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Federal Circuit Year in Review 2013/2014

Intellectual Property and Appellate Practice Groups



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INTRODUCTION

The Federal Circuit's 2013-2014 term saw a number of important developments in patent law.¹ The Court issued published opinions in a total of 128 precedential patent cases, including one en banc decision. Several decisions presented challenges to fundamental issues of patent law and are now the subject of potential Supreme Court review. Among the most significant decisions issued by the Federal Circuit this term were:

- This year, the Federal Circuit issued two more decisions on the standard of review for claim construction rulings, following last year's decision in *Teva v. Sandoz*, which is currently before the Supreme Court. In each of these cases, the question was whether the rulings of the District Court in support of its claim construction should be reviewed de novo as the Federal Circuit established in *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (*en banc*), or for "clear error" as set forth in Fed. R. Civ. P. 52(a):
 - *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 723 F.3d 1363 (Fed. Cir. 2013). Petition for certiorari granted; oral argument held October 15, 2014 (Supreme Court No. 13-854).
 - *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, 746 F. 3d 1302 (Fed. Cir. 2014). Petition for certiorari pending (Supreme Court No. 13-1286).
 - *Lighting Ballast Control LLC v. Philips Electronics North America Corp.*, 744 F.3d 1272 (Fed. Cir. 2014) (*en banc*). Petition for certiorari pending (Supreme Court No. 13-536).
- *Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361(Fed. Cir. 2013) (Prost, J.) (Newman, J., dissenting), with further *en banc* proceedings denying rehearing, 737 F.3d 699, 700 (Fed. Cir. 2013) (Reyna, J., joined by Rader, C.J., Newman, Lourie and Wallach, JJ., dissenting from denial of reh'g en banc). The Federal Circuit held that a defendant's good faith belief that a patent is invalid may be a defense to induced infringement under 35 U.S.C. § 271(b). A petition for certiorari is pending as of this writing, and the Solicitor General has recommended that the petition be granted (Supreme Court No. 13-896).
- *Bristol-Myers Squibb Co. v. Teva Pharm.*, 752 F.3d 967 (Fed. Cir. 2014) (J. Chen), with further *en banc* proceedings denying rehearing, ___ F.3d ___, 2014 WL 5352893 (Fed. Cir. 2014) (*per curiam*) (Newman, J. and Taranto J., joined by Reyna and Lourie, JJ. dissenting from denial of reh'g en banc). The court held a composition of matter patent invalid as obvious; the panel decision raised issues regarding the use and application of post-filing evidence of unexpected results.

¹ Term defined as August 2013 to July 2014.



- *All Section 101 Patent Ineligibility Cases Affirmed.* In each Section 101 case resolved this term, the Federal Circuit affirmed the district court and held that there was no patentable subject matter. *Accenture Global Servs., GMBH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013); *In re Roslin Institute (Edinburgh)*, 750 F.3d 1333 (Fed. Cir. 2014); *Digitech Image Technologies, LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014).

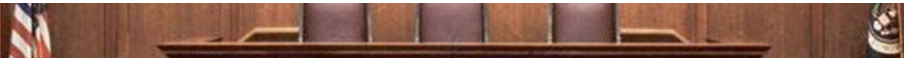
Not surprisingly, issues of claim construction, infringement, obviousness, and Section 112 dominated the Court's substantive patent law docket in 2013-2014, and the Court also addressed a significant number of district court and ITC-related procedural issues. Patent holders and their opponents fared somewhat differently depending on the substantive issue, but overall the opponents had more outright successes (47% compared to 38%), which is a reversal of the overall win/loss percentage from last year, when patentees were more successful overall. In 2013-2014, patent holders prevailed more often than their opponents on issues of obviousness (54% compared to 42%), anticipation (46% compared to 38%), injunctive relief (60% compared to 30%), and Section 112 (45% compared to 40%).² Opponents of patent holders prevailed outright more often on issues of claim construction (43% compared to 37%), damages (50% compared to 38%), and Section 101 (75% compared to 0%); in a reversal from last year's trend, opponents also prevailed substantially more often on infringement issues (59% compared to 26%). The relative success of patent holders on issues of validity may very well be attributed to the burden of proof and the presumption of validity, but it is interesting to note that the margin in favor of the patentee is not great and is indeed less than the burden of proof might suggest.

As was the case last year, the affirmance rates for frequently recurring issues are not necessarily correlated with the relative rigor of the presumptively applicable standards of appellate review. For example, rulings relating to injunctive relief were reversed as often as they were affirmed (40% each), even though such rulings are generally reviewed under the deferential abuse-of-discretion standard. Of course, there are circumstances in which the grant or denial of injunctive relief may be predicated on a pure legal ruling that is not entitled to deferential review, which may help explain the high reversal rate. Subject matter ineligibility rulings applying Section 101 were affirmed 100% of the time when the issue was resolved on the merits,³ even though such rulings typically involve pure questions of law reviewed de novo.

In other areas, however, the standard of review seems to produce the expected results: anticipation rulings were reversed in full only 15% of the time and in part another 8% of the time, not surprisingly in light of the typically fact-intensive nature of such determinations. Claim construction rulings, on the other hand, were reversed in whole or in part 48% of the time, in keeping with the de novo standard of appellate review reaffirmed by the *en banc* Court in *Lighting Ballast* (and currently under review by the Supreme Court in *Teva v. Sandoz, supra*). The results in obviousness cases, which were divided almost equally between affirmances and

² The remaining cases produced mixed or inconclusive results on these issues.

³ The Federal Circuit vacated one case for the lower tribunal to decide in light of new precedent, which is the reason for the 75% statistic in the table below.



reversals (54% to 46%), also seem consistent with the mixed nature of the obviousness issue (an ultimate question of law based on subsidiary facts).

These statistics may suggest that appellants seeking to challenge unfavorable district court rulings in patent cases should not be unduly daunted by the technically more rigorous standards of appellate review that apply to certain types of issues on appeal, such as factual disputes or rulings committed to the discretion of the district court. Overall, however, it remains true in the Federal Circuit that appellees fare better than appellants, although appellants' odds improved somewhat this year. The Court affirmed 51% of the patent issues decided in precedential opinions in 2013-2014, while reversing in 33%, with another 9% producing partial wins for both sides; the comparable statistics for 2012-2013 were 55% affirmed, 28% reversed, and 11% split.⁴ Thus, while appellants still face somewhat unattractive odds on average, the overall prospects for obtaining at least some relief (42%) are probably better than in many of the regional circuits. This may be a reflection of both the complexity of patent cases generally (and thus the greater potential for reversible error) and the specialized expertise of the Federal Circuit.

The Federal Circuit continues to decide cases in a reasonably prompt manner. Even though the Court's published patent decisions are likely to involve some of the most complex issues faced by the Court (or indeed by any court of appeals), the average time from oral argument to decision was less than four months (120 days, to be precise), and the average time from the decision below until issuance of the Federal Circuit's opinion was roughly 17 months. The average time from docketing to decision is 415 days (almost 14 months) for precedential cases, compared to a median of less than 11 months from docketing to disposition for all Federal Circuit appeals.⁵ The longer time period for precedential patent decisions is obviously reflective of the greater complexity and more substantial investment of judicial resources entailed in resolving patent appeals that merit published opinions.

⁴ The remaining percentage (where neither party won) is disclosed in the statistics section below.

⁵ See <http://www.cafc.uscourts.gov/the-court/statistics.html>, Median Disposition Time for Cases Terminated After Hearing or Submission, Detailed Table of Data (2013).

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STATISTICAL ANALYSIS

Number of Precedential Patent Cases Decided	128
Average Time:	
Lower Tribunal Decision To Federal Circuit Oral Argument	394 Days
Lower Tribunal Decision To Federal Circuit Decision	515 Days
Docketing To Federal Circuit Oral Argument	295 Days
Docketing To Federal Circuit Decision	415 Days
Oral Argument To Federal Circuit Decision	120 Days
Number of En Banc Cases Decided	1
Judge Authoring The Most Decisions	Reyna (20)
Judge Authoring The Fewest Decisions	Mayer (0)
Judges Authoring The Most Majority Opinions	Tie Between Moore (17), Prost (17)
Judges Authoring The Fewest Majority Opinions	Tie Between Mayer (0), Clevenger (0)
Judge Authoring The Most Concurring Opinions	O'Malley (4)
Judge Authoring The Most Dissenting Opinions	Newman (7)
Judge Authoring The Most Unanimous Decisions	Taranto (15)
Top 5 District Courts In Number Of Appeals	District of Delaware (13) Northern District of California (12) Central District of California (8) Eastern District of Texas (8) District of New Jersey (7)
Number Of Cases With Amicus Briefs	18
Percentage Of Cases Involving:	
Software/Electrical	38%
Chemical/Pharmaceutical	21%
Mechanical	20%
Biotech/Medical Device	18%
Business Method	3%



TOP ISSUES BEFORE THE FEDERAL CIRCUIT (BY NUMBER)

Claim Construction	46
Infringement	27
§103 / Obviousness	26
District Court Procedures	23
§112 / Written Description, Enablement, Definiteness	20

OVERALL WIN RATE FOR PATENTEE/OPPONENT (BY PERCENTAGE)

Patentee Won	38%
Opponent Won	47%
Both Won	10%
Neither Won	4%

OVERALL WIN RATE FOR PATENTEE/OPPONENT (BY NUMBER)

Patentee Won	94
Opponent Won	117
Both Won	25
Neither Won	11

PATENTEE AND OPPONENT WIN RATE BY ISSUE

Issue	Patentee	Opponent	Both	Neither
§101 / Subject Matter Eligibility	0%	75%	0%	25%
§102 / Anticipation	46%	38%	8%	8%
§103 / Obviousness	54%	42%	0%	4%
Double Patenting	0%	100%	0%	0%
§112 / Written Description, Enablement, Definiteness	45%	40%	15%	0%
Level Of Skill In The Art	100%	0%	0%	0%
Claim Construction	37%	43%	15%	4%
Infringement	26%	59%	15%	0%
Willful Infringement	0%	100%	0%	0%
Injunctive Relief	60%	30%	10%	0%
Monetary Relief	38%	50%	13%	0%
Laches, Estoppel	33%	67%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	25%	50%	0%	25%
Inequitable Conduct	0%	100%	0%	0%
Ownership, Assignments, Recording In PTO	100%	0%	0%	0%
Inventorship, Interference, Derivation	43%	57%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	67%	33%	0%	0%
Design Patents	44%	33%	11%	11%
PTO Procedures	0%	100%	0%	0%
America Invents Act (AIA)	0%	100%	0%	0%
ITC Procedures	44%	44%	11%	0%
District Court Procedures	26%	48%	13%	13%
Jurisdiction, Venue, Standing	0%	67%	17%	17%
Federal Circuit Procedures	50%	50%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



TOP ISSUES THAT PATENTEE WON (BY PERCENTAGE)

Level Of Skill In The Art	100%
Ownership, Assignments, Recording In PTO	100%
Priority, Conception, Reduction to Practice, Diligence	67%
Injunctive Relief	60%
§103 / Obviousness	54%

TOP ISSUES THAT PATENTEE WON (BY NUMBER)

Claim Construction	17
§103 / Obviousness	14
§112 / Written description, Enablement, Definiteness	9
ITC Procedures	8
Infringement	7

TOP ISSUES THAT OPPONENT WON (BY PERCENTAGE)

Double Patenting	100%
Willful Infringement	100%
Inequitable Conduct	100%
PTO Procedures	100%
America Invents Act (AIA)	100%

TOP ISSUES THAT OPPONENT WON (BY NUMBER)

Claim Construction	20
Infringement	16
§103 / Obviousness	11
District Court Procedures	11



TOP ISSUES THAT BOTH PATENTEE AND OPPONENT WON (BY PERCENTAGE)

Jurisdiction, Venue, Standing	17%
Claim Construction	15%
§112 / Written Description, Enablement, Definiteness	15%
Infringement	15%

TOP ISSUES THAT BOTH PATENTEE AND OPPONENT WON (BY NUMBER)

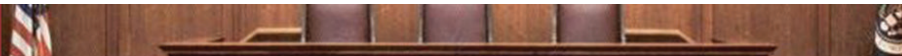
Claim Construction	7
Infringement	4
§112 / Written Description, Enablement, Definiteness	3
District Court Procedures	3

TOP ISSUES THAT NEITHER PATENTEE NOR OPPONENT WON (BY PERCENTAGE)

First Sale Doctrine / Implied License / Exhaustion	25%
§101 / Subject Matter Eligibility	25%
Jurisdiction, Venue, Standing	17%
District Court Procedures	13%

TOP ISSUES THAT NEITHER PATENTEE NOR OPPONENT WON (BY NUMBER)

District Court Procedures	3
Claim Construction	2



OVERALL AFFIRMANCE/REVERSAL RATE (BY PERCENTAGE)

Affirmed	51%
Reversed	33%
Both	9%
Neither	7%

OVERALL AFFIRMANCE/REVERSAL RATE (BY NUMBER)

Affirmed	126
Reversed	82
Both	21
Neither	17

AFFIRMANCE/REVERSAL RATE PER ISSUE

Issue	Affirmed	Reversed	Both	Neither
§101 / Subject Matter Eligibility	75%	25%	0%	0%
§102 / Anticipation	77%	15%	8%	0%
§103 / Obviousness	54%	46%	0%	0%
Double Patenting	0%	100%	0%	0%
§112 / Written Description, Enablement, Definiteness	68%	26%	5%	0%
Level Of Skill In The Art	100%	0%	0%	0%
Claim Construction	50%	33%	15%	2%
Infringement	59%	30%	11%	0%
Willful Infringement	0%	100%	0%	0%
Injunctive Relief	40%	40%	20%	0%
Monetary Relief	44%	38%	13%	6%
Laches, Estoppel	33%	67%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	75%	25%	0%	0%
Inequitable Conduct	0%	0%	0%	100%
Ownership, Assignments, Recording In PTO	100%	0%	0%	0%
Inventorship, Interference, Derivation	71%	29%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	33%	67%	0%	0%
Design Patents	22%	56%	22%	0%
PTO Procedures	100%	0%	0%	0%
America Invents Act (AIA)	100%	0%	0%	0%
ITC Procedures	50%	39%	6%	6%
District Court Procedures	39%	17%	4%	39%
Jurisdiction, Venue, Standing	0%	17%	17%	67%
Federal Circuit Procedures	0%	100%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT (BY PERCENTAGE)

Level Of Skill In The Art	100%
Ownership, Assignments, Recording In PTO	100%
PTO Procedures	100%
America Invents Act (AIA)	100%

TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT (BY NUMBER)

Claim Construction	23
Infringement	16
§103 / Obviousness	14
§112 / Written Description, Enablement, Definiteness	13

TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT (BY PERCENTAGE)

Double Patenting	100%
Willful Infringement	100%
Federal Circuit Procedures	100%
Laches, Estoppel	67%
Priority, Conception, Reduction to Practice, Diligence	67%

TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT (BY NUMBER)

Claim Construction	15
§103 / Obviousness	12
Infringement	8
ITC Procedures	7
Monetary Relief	6

**TOP ISSUES BOTH AFFIRMED AND REVERSED BY THE FEDERAL CIRCUIT
(BY PERCENTAGE)**

Design Patents	22%
Injunctive Relief	20%
Jurisdiction, Venue, Standing	17%
Claim Construction	15%

**TOP ISSUES BOTH AFFIRMED AND REVERSED BY THE FEDERAL CIRCUIT
(BY NUMBER)**

Claim Construction	7
Infringement	3

**TOP ISSUES NEITHER AFFIRMED NOR REVERSED BY THE FEDERAL CIRCUIT
(BY PERCENTAGE)**

Inequitable Conduct	100%
Jurisdiction, Venue, Standing	67%
District Court Procedures	39%

**TOP ISSUES NEITHER AFFIRMED NOR REVERSED BY THE FEDERAL CIRCUIT
(BY NUMBER)**

District Court Procedures	9
Jurisdiction, Venue, Standing	4

**FREQUENCY THAT COURT, AGENCY, OR JURY DECIDED ISSUE BELOW (BY PERCENTAGE)**

District Court	74%
Agency	17%
Jury	1%
Mix	1%
None	6%

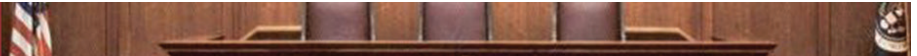
FREQUENCY THAT COURT, AGENCY, OR JURY DECIDED ISSUE BELOW (BY NUMBER)

