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SUPREME COURT CASES

U.S. Supreme Court Will Review PTAB's Claim Construction Standard

The U.S. Supreme Court has decided to review the claim construction standard used by the Patent Trial and Appeal Board (PTAB) in AIA reviews. In 2013, the PTAB invalidated a Cuozzo Speed Technologies patent through an *inter partes* review. Cuozzo appealed the decision to the Federal Circuit, which affirmed the PTAB's use of the broadest reasonable interpretation standard for claim construction in an AIA review. Cuozzo is now asking the Supreme Court to review the use of the PTAB's claim construction standard and to use the same standard used in district court patent cases. The PTAB construes claims broadly while district courts use a narrower standard. The PTAB's standard, Cuozzo asserts, results in too many patent claims being invalidated. Cuozzo contends construing patent claims with their broadest reasonable interpretation allows more prior art to be used against the challenged claims increasing the chance the patent claim will be invalidated.

This case is important as it can potentially impact the decision making process of whether to challenge a patent in an AIA review or through district court litigation. It may also impact the amount of patents that are found to be invalid in AIA reviews.

Cuozzo Speed Techs. v. Lee, C.A. No. 15-446 (U.S. Supreme Court, Jan. 15, 2016)

- Author: [Ashley Edison Brown](#)

FEDERAL CIRCUIT CASES

Procedural Quirk Prevents Amendment During *Inter Partes* Reexamination

This is an unusual procedural case. In an *inter partes* reexamination, the examiner rejected all of the patent owner's claims, to which the patentholder responded by amending some of its claims. The examiner rejected these amended claims as well, and on appeal, the Board reversed the examiner's rejection. Unfortunately for the patentholder, by the time the Federal Circuit made its decision on the appeal from the Board, the patent had expired. This was bad news for the patentholder because the PTO cannot issue an *inter partes* reexamination certificate with amendments after the patent has expired. 37 CFR 1.530(j). Thus, no matter what the Federal Circuit's ruling would have been on the Board's decision, the amended claims could not become effective. Because of this, the Federal Circuit vacated the Board's decision and remanded the amended claims back to the PTO to determine the appropriate course of action.

Biomet Orthopedics, LLC v. Puget Bioventures, LLC, 2015-1468 (Fed. Cir. Jan. 14, 2016) [Moore, O'Malley, Taranto]

- Author: [Andy Rosbrook](#)

Federal Circuit Says Expert Reports Cannot Save Claims Doomed by *Alice*

The Federal Circuit has affirmed a summary judgment of invalidity finding the asserted claims patent-ineligible under *Alice*. Plaintiff Mortgage Grader sued Costco and First Choice alleging infringement of two patents relating to systems and methods for a borrower to evaluate and obtain financing from multiple lenders. The patent claims are directed to "a computer-implemented system for enabling borrowers to anonymously shop for loan packages offered by a plurality of lenders" using a loan package database and computer interfaces that allow the lenders and borrowers to interact. First Choice filed a motion for summary judgment that the asserted claims were patent-ineligible under § 101. Both sides submitted expert reports in support of their § 101 positions. The district court agreed with First Choice and entered summary judgment that all of the asserted claims were directed to the

unpatentable abstract idea of “anonymous loan shopping.” On appeal, Mortgage Grader argued that the district court erred by improperly resolving underlying factual disputes and misapplying the *Alice* test.

The Federal Circuit disagreed. The court explained that a § 101 analysis may be undertaken without resolving fact issues and the issue may appropriately be resolved on a motion for summary judgment. “The mere existence in the record of dueling expert testimony does not necessarily raise a genuine issue of material fact,” the court wrote. In this case, the court found that the expert reports merely provided information on how people obtained mortgages in the pre-Internet era and added little to what was already disclosed in the patents. Mortgage Grader’s expert testified that the invention solved the problem of information asymmetry between borrowers and lenders, which had previously permitted lenders to steer borrowers to predatory loans. The court rejected that argument, noting that conflicts-of-interest and predatory lending were still possible when practicing the asserted claims. In the end, the court held that no reasonable factfinder could find, based on Mortgage Grader’s expert report, that the asserted claims were directed to patent-eligible subject matter.

