

RECENT DEVELOPMENTS IN PATENT LAW MAY 17, 2017

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Venue

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?

PERSONAL JURISDICTION

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

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

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.
- Suunto's U.S. distributor took title to the goods in Finland and not in the U.S.

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

- 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.

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.

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.

Microsoft Corp. v. Geotag, Inc.,

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

Subject matter jurisdiction exists as to Delaware DJ action where:

- GeoTag had previously sued 300 entities in the E.D. of Texas that use Microsoft mapping services.
- An independent basis for subject matter jurisdiction exists as to a declaratory judgment action in which the defendant /patentee GeoTag counterclaimed for infringement.

FORUM NON CONVENIENS

FORUM NON CONVENIENS

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

- The Circuit reverses the granting of a motion to dismiss based on forum non conveniens:
 - 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

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.”

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.
- Under *Nautilus*, a skilled artisan would understand what it means for an indicator in the claimed invention to be “visually negligible.”

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

The Circuit has rejected the proposition that claims involving terms of degree are inherently indefinite.

- 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)

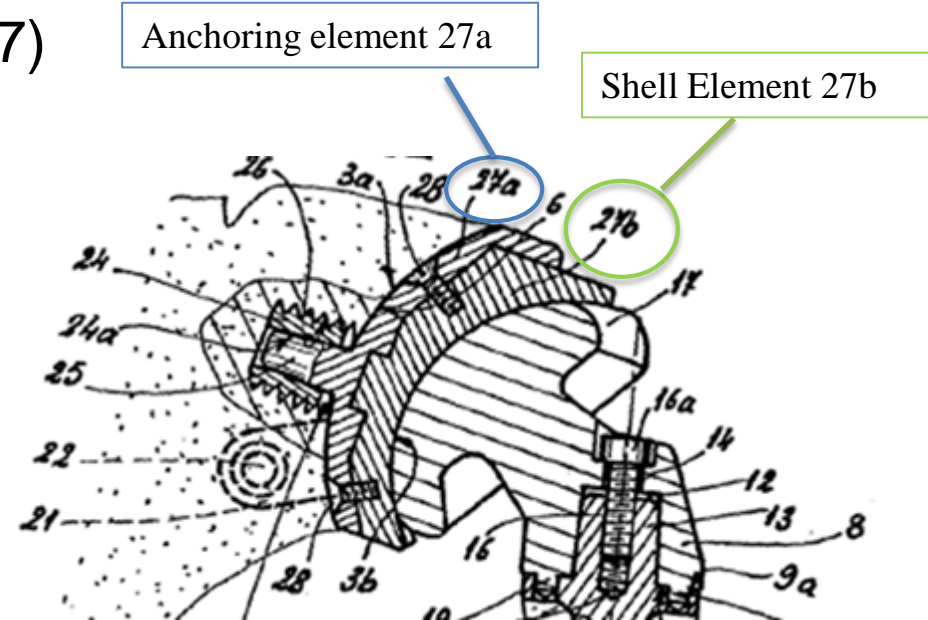
There is no substantial evidence to support an IPR determination of anticipation as to a patent directed to a system for controlling the torque of an electromagnetic motor.

- Citing the 2015 *Kennametal* Circuit 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.

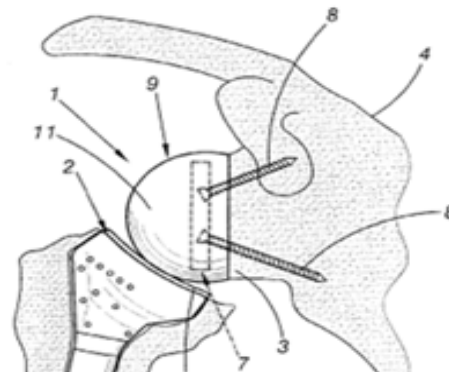
In Re Chudik,

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.



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.

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.

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.”

OBVIOUSNESS

Apple, Inc. v. Samsung Electronics Co., 839 F.3d 1034 (Fed. Cir. 2016)(en banc)

- 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.
- Common sense has its proper place in the obviousness inquiry, but that there are caveats.