District Court	184
Agency	43
Jury	3
Mix	2
None	15



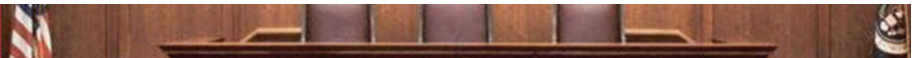
BREAKDOWN BY ISSUE: WHETHER COURT, AGENCY, OR JURY DECIDED ISSUE BELOW

Issue	Court	Agency	Jury	Mix	None
§101 / Subject Matter Eligibility	75%	25%	0%	0%	0%
§102 / Anticipation	69%	31%	0%	0%	0%
§103 / Obviousness	50%	42%	8%	0%	0%
Double Patenting	100%	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	80%	20%	0%	0%	0%
Level Of Skill In The Art	50%	50%	0%	0%	0%
Claim Construction	76%	22%	0%	0%	2%
Infringement	85%	7%	4%	4%	0%
Willful Infringement	100%	0%	0%	0%	0%
Injunctive Relief	100%	0%	0%	0%	0%
Monetary Relief	100%	0%	0%	0%	0%
Laches, Estoppel	100%	0%	0%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	100%	0%	0%	0%	0%
Inequitable Conduct	0%	0%	0%	0%	100%
Ownership, Assignments, Recording In PTO	100%	0%	0%	0%	0%
Inventorship, Interference, Derivation	57%	43%	0%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	100%	0%	0%	0%	0%
Design Patents	22%	67%	0%	11%	0%
PTO Procedures	100%	0%	0%	0%	0%
America Invents Act (AIA)	0%	100%	0%	0%	0%
ITC Procedures	94%	0%	0%	0%	6%
District Court Procedures	70%	0%	0%	0%	30%
Jurisdiction, Venue, Standing	17%	0%	0%	0%	83%
Federal Circuit Procedures	100%	0%	0%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%	0%



AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY A COURT

COURT DECISIONS				
Issue	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
§101 / Subject Matter Eligibility	67%	33%	0%	0%
§102 / Anticipation	89%	11%	0%	0%
§103 / Obviousness	69%	31%	0%	0%
Double Patenting	0%	100%	0%	0%
§112 / Written Description, Enablement, Definiteness	69%	25%	6%	0%
Level Of Skill In The Art	100%	0%	0%	0%
Claim Construction	57%	29%	14%	0%
Infringement	57%	35%	9%	0%
Willful Infringement	0%	100%	0%	0%
Injunctive Relief	40%	40%	20%	0%
Monetary Relief	44%	38%	13%	6%
Laches, Estoppel	33%	67%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	75%	25%	0%	0%
Inequitable Conduct	%	0%	0%	0%
Ownership, Assignments, Recording In PTO	100%	0%	0%	0%
Inventorship, Interference, Derivation	75%	25%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	33%	67%	0%	0%
Design Patents	0%	100%	0%	0%
PTO Procedures	100%	0%	0%	0%
America Invents Act (AIA)	0%	0%	0%	0%
ITC Procedures	47%	41%	6%	6%
District Court Procedures	56%	25%	6%	13%
Jurisdiction, Venue, Standing	0%	0%	100%	0%
Federal Circuit Procedures	0%	100%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



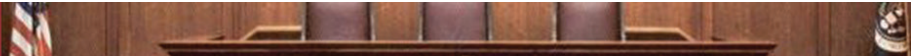
AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY AGENCY

AGENCY DECISIONS				
Issue	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
§101 / Subject Matter Eligibility	100%	0%	0%	0%
§102 / Anticipation	50%	25%	25%	0%
§103 / Obviousness	36%	64%	0%	0%
Double Patenting	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	75%	25%	0%	0%
Level Of Skill In The Art	100%	0%	0%	0%
Claim Construction	30%	50%	20%	0%
Infringement	50%	0%	50%	0%
Willful Infringement	0%	0%	0%	0%
Injunctive Relief	0%	0%	0%	0%
Monetary Relief	0%	0%	0%	0%
Laches, Estoppel	0%	0%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	0%	0%	0%	0%
Inequitable Conduct	0%	0%	0%	0%
Ownership, Assignments, Recording In PTO	0%	0%	0%	0%
Inventorship, Interference, Derivation	67%	33%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	0%	0%	0%	0%
Design Patents	33%	50%	17%	0%
PTO Procedures	0%	0%	0%	0%
America Invents Act (AIA)	100%	0%	0%	0%
ITC Procedures	0%	0%	0%	0%
District Court Procedures	0%	0%	0%	0%
Jurisdiction, Venue, Standing	0%	0%	0%	0%
Federal Circuit Procedures	0%	0%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY JURY

JURY DECISIONS				
Issue	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
§101 / Subject Matter Eligibility	0%	0%	0%	0%
§102 / Anticipation	0%	0%	0%	0%
§103 / Obviousness	50%	50%	0%	0%
Double Patenting	0%	0%	0%	0%
§112 / Written Description, Enablement, Definiteness	0%	0%	0%	0%
Level Of Skill In The Art	0%	0%	0%	0%
Claim Construction	0%	0%	0%	0%
Infringement	100%	0%	0%	0%
Willful Infringement	0%	0%	0%	0%
Injunctive Relief	0%	0%	0%	0%
Monetary Relief	0%	0%	0%	0%
Laches, Estoppel	0%	0%	0%	0%
First Sale Doctrine / Implied License / Exhaustion	0%	0%	0%	0%
Inequitable Conduct	0%	0%	0%	0%
Ownership, Assignments, Recording In PTO	0%	0%	0%	0%
Inventorship, Interference, Derivation	0%	0%	0%	0%
Priority, Conception, Reduction To Practice, Diligence	0%	0%	0%	0%
Design Patents	0%	0%	0%	0%
PTO Procedures	0%	0%	0%	0%
America Invents Act (AIA)	0%	0%	0%	0%
ITC Procedures	0%	0%	0%	0%
District Court Procedures	0%	0%	0%	0%
Jurisdiction, Venue, Standing	0%	0%	0%	0%
Federal Circuit Procedures	0%	0%	0%	0%
Hatch-Waxman Act Procedures	0%	0%	0%	0%



AFFIRMANCE/REVERSAL RATE BASED ON DISTRICT

Source	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
Central District of California	65%	29%	0%	6%
District of Arizona	0%	75%	25%	0%
District of Columbia	75%	0%	25%	0%
District of Delaware	73%	27%	0%	0%
District of Massachusetts	50%	40%	0%	10%
District of Minnesota	0%	0%	100%	0%
District of Montana	0%	100%	0%	0%
District of Nevada	0%	0%	0%	100%
District of New Jersey	56%	39%	6%	0%
District of New Mexico	100%	0%	0%	0%
Eastern District of California	100%	0%	0%	0%
Eastern District of Missouri	100%	0%	0%	0%
Eastern District of Texas	63%	38%	0%	0%
Eastern District of Virginia	43%	43%	7%	7%
Middle District of Florida	67%	33%	0%	0%
Middle District of North Carolina	67%	33%	0%	0%
Middle District of Pennsylvania	50%	0%	0%	50%
Northern District of California	47%	42%	5%	5%
Northern District of Georgia	0%	0%	100%	0%
Northern District of Illinois	20%	40%	40%	0%
Northern District of Ohio	50%	0%	50%	0%
Northern District of Texas	86%	14%	0%	0%
Southern District of California	100%	0%	0%	0%
Southern District of Florida	0%	67%	0%	33%
Southern District of Indiana	0%	100%	0%	0%
Southern District of New York	47%	33%	20%	0%
Southern District of Ohio	67%	33%	0%	0%
Southern District of Texas	0%	100%	0%	0%
Western District of Arkansas	50%	50%	0%	0%
Western District of Pennsylvania	0%	0%	0%	100%
Western District of Tennessee	100%	0%	0%	0%
Western District of Washington	50%	50%	0%	0%
Western District of Wisconsin	100%	0%	0%	0%



TOP DISTRICTS THAT FEDERAL CIRCUIT AFFIRMED/REVERSED (BY PERCENTAGE)

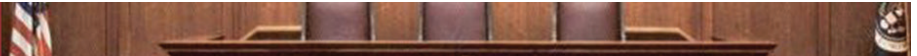
	Affirm		Reverse		Both		Neither
District of New Mexico	100%	District of Montana	100%	District of Minnesota	100%	District of Nevada	100%
Eastern District of California	100%	Southern District of Indiana	100%	Northern District of Georgia	100%	Western District of Pennsylvania	100%
Eastern District of Missouri	100%	Southern District of Texas	100%				
Southern District of California	100%	District of Arizona	75%				
Western District of Tennessee	100%						
Western District of Wisconsin	100%						

TOP DISTRICTS THAT FEDERAL CIRCUIT AFFIRMED/REVERSED (BY NUMBER)

	Affirm		Reverse		Both		Neither
District of Delaware	16	Northern District of California	8	Northern District of Illinois	4	Central District of California	1
Central District of California	11	District of New Jersey	7	Southern District of New York	3	District of Massachusetts	1
District of New Jersey	10	District of Delaware	6	Northern District of Ohio	2	District of Nevada	1
		Eastern District of Virginia	6			Eastern District of Virginia	1
						Middle District of Pennsylvania	1
						Northern District of California	1
						Southern District of Florida	1
						Western District of Pennsylvania	1

WIN RATE BY DISTRICT

Source	Patentee	Opponent	Both	Neither
Central District of California	59%	41%	0%	0%
District of Arizona	0%	75%	25%	0%
District of Columbia	0%	75%	25%	0%
District of Delaware	30%	70%	0%	0%
District of Massachusetts	40%	60%	0%	0%
District of Minnesota	0%	0%	100%	0%
District of Montana	100%	0%	0%	0%
District of Nevada	100%	0%	0%	0%
District of New Jersey	44%	44%	11%	0%
District of New Mexico	0%	100%	0%	0%
Eastern District of California	100%	0%	0%	0%
Eastern District of Missouri	100%	0%	0%	0%
Eastern District of Texas	25%	75%	0%	0%
Eastern District of Virginia	21%	71%	7%	0%
Middle District of Florida	33%	67%	0%	0%
Middle District of North Carolina	67%	33%	0%	0%
Middle District of Pennsylvania	100%	0%	0%	0%
Northern District of California	26%	37%	32%	5%
Northern District of Georgia	0%	0%	100%	0%
Northern District of Illinois	50%	20%	30%	0%
Northern District of Ohio	0%	50%	50%	0%
Northern District of Texas	0%	100%	0%	0%
Southern District of California	0%	100%	0%	0%
Southern District of Florida	0%	33%	0%	67%
Southern District of Indiana	100%	0%	0%	0%
Southern District of New York	33%	47%	20%	0%
Southern District of Ohio	0%	67%	0%	33%
Southern District of Texas	100%	0%	0%	0%
Western District of Arkansas	50%	50%	0%	0%
Western District of Pennsylvania	0%	0%	0%	100%
Western District of Tennessee	100%	0%	0%	0%
Western District of Washington	50%	50%	0%	0%
Western District of Wisconsin	56%	44%	0%	0%



TOP DISTRICTS WON BY PATENTEE/OPPONENT (BY PERCENTAGE)

	Patentee		Opponent		Both		Neither
District of Montana	100%	District of New Mexico	100%	District of Minnesota	100%	Western District of Pennsylvania	100%
District of Nevada	100%	Northern District of Texas	100%	Northern District of Georgia	100%	Southern District of Florida	67%
Eastern District of California	100%	Southern District of California	100%				
Eastern District of Missouri	100%						
Middle District of Pennsylvania	100%						
Southern District of Indiana	100%						
Southern District of Texas	100%						
Western District of Tennessee	100%						

TOP DISTRICTS WON BY PATENTEE/OPPONENT (BY NUMBER)

	Patentee		Opponent		Both		Neither
Central District of California	10	District of Delaware	16	Northern District of California	6	Southern District of Florida	2
District of New Jersey	8	Eastern District of Virginia	10	Northern District of Illinois	3	Northern District of California	1
District of Delaware	7	District of New Jersey	8	Southern District of New York	3	Southern District of Ohio	1
						Western District of Pennsylvania	1

WIN RATE BY TRIBUNAL (BY PERCENTAGE)

Source	Patentee Won	Opponent Won	Both Won	Neither Won
District Court	36%	51%	11%	3%
PTO	46%	36%	3%	15%
ITC	45%	27%	27%	0%

WIN RATE BY TRIBUNAL (BY NUMBER)

Source	Patentee Won	Opponent Won	Both Won	Neither Won
District Court	71	101	21	5
PTO	18	14	1	6
ITC	5	3	3	

AFFIRMANCE/REVERSAL RATE BY TRIBUNAL (BY PERCENTAGE)

Source	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
District Court	55%	33%	8%	4%
PTO	33%	41%	5%	21%
ITC	45%	18%	27%	9%

AFFIRMANCE/REVERSAL RATE BY TRIBUNAL (BY NUMBER)

Source	Affirm	Reverse	Both (Affirm/Reverse)	Neither (Affirm/Reverse)
District Court	108	64	16	8
PTO	13	16	2	8
ITC	5	2	3	1

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CASE SUMMARIES

3M Innovative Props. Co. v. Tredegar Corp.,

725 F.3d 1315, 2013 WL 3984988 (Fed. Cir. Aug. 06, 2013)

This appeal was limited entirely to the claim construction of four claim terms from four asserted patents. The Federal Circuit affirmed two of the district court's constructions, and vacated the other two claim constructions. *Takeaway*: Claim construction should be informed by the plain meaning of the patent terms, and the prosecution history is only controlling in the event of a clear and unmistakable disclaimer. Also, Federal Circuit judges are increasingly distressed by the vagueness of claim terms.

Plaintiff 3M, a manufacturer of laminate products such as diapers, appealed the district court's claim construction order after stipulating to non-infringement of its patents by Tredegar, a competitor in the same industry, which had outstanding counterclaims for a declaration of invalidity and/or unenforceability. The patents-in-suit relate to "multi-layer elastomeric laminates found in the body-hugging areas of products such as the waistband or side tabs of disposable diapers or adult incontinence products," which allow the product to expand around the user and stabilize to recover its shape after expansion is complete. All of the patents-in-suit addressed problems in the prior art resulting from inflexibility in the materials used. The Federal Circuit enforced a construction of three out of the four terms in favor of the patentee.

The first claim term required the elastomeric core and skin layers of the laminate to be in "continuous contact" or "substantially continuous contact" — the parties agreed that these terms should have the same construction. The Federal Circuit affirmed the district court's construction of these terms, but clarified the scope of that construction. Specifically, the Federal Circuit clarified that these terms include "cohesive failure" where the laminate is not fully intact such that there are minor gaps between the elastomeric core and skin layers. Tredegar relied heavily on the prosecution history to argue a narrower construction excluding "cohesive failure," pointing to narrowing amendments made by the applicant amending "substantially continuous contact" to "continuous contact." Tredegar argued that this amendment amounted to a prosecution disclaimer to limit the claim terms to skin-to-core contact, excluding any cohesive failure. The Federal Circuit held that this history was insufficient to rebut the plain meaning of the terms: "[I]n order for a prosecution disclaimer to attach, the disavowal must be both clear and unmistakable. . . . Where an applicant's statements are amenable to multiple reasonable interpretations, they cannot be deemed clear and unmistakable."

Relying on similar reasoning, the Federal Circuit affirmed the district court's construction of "continuous micro textured skin layer," explaining that the written description referred to a skin layer that is both continuous and micro textured over substantially the entire laminate. The Federal Circuit denied 3M's reliance on an extrinsic grammar manual for the proposition that "continuous" does not modify



“micro textured,” and further held that the prosecution history did not provide any reason to depart from the claim language and the written description.