Mortgage Grader, Inc., V. First Choice Loan Services Inc., No. 2015-1415 (Fed. Cir. Jan. 20, 2016) [O’Malley, Taranto, Stark (author)]

- Author: [Ifti Ahmed](#)

DISTRICT COURT CASES

Delaware Court Finds Discount Redemption Patent Invalid under *Alice*

On January 12, 2016, a District of Delaware judge granted defendant PetSmart’s Rule 12(c) motion for judgment on the pleadings that the asserted patent was invalid under 35 U.S.C. § 101. The asserted claims of U.S. Patent No. 5,612,527 disclose methods for redeeming discount sale offers by associating a machine-readable identification code, such as a barcode, with data stored in a database identifying which items are to be offered at a discounted price.

In framing her analysis under the two-step *Alice* test, U.S. District Judge Sue Robinson noted that “because computer software comprises a set of instructions, the first step of *Alice* is, for the most part, a given; i.e., computer-implemented patents generally involve abstract ideas.” And as enunciated by the Federal Circuit in *DDR*, to satisfy *Alice* step two the claims must be “directed to a problem specifically arising in the realm of computer technology and the claimed solution [must specify] how computer technology should be manipulated to overcome the problem.” Judge Robinson also noted that, since the Federal Circuit’s *DDR* ruling in 2014, it has not upheld the validity of any computer-implemented inventions under § 101.

The court held that the claims were invalid under § 101. At *Alice* step one, the court held that the asserted claims were directed to the patent-ineligible abstract concept of using coupons to provide discounts. Under *Alice* step two, the court held that the additional limitations in the claims—creating a brochure having a barcode; circulating the brochure to potential users; associating the barcode with a data file listing discounted products; using a barcode scanner to scan the barcode; and using a computer to determine whether the item was on sale and, if so, discounting the price accordingly—did nothing more than recite conventional computer technology, and did not amount to more than the abstract concept itself. Although plaintiff Motivation Innovations argued that the patent contained the inventive concept of using a machine readable identification code to take discount offers and track customer purchasing habits, the court held that this was not an internet- or computer-specific problem, and the patent was not sufficiently specific or narrowly drawn to preclude the preemption that occurs when a “basic building block of human ingenuity” is tied up in a patent.

Motivation Innovations, LLC v. PetSmart, Inc., Civ. No. 13-957-SLR (D. Del. Jan. 12, 2016)

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PATENT TRIAL AND APPEAL BOARD

In Rare Move PTAB Grants Request for Rehearing

PTAB, in a rare move, granted-in-part and denied-in-part the Petitioner AVX Corp.’s Request for Rehearing and instituted an *inter partes* review of a Greatbatch Ltd. patent on a pacemaker component. The Request asserted that the Board misapprehended or overlooked certain matters in its decision on institution. The same three-judge panel of the PTAB that had previously denied AVX’s request for *inter partes* review under the America Invents Act in August, granted the company’s request for rehearing and agreed that the first decision was erroneous. In doing so, the Board agreed that it had overlooked Petitioner’s previously presented arguments about the disclosure in the alleged prior art. The Board held that upon properly considering AVX’s arguments, it was persuaded that AVX had shown that several claims of the patent are likely invalid.

Specifically, in reassessing the anticipation grounds, the Board was no longer persuaded by Patent Owner’s arguments because it found that Patent Owner’s evidence and attorney argument do not demonstrate that the claims recite subject matter that is patentably distinct from the prior art. Instead, the Board was persuaded that

the evidence presented in the expert testimony and the Petition was sufficient to show that the prior art disclosed a “laminar delamination gap.” In accordance with this new position, the Board changed its earlier determination and found that Petitioner had demonstrated a reasonable likelihood that some of the claims of U.S. Patent 7,327,553 are anticipated by the prior art.

AVX Corporation v. Greatbatch Ltd., IPR2015-00710 (PTAB Jan. 3, 2016) [Tornquist (opinion), Tierney, and Roesel (dissent)]

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