In re Marcel Van Os,
844 F.3d 1359 (Fed. Cir. 2017)

- The Circuit vacates and remands a Board decision based upon obviousness because the Board failed to explain its reasoning, other than to say the invention was “intuitive.”

***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.*, 842 F.3d 1376 (Fed. Cir. 2016)
- *In re Warsaw Orthopedic, Inc.*, 832 F.3d 1327 (Fed. Cir. 2016)

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 cannot satisfactorily make a factual finding and explain itself by merely “summarizing and rejecting arguments without explaining why it accepts the prevailing argument.”

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.

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

- 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.

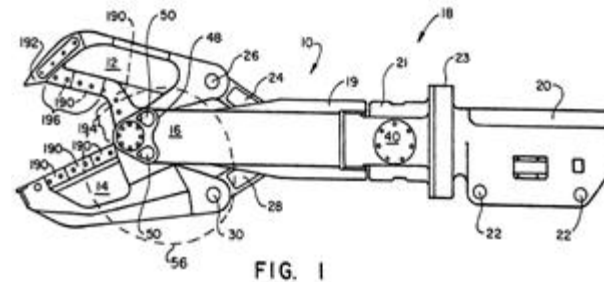
ClassCo, Inc. v. Apple, Inc.,

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

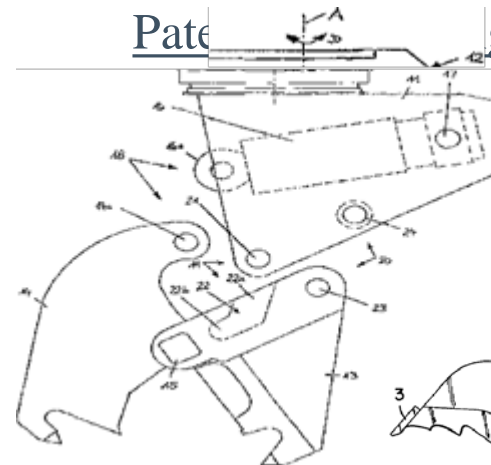
- The panel ultimately rules that the claims were obvious because the combination of two of the references presents a strong showing that the claims at issue would have been obvious.
- However, the panel criticizes the Board in dismissing some of ClassCo's evidence of nonobviousness.
- While much of 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.

***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, but rather whether a skilled artisan would have been motivated to combine.



Patent g attachment



Prior Art

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

- 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.

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.
- Alps had not demonstrated that deceptive intent was the single most reasonable inference from the liaison's failure to disclose "confidential" declarations.

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

- 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 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.

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)

- 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.”
- The Circuit disagreed with the district court, which ruled that the component outside of the Markush group—i.e., the lipophilic magnesium stearate in the hydrophilic outer matrix—is 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).
 - 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 Technologies V. Promega

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 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*)

- *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.
- Medtronic does not condition participation on receipt of a benefit upon performance of all 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.

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.

- 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.

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

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

The district court's finding here that physicians "condition" treatment on the administration of folic acid is supported by the evidence.

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)

- To show irreparable injury, the patented features do not need to be the sole reason why consumers purchase the infringing product.
- The public interest *strongly* favors an injunction.

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.

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

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

- Damage is irreparable here because it is impossible to quantify the damages caused by the loss of a potentially lifelong customer.
- 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.

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.

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.

On rehearing, the entire panel revises the ruling to vacate the injunction as it applies to Cooler Master.

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 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.
- 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.

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

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.

University of Utah v. Max Planck Gesellschaft,
851 F.3d 1317 (Fed. Cir. 2017)

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

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

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

An award of attorney fees is vacated and the case is remanded because the court considered inappropriate factors in its doubling of the Lodestar amount.

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.

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.

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)**

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. Dist. 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)

* (Example of court that requires great detail.)

** (Example of court that requires little detail.)

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.

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.

Cont. - In re Aqua Products, Inc.,
823 F.3d 1369 (Fed. Cir. 2016)

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).
- 2) Whether the PTAB can raise sua sponte challenges to patentability.

