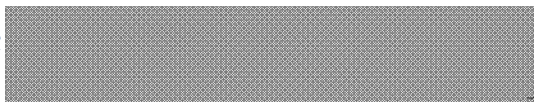
Microsoft Corp. v. Geotag, Inc.,

817 F.3d 1305 (Fed. Cir. 2016)

Subject matter jurisdiction exists as to a Delaware DJ action where:

- GeoTag had previously sued 300 entities in the E.D. of Texas that use Microsoft mapping services, including Starbucks, Yelp, Burger King and CVS.
- An independent basis for subject matter jurisdiction exists as to a declaratory judgment action in which the defendant /patentee GeoTag counterclaimed for infringement.
 - This is surprising, as jurisdiction cases normally look at how things stand at the time of filing the action.

FORUM NON CONVENIENS



FORUM NON CONVENIENS

Halo Creative & Design Ltd. v. Comptoir Des Indes Inc.,
816 F.3d 1366 (Fed. Cir. 2016)

- Halo, based in Hong Kong, sued Comptoir in the ND of Illinois, asserting infringement of 2 US des. pats and 13 US © relating to its furniture designs. The Dist. Ct. granted defendants' m to dismiss on FNC grounds
- The Circuit reverses the granting of a motion to dismiss on forum non conveniens grounds:
 - When the crux of the case involves U.S. intellectual property rights
 - Because movant had not demonstrated the adequacy of an alternative foreign jurisdiction.

VALIDITY

PATENTABLE SUBJECT MATTER

Rapid Litigation Mgmt. Ltd. v. CellzDirect, Inc.

827 F.3d 1042 (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”

Electric Power Group, LLC v. Alstom S.A.

830 F.3d 1350 (Fed. Cir. 2016)

- Real time performance monitoring of electric power grid
- “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.

Bascom Global Internet Svcs. v. AT&T Mobility LLC

827 F.3d 1341 (Fed. Cir. 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 Internet Svcs. v. AT&T Mobility LLC

827 F.3d 1341 (Fed. Cir. 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

In re TLI Commc'ns 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

McRO, Inc. v. Bandai Namco Games Am. Inc.

837 F.3d 1299 (Fed. Cir. 2016)

- Automatically animating lip synchronization and facial expressions
- Prior art system
 - “keyframes” set by animator
 - Computer program to interpolate between keyframes
- Is the claimed invention “directed to” an abstract idea?
- Not using a computer to automate “conventional activity”
- Not an abstract idea

RecogniCorp, LLC. v. Nintendo Co., Ltd.

--- F.3d --- (Fed. Cir. April 28, 2017)

- Encoding/decoding image data
 - Paint by numbers
 - Morse code
 - “one if by land, two if by sea”
 - Not software to improve computer function
- No inventive concept
 - Specific algorithm
 - “facial feature element codes” and “pictorial entity symbols”

Intellectual Ventures I LLC v. Capital One Fin. Corp.

850 F.3d 1332 (Fed. Cir. 2017)

- A system and method for editing XML documents
 - Collecting, displaying and manipulating data
 - Recitation of use with XML documents is insufficient to transform into patent eligible matter
- No inventive concept transforming abstract idea into patentable SM
 - Generic computer “components”
 - Merely restate functions of the abstract idea



Intellectual Ventures, LLC v. Erie Indem. Co.

850 F.3d 1315 (Fed. Cir. 2017)

- Abstract idea of creating and using an index
 - Use of XML tags insufficient
 - Claim not focused on how usage of XML tags alters the database to create improvement
- Claim lacks inventive concept
 - Use of XML tags insufficient
 - “limiting an abstract idea to one field of use”
- “[W]e conclude that the claimed steps recite no more than routine steps involving generic computer components and conventional computer data processing activities to accomplish the well-known concept of creating an index and using that index to search for and retrieve data.”



Intellectual Ventures, LLC v. Erie Indem. Co.

850 F.3d 1315 (Fed. Cir. 2017)

- Systems and methods for accessing remote data and files
- “mobile interface”
- Abstract idea of “remotely accessing user specific information”
 - No particular unique delivery
 - “generic technological environment”
- No inventive concept, but merely generic computer implementations
 - Conventional components
 - Generic functions
- “The claimed mobile interface is so lacking in implementation details that it amounts to merely a generic component (software, hardware, or firmware) that permits the performance of the abstract idea”

Mentor Graphics, Corp. v. EVE-USA, Inc.

851 F.3d 1275 (Fed. Cir. 2017)

- “machine readable medium”
- Includes “carrier waves”
- *In re Nuijten* held that “transitory, propagating signal” was not patent eligible subject matter.
- “The challenged ’526 claims present a scenario where there are multiple covered embodiments, and not all covered embodiments are patent-eligible.”
- MPEP § 2106 requires rejection
- Summary judgment affirmed

INDEFINITENESS

Look to the intrinsic evidence for support.

Mentor Graphics Corp. v. EVE-USA, Inc.,

851 F.3d 1275 (Fed. Cir. 2017)

- The panel reverses summary judgment that a Synopsys patent is indefinite.
 - Claim 1: “displaying said characteristics associated with those said final circuit’s nets and parts that correspond directly with said initial circuit’s nets and parts *near* said portions of said synthesis source text file that created said corresponding initial circuit parts and nets.”
- Definiteness requires clarity, although under *Nautilus*, “absolute precision is unattainable.”
- Claims reciting terms of degree have long been found definite if they provide reasonable certainty to a skilled artisan when read in the context of the patent.

Sonix Tech. Co. v. Publications Int’l. Ltd.,

844 F.3d 1370 (Fed. Cir. 2017)

- The Circuit reverses a determination that the term “visually negligible” renders the asserted claims indefinite under 35 U.S.C. § 112 ¶ 2.
- Sonix’s patent describes a system for using a graphical indicator (e.g., a matrix of small dots) to encode information on the surface of an object.
- Under *Nautilus*, a skilled artisan would understand what it means for an indicator in the claimed invention to be “visually negligible.”
- The intrinsic evidence supports, and the extrinsic evidence is consistent with, this conclusion.

Cont. - *Sonix Tech. Co. v. Publications Int’l. Ltd.*,
844 F.3d 1370 (Fed. Cir. 2017)

- Other similar cases have been decided in the past few years – the one consistency is that the Circuit always looks for help in the specification and the other intrinsic evidence.
 - In *Enzo v. Applera*, 599 F.3d 1325 (Fed. Cir. 2010), the clause “**not interfering substantially**” was found acceptable:
 - *Datamize v. Plumtree Software*, 417 F.3d 1342 (Fed. Cir. 2005) found claims to an “**aesthetically pleasing**” look and feel for interface screens to be indefinite .
 - In *Interval Licensing v. AOL*, 766 F.3d 1364 (Fed. Cir. 2014), the Circuit found indefinite a claim that recited the display of content “**in an unobtrusive manner that does not distract a user.**”

ANTICIPATION

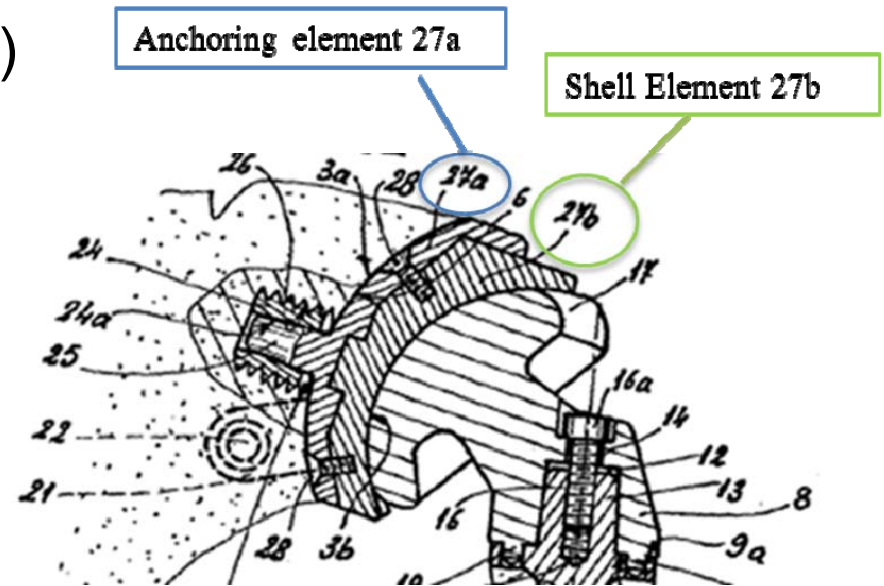
Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co., 851 F.3d 1270 (Fed. Cir. 2017)

- There is no substantial evidence to support an IPR determination of anticipation as to a patent directed to a system for controlling the torque of an electromagnetic motor.
 - Citing the Circuit’s 2015 *Kennametal* case, the Board held that anticipation can be found even when a prior art reference fails to disclose a claim element so long as a skilled artisan reading the reference would “**at once envisage**” the claimed arrangement.
- *Kennametal* does not stand for that. Rather, *Kennametal* addresses whether the disclosure of a limited number of combination possibilities discloses one of the possible combinations.