The Federal Circuit unanimously reversed the district court’s narrow interpretation of the phrase “preferential activation zone” and held in favor of 3M’s broader construction. Certain patents included a limitation that some areas of the laminate should be more elastic than others, and used the term “preferential activation zone” in reference to the more flexible regions. The district court interpreted this term narrowly, requiring that the zones be “predetermined,” “identifiable,” and that they result from an intermediate “pre-activation state.” The Federal Circuit rejected all of those added limitations, concluding that “preferential activation zones” are necessarily “selected” beforehand — being constructed out of differentially flexible material — but they do not need to exist before the activation occurs, and need not be predetermined or identifiable. The court “deferred to the plain meaning of the claims,” choosing not to read additional limitations into the claim language. Moreover, the Federal Circuit was guided by a legal principle dictating that it rest on statements made by the patentee over conflicting statements made by the examiner during prosecution.

The Federal Circuit also unanimously reversed the district court’s construction of the term “ribbon” to a laminate with a width of one-inch or less, holding that an artificial size limitation was improper where the patents-in-suit never disclosed a particular size or any specific dimensions for elastomeric ribbons. However, Tredegar argued that the district court correctly concluded that a “ribbon” must have a width of one-inch or less, relying on a prior art disclosure to avoid an indefinite claim term. The Federal Circuit reversed that construction, relying on the plain meaning of the term, holding that there was no indefiniteness issue here: “[i]n order to be indefinite, reasonable efforts at claim construction must result in a definition that does not provide sufficient particularity or clarity to inform a skilled artisan of the bounds of the claim.”

Judge Plager offered a strong concurrence, lamenting the lack of clarity in patent claim language, and suggesting the adoption of new standards to increase the incentive of patent applicants to ensure clarity. Judge O’Malley, concurring-in-part, and dissenting-in-part, disagreed with the majority’s conclusion regarding the “continuous micro textured skin layer” term based on her analysis of the prosecution history.

AbbVie Deutschland GmbH & Co., KG v. Janssen Biotech, Inc.,

759 F.3d 1285, 2014 WL 2937477 (Fed. Cir. July 1, 2014)

In a consolidated patent infringement action and patent interference action between competitors in the human antibody field, the Federal Circuit affirmed the district court’s rulings on collateral estoppel, written description and enablement, and new trial.

AbbVie sued Centocor for infringing patents related to antibodies capable of treating diseases associated with overproduction of naturally-occurring protein in the human body. There was a separate interference action brought by Centocor, seeking the district court’s review of the Board of Patent Appeals decisions in an interference



between a Centocor patent and one of AbbVie's patents at issue in the infringement action. These two actions were consolidated on appeal. In its appeal, AbbVie challenged the district court's denial of: 1) its motion for summary judgment, in which the district court held that Centocor was not collaterally estopped from raising invalidity defenses in the infringement action after the interference proceeding at the PTO; 2) its motion for judgment as a matter of law (JMOL) on the issues of written description and enablement; and 3) its motion for a new trial for alleged errors in the court's evidentiary rulings and jury instructions.

First, the Federal Circuit found that the Board of Patent Appeals and Interferences (the Board's) judgment was not a final judgment for the purposes of collateral estoppel because the interference action under 35 U.S.C § 146 was still pending at the district court. Specifically, the Board's priority and nonobviousness decisions lacked the requisite finality for purposes of collateral estoppel because Centocor was entitled to present new evidence with respect to these issues, leaving the factual record in the interference action open and subject to *de novo* determination by the district court. Accordingly, Centocor was not collaterally estopped from raising invalidity defenses in the infringement action after the interference proceeding at the PTO.

Second, the Federal Circuit concluded that substantial evidence supports the jury verdict that the asserted claims are invalid for lack of an adequate written description. AbbVie's patent disclosure is limited to a family of closely related, structurally similar antibodies that are all derived from Joe-9, whereas its functionally defined claims cover antibodies having widely varying structures including Stelara, the neutralizing antibody drug marketed by Centocor. There is no evidence in the record that shows any described antibody to be structurally similar to, and thus representative of, Stelara. In essence, a genus is claimed but the specification only describes a part of that genus that is insufficient to constitute a description of the genus. There is also no evidence to show whether one of skill in the art could make predictable changes to the described antibodies to arrive at other types of antibodies such as Stelara. Accordingly, the Federal Circuit affirmed the district court's denial of JMOL on the issue of written description.

Finally, the Federal Circuit found that the district court did not abuse its discretion in denying plaintiff's motion for a new trial based on the evidentiary rulings and jury instructions. Because substantial evidence supported the jury verdict of invalidity for lack of written description support, the district court's exclusion of other evidence and testimony could not have affected AbbVie's substantive rights concerning the verdict.

The concurring opinion agrees that the Federal Circuit should affirm the trial court's judgment invalidating the asserted patent claims, but would premise it on the lower court's obviousness finding instead of the written description analysis.

Accenture Global Servs., GmbH v. Guidewire Software, Inc.,
728 F.3d 1336, 2013 WL 4749919 (Fed. Cir. Sept. 05, 2013)

The Federal Circuit split on whether the system claims of Accenture’s ‘284 patent are patent-eligible. The district court granted summary judgment holding all claims, both system and method, of the ‘284 patent invalid under 35 U.S.C. § 101 because they are drawn to abstract ideas. Accenture appealed the district court’s ruling in regards to the system claims but not the method claims. The Federal Circuit affirmed, with then-Chief Judge Rader in dissent.

Accenture Global Services holds a patent that describes a computer program for handling insurance-related tasks. The patent has claims to both a system for and method for generating tasks to be performed in an insurance organization. For example, the system stores information on insurance transactions in a database and, upon occurrence of an event, the system determines what tasks need to be accomplished for that transaction and assigns those tasks to various authorized individuals to complete them. The system includes a transaction database, a client component to access that database, a task library database, and a server component. Similarly, the method claim takes an insurance transaction, applies rules to that transaction to determine tasks to be completed, and then the tasks are made accessible to authorized individuals to complete the task.

In evaluating whether the ‘284 patent system claims are invalid as abstract, the Federal Circuit first compared the system claims to the unappealed method claims to determine whether the system claims contain any meaningfully different limitations. The court found none. It noted that while it is not always true that related system claims are patent-ineligible whenever similar method claims are, in this case the two claims contained insignificant meaningful limitations, so the two failed together.

Then, the court stated that it would proceed with an independent analysis of the system claims to determine, aside from the status of the method claims, whether they are patent-eligible. First, the court identified the abstract idea of the claim as “generating tasks based on rules to be completed upon the occurrence of an event” — not as broad as the abstract idea identified by the district court but an abstract idea nonetheless. Then, the court proceeded with a preemption analysis to determine whether any substantive limitations narrow, confine, or otherwise tie down the claim so that it does not cover the full abstract idea itself. The court concluded that limiting the abstract idea by applying it in a computer environment, i.e. simply implementing the abstract idea on a computer, was insufficient. Therefore, the claims were invalid under 35 U.S.C. § 101.

In dissent, Chief Judge Rader first disagreed with the majority’s reliance on the plurality opinion in *CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269 (Fed. Cir. 2013), which does not carry the weight of precedent. Additionally, Judge Rader disagreed with the majority’s decision to rely on the unappealed method claims because Accenture’s willingness to narrow issues on appeal should not create an admission that defeats its appealed claims. Finally, Judge Rader would hold the claims patent-eligible

because they recited a specific combination of computer components and therefore did not claim only an abstract idea.

Aevoe Corp. v. AE Tech Co., Ltd.,

727 F.3d 1375, 2013 WL 4563014 (Fed. Cir. Aug. 29, 2013)

The Federal Circuit dismissed as untimely an appeal by infringers AE Tech Co., Ltd., S & F Corporation, and Greatshield, Inc. of the district court's preliminary injunction granted in favor of patentee Aevoe Corporation. The Federal Circuit found that, while the district court had modified the language of an earlier preliminary injunction, the legal relationship between the parties had not been sufficiently changed to create a new right of appeal. The panel held that the district court had simply clarified the scope of the original injunction, so the Federal Circuit lacked jurisdiction to hear the appeal.

By way of background, Aevoe held a patent for a touch screen protector for electronic devices. After Aevoe sued AE Tech in district court in Nevada, the district court ordered AE Tech to show cause for why a preliminary injunction should not issue. AE Tech did not answer the complaint, respond, or appear, so the district court issued the preliminary injunction. In response to AE Tech's later motion to reconsider and vacate the preliminary injunction, the court altered the injunction to remove the words "counterfeit" and "colorable imitation," as the court agreed with the defendants that these terms constituted irrelevant trademark language. AE Tech then informed Aevoe that it had "redesigned" its product and was selling it with the help of S & F Corporation. In response, Aevoe amended its complaint to join the S & F Corporation defendants. After the contempt hearing, the district court then reinserted the "colorable imitation" language, and added S & F Corporation as defendants. The district court held all defendants in contempt for willfully disregarding the court's earlier preliminary injunction.

The Federal Circuit determined that it did not have jurisdiction over the defendants' appeal. The panel first noted that a contempt order enforcing an injunction is not appealable until final judgment. Thus, the appeal was forced to rest solely on the initial preliminary injunction that had barred the sale of the redesigned screen protector. But the statute of limitations period had already passed for appealing that injunction order, so the appeal was found untimely.

To overcome the untimeliness issue, the defendants argued that the district court's revisions to the preliminary injunction had modified the injunction, thus creating new appellate jurisdiction over the dispute. Accordingly, the Federal Circuit panel evaluated whether the district court had sufficiently modified the preliminary injunction so as to substantially change the legal relationship between the parties, as opposed to simply interpreting the existing injunction. The Federal Circuit concluded that removing and returning the language at issue to the preliminary injunction effected no substantial change, so the legal relationship between the parties had not been altered.

The defendants also asserted that the district court's having added the S & F Corporation defendants to the preliminary injunction created a new right of appeal. But

the Federal Circuit concluded that adding the new defendants did not substantially alter the legal relationship between the parties such that the S & F Corporation defendants could appeal. The panel held that the S & F defendants were “acting in concert” with AE Tech in connection with the resale of the redesigned products, so they fell within the express language of the original injunction despite not being explicitly named as parties.

Thus, the panel found, the defendants’ appeal did not derive from a modification of the preliminary injunction. As such, the defendants could not appeal the contempt order, and the appeal was dismissed.

Alcon Research Ltd. v. Barr Labs., Inc.,

745 F.3d 1180, 2014 WL 1013076 (Fed. Cir. Mar. 18, 2014)

The Federal Circuit affirmed the district court’s ruling that Alcon had failed to provide sufficient evidence of infringement in its Hatch-Waxman litigation against Barr Labs but reversed the district court’s finding of invalidity for lack of enablement and written description. Takeaways: Statistical extrapolation of testing from a product that is different from the actual ANDA is insufficient to demonstrate that a novel drug composition disclosed in an ANDA will violate an existing patent. Also, it is important to argue enablement and written description separately as they each impose distinct requirements.

Alcon’s patents claim a method for enhancing the stability of prostaglandin in glaucoma and ocular hypertension drugs such as Travatan Z® by adding polyethoxylated castor oil (“PECO”). Alcon claimed that the formulation in Barr’s ANDA would infringe their method, relying on accelerated stability tests from previous experiments conducted on a product materially different from the ANDA product to claim that Barr’s formulation would incorporate a chemically-stabilizing amount of PECO. The district court disagreed, and the Federal Circuit affirmed, finding that mere extrapolation from existing data was insufficient in light of the vast differences between Barr’s ANDA formulation and that used in prior testing.

However, the Federal Circuit reversed the district court’s finding of invalidity. With regard to enablement, the Federal Circuit clarified that there is a two-step process in proving failure to enable. The petitioner first has to demonstrate that some experimentation would be necessary to practice the claimed invention. The petitioner then has to provide evidence that the experimentation is “undue” under the *Wands* factors. Barr claimed that balancing exponential combinations of variables to increase the stability of prostaglandin would render the claimed invention inoperable as disclosed. However, the Federal Circuit pointed out that Alcon’s patents do not require any specific increase in the stability of the prostaglandin (only some increase): “Adjusting variables may be relevant to *optimizing* the stability of a given prostaglandin composition, but Barr proffered no evidence that any experimentation, let alone undue experimentation, with those variables would be necessary in order to *practice* the claimed invention.” Barr’s recitation of numerous variables therefore



failed to meet the initial burden of demonstrating that any experimentation was necessary, let alone undue experimentation.

The district court found the written description in Alcon's patents deficient "for essentially the same reasons that they fail[ed] the enablement requirement." Enablement concerns whether the patent proves to a skilled reader how and that the invention works. In contrast, the written description requirement concerns whether a skilled reader would understand that the claims correspond to what was described. Finding here that there was sufficient detail in the description to show that the inventors possessed the claimed invention, the Federal Circuit reversed the finding of invalidity.

The Federal Circuit additionally upheld the district court's denial of Barr's motion for JMOL for non-infringement of two patents not fully litigated in the case. By failing to counterclaim for a declaratory judgment of non-infringement, Alcon was not fairly on notice that judgment could be rendered against them on patents which they did not fully assert.

Allergan, Inc. v. Apotex Inc.,

754 F.3d 952, 2014 WL 2579287 (Fed. Cir. June 10, 2014)

This patent case concerns a set of patents claiming drug treatments for hair loss. The district court concluded that the patents were not invalid and had been infringed, and entered a permanent injunction. On appeal, the Federal Circuit reversed the district court's decision on validity grounds, and vacated the permanent injunction.

Allergan and Duke University ("Allergan") own the '029 and '404 patents for a drug treating hair loss. Allergan sued Apotex and other parties for infringement of the '029 and '404 patents. During a bench trial, the Middle District of North Carolina held, *inter alia*, that the '029 and '404 patents were not invalid, found that the patents had been infringed, and issued a permanent injunction. Defendants appealed to the Federal Circuit.

The Federal Circuit reviewed the validity of the patents. First, the appeals court affirmed the district court's claim construction of "treating hair loss" in the '029 patent. The patent's express definition provided that "'treating hair loss' includes arresting hair loss or reversing hair loss, or both, and promoting hair growth." The defendants argued the patent used a conjunctive "and," such that their product (which only promoted hair growth and did not arrest or reverse hair loss) did not infringe. The district court declined to adopt such an interpretation, and the Federal Circuit affirmed, holding that the disjunctive use of "and" was the most natural reading of the claim. The Federal Circuit affirmed the district court's finding of infringement under this construction.

Next, defendants argued that the '029 patent was invalid as anticipated by the prior art and as obvious. With respect to anticipation, the Federal Circuit held the district court did not clearly err in finding that a previous patent application and earlier Allergan



patent did not anticipate the claims of the '029 patent. However, the Federal Circuit reversed the district court's decision regarding obviousness, explaining that the district court had erred by focusing only on one property of the invention and failing to take into account the full scope of the claims. Furthermore, the district court erred by "taking an overly cramped view of what the prior art teaches." Although a cited prior-art reference did not "clearly and unequivocally disclose" the full scope of the claims, the court held that it contained a "plethora of teachings" that did provide sufficient guidance to give one skilled in the art a motivation to make the claimed invention and a reasonable expectation of success in doing so. The appeals court thus reversed the district court's ruling of non-obviousness.

Finally, the Federal Circuit reviewed the district court's obviousness analysis of the '404 patent. Defendants had identified four previously published clinical trials that they argued rendered the '404 patent obvious. The district court found, however, that the claimed invention was conceived before these clinical trial publications, and that therefore the publications were not prior art. On appeal, the Federal Circuit held that the district court's finding was clear error, as the documents that the patentee alleged corroborate an early conception date did not actually include any description of the '404 patent's invention. Because of this, the Federal Circuit reversed the district court's findings relating to the invention date of the '404 patent. Given the overwhelming weight of evidence counseling towards a finding of obviousness, the Federal Circuit determined that remand was unnecessary, and held that the '404 patent was invalid as obvious in light of the prior art.

Because the '029 and '404 patents were invalid, the Federal Circuit also vacated the district court's permanent injunction.

Judge Chen dissented in part, disagreeing with the majority's holding that the '029 patent was obvious. Noting that issued patents enjoy a presumption of validity, Judge Chen explained his view that the majority's reading of the prior art was overly broad and minimized the unpredictability of hair growth treatment system development. Judge Chen believed the district court did not clearly err in holding the '029 nonobvious, and would have left this finding undisturbed.