Novartis v. Noven,

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.

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.

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

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.

Dell v. Acceleron, LLC.
818 F.3d 1293 (Fed. Cir. 2016)

In an appeal of an IPR, the panel vacates because Dell raised its anticipation argument for the first time at oral argument before the Board.

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 instead of the statutory definition, renders superfluous the limits Congress placed on the definition of a CBM patent.

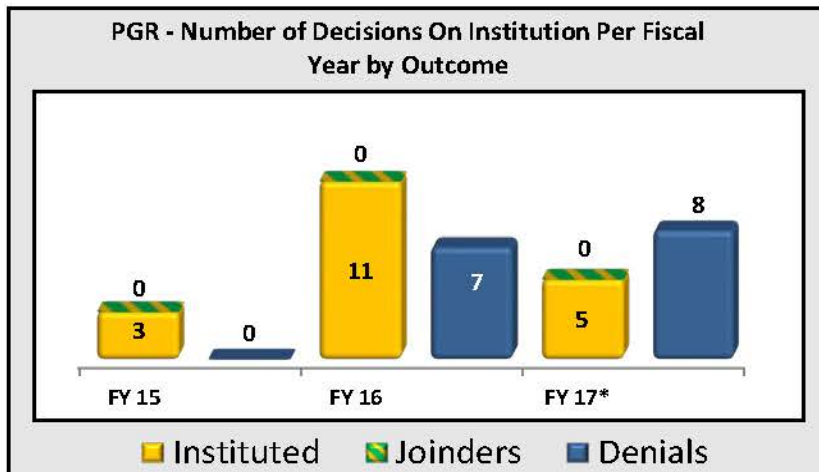
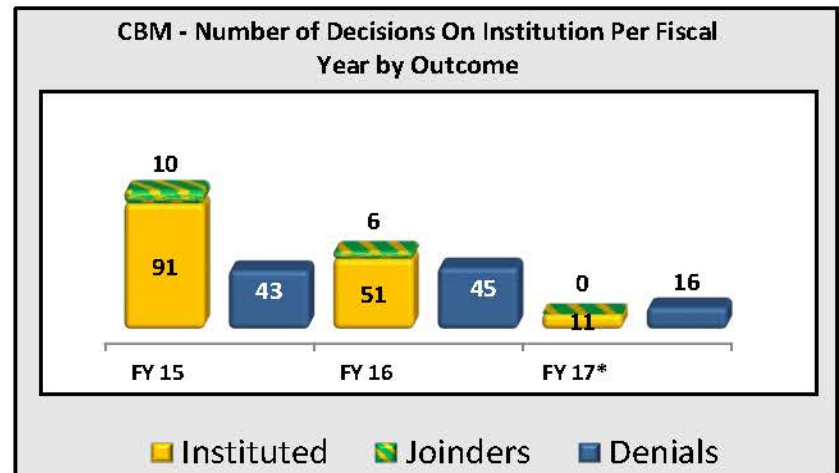
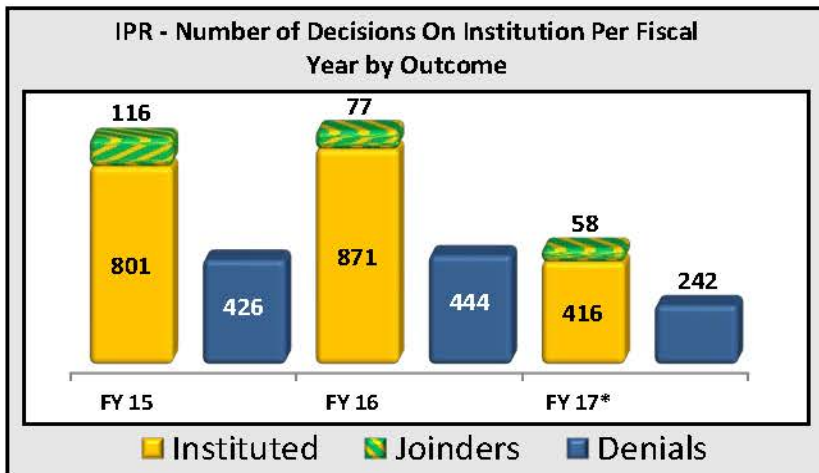
Secure Axcess v. PNC Bank,