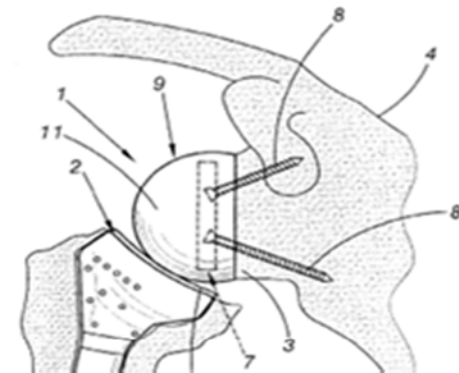
In Re Chudik,

851 F.3d 1365 (Fed. Cir. 2017)

- Prior art that must be distorted from its obvious design does not anticipate. Here two separate references were found by the Board to be anticipating.
- According to the Board, claim 1 requires only that the recited surfaces be “arranged” for engagement, not that they actually do engage.
- The panel disagrees, noting that the “arranged to engage” language could imply that the protruding surface on the flat side need not always actually engage the glenoid cavity surface. However, it must be at least capable of doing so.



Rambert prior art



Boutten prior art

PRINTED PUBLICATION

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.
- It must have been "disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter exercising reasonable diligence, can locate it."
 - Here there was no evidence that the paper had ever been accessed or downloaded.
 - Nor was there any evidence that anyone in the art would have been aware of her personal web page or web address.
 - There was no evidence that a search engine would have been able to find the paper using any combination of search words.

ON SALE BAR

The Medicines Co. v. Hospira, Inc.,

827 F.3d 1363 (Fed. Cir. 2016)(en banc)

- A pre-critical date transaction with a supplier did not trigger a section 102(b) statutory bar.
 - Here Ben Venue Laboratories was paid by MedCo to manufacture a drug in order to make sure that the drug met USDA requirements.
 - For there to be a sale, the product must be commercially marketed.
 - It should not make a difference that the patentee contracted to have the product manufactured by a third party instead of having it manufactured in-house. .
 - The sale here was only of a third party's manufacturing services and not of the patented products.

Helsinn Healthcare v. Teva,

2017 U.S. App. LEXIS 7650 (May 1, 2017)

- The Circuit finds that four patents directed to a drug for reducing chemotherapy-induced nausea and vomiting are invalid as being on sale prior to the critical date.
 - The Circuit refuses to accept the argument that the AIA changed on-sale law to require that the details of an invention be made public prior to the critical date by the addition of the language “or otherwise available to the public.”
 - By enacting the AIA, Congress amended § 102 to bar the patentability of an “invention that was patented, described in a printed publication, or in public use, on sale, *or otherwise available to the public* before the effective filing date of the claimed invention.”

The panel notes that as to offers for sale, requiring public disclosure of the details of the claimed invention as a condition of the on-sale bar “**would work a foundational change** in the theory of the statutory on-sale bar.” It is sufficient that, if the existence of the sale is public, the details of the invention need not be publicly disclosed.

The panel also rejects the holding of the district court that in order for the invention to be ready for patenting, another *Pfaff v Wells* requirement to be a sale, it had to meet the FDA standard, which requires finalized reports with fully analyzed results from successful Phase III trials. The panel finds that before the critical date of January 30, 2002, it was established that the patented invention would work for its intended purpose.

OBVIOUSNESS

Apple, Inc. v. Samsung Electronics Co.,

839 F.3d 1034 (Fed. Cir. 2016)(en banc)

- In what is a harsh rebuke of the panel decision, the en banc Circuit reinstates the \$120 million Apple jury verdict.
- The panel reversed nearly a dozen jury fact findings including infringement, motivation to combine, the teachings of prior art references, commercial success, industry praise, copying, and long-felt need across three different patents.

Arendi S.A.R.L. v. Apple Inc.,

832 F.3d 1355 (Fed. Cir. 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.
- However, the Board found it reasonable to presume, *as a matter of common sense and common knowledge at the time of the invention*, that limitations not taught in the references were obvious.
- Common sense has its proper place in the obviousness inquiry, but that there are caveats.
 - Common sense is typically invoked to provide a known motivation to combine, not to supply a missing claim limitation.
 - The limitation in question should be simple and the technology straightforward.
 - References to “common sense” cannot be used as a wholesale substitute for reasoned analysis and evidentiary support.

In re Marcel Van Os,

844 F.3d 1359 (Fed. Cir. 2017)

- The Circuit vacates and remands a Board decision on an Apple patent on touchscreen technology based upon obviousness because the Board failed to explain its reasoning, other than to say the invention was “intuitive.”
- The Circuit suggests that the Board decision might have been the correct one as to obviousness.

***Van Os* is yet another example of a remand for the Board to explain its reasoning**

Rovalma, S.A. v. Bohler-Edelstahl GMBH,
Fed. Cir. Case 2016-2233 (May 11, 2017)

PersonalWeb Tech., LLC v. Apple, Inc.,
848 F.3d 987 (Fed. Cir. 2017)

- *In re NuVasive, Inc.*, Case No. 2015-1670 (Dec. 7, 2016)
- *In re Warsaw Orthopedic, Inc.*, 832 F.3d 1327 (Fed. Cir. 2016)
- *KSR* explained that “To facilitate review, this analysis should be made explicit.”

Skip - Icon Health & Fitness, Inc. v. Strava, Inc., 849 F.3d 1034 (Fed. Cir. 2017)

- The panel considers Icon’s argument that in their IPR determinations of obviousness the Examiner and the PTAB simply adopted the factual and legal conclusions reached by Strava’s technical expert.
- The PTAB incorporated sections of the Examiner’s Right of Appeal Notice, but the Examiner’s factual findings have an adequate evidentiary basis.
 - It would be preferable for the PTAB to provide its own reasoned explanation.
- As to other claims, the PTAB merely stated that it was “not persuaded” by Icon’s arguments, but the PTAB failed to make explicit findings.
- Citing *NuVasive*, the panel notes that the PTAB cannot satisfactorily make a factual finding and explain itself by merely “summarizing and rejecting arguments without explaining why it accepts the prevailing argument.”

Quick - Michael Meiresonne v. Google, Inc., 849 F.3d 1379 (Fed. Cir. 2017)

- In a final IPR ruling the PTAB found the claims obvious based on the combined teachings of the *World Wide Web Searching for Dummies* book by Hill and a patent to Finseth.
- The Circuit rejected Meiresonne’s argument that Hill and Finseth teach away because both references disparage the use of the claimed descriptive text.
 - Finseth said that descriptive text would be “cursory, if not cryptic,” rather than graphical descriptions.
 - Hill said descriptive abstract text would be “gibberish.”
- The opinion distinguishes this case from a prior “teaching away” case, *DePuy Spine v. Medtronic*, 567 F.3d 1314 (Fed. Cir. 2009), where the prior art expressed a concern about combining features as claimed.

Quick - Eli Lilly & Co. v. L. A. Biomedical Research Inst., 849 F.3d 1073 (Fed. Cir. 2017)

- In a split decision, the Circuit vacates and remands a determination by the PTAB that all of the claims of a patent asserted against Lilly's Cialis erectile dysfunction product are invalid as obvious.
- The majority first determines that the patent is not entitled to the earlier filing date of a provisional patent application.
 - For a patent to be entitled to an earlier priority date, each previous application in the chain must comply with the written description requirement of § 112(a).
- The Board found that Montorsi and Whitaker taught the treatment of erectile dysfunction, but what the Board did not do was to find that those references taught that those **references provided the basis for a reasonable expectation of success** in treating those conditions.
- In a separate opinion, the Circuit affirms the Board's determination that there is no anticipation.
 - To anticipate, a reference must do more than "suggest" the claimed subject matter.

ClassCo, Inc. v. Apple, Inc.,

838 F.3d 1214 (Fed. Cir. 2016) quick

- The panel ultimately ruled that the claims were obvious because the combination of two of the references presents a strong showing that the claims at issue would have been obvious.
- However, the panel criticizes the Board in dismissing some of ClassCo's evidence of nonobviousness.
 - While much of ClassCo's evidence of praise focused on conventional features in the prior art, the Board improperly dismissed some evidence of praise related to features that were not available in the prior art.
 - It also improperly dismissed evidence because it found that the claims were not commensurate in scope with the praised features.
- The Circuit does not require a patentee to produce objective evidence of nonobviousness for every potential embodiment of the claim. As such, the Board should have afforded ClassCo's evidence some weight, taking into account the degree of the connection between the features presented in evidence and the elements recited in the claims.