Allergan, Inc. v. Athena Cosmetics, Inc.,

738 F.3d 1350, 2013 WL 6840190 (Fed. Cir. Dec. 30, 2013)

Allergan brought suit against Athena in the Central District of California alleging that Athena's RevitaLash line infringed Allergan's patent and that Athena violated California's unfair competition law (UCL) by selling them as pharmaceutical products without prior FDA approval. The district court denied Athena's motion for judgment on the pleadings that the Food, Drug, and Cosmetic Act preempts Allergan's UCL claim. It granted summary judgment in favor of Allergan (finding the products were new drugs marketed in violation of the UCL) and entered a nationwide permanent injunction. The court also entered summary judgment of non-infringement and dismissed all of the patent claims without prejudice while preserving the right of the parties to appeal.



Allergan contested the jurisdiction of the Federal Circuit; Athena argued for Federal Circuit jurisdiction. The court found that it had jurisdiction because, although the district court ultimately dismissed the patent claims, it did not vacate its summary judgment of noninfringement. The district court's ruling had therefore altered the legal relationship created by the patent between the parties.

The court found no preemption. It agreed with Allergan that the FDCA does not have a clear purpose to preempt the state law claim at issue. Furthermore, California's scheme is not an obstacle to the federal objectives realized by the FDCA.

The court agreed that there was no genuine dispute that Athena objectively intended for the products at issue to be used as drugs. It affirmed the district court's summary judgment in favor of Allergan that the products were drugs.

The court held that the injunction order issued by the district court against Athena was overly broad. Neither the language nor the history of the UCL suggests that the state legislature intended for it to operate extraterritorially. The injunction affects activity taking place entirely outside California with no impact on Californians. The court vacated the permanent injunction and remanded it to the district court with instructions to limit the injunction to regulate conduct occurring within California.

Ancora Tech., Inc. v. Apple, Inc.,

744 F.3d 732, 2014 WL 803104 (Fed. Cir. Mar. 03, 2014)

On an appeal from both parties, the Federal Circuit reversed the district court's construction of the claim term "program," remanding for further proceedings, and affirmed the district court's finding that the claim terms "volatile" and "non-volatile memory" were not indefinite. Takeaway: If the ordinary meaning of a claim term is well established in the art, passing references in the specification to the contrary or statements made by the examiner during prosecution—absent an express disclaimer—will not justify narrowing the term's scope.

Plaintiff Ancora Technology, Inc., alleged that products running on defendant Apple Inc.'s iOS operating system infringed U.S. Patent No. 6,411,941, which is directed to verifying that a software program on a computer is not there without authorization, but is licensed to be there. In the district court, Apple argued that the claim term "program" was limited to application programs that rely on an operating system to run, thus excluding the operating system itself. Apple also asserted that the claim terms "volatile memory" and "non-volatile memory" were indefinite, because examples set forth in the specification were "irreconcilable" with the ordinary meaning of the terms. The district court rejected Apple's indefiniteness arguments but agreed with Apple as to the construction of "program." As such, the district court ruled that Apple did not infringe the '941 patent. Both sides appealed.

First, the Federal Circuit reversed the district court's narrow claim construction of the term "program," which was "a set of instructions for software *applications* that can be executed by a computer." The panel held there was no reason to depart from the term's



ordinary meaning, a “set of instructions” for a computer, not limited to software applications. The Court held that a claim term should be given its ordinary meaning unless the patentee has “made clear its adoption of a different definition or otherwise disclaimed the meaning.”

In its analysis, the Court held that the claims did not permit narrowing the meaning of “program.” Claim 1 delineated a “method of restricting software operation” and referred to restricted software as a “program.” Conversely, claim 18, recited “a method for accessing an application software program” and referred to the “application software program.” Though “claim differentiation is often of limited importance,” here the difference in terminology reinforced the broad meaning of “program.” Additionally, the specification generally referred to software that would be verified as “software,” “software program,” or a “program.” The only components of the specification that discussed using the claimed invention to verify application programs were accompanied by express non-limiting language, such as “a specific non-limiting example.”

In its analysis of the prosecution history, the Court held that statements Apple relied upon were focused on the verifying software, not the “to-be-verified program,” and as such could not support narrowing. The Court explained that software that would be verified was different from the verifying software. The prosecution history did not state that the program being verified must be an application program. In the claims, the term “program” referred exclusively to the program that would be verified. Further, the specification and claims did not refer to “program” to refer to software that performed the claimed verification steps when run, and instead referred to the invention as a “method,” “system,” or “license verifier application.” Additionally, citing *Salazar*, the Court rejected Apple’s assertion the examiner’s reasons for allowance justified a narrowing of “program,” because the examiner’s reasons were not based on the applicant’s statement.

Second, the Court rejected Apple’s argument that the terms “volatile memory” and “non-volatile memory” were indefinite. Apple contended that, because the specification three times referred to hard discs as “volatile memory,” the specification was “irreconcilable” with the terms’ ordinary meaning. The district court and parties agreed that “[t]o one of ordinary skill in the art, a volatile memory is memory whose data is not maintained when the power is removed and a non-volatile memory is memory whose data is maintained when the power is removed.” Apple argued that because “a hard disk is a quintessential example of non-volatile memory” and “the specification does not explain *how* a hard disc can fall into the category of volatile memory . . . or what characteristics differentiate volatile from non-volatile memory . . . a person of ordinary skill would not know what falls within the scope of the claims.”

The Court affirmed the district court’s finding of nonindefiniteness, for multiple reasons. First, the terms had a clear ordinary meaning and an individual skilled in the art would not need to look to the specification for clarification. Second, nothing in the specification sought to define the terms. Third, nothing in the claim or specification read like a disclaimer of the ordinary meaning. The unambiguous ordinary

meaning was not overcome “by a few passing references that do not amount to redefinition of disclaimer.” Fourth, the claims did not mention hard disks, and the only example of “volatile memory” in the claim was in the context of Random Access Memory (“RAM”) that was “volatile.” The panel noted that it was well known that a computer’s hard disk could be used as “virtual” memory to provide temporary storage when there was not enough RAM to complete an operation. In this situation, the data would become inaccessible when power was removed. The example in the specification that “the volatile memory is a RAM e.g. hard disk and/or internal memory of the computer” was consistent with this explanation. Thus, the patentee’s reference to a hard disk as an example of RAM suggested “that the patentee meant to refer to the hard disk only in its capacity as supplemental memory in conjunction with the main RAM—rather than to assert, in a passing and indirect manner, a meaning sharply in conflict with clear usage.”

Apple, Inc. v. ITC,

725 F.3d 1356, 2013 WL 4007535 (Fed. Cir. Aug. 07, 2013)

In this standard infringement act involving smartphone touchscreens, a majority of the Federal Circuit found some claims anticipated but vacated and remanded in regard to obviousness and infringement for other claims. Judge Reyna would have reversed all lower court conclusions that were unfavorable to Apple, rendering final judgment of validity and infringement as to every claim. *Takeaway*: All judges on the Federal Circuit consider the objective indicia of nonobviousness to be the core criteria for decisions under § 103. Also, claim terms must be given their plain meaning to those skilled in the art.

The Apple iPhone® was the first smartphone to deliver a truly transparent screen capable of detecting multiple simultaneous touches (a multi-touch screen). The patents in question taught multi-touch capability, the use of layered indium tin oxide (ITO) electrodes for the creation of a transparent screen, and the input of sensor information by “fitting an ellipse” to the activated electrodes. Each of these claims received different treatment.

Every member of the Federal Circuit panel agreed that the ITC construed the sensory input claim too narrowly. The ITC determined that when “mathematically fitting an ellipse” to a set of pixel groups, a touchscreen must actually fit or draw an ellipse from the input data. On this ground, the ITC determined that the Motorola phone was noninfringing. The Federal Circuit rejected that claim construction, determining that a screen need only “calculate the parameters of an ellipse” in order to be infringing. The issue of infringement of this claim was remanded for reconsideration.

A majority of the Federal Circuit upheld the ITC’s finding of anticipation. Judge Reyna would still have reversed the finding of anticipation on the ground that the ITC wrongfully permitted the prior art to benefit from the priority date of a provisional application. According to Reyna, the provisional application merely set out multi-touch capability as a goal, and did “not indicate that the inventors knew *how* to detect multiple touches”

A majority on the Federal Circuit upheld the ITC in its conclusion that multi-touch capability was rendered obvious by an earlier patent for “SmartSkin.” The SmartSkin screen made use of copper electrodes but it had multi-touch capability, utilizing algorithms and electrode configurations comparable to the ones employed by Apple. Although the SmartSkin screen had multi-touch capability, its copper electrodes made it opaque. However, the SmartSkin patent specifically pointed out the potential to use the same principles in the production of a transparent screen using ITO, and a Japanese patent described the construction of an ITO touchscreen. Thus, the issue before the Federal Circuit was whether an ordinarily skilled artisan would have combined these references to produce the iPhone touchscreen. The Federal Circuit vacated the ITC’s finding of obviousness because its failure to examine the objective indicia was not a harmless error. Judge Reyna would have emphasized that objective indicia of nonobviousness even more heavily, arguing that evidence of industry praise, copying, and commercial success conclusively establishes nonobviousness.

Apple, Inc. v. Motorola, Inc.,

757 F.3d 1286, 2014 WL 1646435 (Fed. Cir. Apr. 25, 2014)

This is an appeal from a district court opinion authored by Seventh Circuit Judge Posner sitting by designation. In particular, the portion of Judge Posner’s opinion excluding expert testimony from both sides was novel and quite drastic in that both parties were essentially left with no expert testimony to support their respective damages cases. Despite infringement being assumed, the district court granted summary judgment after determining that neither side was entitled to damages or an injunction. On appeal, the Federal Circuit disagreed with much of Judge Posner’s analysis and reversed.

Claim Construction

The Federal Circuit upheld the district court’s claim constructions for all but one patent. Specifically, the Court held the district court mistakenly construed certain limitations containing the term “heuristic” as means-plus-function limitations. Recognizing a strong presumption against applying 35 U.S.C. § 112, ¶ 6 due to the lack of the word “means,” the Court held the claim limitations recite sufficiently definite structure because the term heuristics has a known meaning (similar to words that define a class of structures such as connector, circuit, and detector, and does not include all means for performing the recited function), the patent specification describes the limitation’s operation, and the claims do not nakedly recite heuristics but instead include (along with the specification) a description of the heuristics’ operation.

Admissibility of Expert Evidence Regarding Damages

The Federal Circuit noted that a judge should not undertake the role of the fact finder and “must be cautious not to overstep its gatekeeping role and weigh facts, evaluate the correctness of conclusions, impose its own preferred methodology, or judge credibility, including the credibility of one expert over another.” The Court recognized that there are multiple ways of calculating damages and that the judge should not select one way



and hold that alternative ways are inadmissible simply because one way may seem to most accurately reflect a certain aspect of the calculation. The Court vacated the district court's grant of summary judgment against both parties that had been based on the exclusion of expert testimony.

With regard to Apple's '949 patent, the Federal Circuit held that the district court should have admitted Apple's proposed expert testimony on damages. First, the district court's decision was based on an incorrect claim construction as discussed above. The district court's overly narrow view of the claims led it to conclude incorrectly that the expert's analysis was too far removed from the claims. Second, "the district court erred by not considering the full scope of the asserted claims, questioning the conclusions of Apple's expert, and substituting its own opinion, rather than focusing on the reliability of the principles and methods used or the sufficiency of the facts and data relied upon." As to the full scope of the asserted claims, the district court incorrectly focused on individual claim limitations in isolation when evaluating the expert's methods. Instead of looking at whether an existing product accurately values one of the claimed features, the court should have allowed the expert's method of beginning with an existing product with features similar to the claimed features, next isolating the value of those features by subtracting the value of other non-claimed features, then comparing the royalty rate with related licenses and rationalizing the price differences, and finally addressing the possibility of removing the asserted features and arguing this would devalue the products. And if the existing product chosen by the expert as a benchmark is not an accurate benchmark, this goes to evidentiary weight not admissibility. Further, the district court should not have faulted the expert for not directly estimating what a consumer will pay to avoid an infringing feature because, while it may be an important data point for estimating a royalty, it is not a required piece of information in all cases. There are multiple reasonable ways to calculate a royalty and the one sought by the district court is not a requirement for admissibility.

With regard to Apple's '263 patent, the Federal Circuit reversed the district court's decision to exclude Apple's expert testimony because the expert relied upon information provided by a technical expert hired by Apple. The Court determined that there is no such bar with regard to the admissibility of expert testimony: "The issue is one of evidentiary weight and not admissibility."

With regard to Motorola's '898 patent, the Federal Circuit affirmed the district court's exclusion of testimony (from the licensing expert and the subsequent testimony from the damages expert relying on that testimony) that the first few patents of a SEP portfolio command 40-50% of the entire portfolio rate and that the '898 patent here was therefore worth 40-50% of Motorola's SEP portfolio rate. The licensing expert admitted that he knew nothing of the specific portfolio at issue and did not even purport to link the 40-50% rate to the claimed invention of the '898 patent. For the remainder of the damages expert's testimony, however, the Court reversed the district court's exclusion. The district court should not have faulted the expert for not directly estimating the cost of one non-infringing alternative (to contract with Verizon instead of AT&T), because she did analyze the possibility and concluded that it was not desirable or practical and therefore need not be specifically valued. An expert need



not value every potential non-infringing alternative in order for the testimony to be admissible.

Summary Judgment and Injunctions

With regard to Apple's '647 patent, the Federal Circuit reversed the district court's grant of summary judgment that Apple was not entitled to any damages because "a finding that a royalty estimate may suffer from factual flaws does not, by itself, support the legal conclusion that zero is a reasonable royalty." If the patentee's evidence fails to support its requested specific royalty, the fact finder must still determine a reasonable royalty based on the record. An award of no damages is only appropriate if the record supports a zero royalty award. Further, at the summary judgment stage, "a judge may only award a zero royalty for infringement if there is no genuine issue of material fact that zero is the only reasonable royalty." Because evidence in the record raised a genuine issue of material fact with regard to the royalty, Motorola had not met its burden to show that zero was the only reasonable royalty rate—especially since Motorola presented no evidence on this at all.

Additionally, the Federal Circuit vacated the district court's decision not to grant an injunction to Apple for the '949 patent because the district court's construction of that patent had been reversed.

Finally, the Federal Circuit affirmed the district court's decision not to grant an injunction to Motorola for its '898 patent. Importantly, the Federal Circuit rejected a per se rule that injunctions are not available for FRAND patents, an issue of first impression. Nevertheless, the Court affirmed the district court's withholding of injunctive relief because Motorola had licensed the patent to a large number of industry participants and therefore money damages were adequate.

Concurrence and Dissents

Agreeing with the majority that there should not be a per se rule against injunctions in FRAND cases, Judge Rader dissented-in-part because he believed there was "a genuine dispute of material fact on Apple's posture as an unwilling licensee whose continued infringement" caused irreparable harm to Motorola and therefore would not affirm the district court's refusal to grant an injunction to Motorola. Moreover, he thought the dispositive question was differentiating the value due to the inventive contribution from the value due to the standardization.

Judge Prost dissented-in-part with regard to the "heuristic" claim construction and the majority's decision to vacate the denial of Apple's injunction request but concurred-in-part with regard to the majority's decision affirming the denial of Motorola's injunction request and the majority's decision to remand the district court's exclusion of the damages expert testimony as to the '949 patent. As to claim construction, Judge Prost believed the claims are indeed means-plus-function claims and that the majority did not follow precedent requiring a two-step analysis and instead collapsed the steps into one. By doing so, as long as a claim term has corresponding structure then it is not a

means-plus-function limitation, which would improperly render every means-plus-function claim indefinite. As to the '949 patent, while Judge Prost ultimately agreed that the judgment should be reversed and remanded because of the erroneous claim construction, she agreed with the district court that the benchmark used by the expert was unreliable because it contains none of the function asserted from the '949 patent and therefore would allow the district court to again prohibit Apple from relying on that testimony. As to Apple's injunction request, Judge Prost would affirm the district court's decision of no injunction because Apple failed to show irreparable harm. Apple must provide more than evidence merely showing Motorola is taking Apple's market share and instead that the allegedly infringing features are drivers of consumer demand for Motorola's products. Judge Prost was not persuaded by testimony from Motorola's executives about what they thought would be important to customers or customer surveys on Apple's products without similar studies about Motorola's products. As to Motorola's injunction request, although agreeing with the majority that there should not be a per se rule against injunctions in FRAND cases, Judge Prost disagreed with the majority's statement that an infringer's refusal to negotiate a license justifies an injunction because, for example, an infringer is fully entitled to challenge the validity of a FRAND patent.