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

A system for authenticating a web page does not constitute 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”



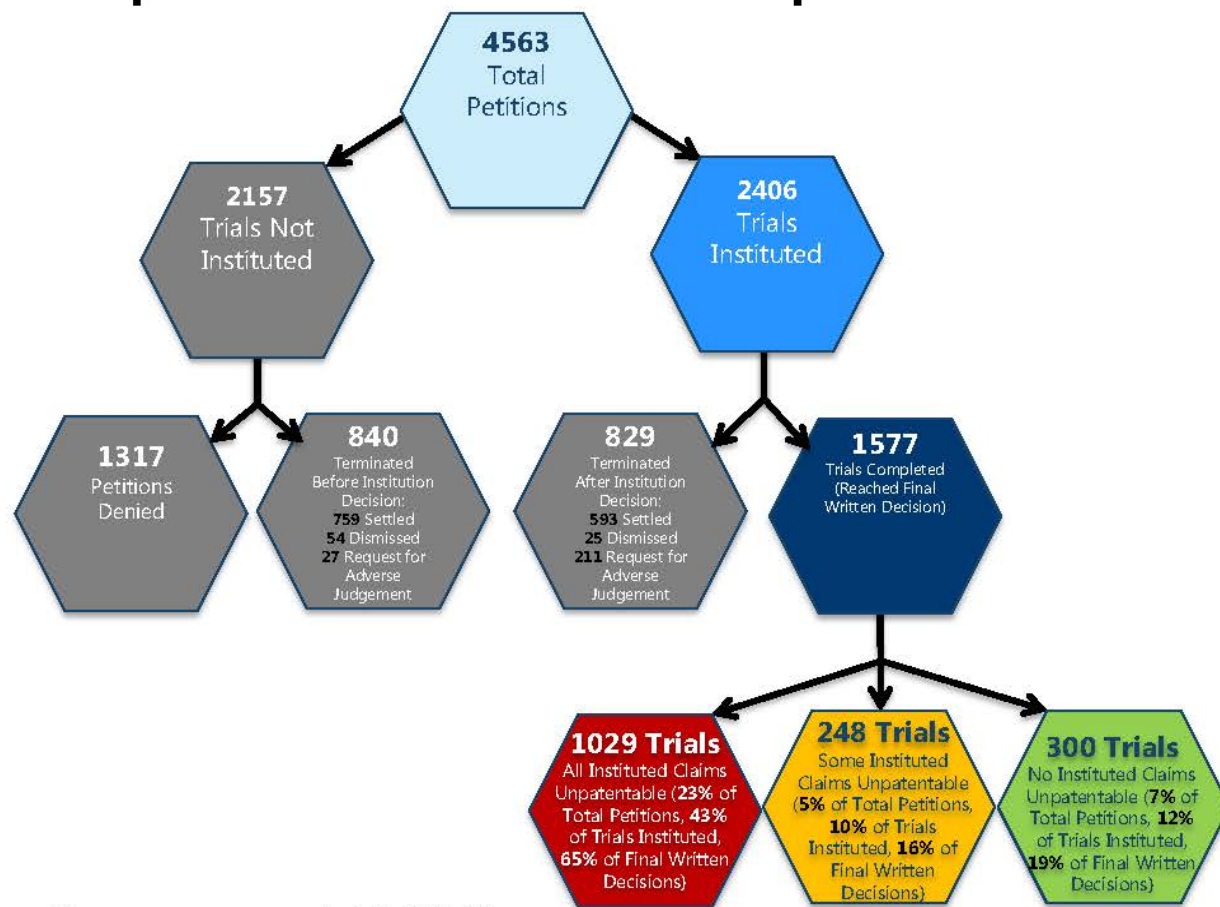
Narrative:

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**

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Disposition of IPR Petitions Completed to Date*



Narrative:

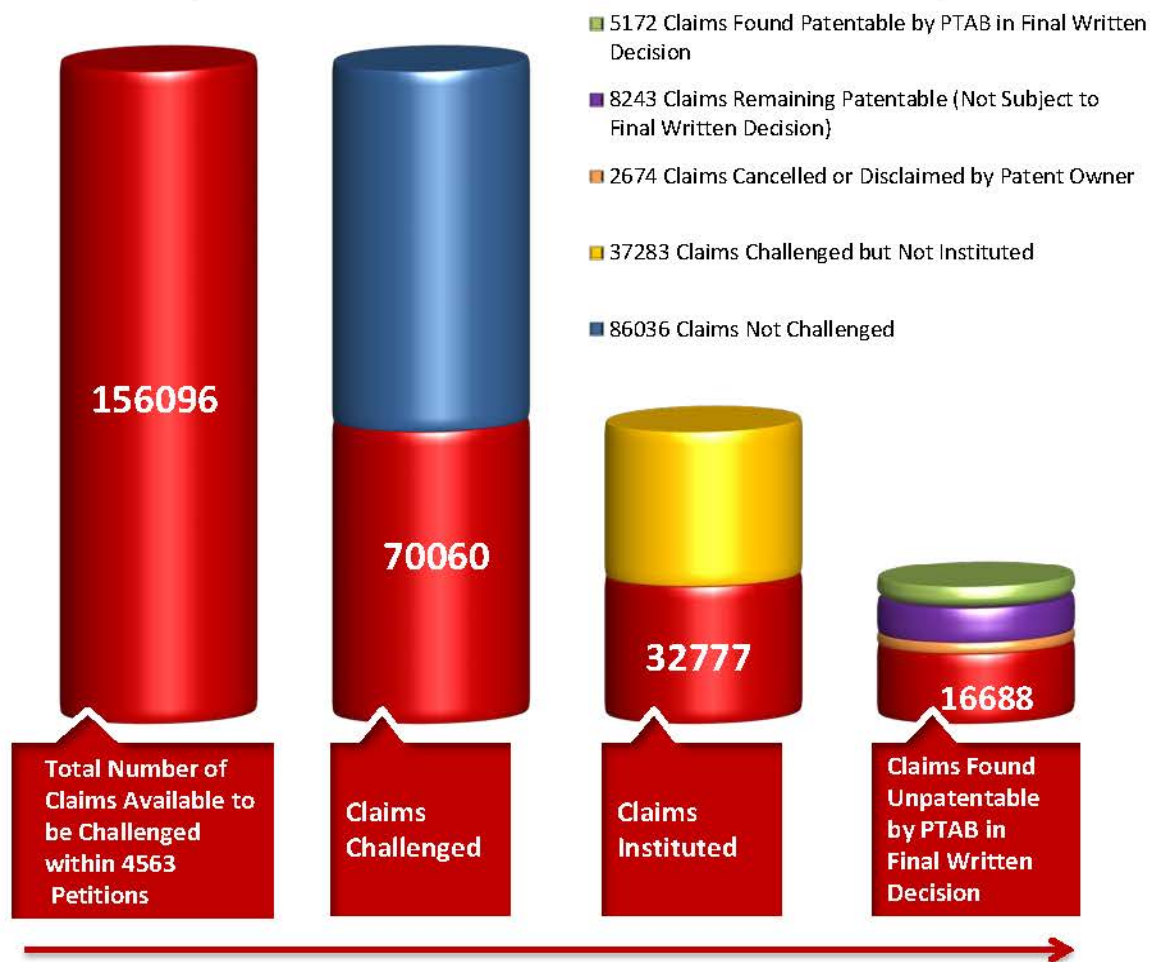
This graph shows a stepping stone visual depicting the outcomes for all IPR petitions filed to-date that have reached a final disposition.

*Data current as of: 3/31/2017

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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

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THANK YOU!

Peter E. Heuser

Schwabe, Williamson
& Wyatt

Brian G. Bodine

Lane Powell