Allied Erecting and Dismantling Co., Inc. v. Genesis

Attachments, LLC,

825 F.3d 1373 (Fed. Cir. 2016)

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

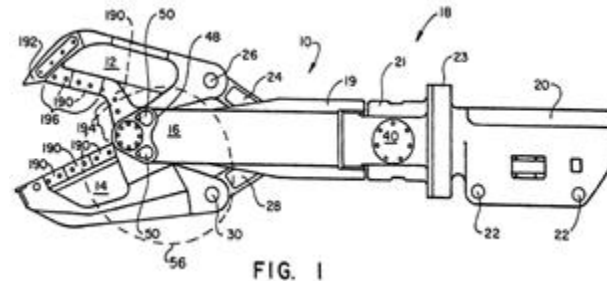
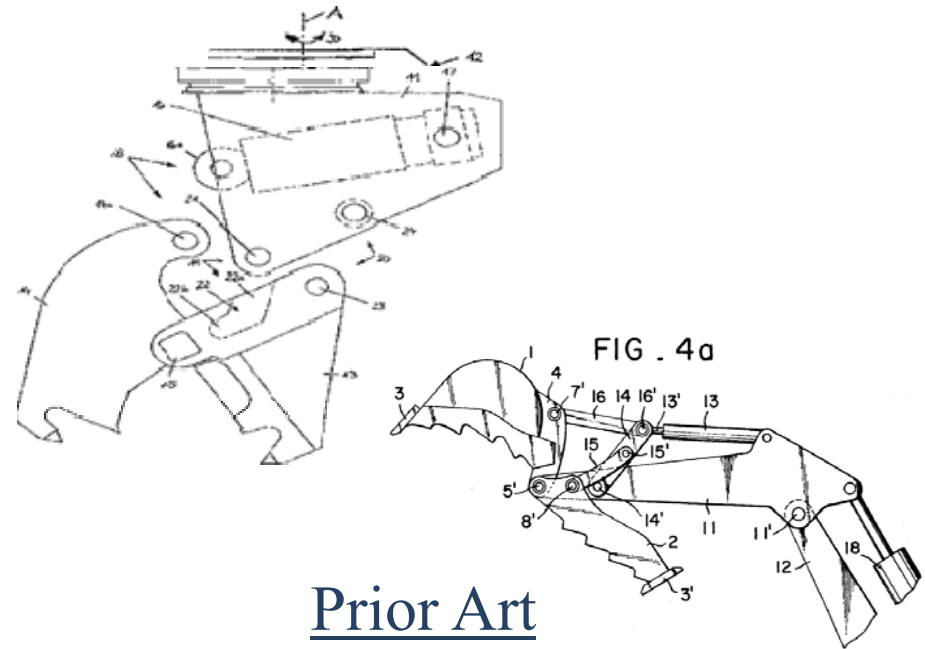


FIG. 1
Patented mounting attachment



Prior Art

Purdue Pharma L.P. v. Epic Pharma, LLC,
811 F.3d 1345 (Fed. Cir. 2016)

There are two significant holdings in the case:

- Process limitations in product-by-process claims are to be ignored in an obviousness analysis since the focus of such claims must be the product, not the process of making it.
- It is permissible to pick and choose among the teachings of a reference since the examples within the reference are all “directly related” to one another.
 - This is significant because we know there can be many embodiments and many examples in a long patent.

INEQUITABLE CONDUCT

The Ohio Willow Wood Co. v. Alps South, LLC, 813 F.3d 1350 (Fed. Cir. 2016)

- OWW’s patent liaison was guilty of inequitable conduct by failing to disclose letters to the PTO that provided corroboration to testimony that OWW repeatedly contended was uncorroborated.
 - Pursuant to *Therasense*, deceptive intent is the single most reasonable inference to be drawn from the evidence.
 - The PTO had withdrawn its rejection because the testimony about alleged prior art was uncorroborated, so the panel also found that the district court’s ruling of “but for” materiality was not clearly erroneous.
- Alps had not demonstrated by clear and convincing evidence that deceptive intent was the single most reasonable inference to draw from the liaison’s failure to disclose “confidential” declarations from the litigation.
- The panel rejects Alps’ cross appeal contending that other related patents should also be held to be unenforceable, as those patents had never been in the litigation and Alps had not requested such relief in its counterclaim.

U.S. Water Services, Inc. v. Novozymes A/S, 843 F.3d 1345 (Fed. Cir. 2016)

- The Circuit affirms SJ of no inequitable conduct because the nondisclosed materials were not “material”
- During other litigation involving the parent of the patent in suit, U.S. Water argued that a Veit patent was distinguishable from the claimed invention.
 - The judge in that case suggested that the position that U.S. Water was now taking was different from the position it had taken during prosecution of another related patent.
 - Following that exchange, U.S. Water amended the claims in the prosecution of what became the '137 Patent-in-Suit.
 - U.S. Water never disclosed to the PTO examiner handling the '137 patent that the judge had questioned it about taking inconsistent positions as to Veit and patentability.
 - The examiner noted in the file history that she reviewed Veit and other prior art references, so failure to disclose the exchange in court could not be considered “but for” materiality.

TransWeb, LLC v. 3M Innovative Properties Co., 812 F.3d 1295 (Fed. Cir. 2016)

- The district court's finding is affirmed that 3M had engaged in inequitable conduct in procuring its patents.
- In view of *Therasense*, the standards for inequitable conduct and a *Walker Process* antitrust "bad act" are essentially the same.
 - Here the only injury TransWeb could show was its attorney fees.
 - The panel rejects 3M's argument that defense costs do not constitute an antitrust injury because they lead neither to reduced competition nor to increased prices.
 - An accused infringer that chooses to stand its ground and fight an ill-gotten patent should be able to claim defense costs as antitrust damages.
- This decision gives accused infringers a new weapon where credible allegations of inequitable conduct exist.
- The case also increases the potential malpractice liability to the firm that prosecuted the patent application.
- Remember that the Supplemental Examination procedure can be used to eliminate duty-of-disclosure issues prior to bringing suit.

INFRINGEMENT

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)

Recent Statements from the Court

- “No other, broader concept was described as embodying the applicant’s invention, or shown in any of the drawings, or presented for examination.”
 - *GPNE Corp. v. Apple, Inc.*, 830 F.3d 1365 (Fed. Cir. 2016)
- “Consistent use of a term in a particular way in the specification can inform the proper construction of that term.”
 - *Wi-LAN USA, Inc. v. Apple, Inc.*, 830 F.3d 1374 (Fed. Cir. 2016)
- “[N]othing in the specification suggests that ‘alias’ encompasses graphical expression.”
 - *Indacon, Inc. v. Facebook, Inc.*, 824 F.3d 1352 (Fed. Cir. 2016)



Recent Statements from the Court

- “[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 [of communications path]. . . to include wireless communications.”
 - *Ruckus Wireless, Inc. v. Innovative Wireless Sols., Inc.*, 824 F.3d 999 (Fed. Cir. 2016)
- “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.”
 - *Profectus Tech. LLC v. Huawei Techs. Co.*, 823 F.3d 1375 (Fed. Cir. 2016)

Poly-America, LP v. API Industries, Inc.

839 F.3d 1131 (Fed. Cir. 2016)

- “Short seal . . . is not substantially aligned with the side seal, but extends inwardly from the interior edge of the side seal.”

Poly-America, LP v. API Indus., Inc.

839 F.3d 1131 (Fed. Cir. 2016)

- “Reduced Opening Elastic Drawstring Bag” **Title**
- “[T]he reduced upper opening width of the elastic drawstring bag is therefore less than bag proper width . . . allowing the elastic drawstring to fit snugly around the trash can.” **Abstract**
- **Background** explains that prior art bags do not have short seals and can be difficult to secure to trash can.
- “Embodiments of the elastic drawstring bag contemplated by the present invention have an upper opening with a width that is 97% of the width of the rest of the bag (by virtue of the extended short seals).” **Summary of the Invention**
- “[I]t is important to note that one of the characteristics of the present invention is a reduction in the upper width” **Specification**

Poly-America, LP v. API Industries, Inc.

839 F.3d 1131 (Fed. Cir. 2016)

- Distinguishing the Schneider reference, applicant said:
- “[T]he ‘relaxed upper opening width’ of Schneider is the exact same as the ‘bag proper width,’ not less than the ‘bag proper width’ as *required by Applicant’s independent claims.*” **Prosecution History**
- “[T]he prior art fails to teach elastic drawstrings welded into the bag hem at short seals that forms an upper opening that is smaller than the width of the bag.” **Examiner’s explanation for allowance**

David Netzer Consulting Engr. LLC v. Shell Oil Co.

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

- Is “fractionating” limited to distillation (boiling points)?
- “The specification repeatedly and consistently uses ‘fractionating’ . . . to describe separating petrochemicals based on boiling point differentials.”
- “[T]he patentee clearly disclaimed conventional extraction, characterizing it as expensive and not required”
- “clear and unmistakable statements” “distinguishing” and “disclaiming” conventional extraction (solubility)

Technology Props. Ltd. v. Huawei Techs. Co.

849 F.3d 1349 (Fed. Cir. 2017)

- “an entire oscillator disposed upon said integrated circuit substrate”
- District Court’s construction: “an oscillator located entirely on the semiconductor substrate as the [CPU] *that does not require a control signal and whose frequency is not fixed by an external crystal.*”
- CAFC affirms
- Patentee’s statement during prosecution: “Magar [reference] was ‘specifically distinguished from the instant case in that it is both fixed-frequency (being crystal based) *and* requires an external crystal or external frequency generator.’”
- Patentee’s position in litigation: Magar requires an off-chip crystal oscillator while patent claim generates CPU clock signal on-chip

Technology Props. Ltd. v. Huawei Techs. Co.

849 F.3d 1349 (Fed. Cir. 2017)

- “[T]he scope of surrender is not limited to what is absolutely necessary to avoid a prior art reference: patentees may surrender more than necessary.”
- “When this happens, we hold patentees to the actual arguments made, not the arguments that could have been made.”
- “The question is what a person of ordinary skill would understand the patentee to have disclaimed during prosecution, not what a person of ordinary skill would think the patentee needed to disclaim during prosecution.”