Apple, Inc. v. Samsung Elec. Co.,

735 F.3d 1352, 2013 WL 6050986 (Fed. Cir. Nov. 18, 2013)

The Federal Circuit considered an appeal from the district court's post-verdict denial of a permanent injunction against import or sale of any of the Samsung products found to infringe Apple's patents and trade dress. The court vacated and remanded the denial of the permanent injunction as to some of Apple's patents, concluding the district court erred in its examination of the irreparable harm and sufficiency of relief prongs set out in *eBay*. The court affirmed the district court's denial of a permanent injunction with regard to Apple's trade dress claims.

This is one of the appeals arising out of the on-going patent infringement litigation between Apple and Samsung in the Northern District of California. The Federal Circuit had previously considered and upheld the district court's denial of a preliminary injunction in one case, *Apple, Inc. v. Samsung Elec. Co.*, 678 F.3d 1314 (Fed. Cir. 2012), and had reversed the district court's grant of a preliminary injunction in another, *Apple, Inc. v. Samsung Elec. Co.*, 695 F.3d 1370 (Fed. Cir. 2012). Those cases arose on appeal at the pre-trial stage, considering the grant or denial of a preliminary injunction. This case arises from the post-verdict determinations of the district court. The jury found infringement of both the utility patents (those relating to various functions of the iPhone) and the design patents (those relating to the physical appearance of the smartphones) and of Apple's trade dress. The district court denied permanent injunctive relief relating to any of these infringements.

The Federal Circuit considered the case in light of the Supreme Court's *eBay* test for injunctive relief. In order for a patent holder to obtain an injunction, he must show (1) that he has suffered irreparable harm, (2) that the remedies available at law (damages) are insufficient to cure his injury, (3) that, considering the balance of the hardships



between the two parties, a remedy in equity is warranted, and (4) that the public interest would not be harmed by injunctive relief. Because the decision to grant a permanent injunction is an equitable action of the district court, it is reviewed for abuse of discretion. Issues of law underlying the court's decision are reviewed de novo.

On appeal, Apple argued that the district court had erred in its irreparable harm analysis. The district court required Apple to show both that it would suffer irreparable harm and that there was a sufficiently strong causal nexus between the infringing behavior and the harm suffered. The district court concluded that Apple had not satisfied the causal nexus prong of the irreparable harm element. Apple argued that this test should apply only to requests for preliminary injunctions and that a different standard should apply to permanent injunctions. The Federal Circuit rejected that argument and chose "to treat the irreparable harm factor the same in both the preliminary and permanent injunction contexts."

The panel did, however, disagree with some of the district court's conclusions. The district court erred by requiring Apple to show the patented features were the sole reason consumers purchased the infringing products. Instead, the circuit court said that "Apple must show some connection between the patented feature and demand for Samsung's products." Furthermore, Apple may make this argument holistically, arguing for the impact of the infringed patents as a group rather than of each patent separately.

For the design patents at issue, the panel concluded that Apple failed to establish a causal nexus between the infringement and the harm suffered. Although the court indicated it may have decided the issue differently than the district court, it saw no abuse of discretion in the district court's denial of an injunction on the basis of the design patents. In the case of the utility patents, however, the panel concluded that the district court had given insufficient weight to certain parts of Apple's evidence because it was looking for conclusive evidence that consumers made choices based solely on the patented technology. Accordingly the panel vacated the denial of an injunction on the utility patents and remanded to the district court.

The circuit court also vacated the district court's finding that Apple's licensing of the patents in dispute to other companies demonstrated that remedies at law were sufficient to repair the harm suffered. The court explicitly rejected a categorical rule barring injunctive relief for licensed patents, suggesting that Samsung's use of the patented technology was categorically different from the use made by other licensed manufacturers (who were either not direct competitors or who had received temporary licenses as part of settlement agreements in other litigation). The panel remanded that factor for further consideration by the lower court.

The court also concluded that the lower court's analysis of the balance of hardships and public interest prongs stood up to abuse of discretion review. The balance of hardships was neutral to the parties. Although the court acknowledged the strong public interest in the protection of intellectual property through patents, it agreed with the district court

that the requested injunction would injure the public by limiting access to a great number of non-infringing features and technologies.

Finally, the panel considered Apple's request for an injunction against the Samsung products that infringed its trade dress. Because only three products infringed Apple's trade dress and because none of those products was produced or marketed anymore by Samsung, the Federal Circuit agreed with the lower court that an injunction for the trade dress misappropriation was inappropriate.

Apple, Inc. v. Samsung Elecs. Co., Ltd.,

727 F.3d 1214, 2013 WL 4487610 (Fed. Cir. Aug. 23, 2013)

The Federal Circuit reversed the decision by Judge Koh of the U.S. District Court for the Northern District of California that had denied Apple's and Samsung's requests to seal certain confidential documents used in connection with certain motions but ultimately not at trial. Applying Ninth Circuit law, the panel ruled unanimously that the district court had abused its discretion in denying the parties' requests to seal the documents, as the documents were not critical to any dispositive issues. As it turned out, neither Apple nor Samsung had opposed each other's requests to seal. Rather, it was third parties The First Amendment Coalition and Reporters Committee for Freedom of Press that had intervened in the case and sought to make the materials public. Takeaway: district courts are under a greater obligation to allow the sealing of highly-sensitive information if the documents are not critical to dispositive issues.

As an initial matter, although the appeal was interlocutory, the Federal Circuit allowed the appeal under the collateral order doctrine. Among other reasons, the panel stated that, once a document is made public, it cannot be made secret again.

Next, turning to the merits of the sealing issue, the Federal Circuit stated that the Ninth Circuit has a strong presumption in favor of access to court records, which can be overcome with compelling reasons that outweigh the public's interest in disclosure. One factor that weighs in favor of sealing documents is when releasing such documents will cause competitive harm to a business. However, rather than looking simply for "good cause" to seal the documents, the district court applied a "compelling reasons" standard, which the Federal Circuit held was legal error. Despite this, the panel chose to review all of the district court's decisions under the more restrictive "compelling reasons" standard, and still concluded the district court erred in refusing to seal the documents at issue.

By way of background, Apple and Samsung had sought to seal and redact limited portions of twenty-six documents that were attached as exhibits to the parties' pre- and post-trial motions. None of these documents were introduced at trial, and none were utilized by the jury in calculating damages. The documents contained detailed financial information regarding product sales and market research reports. Both parties filed declarations from employees that detailed the measures that both companies took to keep their product-specific financial information confidential, and the harm they would suffer if such information were made public and available to competitors. For example,



they asserted that publishing their profit and cost information would enable competitors to undercut the parties on pricing, and making their market research public would enable competitors to predict the companies' future product releases and marketing strategies. Despite this, the district court said it could not see how past profits and sales could be used to meaningfully predict future business plans, and how unsealing such documents would hurt the companies.

As part of a two-part analysis, the Federal Circuit first considered whether Apple and Samsung had an interest in keeping their detailed product-specific financial information and market research documents secret, and then it considered the public's interest in having access to these documents. The panel noted that the documents were not considered by the jury and were not essential to the public's understanding of the jury's damages award or the district court's proceedings. Additionally, both companies went through extensive efforts to keep the documents confidential and on a "need to know" basis, and were willing to disclose many other of their financial documents. Finally, the companies only attempted to seal and redact portions of these documents. In sum, the court concluded the companies had demonstrated how they could suffer competitive harm if the documents were made available to the public, and that the documents would not aid the public's understanding of the judicial process. As such, the panel reversed the district court and ordered the documents sealed.

Aria Diagnostics, Inc. v. Sequenom, Inc.,

726 F.3d 1296, 2013 WL 4034379 (Fed. Cir. Aug. 09, 2013)

After a district court's denial of a preliminary injunction in a case involving prenatal genetic tests, the Federal Circuit rejected rulings on claim construction, subject matter eligibility, and the equitable factors for a preliminary injunction. *Takeaway:* A patentee is entitled to the broadest claim construction that is consistent with the wording of the patent. Also, the examination of equitable factors for a preliminary injunction must take into account that a patent is not a judicially monitored compulsory license.

The plaintiff in *Aria Diagnostics* sought a declaratory judgment that its prenatal tests are non-infringing, and the defendant counterclaimed for infringement. Ordinarily a fetus is tested for genetic abnormalities by invasive techniques such as amniocentesis, but the patentee developed a method for identifying genetic abnormalities merely by examining the mother's blood. Specifically, the *Aria Diagnostics* patent disclosed that free-floating fetal DNA (cffDNA) is present in maternal blood, and it can be amplified by PCR using paternal DNA as a primer. The trial court rejected a preliminary injunction, concluding that there was a substantial question as to subject matter eligibility, that the counter-defendant's test was likely non-infringing due to differences in methodology, and that in any event a preliminary injunction was inappropriate due to the balance of equitable factors.

The Federal Circuit took issue with each of these conclusions, focusing primarily on claim construction. In regard to claim construction, the Federal Circuit reserved any opinion as to whether a court must definitively construe the claims in the context of a preliminary injunction. The lower court further concluded that the phrase "paternally



inherited nucleic acid” cannot be construed to require the tester to have knowledge of the paternal DNA in advance. In simple terms, the counter-defendant could not avoid liability by neglecting to examine paternal DNA until after the maternal blood sample had been gathered. The Federal Circuit found no basis in the specification for such a narrow construction. The trial court also adopted a narrow construction of the term “amplifying,” holding that a nucleic acid is only “amplified” where its concentration is increased relative to other DNA in the sample. The Federal Circuit rejected that construction as well, effectively ensuring that the counter-defendant could not prevail merely because its test needlessly amplified maternal as well as paternal DNA in the blood sample.

The Federal Circuit also vacated the district court’s finding of a substantial question as to subject matter eligibility and remanded for reconsideration in light of the Supreme Court’s subsequent decision in *Ass’n for Molecular Pathology v. Myriad Genetics*. Otherwise, the Federal Circuit was careful to “offe[r] no opinion” on the matter.

And finally, the opinion by Chief Judge Rader took issue with the trial court’s assessment of equities, emphasizing that “price erosion, loss of goodwill, damage to reputation, and loss of business opportunities are all valid grounds for finding irreparable harm.” Nor is a party that seeks a preliminary injunction obligated to demonstrate an exact degree of price erosion or market loss. According to the Federal Circuit, a preliminary injunction may be appropriate even if the facts suggest that the contemplated damages are reparable. Otherwise, “patents would lose their character as an exclusive right as articulated by the Constitution and become at best a judicially imposed and monitored compulsory license.”

Arlington Indus., Inc. v. Bridgeport Fittings, Inc.,
759 F.3d 1333, 2014 WL 3511675 (Fed. Cir. July 17, 2014)

In an appeal from a district court order finding a competitor in contempt of an original injunction and enjoining future sales of infringing products, the Federal Circuit dismissed for lack of jurisdiction; the district court’s order simply interpreted the injunction and was not an otherwise final, appealable judgment. Takeaway: The Federal Circuit can only exercise jurisdiction over an injunction that has been modified.

Arlington Industries claims a method for connecting electrical cables to a junction box using electrical fittings. In 2004, Arlington sued Bridgeport Fittings, which also manufactures and sells electrical connectors. The parties entered into a settlement agreement whereby Bridgeport agreed to be enjoined from making and selling certain products and their “colorable imitations.” Bridgeport then redesigned its electrical connectors, and Arlington filed a motion for contempt alleging that Bridgeport’s new connectors violated the 2004 injunction. The district court entered an order finding Bridgeport in contempt of the original injunction. At the time of appeal, the district court had not yet determined any sanctions for Bridgeport’s noncompliance with the injunction.

The Federal Circuit can exercise appellate jurisdiction under 28 U.S.C. § 1292(c)(1) if the injunction has been modified. The Federal Circuit found that the order did not modify, but simply interpreted the injunction. In reaching this opinion, the court relied on the district court's statement that it was not modifying the original injunction and its finding that the new design was a colorable imitation of the enjoined product. The Federal Circuit also considered a clarification-or-modification analysis, whereby the unaltered legal relationship between the parties meant that no changes were made to the original injunction. Because the district court's order simply interpreted the 2004 injunction and was not an otherwise final, appealable judgment, the Federal Circuit dismissed the appeal for lack of jurisdiction. The court also declined to extend § 1292(c)(2) to contempt orders because it would impermissibly broaden the jurisdiction that the statute confers.

Augme Techs., Inc. v. Yahoo! Inc.,

755 F.3d 1326, 2014 WL 2782019 (Fed. Cir. June 20, 2014)

The Federal Circuit affirmed the Northern District of California's holdings on four issues: (1) summary judgment that Yahoo!'s system for distributing online advertisements does not infringe plaintiff Augme Technologies' '691 and '636 patents; (2) that claims 19 and 20 of Augme's '691 patent are indefinite; (3) summary judgment that Augme and World Talk Radio, LLC (WTR) infringe Yahoo!'s '320 patent (Yahoo!'s counterclaim); and (4) that claim 7 of Yahoo!'s '320 patent is not indefinite.

Augme owned patents for a method of adding functionality, such as media or advertisements, to a web page. The method involves embedding a first code module in a webpage. The first code module downloads a second code module along with a "service response" when the webpage is downloaded by a computer. The added functionality is then displayed on the web page, unless the web page content is objectionable or "unacceptable to be displayed with" the added functionality, in which case the service response indicates a denial of service. The accused Yahoo! systems distribute online advertisements using the following method. A web page publisher seeking to host Yahoo! advertisements can embed a Yahoo! "smart tag" in its web page. When a user visits the page, the smart tag downloads an intermediary piece of "smart code," that in turn sends parameters to the Yahoo! server and requests an "imp code." The imp code includes an "ad code" that either includes an advertisement or is blank, depending on whether Yahoo!'s systems can locate a suitable advertisement based on the parameters sent by the smart code.

The Federal Circuit first rejected the district court's conclusion that Yahoo!'s "ad code" could not meet the "service code" limitation, finding that the ad code does exactly what the embodiments in the Augme patents do, by indicating a denial of service with a blank response. It therefore declined to affirm summary judgment of noninfringement on this basis. The court ultimately relied on the principle that "different claim terms are presumed to have different meanings" in upholding summary judgment of noninfringement based on the distinction between embedded code and linked code, a distinction noted by the district court in its claims construction. Augme's own asserted claims made this distinction, contrasting the first embedded code module with the



second downloaded code module. The court upheld summary judgment of no literal infringement because Yahoo's embedded "smart tag" does not retrieve/download the "imp code" directly, but rather retrieves the intermediary "smart code" which in turn retrieves the imp code. The court cited a number of differences between embedded and linked code to show why this distinction was not superficial: external linking "allows the code owner to more easily maintain the code," and also "requires contacting a server to retrieve code which could fail to return code." It also upheld summary judgment of no infringement by equivalency because "no reasonable jury could find equivalence [between Augme's embedded first code module and Yahoo!'s smart tag-smart code combination] because doing so would require a determination that embedded code is substantially the same as linked code"

The court then moved on to hold that claims 19 and 20 of Augme's '691 patent are indefinite and affirmed summary judgment of invalidity of these claims. The claims described a "means for assembling, at said server system, said second computer readable code module." The court held that because the "means for assembling" is a computer-implemented means-plus-function limitation, the specification had to disclose an algorithm for performing that function to meet the definiteness requirement of 35 U.S.C. § 112. The claim stated that "code assembler instructions" do the assembling, and included inputs to and outputs from those instructions, but the court held this to be nothing more than "a black box that performs the recited function," and insufficient for definiteness.

The court next agreed with the district court's construction of "server hostname" as the "network name of a server" in upholding the district court's grant of summary judgment that Augme and WTR infringed Yahoo!'s '320 patent. The court saw no reason to "deviate from the plain meaning of server hostname" by accepting Augme's more narrow proposed construction.

Finally, the court upheld the district court's holding that the claim 7 limitation of "receiving, by an ingest server, the unique identifier to the digital content" of Yahoo!'s '320 patent was not indefinite. The Court applied the indefiniteness standard of "whether those skilled in the art would understand what is claimed when the claim is read in light of the specification," and held that the claim 7 limitation was "clear on its face and unquestionably meets the standard."