MIT v. Shire Pharm., Inc.

839 F.3d 1111 (Fed. Cir. 2016)

- “vascularized organ tissue” – does it include skin?
- Prosecution history says that prior art “was limited to extremely thin pieces of collagen matrix for use in preparing skin substitutes, which could not be used to create organ equivalents”
- Statement was not disclaimer
 - Context of different claims
 - Claims did not include vascularized organ tissue



MIT v. Shire Pharms., Inc. 839 F.3d 1111 (Fed. Cir. 2016)

- “vascularized organ tissue”
- Expert declaration in prosecution history: “[w]hile making skin equivalents does not require the use of thick layers of cells, making functional organs in vivo does.”
- Statement was not disclaimer
 - Did not distinguish prior art on the basis that organs do not include skin
 - “[I]t is important to consider the statements made by the applicant both in the context of the entire prosecution history and the then-pending claims.”
 - “In the context of the overall prosecution history, the isolated statements plucked from Dr. Vacanti’s declaration do not meet the high standard for prosecution disclaimer to attach.”

Summary of Disavowal

- Disavowal
 - Clear and unequivocal
 - Not ambiguous
 - Need not be explicit
- What to avoid
 - “the present invention”
 - “all embodiments”
 - “as required by Applicant’s claims”
 - “an important feature”
 - “principal object”
 - Distinguishing or disparaging prior art based on feature
 - Saying too much

Asetek Danmark A/S v. CMI USA, Inc., 852 F.3d 1352 (Fed. Cir. 2017)

- “removably attached” or “removably coupled”
- No request for construction of either term
- No objection to jury instruction
- “[T]he jury’s findings ‘must be tested by the charge actually given and by giving the ordinary meaning of the language of the jury instruction’”
- Component could be removed by unscrewing triangle head safety screws, regardless of whether removal was intended
- “There is nothing unreasonable about finding a component ‘removably attached’ if it can be detached in such a way that the device would function again if the component were reattached.”
- *Compare Eon Corp. IP Holdings LLC v. Silver Spring Networks, Inc.* 815 F.3d 1314 (Fed. Cir. 2016) (“portable” and “mobile”)



Phil-Insul Corp. v. Airlite Plastics Co.,

--- F.3d --- (Fed. Cir. April 17, 2017)

- “adjacent”
- Prior litigation construes as “next to . . . on the same panel or sidewall.”
- Summary judgment of noninfringement entered
- Rule 36 affirmance by CAFC
- Rejects appellant’s primary argument that Rule 36 affirmance can never serve as basis for collateral estoppel.

INFRINGEMENT

Doctrine of Equivalents

David Netzer Consulting Eng'r LLC v. Shell Oil Co.

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

- “fractionating” construed as distillation
- Accused process uses conventional extraction
- No literal infringement
- No infringement under DOE (SJ)
 - Disclaimer of conventional extraction applies
 - Different way – solubility rather than boiling point

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.
843 F.3d 1315 (Fed. Cir. 2016)

- “first feedback signal” and “second feedback signal”
- District court construes claim to require that the “second feedback signal” is distinct from the “first feedback signal”
- Jury finds no literal infringement, but infringement under DOE
- District court denies JMOL on DOE infringement
- Defendant’s argue “claim vitiation” because its defense was predicated on expert testimony that the accused device used only 1 signal rather than 2 “distinct” signals:
 - “There’s no current input, the constant current block. All it has as an input is the same voltage feedback signal that’s used elsewhere.”

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.,
843 F.3d 1315 (Fed. Cir. 2016)

- “[I]f a theory of equivalence would entirely vitiate a particular claim element, partial or complete judgment should be rendered by the court.” *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997).
- Inventor testimony: having a second feedback signal (current) that is distinct from a first feedback signal (voltage) distinguished claimed invention from prior art
- Jury implicitly found only 1 signal in granting summary judgment on literal infringement.
- “[N]ot using two distinct signals to control voltage and current can’t be equivalent to using distinct signals—the signals are either distinct or they aren’t.”

LITERAL INFRINGEMENT

Shire Development v. Watson,

848 F.3d 981 (Fed. Cir. 2017) quick

- Claim limitations using the phrase “consisting of,” or “consists of,” to characterize the matrix, and “consisting of” to define the groups, “create a **very strong presumption** that that claim element is closed and therefore excludes any elements, steps, or ingredients not specified in the claim.”
- Overcoming this presumption requires “the specification and prosecution history” to “unmistakably manifest an alternative meaning.”
- The 2004 *Norian* Circuit case that found the strong presumption to be overcome where a defendant added a spatula to a chemical kit to repair teeth and bones, because the spatula had no interaction with the claimed chemicals.
- The Circuit disagreed with the district court, which ruled that the component outside of the Markush group was unrelated to the invention.

Life Techs. Corp. v. Promega Corp., 137 S. Ct. 734 (2017)

Shipping a single component of a claimed invention to be combined with other components outside of the country does not constitute patent infringement under §271(f)(1).

- Promega sublicensed a patent to a toolkit for genetic testing to Life Technologies. A critical one of the kit's five components, an enzyme known as Taq, was manufactured by Life Technologies in the U.S. and then shipped to the UK, where the four other components were combined with it.
- Promega sued, claiming that patent infringement liability was triggered under §271(f)(1), which prohibits the supply from the U.S. of "all or a substantial portion of the components of a patented invention" for combination abroad.

While 271(f)(1)'s phrase "substantial portion" may refer either to qualitative importance or to quantitatively large size, the statutory context points to a quantitative meaning.

CONT. - LIFE TECHS. CORP. V. PROMEGA CORP., 137 S. Ct. 734 (2017)

271(f)(1) “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.”

271(f)(2) “Whoever without authority supplies or causes to be supplied in or from the United States **any component** of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined 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.

INDUCED INFRINGEMENT

Akamai Techs., Inc. v. Limelight Networks, Inc.,

797 F.3d 1020 (Fed. Cir. 2015) (en banc) (*Akamai V*)

Limelight Networks, Inc. v. Akamai Techs., Inc.,

134 S. Ct. 2111 (2014) (*Akamai IV*)

- *To briefly review the holdings in the Akamai decisions:*
- *Akamai V* said that, in addition to an agency or contractual relationship, induced infringement may be found where an alleged infringer “conditions participation in an activity on receipt of a benefit upon performance of a step or steps of a patented method.”
- According to the Supreme Court’s *Akamai IV* decision, “all steps of the claim must be performed by or attributable to a single entity.”

Medgraph, Inc. v. Medtronic, Inc.,

843 F.3d 942 (Fed. Cir. 2016)

- The Circuit affirmed dismissal of Medgraph's case alleging infringement of two patents directed to methods of uploading patient data into a computer, which is accessed by medical staff treating the patient.
 - The accused CareLink System allows diabetes patients to upload their blood glucose readings so that they can keep an online record of their data.
- Most pertinent here, as it relates to *Akamai V*, is that Medtronic does not condition participation on receipt of a benefit upon performance of all of the claimed method steps.
 - In fact, Medtronic permits using CareLink in a manner that clearly skips some of the claimed steps.

Power Integrations, Inc. v. Fairchild Semiconductor International, Inc.

843 F.3d 1315 (Fed. Cir. 2016)

- The Circuit reversed a judgment of induced infringement where the jury instruction stated. “[The inducement] need not have been actually caused by the party’s actions. All that is required is that the party took steps to encourage or assist that infringement, regardless of whether that encouragement succeeded, or was even received.”
 - This left the jury with the incorrect understanding that a party may be liable for induced infringement even where it does not successfully communicate with and induce a third-party direct infringer.
 - To prevail under a theory of indirect infringement, plaintiff must prove that the defendant’s actions led to direct infringement or induced the infringing acts.
 - Induced infringement may be proven by circumstantial evidence, but the jury must still find that it occurred.
 - The Supreme Court explained in *Global-Tech* that the term “induce” as it is used in § 271(b) “means to lean on; to influence; to prevail on; to move by persuasion. Each definition requires successful communication between the alleged inducer and the third-party direct infringer.”
 - SKIP WARSAW (next)

Warsaw Orthopedic, Inc. v. NuVasive, Inc.,
824 F.3d 1344 (Fed. Cir. 2016)

- Here there was substantial evidence to support the jury verdict that Warsaw and a related Medtronic company induced infringement of NuVasive's patent directed to a method for detecting the presence of a nerve during surgery.
 - Medtronic's knowledge of the patent is undisputed.
 - Medtronic's infringement position was objectively unreasonable
 - The jury could reasonably have concluded that Medtronic had knowledge (or was willfully blind to the fact) that its device meets the limitations of the claims of the patent.
 - A reasonable jury could have inferred that Medtronic must have known, or was willfully blind to the fact, that doctors using the device infringe those claims.

Unwired Planet, LLC v. Apple, Inc.,

829 F.3d 1353 (Fed. Cir. 2016)

The Circuit vacates the summary judgment of no induced or contributory infringement based on a conclusion that the district court's reliance on the objective strength of Apple's non-infringement arguments is not an appropriate basis on which to grant a motion for summary judgment of non-infringement.