Bayer CropScience AG v. Dow AgroSciences LLC,
728 F.3d 1324, 108 U.S.P.Q.2d 1071 (Fed. Cir. Sept. 03, 2013)

This Federal Circuit appeal focuses on the claim construction of one of Bayer CropScience AG's patents that concerns genetically modifying plants in order to confer resistance to a commonly used herbicide. Throughout its specification, Bayer utilizes the term "monooxygenase" to characterize the isolated enzyme whose gene Bayer sequenced. The Federal Circuit rejected Bayer's broad construction of the term "monooxygenase" and, because Bayer did not timely argue that it could prevail without the adoption of its construction, the court concluded that it need not affirmatively construe the claims in order to affirm the district court's summary judgment holding.

At the time of its patent application, the Bayer scientists did not fully understand the enzymatic reaction they were studying, and wrongfully believed that one of the two oxygen atoms in the enzymatic reaction was incorporated into water. In the scientific community, when one oxygen atom ends up in water and the second is incorporated into a product other than water, the enzyme is described as a “monooxygenase.” However, after filing the patent application, the Bayer scientists learned that they were incorrect and that neither oxygen atom was incorporated into water making the enzyme a “dioxygenase” not a “monooxygenase.” Despite learning that its previous belief was wrong prior to the patent being issued, Bayer did not alter the specification or claims of its application, and its patent issued describing the enzyme as a monooxygenase.

Bayer brought suit against Dow AgroSciences LLC for patent infringement. In the district court, Bayer argued that the phrase “the biological activity of the 2,4-D monooxygenase” should be construed broadly so as to cover any enzyme that triggers cleaving of the side chain of 2,4-D, even if it is a dioxygenase and not just a monooxygenase. The district court disagreed with Bayer’s broad claim construction, and entered summary judgment in favor of Dow. Additionally, the district court held that even if it adopted Bayer’s broad construction, summary judgment would still be appropriate because there was no written description for Bayer’s new founded belief. The specification only disclosed the single gene of interest and the test it used to discover it. There was insufficient support for the broad genus that Bayer was now claiming was covered by its claims.

Bayer appealed, claiming the district court erred in failing to construe the term “the biological activity of the 2,4-D monooxygenase” broadly to mean “bringing about the cleavage of the side chain of 2,4-D.” The Federal Circuit disagreed with Bayer’s claim construction. First, it noted that Bayer treats this phrase as not carrying its ordinary scientific meaning. The court concluded that to adopt Bayer’s position, the patent or its history should have made it reasonably clear that Bayer was not using the term in its established descriptive sense. Bayer’s patent and history did not do so. Additionally, beyond the textual problems with Bayer’s construction, Bayer’s broad reading would call into serious doubt the claim’s validity under 35 U.S.C. § 112(a)’s written description requirement. While its proposed construction broadly covers a class of enzymes defined by their function of causing cleaving of the side chain of 2,4-D, the patent’s written description structurally identifies only one gene sequence and the enzyme it encodes. The coverage that Bayer proposes would leave the patent far from providing even an indirect structural identification of all that would be within the claim’s scope (as defined by Bayer). Therefore, the Federal Circuit affirmed the district court’s ruling of non-infringement.

Brain Life, LLC v. Elekta Inc.,

746 F.3d 1045, 2014 WL 1139469 (Fed. Cir. Mar. 24, 2014)

The Federal Circuit reversed the lower court’s application of claim and issue preclusion but found that the *Kessler* Doctrine nonetheless barred most of the plaintiff’s



claims. Takeaway: The *Kessler* Doctrine is still alive despite its sparse application, and its reach is far broader than that of claim and issue preclusion.

Brain Life sued Elekta for infringing the method claims of its patent directed to both a method and apparatus for generating a video image from a variety of separate sources such as nMRI, X-ray, and CAT scans. Specifically, Brain Life accused Elekta's GammaKnife, GammaPlan, SurgiPlan, and ERGO Treatment systems. The previous holder of Brain Life's patent had sued Elekta for infringement of the *apparatus* claims. This prior suit targeted the same set of Elekta's systems, except for the ERGO Treatment system which was acquired in the time between the two lawsuits. The previous case was decided in favor of Elekta, and Elekta used that judgment to assert claim and issue preclusion against Brain Life in the present suit.

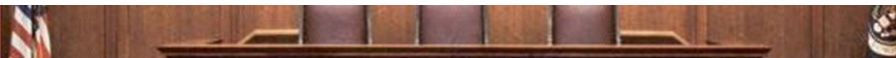
The district court granted Elekta's motion for summary judgment. On appeal, the Federal Circuit held that Brain Life's suit was neither claim nor issue precluded. Because each act of patent infringement is a distinct tort, Elekta's activities following the prior litigation gave rise to new claims that Brain Life's predecessors could not have asserted, regardless of similarity. Additionally, issue preclusion did not bar the action because the patent's *method* claims were never fully and fairly litigated.

However, the Federal Circuit found that the *Kessler* Doctrine nonetheless barred the majority of Brain Life's claims. *Kessler v. Eldred*, 206 U.S. 285 (1907), decided by the Supreme Court more than a century ago, held that a judgment of non-infringement "settle[s] finally and everywhere" that the defendant is entitled to sell its accused devices, not relying on traditional notions of claim or issue preclusion. This limited trade right attaches to the product, not the instance of accused infringement, and bars subsequent suits under the same patent against substantially the same product. Although the Federal Circuit questions whether the Supreme Court would uphold this doctrine today following the rise of non-mutuality in estoppel, the court nonetheless found Brain Life's claims were barred as to all of Elekta's accused systems except for ERGO Treatment, which Elekta did not acquire until after the prior litigation.

Braintree Labs., Inc. v. Novel Labs., Inc.,

749 F.3d 1349, 2014 WL 1584451 (Fed. Cir. Apr. 22, 2014)

In this appeal of the district court's granting of summary judgment of infringement and finding after a bench trial that the asserted claims were not invalid, Defendant-Appellant Novel Laboratories, Inc. ("Novel") challenged the constructions of several claim terms and finding of no invalidity. In a partially split decision, the majority agreed with Novel as to one claim term, remanding for further proceedings, but affirmed the finding of no invalidity. Takeaways: A preferred embodiment does not amount to a claim requirement. With regard to patent invalidity due to anticipation or obviousness, a court will not make the necessary leap between prior art and the patent without substantial evidence. As for patent invalidity due to indefiniteness, descriptive but imprecise words may be acceptable when used to avoid a strict numerical boundary to a patent's specified parameter.

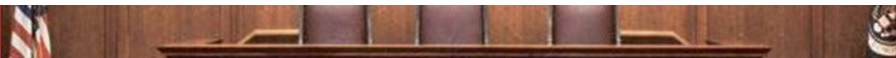


Novel first challenged the district court's constructions of certain claim terms in U.S. Patent No. 6,946,149 ("the '149 patent"). The '149 patent, which was asserted by Braintree Laboratories, Inc. ("Braintree"), related to a composition of magnesium sulfate, potassium sulfate, and sodium sulfate used for clearing patients' colons before colonoscopies. Braintree's patented solution was known as SUPREP. First, Novel challenged the construction of "purgation" in claim 15 of the '149 patent, which disclosed "[a] composition for inducing purgation of the colon of a patient, the composition comprising from about 100 mL to about 500 mL of an aqueous hypertonic solution." Novel argued that the district court should have construed "purgation" to mean "cleansing," which constituted a more thorough clearing of a patient's colon. The '149 patent disclosed only a composition of between 100 and 500 mL. Yet 946 mL (*i.e.*, two doses) of Novel's solution was necessary to induce a full cleansing, so Novel's desired construction of "purgation" would have resulted in non-infringement. Novel's 946 mL would have been beyond the scope of the '149 patent's disclosure of a 100-500 mL solution. Novel pointed to the specification, which contemplated a full cleansing, and to Braintree's 2010 patent term extension request to the PTO, wherein Braintree explained that "[t]he SUPREP product is an osmotic laxative for cleansing (*i.e.*, purging) of the colon."

The Court noted that claim construction must "begin and remain centered on the language of the claims themselves, for it is that language that the patentee chose to use to particularly point out and distinctly claim the subject matter which the patentee regards as his invention." The Court then concluded that because the claims did not contain language that required a fully cleansed colon, such was not a claim requirement. That cleansing was a *goal* of the patent did not render that goal a *claim requirement*. Furthermore, Braintree's statement to the PTO was not a "clear and unmistakable disavowal" of claim scope because it was a post-issuance statement. Thus, the Court affirmed the district court's construction of the term "purgation." The Court also affirmed the district court's ruling that one (half-dose) bottle of Novel's solution infringed the '149 patent.

The Court next addressed the district court's construction of the term "clinically significant electrolyte shifts." Claim 15 of the '149 patent recited a composition that "does not produce any clinically significant electrolyte shifts," which the district court construed to mean "alterations in blood chemistry that are both outside the normal upper or lower limits of their range and accompanied by or manifested as other untoward effects." The Court agreed with Novel that the district court ignored the inventor's own definition, which defined the term as "alterations in blood chemistry outside the normal upper or lower limits of their normal range *or* other untoward effects." The Court explained that "the patentee's lexicography must govern the claim construction analysis." Therefore, the Court reversed the district court's construction.

Next, the Court agreed with Novel as to the construction of the term "patient," which the district court imported from the patent's preamble into the claim requirement that the solution avoid clinically significant electrolyte shifts. The Court pointed out that the district court's construction, which defined the term as "one or more patients," would lead to the "absurd result of infringement even if a composition causes clinically



significant electrolyte shifts in a large percentage of patients” (e.g., a composition that resulted in 99 out of 100 patients’ experiencing clinically significant electrolyte shifts). Furthermore, the patent’s specification referenced not just one patient but multiple patients. Thus, the Court construed the term to mean “the general class of persons to whom the patented compositions are directed, *i.e.*, a patient population.” Because there was evidence that at least some patients experienced alterations in blood chemistry beyond the normal limits, the Court remanded for further factual findings as to whether such alterations amounted to “clinically significant electrolyte shifts.”

Finally, Novel challenged the district court’s findings of no anticipation, obviousness, or indefiniteness, but the majority affirmed. First, the Court rejected Novel’s argument that Braintree’s composition was anticipated by U.S. Patent No. 4,975,286 (“Hechter”). Because Hechter did not disclose an initial one-liter solution and there was no evidence that Hechter taught a hypertonic solution, the Court held that Hechter did not anticipate the claims. Second, the Court rejected Novel’s argument as to obviousness, noting that Hechter and the other prior art of record taught away from hypertonic solutions by expressly recommending an isotonic solution. The Court stated that Novel’s expert testimony was of dubious credibility. Finally, Novel argued that the term “copious,” as used in the district court’s construction of “purgation” to describe the amount of diarrhea that must be induced to meet the claims, was indefinite. The panel disagreed, explaining that “[d]escriptive words like ‘copious’ are commonly used in patent claims, to [a]void a strict numerical boundary to the specified parameter.”

Judge Dyk agreed with the majority as to the construction of “clinically significant electrolyte shifts” and the findings of no invalidity. However, he dissented from the Court’s determination with regard to infringement. As he wrote, under what he believed was the proper interpretation of the “volume” limitation, Novel would have established non-infringement as a matter of law.

Judge Moore joined the majority opinion except as to its construction of the term “a patient.” She agreed with the district court that “a patient” should have meant “one or more patients,” in accordance with what she believed was the plain language of the asserted claims and Federal Circuit precedent relating to the words “a” and “an” in claim language. As such, she would have affirmed the district court’s ruling of summary judgment of infringement because undisputed evidence showed that at least one patient who was treated with the accused composition had experienced “clinically significant electrolyte shifts” within the meaning of the claims.

Bristol-Myers Squibb Co. v. Teva Pharm. USA, Inc.,

752 F.3d 967, 2014 WL 2609924 (Fed. Cir. June 12, 2014)

The Federal Circuit affirmed a district court’s holding that a patent claim for a drug treating hepatitis B was invalid for obviousness. Importantly, in rejecting the patentee’s petition for *en banc* rehearing of the panel decision, there were four lengthy opinions either concurring or dissenting. Many amici supported the petition,



expressing concern that the panel decision will preclude patentees from offering evidence of non-obviousness — specifically, data from tests commonly performed by pharmaceutical companies that compare the invention to the prior art to show unexpected results — merely because they are generated after the patent application has been filed. At issue was the later-discovered evidence that the lead prior art compound 2'-CDG was toxic and useless in treating hepatitis B.

- Concurring in the denial, Judges Dyk and Wallach wrote that such evidence cannot be considered (citing the patent statute for support) and the panel decision properly excluded that evidence here.
- Also concurring in the denial but expressing the exact opposite view, Judge O'Malley wrote that such evidence clearly can be considered (citing the court's long-standing precedent) and the panel decision did not exclude that evidence here. Thus, no new rule was created by the panel decision.
- Dissenting in the denial, Judges Newman, Lourie, and Reyna agreed that such evidence can and should be considered — but that the panel decision improperly excluded such evidence. Therefore, the panel decision created several new standards for determining obviousness. Especially in light of the new law requiring early filing of patent applications, the new standard precluding post-filing evidence would put applicants in a tough scenario.
- Dissenting in the denial, Judges Taranto, Lourie, and Reyna acknowledged the potential confusion that the panel decision may have created and considered *en banc* review of the obviousness legal framework as beneficial to remove any such uncertainty.

Reviewing the district court's factual findings for clear error, the Federal Circuit held the district court properly concluded that the patent's chemical compound would have been obvious because a skilled artisan would have been motivated to make minor modification to an existing lead compound to arrive at the patented drug compound. In addition, although there was some evidence of unexpected results, the Federal Circuit held that the evidence did not preclude a finding of obviousness given the absence of other objective indicia of non-obviousness.

Appellant Bristol-Myers Squibb (BMS) owns the '244 patent for a chemical compound called entecavir, which is used to treat hepatitis B. Entecavir is a modified version of the natural nucleoside deoxyguanosine. It differs by replacing an oxygen atom with a carbon-carbon double bond (exocyclic methylene group).

Teva Pharmaceuticals filed an abbreviated new drug application to market a generic version of entecavir. Teva argued the '244 patent was invalid for obviousness based on the selection of 2'-CDG as a lead compound from the prior art. 2'-CDG differs from the natural nucleoside deoxyguanosine by replacing the oxygen atom with a carbon atom.

At a bench trial, the District of Delaware determined that the '244 patent was invalid due to obviousness, notwithstanding some objective indicia pointing in favor of non-obviousness.

The Federal Circuit affirmed, finding no clear error in the district court's factual findings and no error in the district court's ruling on the ultimate legal question of obviousness. The district court properly determined that a skilled artisan would have chosen 2'-CDG, a compound well-known by researchers to have antiviral properties, as a lead compound to which minor modifications could be made. The Federal Circuit rejected BMS's argument that 2'-CDG could not be a lead compound because it was later discovered to be toxic, as the toxicity was not known at the time of the invention. In addition, experts testified that a skilled chemist would have the same motivation to modify the carbon ring to arrive at entecavir. Thus, the Federal Circuit held that the district court properly found that entecavir's selection of 2'-CDG as a lead compound and subsequent modification would have been obvious.

BMS also argued that the district court's findings regarding objective indicia of non-obviousness — namely evidence of unexpected results, which included entecavir's high potency, large therapeutic window, and barrier to resistance — precluded a holding of obviousness. Although agreeing these unexpected results gave "some support" for BMS's argument, the Federal Circuit deferred to the trial court's findings that the objective indicia did not overcome the prima facie case of obviousness.

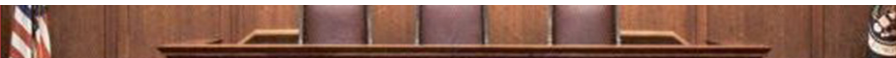
Broadcom Corp. v. Emulex Corp.,

732 F.3d 1325, 2013 WL 5508730 (Fed. Cir. Oct. 07, 2013)

After trial and post-trial motions, the U.S. District Court for the Central District of California determined that Emulex infringed Broadcom's U.S. Patent No. 7,058,150. On appeal, the Federal Circuit affirmed the district court's findings of infringement and non-obviousness of the '150 patent. The Federal Circuit also held that the district court properly exercised its discretion in granting a permanent injunction with a well-crafted sunset period for infringing activities. Takeaways: a device that sometimes, but not always, embodies a claim still infringes, and a well-crafted sunset period can be a factor in evaluating the reasonability of an injunction.