Remember that both *Global Tech* and *Commil* require a showing of the subjective knowledge as to the underlying infringement. The strength of arguments at trial were the sole basis of the granting of this motion by the district court and is why the Circuit vacated and remanded.

Eli Lilly and Company v. Teva Parenteral Medicines, Inc.,

845 F.3d 1357 (Fed. Cir. 2017) quick

- The district court’s finding here that physicians “condition” treatment on the administration of folic acid is supported by the evidence.
 - Defendants argue that mere guidance or instruction is insufficient to show “conditioning” under *Akamai V*, but the evidence regarding the critical nature of folic acid pretreatment and physicians’ practices supports a finding that physicians cross the line from merely guiding or instructing patients to take folic acid to conditioning the patented treatment on their administration of folic acid.
 - The product labeling demonstrates that physicians prescribe a dose of folic acid, specify that patients must ingest the folic acid daily during a particular span of days, and withhold pemetrexed if patients do not follow orders.

DEFENSES

Exhaustion



Impression Prods., Inc. v. Lexmark Int’l, Inc.

No. 15-1189 (U. S. 2017)

- “Whether a ‘conditional sale’ that transfers title to the patented item while specifying post-sale restrictions on the article’s use or resale avoids application of the patent exhaustion doctrine and therefore permit the enforcement of the post-sale restrictions through the patent law’s infringement remedy”
- “Whether, in light of this court’s holding in *Kirtsaeng v. John Wiley & Sons, Inc.* that the common-law doctrine barring restraints on alienation that is the basis of exhaustion “makes no geographical distinctions,” a sale of a patented article – authorized by the U.S. patentee – that takes place outside the United States exhausts the U.S. patent rights in that article”

DEFENSES

Laches



SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods.

--- U.S. ---, 137 S. Ct. 954 (2017)

- The context – decided after *Patrella*
- Laches – shield against untimely claims
- Statute of limitations – serves same function
- The copyright statute precludes a civil action “unless it is commenced within three years after the claim accrued.”
- Section 286 provides that “no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim”

SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods.

--- U.S. ---, 137 S. Ct. 954 (2016)

- “Laches is a gap-filling doctrine, and where there is a statute of limitations there is no gap to fill.”
- “*Patrella’s* reasoning easily fits the provision at issue here.”
- “This provision represents a judgment by Congress”
- “legislation-overriding” role – beyond Judiciary’s power

DEFENSES

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.

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

INJUNCTIVE RELIEF

Apple Inc. v. Samsung Elecs. Co.,

801 F.3d 1352 (Fed. Cir. 2015)

The 2015 Apple/Samsung case provides a good introduction to show how open the Circuit is to affirming injunctions.

To show irreparable injury, the patented features do not need to be the sole reason why consumers purchase the infringing product.

- Here, where the patents cover many features that the record reflects contribute to the consumer's purchasing decision, causal nexus has been shown.
- In balancing the hardships of the injunction, the majority accepts as true Samsung's testimony that design-arounds would be easy or already existed.

Cont. - Apple Inc. v. Samsung Elecs. Co.,

801 F.3d 1352 (Fed. Cir. 2015)

- As to the public interest, Samsung argued that the public interest weighs against an injunction.
 - The injunction would lead to the removal of products from store shelves.
 - The public has a strong interest in competition and the resulting variety of product choices.
- The panel holds that the public interest *strongly* favors an injunction.
 - The public does not benefit when that competition comes at the expense of a patentee's investment-backed property right.
 - To conclude otherwise would suggest that this factor weighs against an injunction in every case.
 - The public interest nearly always weighs in favor of property rights, and the purpose of the patent grant “is based on the right to exclude.”

The Circuit expresses reservations about inj. relief

Nichia Corp. v. Everlight Americas, 2017 U.S. App. LEXIS 7527 (April 28, 2018)

- Despite the defendant's failure to invalidate any of the three patents in suit and its unsuccessful noninfringement arguments, the Circuit affirms the denial of a permanent injunction requested by LED maker Nichia due to its dominant share of the market, its failure to identify a single lost sale to Everlight, and its widespread licensing of the patents to other low cost competitors.
 - This affirmance is based solely on the lack of a showing of irreparable injury, without consideration of the other three *eBay* factors.

Patently O has suggested this case changes the test for injunction for one in which four equitable factors are to be considered under *eBay* to a four element test. I don't read *eBay* that way at all. *eBay* states:

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

And this is why many courts have denied injunctions based solely on the inability of a plaintiff to prove irreparable injury.

Metalcraft of Mayville, Inc. v. The Toro Company,

848 F.3d 1358 (Fed. Cir. 2017)

- The Circuit affirms the grant of a preliminary injunction precluding Toro from selling infringing lawnmowers.
- Damage is irreparable here because it is impossible to quantify the damages caused by the loss of a potentially lifelong customer.
 - Evidence showed that some customers prefer to purchase an entire line of products from the same manufacturer for consistency.
 - The loss of Scag customers may have far-reaching, long-term impact on its future revenues, and such sales are difficult to quantify.

Cont. - Metalcraft of Mayville, Inc. v. The Toro Company,

848 F.3d 1358 (Fed. Cir. 2017)

As to the balance of equities and the public interest, in light of the importance of encouraging innovation and the fact that the public can continue to obtain the patented suspension system from plaintiff or other non-infringing mowers from Toro, the public interest favors the issuance of an injunction.

Tinnus Enter., LLC v. Telebrands Corp.,

846 F.3d 1190 (Fed. Cir. 2017)

Grant of preliminary injunction is affirmed even though in a PGR the claims were likely indefinite and the claimed invention was likely obvious.

- The burden on the accused infringer to show a substantial question of invalidity, and def. did not do so here.
- This burden is lower than what is required to prove invalidity at trial.
- “Vulnerability” is the issue at the preliminary injunction stage, while validity is the issue at trial.

Murata Machinery USA v. Daifuku Co., Ltd.,

830 F.3d 1357 (Fed. Cir. 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.
- Skip next case Asetek

Asetek Danmark A/S v. CMI USA Inc., Fed. Cir. Case 2016-1026, -1183, 2017 U.S. App. LEXIS 5920 (April 3, 2017), rehearing ***Asetek Danmark A/S v. CMI USA Inc., fka Cooler Master USA, Inc., Cooler Master Co., Ltd.***, 842 F.3d 1350 (Fed. Cir. 2016)

In the original opinion, the panel determined that the injunction was over-broad but refused to vacate even the erroneous part of the injunction.

- The entire panel originally agreed that the injunction was over-broad as to non-party Cooler Master but the majority was reluctant to disturb the status quo, showing how pro-injunction the Circuit has become.

On rehearing, the entire panel revises the ruling to vacate the injunction as it applies to Cooler Master, realizing it went too far in failing to lift the injunction.

WBIP, LLC v. Kohler Co., 829 F.3d 1317 (Fed. Cir. 2016)

The district court abused its discretion in denying a motion for permanent injunction just because WBIP, a smaller company, would otherwise have been the sole supplier of a product designed to ensure the safety of the public.

The products at issue were low-carbon monoxide generators, Kohler argued that depriving the public of access to a potentially lifesaving product showed that an injunction was not in the public interest.

- The district court did not explain how the public interest in enforcing patent rights was outweighed by the public interest of having more than one manufacturer of such generators.
- The district court's decision was based on its reasoning that having more manufacturers of a lifesaving good in the market is better for the public interest, but this reasoning is true in nearly every situation involving such goods.
- Congress expressly indicated in 35 U.S.C. § 271(e)(4)(B) that injunctions may be granted in cases involving lifesaving goods, such as pharmaceutical drugs.

DAMAGES



Prism Techs., LLC v. Sprint Spectrum LP

849 F.3d 1360 (Fed. Cir. 2017)

- Trial court admitted AT&T Settlement Agreement over Sprint's objection
- Rule 403 – probative value
 - Cost of predicted judgment
 - Probability
 - Cost of further litigation
- Rule 403 – prejudice
 - Settlement too high or
 - Settlement too low

Prism Techs., LLC v. Sprint Spectrum LP

849 F.3d 1360 (Fed. Cir. 2017)

- District Court had adequate basis for admitting AT&T Agreement
 - Covered the same (plus more) patents
 - Evidence relating to the value of the patents-in-suit
 - Entered at the end of trial but before closing
 - Validity and infringement still open issues
 - Suggests that settlement may be too low
- No abuse of discretion

Asetek Danmark A/S v. CMI USA, Inc.

852 F.3d 1352 (Fed. Cir. 2017)

- 14.5% royalty award upheld on appeal
- Damages expert relied on patentee's profit margin
- Jury award reviewed for substantial evidence
- Patent owner negotiating license would consider its profits
- Expert witness adjusted her hypothetical negotiation model for other factors
 - Nature and scope of the license
 - Established policy and marketing program
 - Commercial relationship
 - Attributed portion to patented features
- Sufficient evidence to affirm jury award

Mentor Graphics, Corp. v. EVE-USA, Inc.

851 F.3d 1275 (Fed. Cir. 2017)

- Goal is to put patentee in the position that it would have been absent infringement
- No dispute on appeal that the four *Panduit* factors were present
- Apportionment not required under the facts of this case
- “*Panduit’s* requirement that patentees prove demand for the product as a whole and the absence of non-infringing alternatives ties lost profit damages to specific claim limitations and ensures that damages are commensurate with the value of the patented features.”

Mentor Graphics, Corp. v. EVE-USA, Inc.

851 F.3d 1275 (Fed. Cir. 2017)

- “With such multi-component products, it may often be the case that no one patentee can obtain lost profits on the overall product—the *Panduit* test is a demanding one.”
- “A patentee cannot obtain lost profits unless it and only it could have made the sale—there are no non-infringing alternatives or, put differently, the customer would not have purchased the product without the infringing feature.”

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.”

Alfred E. Mann Found. v. Cochlear Corp.

841 F.3d 1334 (Fed. Cir. 2016)

- Jury finds willful infringement
- Court grants JMOL
 - Conduct doesn't meet objective prong of *Seagate*
 - Cochlear had presented several reasonable noninfringement defenses
- Vacated and remanded
- “[T]he court must consider wither Cochlear’s infringement ‘constituted an egregious case[] of misconduct beyond typical infringement meriting enhanced damages”

Stryker Corp. v. Zimmer, Inc.

837 F.3d 1268 (Fed. Cir. 2016)

- Jury found subjective willfulness
- Court awarded treble damages based on *Seagate*
- Jury finding of willfulness was affirmed
- Enhanced damage awarded by district court is vacated and remanded
- Remand will allow district court to exercise its discretion

WBIP, LLC v. Kohler Co.,
829 F.3d 1317 (Fed. Cir. 2016)

- District court applied *Seagate* standard and enhanced damages by 50%
- “Proof of an objectively reasonable litigation-inspired defense to infringement is no longer a defense to willful infringement.”
- “Knowledge of the patent alleged to be willfully infringed continues to be a prerequisite to enhanced damages.”
- Finds that the district court did not abuse its discretion by enhancing damages

ATTORNEY FEES

Nova Chemicals Corp. (Canada) v. Dow Chemical, Fed. Cir. Case 2016-1576 (May 11, 2017)

A \$2.5 million award of attorney fees is affirmed, given the weakness of Nova's fraud case against Dow Chemical.

- The court rejects Nova's arguments that there was a basis for the filing of a case in equity based on allegations that Dow committed fraud on the court suggested by inconsistent statements made by witnesses in subsequent unrelated actions relating to ownership of the patent in suit and infringement.
- It was more than one year after the judgment so Nova could not move to lift the judgment under Rule 60 based on fraud or misrepresentation so Nova had to file a new action.
- Nova's burden was high, and the district court's finding that Nova did not come close to meeting that burden was affirmed as not an abuse of discretion under *Highmark*.

Bayer Cropscience v. Dow Agrosiences, 851 F.3d 1302 (Fed. Cir. 2017) quick

The Circuit easily determines that, under *Octane Fitness* and *Highmark*, the district court did not abuse its discretion in awarding Dow attorney fees under section 285 because the case stands out from others both as to its lack of substantive strength and the unreasonable manner in which Bayer conducted the litigation.

- Bayer sued Dow even though it had entered into a license agreement in which Dow was permitted to commercialize soybeans that were genetically engineered to tolerate herbicides. Bayer took the position that Dow's license was limited to non-commercial transactions.
- The parties agreed that English law governed, so Bayer presented expert testimony from a former Justice of the Supreme Court of the United Kingdom that Bayer's interpretation was reasonable. But Lord Collins conceded that his opinion was "incomplete" because he had only considered the text of the agreement and not the surrounding circumstances, which are admissible under UK law, included contemporaneous correspondence between the parties confirming that the intent of the agreement was to convey all commercial rights to Dow.
- The district court ruled that had Bayer fully investigated its position, even just the evidence in its own control, it would not have filed the action. The filing of a preliminary injunction amid targeted discovery that would prove fatal to its case rendered the motion "frivolous," and unnecessarily increased the costs of the litigation.
- The panel refuses to accept Bayer's invitation to reweigh the evidence, as under *Highmark* the appropriate review is simply to determine if the district court abused its discretion.

University of Utah v. Max Planck Gesellschaft,

851 F.3d 1317 (Fed. Cir. 2017) quick

The Circuit affirms the denial of attorney fees under § 285, again showing how deferential it will be in such “abuse of discretion” rulings.

Max Planck argued on appeal that the court disregarded the Supreme Court’s direction in *Octane*.

Factors to be considered include subjective bad faith, exceptionally meritless claims, frivolousness, motivation, objective unreasonableness of a case’s factual or legal components, and the need in particular circumstances to advance considerations of compensation and deterrence. The district court made no finding that any of these factors applied here, but she had no obligation to write an opinion that reveals her assessment of every consideration.

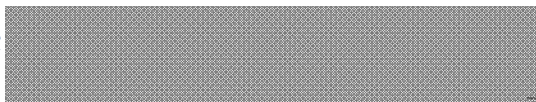
***Lumen View Technology LLC v. Findthebest.com,
Inc.,***

811 F.3d 479 (Fed. Cir. 2016)

An award of attorney fees, granted due to litigation misconduct, is vacated and the case is remanded because the court considered inappropriate factors in its doubling of the Lodestar amount (the reasonable hourly rate times the reasonable number of hours).

Deterrence is not an appropriate factor to be considered in calculating an attorney fee award. Unlike the punitive purpose of enhancing damages under section 284, the award of attorney fees is only intended to be compensatory.

DESIGN PATENTS



DESIGN PATENT DAMAGES

Samsung Elecs. Co. v. Apple Inc.,

137 S. Ct. 429 (2016)

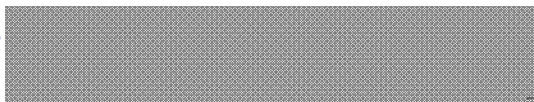
The Supreme Court reverses the Circuit's broad reading of "article of manufacture" as the entire product sold by the infringer.

- In the case of a multicomponent product, the relevant "article of manufacture" for arriving at a \$289 damages award need not be the end product sold to the consumer but may be only a component of that product.

An "article of manufacture," which is simply a thing made by hand or machine, encompasses both a product sold to a consumer and a component of that product.

- This reading is consistent with §171(a) of the Patent Act, which makes certain "design[s] for an article of manufacture" eligible for design patent protection, and which has been understood to permit a design patent that extends to a component of a multicomponent product.

PATENT COMPLAINTS UNDER *TWOMBLY AND IQBAL*



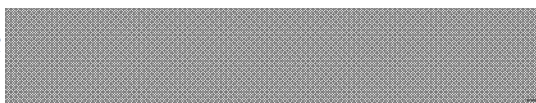
***Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) require that a complaint must be sufficient to state a claim to relief that is plausible on its face.**

Rule 84, Fed. R. Civ. P. and Form 18 were abrogated in rule changes that went into effect December 1, 2015.

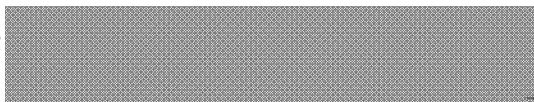
D&M Holdings, Inc. v. Sonos, Inc., 2017 U.S. Dist. LEXIS 58790 (April 18, 2017); IP Commun. Solutions, LLC v. Viber Media (USA) Inc., 2017 U.S. Dist. LEXIS 51770 (April 5, 2017); Oil-Dri Corp. v. Nestle Purina Petcare Co., 2017 U.S. Dis. LEXIS 48358 (March 31, 2017); Comcast Cable Communs., LLC v. OpenTV, Inc., 2017 U.S. Dist. LEXIS 35740 (March 13, 2017); Cont'l Circuits LLC v. Intel Corp., 2017 U.S. Dist. LEXIS 23842 (February 21, 2017); Crypto Research, LLC v. Assay Abloy, Inc., 2017 U.S. Dist. LEXIS 23008 (February 17, 2017); Wright's Well Control Servs., LLC v. Oceaneering Int'l, Inc., 2017 U.S. Dist. LEXIS 19815 (February 13, 2017); United Gen. Supply Co. v. 2nds in Bldg. Materials, Inc., 2017 U.S. Dist. LEXIS 17349 (February 7, 2017); Richmond v. SW Closeouts, Inc., 2017 U.S. Dist. LEXIS 26077 (January 30, 2017); President & Fellows of Harvard Coll. V. Micron Tech., Inc., 2017 U.S. Dist. LEXIS 13255 (January 30, 2017); Jenkins v. LogicMark, LLC, 2017 U.S. Dist. LEXIS 10975 (January 25, 2017); Rampage LLC v. Global Graphics SE, 2017 U.S. Dist. LEXIS 7573 (January 19, 2017); Princeton Digital Image Corp. v. Konami Digital Entm't, Inc., 2017 U.S. Dist. LEXIS 7201 (January 19, 2017); Niazi v. Pressure Prods. Med. Supplies, 2017 U.S. Dist. LEXIS 4174 (January 11, 2017); Immunomedics, Inc. v. Roger Williams Med. Ctr., 2017 U.S. Dist. LEXIS 1532 (January 4, 2017); Bobcar Media, LLC v. Aardvark Event Logistics, Inc., 2017 U.S. Dist. LEXIS 1243 (January 4, 2017)

- Claim charts are normally required showing at least that all elements of at least one claim of each patent in suit are met by identified accused product – but of course the better approach is to read all of the asserted claims on the accused product..
- Allegations are normally taken as true when opposing a motion to dismiss but the complaint must include “well pleaded facts.”
 - Some courts refuse to consider claim construction, construed in a manner most favorable to plaintiff; while others decide claim constr.
- It doesn't help a plaintiff that notice of the allegations can be discovered from other sources.
- It is generally not an excuse that local rules require claims to be identified and limitations to be read on accused designs – allegations must be in the complaint.
- More detail is required for indirect infringement: e.g., what is the basis of plaintiff's allegation that defendant knows of the patent for induced infringement; who are all of the parties in a divided infringement allegation

PATENT AND TRADEMARK OFFICE



IPR



Cuozzo Speed Techs. LLC v. Lee, 136 S. Ct. 2131 (2016)

Section 314(d) of the AIA provides that the Patent Office’s decision “whether to institute an inter partes review . . . shall be final and non-appealable.”