At the district court level, Broadcom had asserted infringement of the '150 patent, which disclosed a method of "using a phase interpolator to perform high speed sampling of a signal using a technique known as clock and data recovery." The district court found infringement as a matter of law. As to obviousness, the relevant prior art was the Pickering reference. The district court found that Pickering taught recovering the clock but not the data, making its disclosure insufficient to render the claims obvious. Additionally, the district court entered a permanent injunction against Emulex, but included an eighteen-month sunset period to protect the supply chain of Emulex's existing customers.

As to infringement, the Federal Circuit affirmed the district court's ruling that "corresponding to" in claim 8 did not limit the claim to full rate, rather than half rate,



architecture, because the claim disclosed quarter rate architecture. Thus, Emulex's use of half rate architecture was held to be covered by the patent. Second, Emulex's product was found to meet the "at a rate . . . so as to reduce" limitation, even though the product only "reduced offset" some of the time. Quoting *Bell Comm'ns Research, Inc. v. Vitalink Comm'ns Corp.*, the panel held that "an accused device that 'sometimes, but not always, embodies a claim[] nonetheless infringes.'"

Next, the Federal Circuit turned to the district court's obviousness analysis, finding that "Pickering does not address the '150 patent's critical 'data path,' i.e., the data recovery function." And, even assuming a person of ordinary skill might have tried to add a data path to Pickering, there was evidence that "combining Pickering with a data path function would result in an 'unfunctional circuit.'" Furthermore, the panel found significant objective indicia of non-obviousness because there was substantial evidence showing that the '150 patent resulted in commercial success and because the '150 patent addressed a "long-felt but unsolved need."

Finally, the Federal Circuit upheld the permanent injunction. The panel found that Broadcom "lost market share to Emulex," a fact that was exacerbated by the "design-win market conditions" in the relevant market—i.e., that a customer becomes bound to a supplier for some length of time. The court held that *Apple, Inc. v. Samsung Electronics Co.* was inapposite because "the evidence here show[ed] that the infringement did cause the harm," whereas there was no such evidence in *Apple*. Further, the sunset period protected Emulex's customers from losing product supply. As such, the district court's grant of a permanent injunction was justified.

Butamax(TM) Advanced Biofuels LLC v. Gevo, Inc.,

746 F.3d 1302, 2014 WL 593486 (Fed. Cir. Feb. 18, 2014)

In this case (the second in the *Cybor* trilogy), the Federal Circuit ruled on a disputed claim construction centering around a chemical compound known as KARI and related invalidity and infringement arguments. Takeaway: The Federal Circuit will not infer patentee's intent to limit the meaning of a well-known term in the patent in the absence of expressed intent to do so. Evidence of such intent must be contemporaneous with the patent application.

The patent at issue concerned a recombinant microbial host cell that uses a particular biosynthetic pathway to produce isobutanol. The pathway is essentially a five-step chemical process culminating with the production of isobutanol, which is useful as a fuel or fuel additive. KARI is defined in the patent specification as an enzyme "using . . . NADPH as an electron donor." The dispute between the parties centers on whether KARI enzymes that use a different electron donor (or cofactor), NADH, in converting acetolactate to 2, 3-dihydroxyisovalerate are covered by the patent.

The district court defined the reference to KARI in the patent as "an enzyme known by the EC number 1.1.1.86 . . . [that] is NADPH-dependent." Butamax appealed the claim construction, as well as denial of its motion for summary judgment of literal infringement, the grant of Gevo's motion for summary judgment of non-infringement

under the doctrine of equivalents, the grant of Gevo's motion for summary judgment of invalidity of other claims for inadequate written description, and an order holding those claims invalid got lack of enablement.

The Federal Circuit reversed, holding that the plain meaning of the term KARI encompasses an enzyme using both NADPH and NADH. The court then considered the claims, embodiments listed in the specification, or extrinsic evidence in attempting to determine if the patentees intended to change that definition.

The court rejected Gevo's argument that intent to exclude NADH-dependent KARI could be inferred because Butamax had referred to KARI "using NADPH" in the patent. The court found that in each instance identified by Gevo, more plausible inferences existed, which did not limit the claim language. Further evidence that the patentees did not "clearly express an intent to redefine" the KARI term was found in the fact that the patent specifically lists a source organism for the preferred KARI that produces KARI utilizing both cofactors. In so holding, the Federal Circuit criticized the district court for excluding scientific article evidence based on its purported lack of support, stating that "[the article's] accuracy is not in dispute." The court also noted that Gevo made reference to the article in question itself for the same proposition.

Finally, the Federal Circuit rejected an argument that Butamax internal documents suggesting that NADH-dependent KARI was preferable to NADPH-dependent KARI serve as evidence of intent to limit the scope of the claim because they were not contemporaneous with the application at issue, having been produced after the patent had issued.

The Federal Circuit vacated the district court's holding, because the issue of infringement should be considered in light of the Court's claim construction. With respect to invalidity, the court determined there were issues of material fact because Butamax introduced extrinsic evidence showing that instructions on how to disable the pathways was known in the art. This entitled Butamax to a trial and rendered the grant of summary judgment to Gevo inappropriate. Finally, the court vacated the finding of enablement as a likely scrivener's error.

CBT Flint Partners, LLC v. Return Path, Inc.,

737 F.3d 1320, 2013 WL 6510953 (Fed. Cir. Dec. 13, 2013)

This case is an appeal from the order of the district court granting Return Path and Cisco IronPort Systems their costs as defendants (including fees to an eDiscovery vendor) in an unsuccessful patent infringement suit brought by CBT Flint Partners. The Federal Circuit reversed in part, vacated in part, and remanded the case.

The dispute arises from a patent infringement suit that CBT brought against Return Path and Cisco in 2007, alleging infringement of Patents no. 6,192,114 and 6,587,550. CBT stipulated to non-infringement of the '114 patent and the court made a summary judgment ruling of indefiniteness as to the '550 patent. Cisco moved to recover its costs under 28 U.S.C. § 1920, including in its request \$243,453.02 in fees it paid to a



company handling electronic discovery. Cisco labeled those fees as “other costs” and did not fit them into a specific § 1920 subcategory. The District Court noted a division of authority as to whether e-discovery fees could be recovered as costs and awarded the full amount to Cisco, concluding they were “the 21st Century equivalent of making copies.”

Federal Rule of Civil Procedure 54(d)(1) authorizes district courts to award costs to the prevailing party; 28 U.S.C. § 1920 enumerates expenses that a court can tax as a cost. The enumerations in § 1920 are taken to be a limit on the discretionary authority of the district court. Review of the district court’s interpretation of § 1920 is de novo; the decision to award costs is reviewed for abuse of discretion.

Since the Eleventh Circuit has interpreted § 1920(4) (the section relevant to the cost of copies) to allow recovery “only for the reasonable costs of actually duplicating documents, not for the cost of gathering those documents as a prelude to duplication”, the Federal Circuit chose to do the same. Relying on committee reports and legislative comments, the circuit court also decided that the 2008 amendments of § 1920 (which allowed recovery of costs for “copies of any materials” where the previous language included only “copies of papers”) did not alter that interpretation. The panel re-iterated prior Federal Circuit rulings that had limited cost shifting (1) only to documents produced to a requestor and (2) only if the reproduced documents were produced pursuant to Rule 28 or other discovery rules. The Court concluded “to the extent that a party is obligated to produce (or obligated to accept) electronic documents in a particular format or with particular characteristics intact (such as metadata, color, motion, or manipulability), the costs to make duplicates in such a format or with such characteristics preserved are recoverable . . . [b]ut only the costs of creating the produced duplicates are included, not a number of preparatory or ancillary costs commonly incurred leading up to, in conjunction with, or after duplication.”

After examining each step of the discovery process in the case, the Federal Circuit concluded Cisco could recover costs for the imaging and extraction techniques necessary to replicate files with metadata intact. It could also recover costs for creating load files containing information required by the requested production and for copying responsive documents to production media (like secure computers). It could not recover costs for culling the number of documents to be duplicated; for planning or coordinating the acquisition of the material to be duplicated; for altering files that are ultimately culled; for installing a new data-hosting server at the offices of Cisco’s counsel; for deduplication (eliminating duplicates from the materials offered in discovery); or for training personnel on the use of e-discovery document review software. The panel anticipated that the costs recoverable and unrecoverable through e-discovery will become clearer over time with a growing number of cases addressing the subject. Because only some of the costs claimed by Return Path and Cisco can be properly fit into § 1920 subcategories, the court vacated the cost order and remanded the case to the district court.

Judge O’Malley wrote separately, concurring in part and dissenting in part. She wrote separately to dissent “from the portion of the majority opinion that authorizes, as

‘costs’, an award of the pre-duplication expenses the majority labelled as “stage one” costs. “Stage one” costs are those required when files have to be imaged before they can be duplicated (in order to preserve metadata, as well as for other reasons). Judge O’Malley believes those expenses do not relate to “actually duplicating documents” but are “costs commonly incurred leading up to, or in conjunction with, or after duplication,” and thus should not be among the recoverable costs.

CEATS, Inc. v. Cont’l Airlines, Inc.,

755 F.3d 1356, 2014 WL 2848630 (Fed. Cir. June 24, 2014)

While the Federal Circuit rejected the district court’s holding that a JAMS mediator had no duty to disclose his prior relationship with one of the law firms representing the defendant, it ultimately upheld the district court’s denial of plaintiffs’ motion for relief from judgment under Federal Rules of Civil Procedure Rule 60.

After CEATS sued the defendants for patent infringement, the parties’ attempts at mediation failed. The case went to trial, and the jury found that CEATS’ patent was infringed but invalid, a judgment that the Federal Circuit affirmed in a separate appeal. After the jury verdict, CEATS filed a motion for relief from judgment under Rule 60(b) based on an alleged relationship between the court-appointed mediator, Magistrate Judge Robert Faulkner, and the law firm representing most of the defendants, Fish & Richardson. The district court denied the motion and CEATS appealed.

The Federal Circuit first reviewed an unrelated case, *Karlseng*, also involving Faulkner and Fish. In *Karlseng*, the timeline of which partially overlapped with the CEATS appeal, Faulkner had failed to disclose his prior relationship with a Fish partner when mediating a case. On appeal of the judgment in *Karlseng* (\$22m in favor of Fish’s client, including \$6m in attorney’s fees), the Fish partner who served as lead trial counsel in the CEATS action had defended Faulkner’s decision not to disclose his prior relationship with Fish.

CEATS sought relief from judgment under Rule 60(b)(3), based on Fish’s failure to disclose the facts surrounding the *Karlseng* litigation, and under Rule 60(b)(6) based on Faulkner’s failure to disclose the facts of the *Karlseng* litigation. At the outset, however, the court noted that CEATS had conceded at oral argument that it could not prevail under Rule 60(b)(3). Therefore the court addressed only Rule 60(b)(6), which is a catch-all provision that allows a court to grant relief “upon such terms as are just.”

The court first held that “mediators are bound by disclosure requirements similar to the recusal requirements of judges,” and therefore that the three factor test outlined by the Supreme Court in *Liljeberg* applies to mediators. In reaching this conclusion, the court noted that “mediators . . . serve a vital role in our litigation process;” trust in — and therefore impartiality of — mediators is crucial because “parties arguably have a more intimate relationship with mediators than with judges” and “are encouraged to share confidential information with mediators.” The court also reviewed numerous disclosure standards imposed on mediators, including the ABA and JAMS standards, and explained that they are substantially similar to the recusal requirements imposed on



judges by 28 U.S.C. § 455(a). On this basis, it held that the three factor *Liljeberg* test applies to mediators. The *Liljeberg* factors include: (1) “the risk of injustice to the parties in the particular case;” (2) “the risk that the denial of relief will produce injustice in other cases;” and (3) “the risk of undermining the public’s confidence in the judicial process.”

Before applying the *Liljeberg* test, the court rejected the district court’s holding that Faulkner had no duty to disclose his dealings with Fish, finding that based on the totality of the circumstances, Faulkner’s relationship to Fish could give rise to the appearance of impropriety. It noted that Fish, as a law firm, was simultaneously defending Faulkner’s personal disclosure decision in the *Karlseng* litigation and mediating the CEATS action, and that the Texas appeals court decision that Faulkner had breached his disclosure obligations in *Karlseng* was released during the CEATS mediation. The Federal Circuit rejected the district court’s reasoning that Faulkner had no duty to disclose his relationship with Fish because Faulkner (1) had no fiduciary interest in *Karlseng*; (2) was not compelled to disqualify himself by statute; and (3) did not act as the presiding judge and final fact-finder.

Ultimately, however, after applying the *Liljeberg* factors the Federal Circuit upheld the district court’s finding that no relief from judgment under Rule 60(b)(6) was warranted. Addressing the first factor, the court found that because there was no evidence that Faulkner impermissibly disclosed confidential information in mediation, there was little risk of injustice in this case. Similarly, it found that while Faulkner did violate his duty to disclose his relationship with Fish, there was little risk that denial of relief here would weaken incentives to properly disclose potential conflicts, because there was no evidence that Faulkner acted inappropriately or ineffectively in the actual mediation of the case. Finally, the court held that while public confidence in the mediation process would likely be undermined somewhat by a denial of relief, that was insufficient reason to grant relief, especially in light of the Supreme Court’s instruction that Rule 60(b)(6) “should only be applied extraordinary circumstances.”

Cheese Sys. v. Tetra Pak Cheese & Powder Sys.,

725 F.3d 1341, 2013 WL 3984991 (Fed. Cir. Aug. 06, 2013)

In this declaratory judgment action, the Federal Circuit affirmed the trial court’s grant of summary judgment that a patent concerning cheese vats was valid and infringed. *Takeaway*: The terms of a patent are construed in conformance with their meaning to one skilled in the art and should not be unduly narrowed. Also, a patent is not anticipated or obvious merely because its subject matter is cursorily mentioned in a prior reference.

In this case, the plaintiff sought a declaratory judgment that its cheese vat system was non-infringing and the patent invalid. In essence, a cheese vat consists of a container with rotating “agitator panels” that cut or stir the cheese. The patentee in the case developed the first horizontal cheese vat with counter-rotating agitator panels, such that the panels on opposite sides of the vat spin in opposite directions. The main contribution of the patentee was his disclosure of how to avoid simultaneous cutting



and stirring by mounting the panels on one side of the vat at an opposite orientation to the panels on the other side.

On its way to affirming summary judgment on infringement, the Federal Circuit addressed two claim construction issues. First, the description of the agitator panels as residing on a “generally common plane” did not require the panels to be “on the whole flat” as the district court had determined. Instead, the Federal Circuit concluded that the agitator panels would fall on a “generally common plane” so long as they are “rotably mounted on the axis of the cylindrical vat.” This holding did not upset the disposition of the case, but the broader claim construction allowed the Federal Circuit to conclude that the patent was literally infringed, not infringed by the doctrine of equivalents as the district court determined. Second, the Federal Circuit affirmed the district court’s rejection of a narrow interpretation of “horizontally disposed,” concluding that a cheese vat is horizontally constructed even if there is a slight incline to aid in drainage. That is, “a person of ordinary skill in this art would distinguish horizontal from vertical cheese vats in comparative terms, rather than requiring horizontal vats to be precisely horizontal.” Accordingly, the Federal Circuit affirmed the district court’s grant of summary judgment of literal infringement on this term.

The Federal Circuit affirmed the validity of the patent, emphasizing that disclosed cheese vats in the patents-in-suit were at most suggested by the prior art, but there was no clear and unambiguous teaching as necessary for anticipation, and no clear and convincing evidence of non-obviousness. For example, the Federal Circuit held that nothing in the prior art disclosed mounting the panels in opposite directions, “let alone any guidance to do so.”