Broadest reasonable interpretation (BRI) and not the *Phillips* standard is appropriate for claim construction in IPRs.

A district court may find a patent claim to be valid, and the PTO may later cancel that claim in its own review.

This is because Inter partes review imposes a different burden of proof on the challenger; that is clear and convincing evidence in court and a preponderance of the evidence in the PTO.

Note the exception where the patent has expired – there the patentee has lost the opportunity to amend so *Phillips* should apply. *In re CSB-System Intl.*, 2016 U.S. App. LEXIS 14561 (Fed. Cir. August 9, 2016)

In re Aqua Products, Inc.

823 F.3d 1369 (Fed. Cir. 2016) panel decision (accepted for en banc review)

According to the panel, proposed amendments to claims in IPR will not be accepted unless the patentee can show the amended claims are patentable.

- The case was a good example of Circuit deference to PTO interpreting its own rules.
- Under the IPR rules, a patentee has an opportunity to amend the claims or submit new claims, but only if they also demonstrate that the new claims would be patentable.

Cont. - In re Aqua Products, Inc.,

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

This will decide two issues:

- 1) Whether the requirement that patentees have to demonstrate patentability of amended claims is inconsistent with 35 U.S.C. § 316(e), which provides that in an IPR “the petitioner,” not the patent owner, “shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.”
- 2) Whether the PTAB can raise sua sponte challenges to patentability, much the way an examiner would, if the IPR petitioner fails to do so.

Novartis v. Noven, simply applied *Cuozzo*

853 F.3d 1289 (Fed. Cir. 2017)

The panel affirms a determination of obviousness in IPR decisions relating to two Novartis patents directed to a pharmaceutical used in the treatment of Alzheimer's, even though the patents were previously found by the District of Delaware not to be invalid.

- This was based on there being additional evidence of obviousness submitted during the IPRs, but the panel stressed that even if the evidence was the same, there may be different rulings on validity in the PTO because the preponderance of evidence burden of proof in the PTO is not nearly as exacting as the clear and convincing evidence standard in court.
- Note that the panel did not get into a discussion as to the finality of the district court decision as it did in *Fresenius* and *ePlus*. The panel must have felt that the intervening *Cuozzo* decision rendered that discussion unnecessary.

Phigenix, Inc. v. ImmunoGen, Inc.,

845 F.3d 1168 (Fed. Cir. 2017)

Phigenix, an R and D firm, has no standing to appeal its unsuccessful IPR petition.

- Under *Spokeo* decision, the test to determine appellate standing is that an appellant must have suffered an injury in fact:
 - that is fairly traceable to the challenged conduct of the appellee; and
 - that is likely to be redressed by a favorable judicial decision.

Cont. - Phigenix, Inc. v. ImmunoGen, Inc.,

845 F.3d 1168 (Fed. Cir. 2017)

Phigenix contends it would have additional licensing opportunities if the patent is invalidated, but Phigenix is not engaged in any activity that would give rise to infringement liability.

- Nor does the estoppel provision of 35 U.S.C. § 315(e)(1) provide a sufficient injury.
- Statistics show that 80% of IPRs are related to ongoing infringement litigation but a significant number involve parties challenging patents out of what they say is an effort to protect the public good or those who otherwise have no concrete dispute with the patent owner.
- This case should give pause to a party considering filing an IPR unless it is arguably infringing the patent:
 - Public interest organizations like Consumer Watchdog
 - Investors in competitive companies whose investments might appreciate if a blocking patent is invalidated.

Wasica Finance v. Continental Automotive,
853 F.3d 1272 (Fed. Cir. 2017)

In Wasica, the panel referred to **petitioner’s obviousness arguments as being “conclusory and sweeping** compared to arguments submitted later. Unlike district court litigation—where parties have greater freedom to revise and develop their arguments over time—the expedited nature of IPRs bring with it an obligation for petitioners to make their case in their initial petition. After Wasica pointed out the flaws in Continental’s petition, rather than explaining how the original petition was correct Continental effectively abandoned its petition in favor of a new 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.

Shows the Circuit’s deference to the PTO in interpreting its own rules.

Dell v. Acceleron, LLC., quick

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 its 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.

Here the Circuit was not so deferential to the Board in the interpretation of its rules.

COVERED BUSINESS METHODS

Unwired Planet, LLC v. Google, Inc.,

841 F.3d 1376 (Fed. Cir. 2016)

The Board used an overly broad definition of what constitutes a CBM patent.

- The Board’s application of the “incidental to” and “complementary to” language from the legislative history and from comments by the PTO during legislative consideration of the AIA, instead of the statutory definition, renders superfluous the limits Congress placed on the definition of a CBM patent.

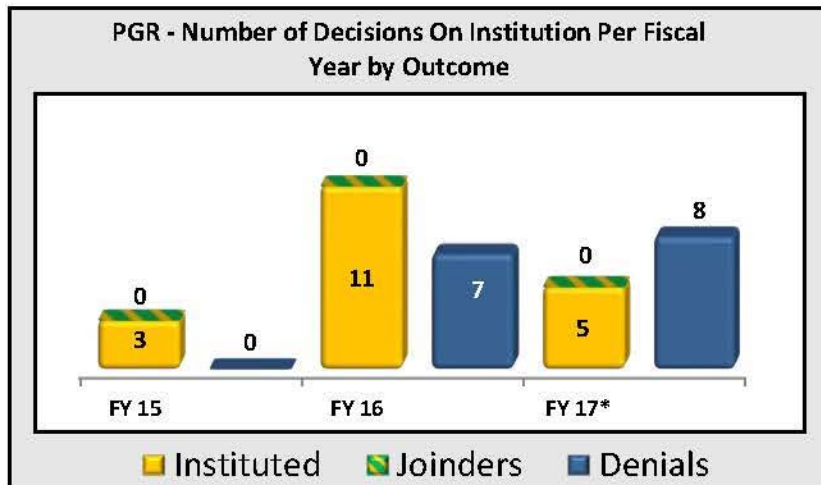
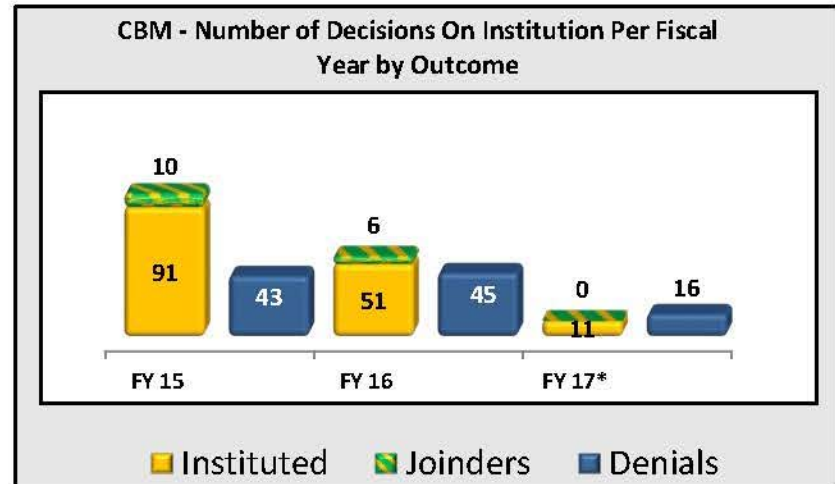
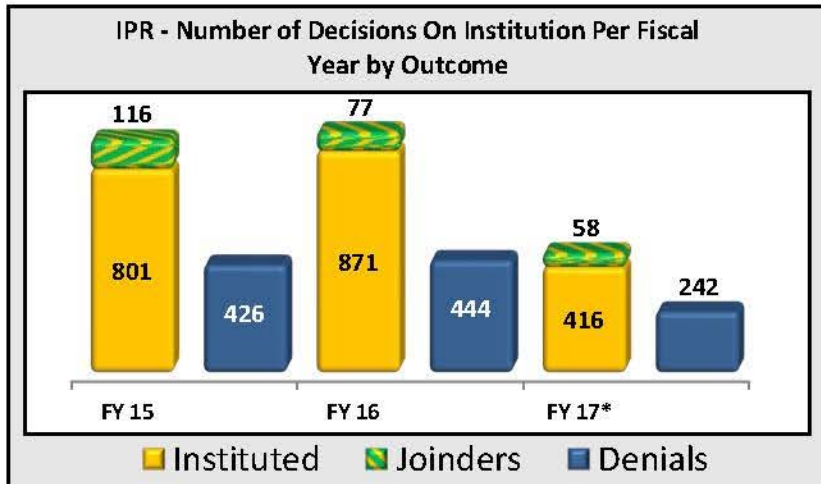
Secure Axxess v. PNC Bank, 848 F.3d 1370 (Fed. Cir. 2017)

In a decision that arguably goes even further to restrict Covered Business Method patents than *Unwired Planet*, the Circuit rules that a system for authenticating a web page does not constitute a CBM patent.

- The majority rejects the Board’s holding that its history of suing financial institutions for infringement should be considered in evaluating whether or not the patent qualifies as a CBM patent.

The AIA § 18(a)(1)(E) defines a “covered business method patent” as:

- “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service”
- These narrow rulings on what constitutes a CBM patent are significant because remember that CBM review permits challenges on grounds not permitted in IPRs such as patentable subject matter and indefiniteness. This ruling that patents must be related to financial products and services seems even narrower than *Unwired Planet*, which held that patents only incidental to finances could be included in CBM reviews.
- The Patent Office has been taking *Unwired Planet* and *Secure Axxess* to heart, repeatedly citing them to restrict CBM review. If a party can get a CBM instituted, though, the success rate of those challenging patents in CBM reviews is even higher than in IPRs, with all of the claims being upheld in 17% of IPRs and in only 3% of CBM reviews.



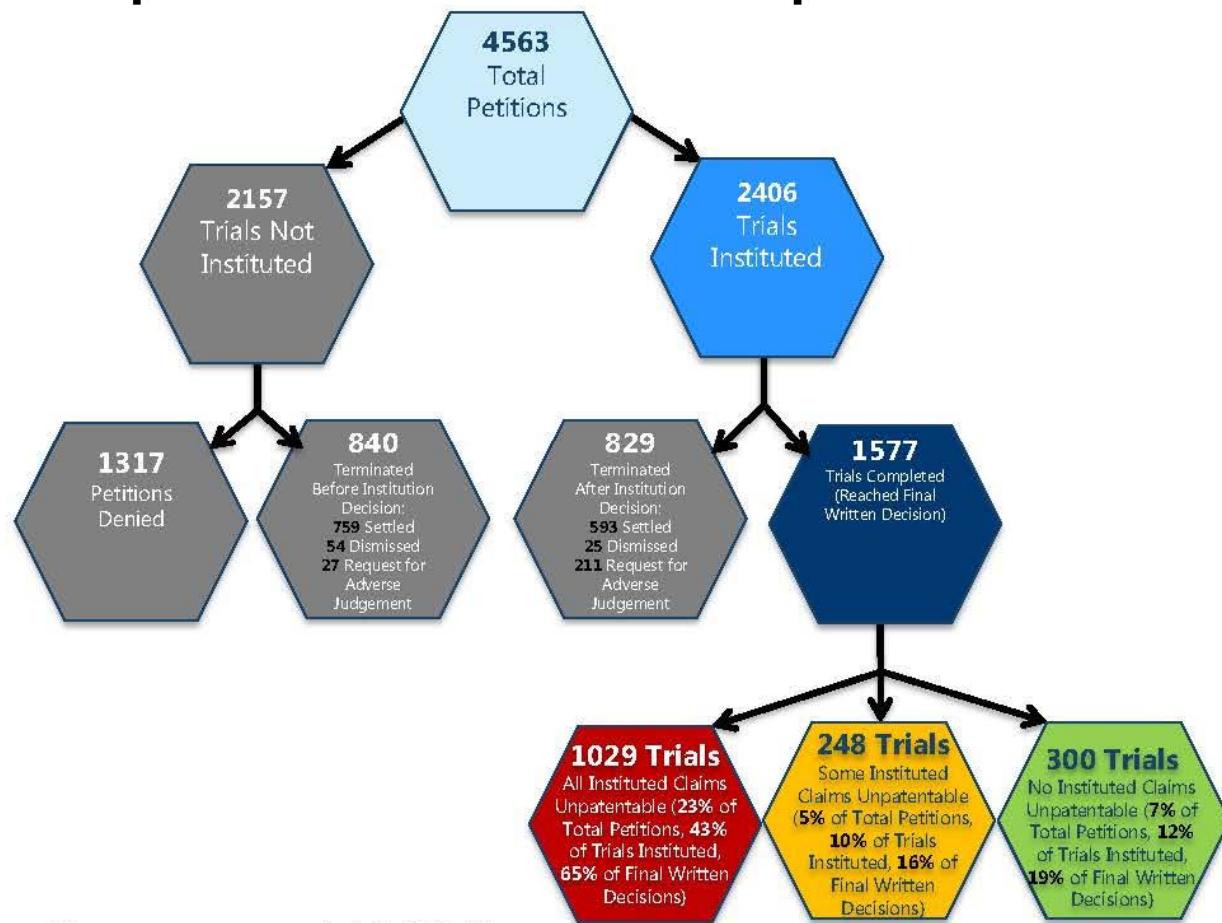
Narrative:

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: 3/31/2017



Disposition of IPR Petitions Completed to Date*



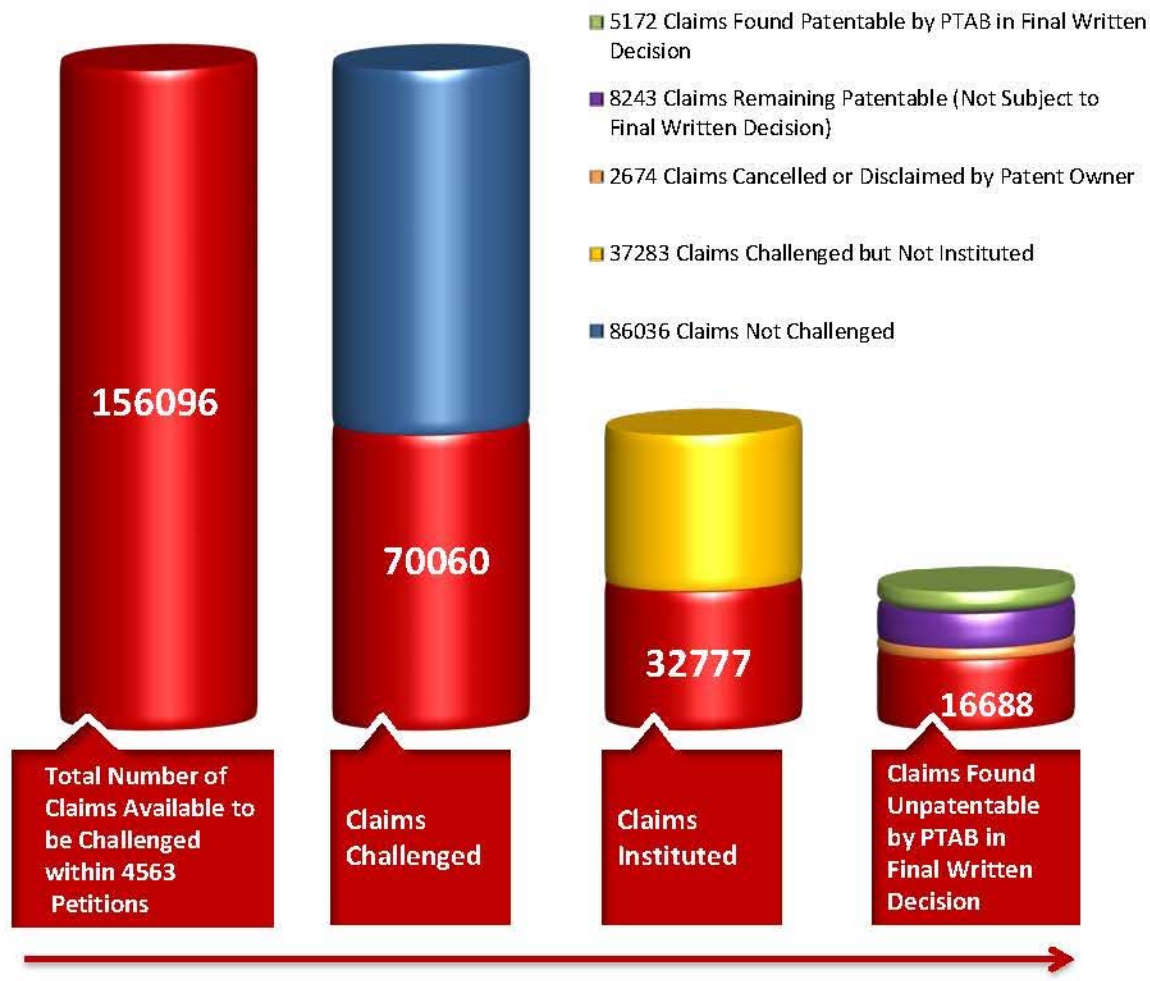
Narrative:

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: 3/31/2017



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: 3/31/2017



THANK YOU!

Peter E. Heuser

Schwabe, Williamson

& Wyatt

Brian G. Bodine

Lane Powell