Chi. Bd. Options Exch., Inc. v. Int’l Secs. Exch., LLC,
748 F.3d 1134, 2014 WL 1344515 (Fed. Cir. Apr. 07, 2014)

International Securities Exchange (“ISE”) asserted patent 6,618,707 (“the ‘707 patent”), relating to the operation of an automated trading exchange, against the Chicago Board Options Exchange (“CBOE”). CBOE operated the Hybrid Trading System (“Hybrid”), which integrates a screen-based trading system called “CBOEdirect” with traditional, open-outcry trading. The district court found that a successful infringement claim required ISE to prove that Hybrid’s screen-based and open-outcry trading systems operated independently from one another, in which case Hybrid’s computer-based system would infringe upon the ‘707 patent. The Federal Circuit affirmed this conclusion and, in turn, affirmed the district court’s final judgment pursuant to ISE’s stipulation of non-infringement. The Court then reversed the district court’s conclusion with regard to indefiniteness. Takeaway: A lower court can elaborate on an appellate court’s articulation of legal principles and can even frame those issues more precisely for litigants without violating the “mandate rule” requiring lower courts to obey superior courts.

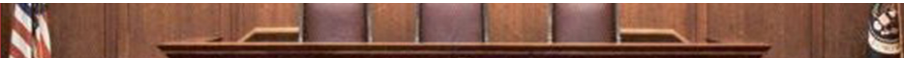
The Court rejected ISE’s argument that the district court violated the mandate rule. The Court also rejected the argument that the district court had precluded ISE from arguing that CBOEdirect infringes on the ‘707 patent. Rather, the district court

“expressly invited ISE to show that CBOEdirect was independent of the open-outcry aspects of Hybrid, as required by [the Federal Circuit’s] construction of ‘automated exchange.’” By requiring ISE to prove independence between Hybrid and CBOEdirect the district court had not added additional limitations to the Federal Circuit’s construction of “automated exchange.” Because the Federal Circuit had construed “automated exchange” to mean “a system for executing trades . . . that is fully computerized, such that it does not include matching or allocating through the use of open-outcry,” the district court’s requirement for ISE to prove the two systems’ independence was entirely acceptable. Patent ‘707’s language constituted a complete disavowal of any manual or partially automated trading systems. Thus, rather than creating additional limitations, the district court merely restated what the Federal Circuit had already made clear: Any exchange that makes use of open-outcry trading would be de facto beyond the scope of the ‘707 patent. And to succeed on its infringement claim ISE must prove that CBOEdirect’s automated system is “separate from the open-outcry aspects of Hybrid.” The Court thus affirmed the district court’s judgment with regard to CBOE’s non-infringement.

The Court also reversed the district court’s conclusion with regard to indefiniteness. Claim 2 of patent ‘707 relates to the process by which ‘707’s automated exchange “match[es] the remaining portion [of trades] . . . on a pro rata basis.” First, the Court explained that “matching” is not indefinite, as the Court had construed the meaning of the matching process in a prior appeal. Second, the Court explained that “pro rata” matching means size-based, proportional matching between outstanding trades and book orders. A person of ordinary skill in the art would understand the algorithmic structure for performing the claimed matching function. “‘Algorithm’ may be expressed in any understandable terms including as a mathematical formula, in prose, or as a flow chart, or in any other manner that provides sufficient structure to a person of ordinary skill in the art.” (citing *Finisar Corp. v. DirecTV Grp., Inc.*, 523 F.3d 1323, 1340 (Fed. Cir. 2008)). Thus, the district court erred in finding that claim 2 amounted to indefinite disclosure of the matching algorithm necessary to practice that claim.

Consumer Watchdog v. Wis. Alumni Research Found. ,
753 F.3d 1258, 2014 WL 2490491 (Fed. Cir. June 4, 2014)

The Federal Circuit held that appellant Consumer Watchdog lacked Article III standing to appeal the Patent Trial and Appeal Board’s decision because Consumer Watchdog had not established an injury-in-fact. The Federal Circuit emphasized that while Article III standing may not be a requirement for appearing before an administrative agency, once a party seeks review of an agency decision in federal court, the Article III standing requirements kick in. Article III standing requires a party to have suffered an injury-in-fact that is concrete and particularized, and actual or imminent; the injury must be fairly traceable to the challenged action; and a favorable judicial decision must be likely to redress the injury. The Federal Circuit held that Consumer Watchdog failed to allege injury sufficient to establish federal standing. Consumer Watchdog claimed that appellee’s patent, which was directed to human embryonic stem cell cultures, severely burdened taxpayer-funded research in the State of



California. Consumer Watchdog did not allege any involvement in research or commercial activities involving human stem cells, nor did it allege that it was an actual or prospective competitor or licensee of the appellee.

Consumer Watchdog argued that it had a statutory injury under 35 U.S.C. §§ 311(a), 314(b)(2) (2006), which allows a third party to request patent reexamination. However, the Federal Circuit held that Consumer Watchdog had received the reexamination it requested, and the statute's grant of a right to appeal decisions favorable to patentability did not eliminate the Article III standing requirements. The statutory appeal right is a procedural right and may serve to relax the traceability and redressability prongs of standing analysis, but it cannot replace the required injury-in-fact. The estoppel provision of the inter partes reexamination statute similarly did not provide Consumer Watchdog a basis for the necessary injury.

Absent a particularized, concrete interest in appellee's patent or the Board's decision regarding that patent, Consumer Watchdog lacked standing to appeal the decision affirming the patent's validity.

Danisco U.S. Inc. v. Novozymes A/S,
744 F.3d 1325, 2014 WL 929348 (Fed. Cir. Mar. 11, 2014)

The Federal Circuit held that the district court erred in dismissing a declaratory judgment suit for lack of subject matter jurisdiction. The panel held that, even though the declaratory judgment suit was filed the day the patent in question issued, the patentee's conduct prior to issuance should have been considered in determining whether a justiciable controversy existed under Article III. Takeaway: A party seeking declaratory judgment may rely on pre- and post-issuance circumstances to meet its burden to establish that an Article III "controversy" exists. There does not need to be an affirmative act of enforcement of the issued patent, so long as under the totality of circumstances it is clear that a definite and concrete dispute exists involving the legal rights of the party and the threat of enforcement exists.

In the district court below, Danisco had brought the action for declaratory judgment against Novozymes. The district court dismissed the suit for lack of subject matter jurisdiction, as it found there was no justiciable Article III case or controversy. The district court held that the patentee was missing "an affirmative act of enforcement" or "some implied or express enforcement threat" by the competitor because "pre-issuance conduct" could not satisfy that requirement.

In reversing the district court's dismissal, the Federal Circuit held that Article III does not require the party seeking a declaratory judgment to show that the defendant threatened litigation or took post-issuance action to enforce its rights. Rather, under Supreme Court precedent, the proper question is whether, under the totality of the facts alleged, there is a "substantial controversy" between parties with "adverse legal interests" that is "definite and concrete" and has "sufficient immediacy and reality" to warrant declaratory relief. As such, the panel held that a bright line distinction between

pre- and post-issuance circumstances is irreconcilable with the proper, flexible test that includes pre-issuance actions.

In the present case, the Federal Circuit held that a definite and concrete dispute existed between the parties. Danisco's '240 patent claimed a truncated *Geobacillus stearothermophilus* a-amylase variant polypeptide enzyme with a substitution from glutamic acid to proline at sequence 188 used in its Rapid Starch Liquefaction ("RSL") products. After the PTO issued a Notice of Allowance of Danisco's patent application for the '240 patent, Novozyme amended a pending patent application to claim an a-amylase variant and subsequently requested an interference contesting entitlement to priority of the invention. The examiner rejected the interference request because the truncated a-amylase enzyme of Danisco's then-pending claim did not meet the sequence identity limitations in Novozyme's amended claim under its '573 patent. After the '240 patent issued, Novozyme filed a request for continued examination and challenged the examiner's conclusion, alleging that Danisco's patent interfered with its pending patent. Novozyme then submitted public comments to the PTO that Danisco's patent fell within the scope of its own claim.

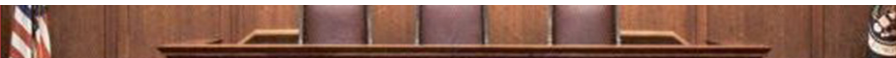
Moreover, since 2001, Novozyme had sued Danisco a number of times for infringement. In one instance, Novozyme amended a pending application to claim one of Danisco's new products and then sued Danisco on the same day that the patent issued. Upon issuance of Novozyme's '573 patent, Danisco filed actions seeking declaratory judgments that: 1) its products did not infringe Novozyme's patent; 2) the '573 patent was invalid; or 3) alternatively, Danisco's patent had priority over Novozyme's.

The Court held that Novozyme's actions demonstrated that it had "engaged in a course of conduct that shows a preparedness and willingness to enforce its patent rights," which was enough to create subject matter jurisdiction. Novozyme had not indicated that it would withdraw its allegations of infringement, nor had it offered assurances such as a covenant not to sue that could potentially have extinguished the controversy. Due to the ongoing threat of litigation, Danisco was in the position of either abandoning its RSL products or risking an infringement lawsuit. The panel relied on the Supreme Court *MedImmune* case, which held that "[p]utting the challenger to the choice between abandoning his rights or risking prosecution [] is 'a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate.'"

Digitech Image Technologies, LLC v. Electronics for Imaging, Inc.,

758 F.3d 1344, 2014 WL 3377201 (Fed. Cir. July 11, 2014)

The Federal Circuit affirmed the district court's decision that the "device profile" claims and the method claims are not patentable subject matter under § 101. The "device profile" claims recite nothing more than data and do not fall within the four categories of patentable subject matter. The method claims for generating a device profile encompass the abstract idea of organizing data through mathematical correlations and thus also are not patentable subject matter either. Takeaway: Patents broadly claiming data in its intangible form or methods organizing such data without



ties to a physical form are not patentable subject matter, but including claim language (preferably in the claim steps and not solely in the preamble) reciting a specific physical form may be patent-eligible. The analysis used by the Court here is reminiscent of the old machine-or-transformation test.

Digitech is the assignee of the ‘415 patent, which is directed to the use of an “improved device profile” for digital image processing. Digital image processing generally involves electronically capturing an image of a scene with a “source device” (such as a digital camera), altering the image in a desired fashion, and transferring the altered image to an “output device” (such as a colored printer). Because all imaging devices impose some distortion on an image, the prior art corrected such distortions with various solutions that can be dependent or independent on the device. The “improved device profile” disclosed in the ‘415 patent expands on prior device-independent solutions by using both color and spatial properties of a device.

The Federal Circuit held that the claims directed to a “device profile” did not fit within any of the patent-eligible categories of process, machine, manufacture, or composition of matter. In particular, a device profile is simply “data in its ethereal, non-physical form” (“simply information”) and therefore not a tangible or physical thing. The court rejected Digitech’s argument that the information (“device profile”) must be hardware or software within a digital image processing system, because such limitation was not in the claim language. Instead, the claims were broadly drafted to include all embodiments of the information contained in the device profile, regardless of the process to obtain the information or the physical medium in which it is stored.

As to the method claims reciting how to generate a device profile (generating first data, generating second data, and combining), the Federal Circuit held the claims recite an abstract idea and simply use mathematical algorithms to manipulate information to generate new information. A method of calculating, using a mathematical formula, is not patent eligible under § 101. Though Digitech argued the preamble’s recitation of an image processor sufficiently limited the idea, the Court held the preamble merely stated the purpose or intended use and therefore did not limit the claim’s scope. Thus, the method claims improperly covered any and all uses of a device profile.

Endo Pharms. Inc. v. Actavis, LLC,

746 F.3d 1371, 2014 WL 1272846 (Fed. Cir. Mar. 31, 2014)

A panel of the Federal Circuit split over whether the defendants, licensees of the plaintiff, had an implied-license defense to a claim of infringement. Reversing the district court, the majority found that neither Actavis nor Roxane Pharmaceuticals had an express or implied license to use Endo’s newly issued patents, despite covering the same commercial drug and claiming priority to the same provisional application as the licensed patents. The dissent would have found that Actavis had an implied license stemming from legal estoppel. Takeaway: The Federal Circuit will read the scope of patent licenses strictly, even where the result seems to destroy the value of the original bargain.



Endo sells extended release oxymorphone tablets under the Opana® ER brand. Prior to this litigation, Endo had settled with Actavis and Roxane in Hatch-Waxman litigation over the defendants' ANDA filings, resulting in a license for Endo's patents covering Opana® ER. Subsequently, two additional patents issued to Endo covering Opana® ER's composition and method of use ('122 patent and '216 patent). Although these two patents were pending at the time of the settlement agreement, only Roxane was aware of their existence. Endo filed a second infringement suit, and Actavis and Roxane claimed express and implied licenses to the new patents.

The Federal Circuit panel agreed that neither defendant had an express license to the '122 or '216 patents. The language in the license limited the scope to the existing patents and any continuations claiming priority to said patents. The new '122 and '216 patents instead claim priority to the same provisional application as the existing patents (a sibling relationship instead of a parent-child relationship). Therefore, these two additional patents were not expressly licensed.

However, the panel split as to whether the defendants could claim an implied license. The defendants argued that estoppel should bar Endo's infringement claims because to hold otherwise would unfairly allow Endo to revoke the benefit of the prior bargain, analogizing to the Federal Circuit decision in *TransCore, LP v. Electronic Transaction Consultants Corp.*, 563 F.3d 1271 (Fed. Cir. 2009). The majority held that the reasoning in *TransCore* was inapposite because the patents at issue there were continuations of the licensed patents whereas the only familial relationship between the patents here is that the '122 and '216 patents claim priority to the same provisional application as the licensed patents. Relying on the lack of a continuation relationship and an explicit disclaimer clause in the license, the majority rejected the defendants' implied-license arguments.

Dissenting, Judge Dyk would have found an implied license specifically for Actavis, who was unaware of the pending '122 and '216 patents at the time of the settlement and whose license differed from Roxane's with slightly broader language regarding the scope of the agreement. The dissenting opinion highlighted the injustice of allowing Endo to reap the benefits of a license that seemed to permit the defendants to manufacture their generic drugs, only to return after the fact with the threat of patents from the same family.

Energy Recovery, Inc. v. Hauge,

745 F.3d 1353, 2014 WL 1063442 (Fed. Cir. Mar. 20, 2014)

Following a dispute between Energy Recovery, Inc. (ERI) and a former employee, Hauge, a settlement agreement was reached and adopted as an order of the district court. Thirteen years later, ERI filed a motion for order to show cause, complaining that Hauge was in violation of the original order. The district court agreed and found Hauge in contempt, but the Federal Circuit reversed and vacated. Takeaway: There cannot be a violation of the "spirit" of a settlement agreement because it represents the careful compromise of competing interests.

The settlement agreement between ERI and Hauge specified that Hauge would transfer ownership of all existing patents related to pressure exchangers, a type of energy-recovery device used in reverse osmosis, and any other intellectual property related to the technology. The agreement also contained a two-year non-compete clause. Following the expiration of the non-compete, Hauge filed a provisional patent application for a pressure exchanger and began selling products under a new corporation in direct competition with ERI.

ERI presented an expert to the district court who opined that Hauge's new technology was virtually identical to that transferred in the settlement agreement, and the district court found Hauge in contempt. The Federal Circuit applied 4th Circuit law to review the contempt order and found that Hauge had sufficiently complied with all of the settlement's provisions. Although the district court found he had violated the "letter and spirit" of the agreement, the Federal Circuit pointed out that Hauge had properly transferred all of the intellectual property that existed at the time of the agreement and had not violated the non-compete while it was in effect. Although Hauge might currently be in violation of patent or trade-secret laws, ERI had not met the 4th Circuit contempt standard of "set[ting] forth in specific detail an unequivocal command [in the court's order] which a party has violated."

EnOcean GmbH v. Face Int'l Corp.,

742 F.3d 955, 2014 WL 341040 (Fed. Cir. Jan. 31, 2014)

In this appeal from the Patent Office's Board of Patent Appeals and Interferences, the Federal Circuit applied its existing law to determine that use of the word "receiver" in the patentee's claims, despite not disclosing a specific structure, was not a means-plus-function claim, and that the claim term was adequately supported by priority applications such that the patent at issue could claim the benefit of an earlier foreign filing date. Takeaway: In the presence of evidence that a person of ordinary skill in the art would understand the structure of a device, the Federal Circuit will not impute the intent to draft means-plus-function claims to patentees. Where a person of ordinary skill in the art would understand that the invention in an earlier foreign application is the same as one in the United States, the patentee can claim the benefit of the earlier filing date (assuming all other requirements are met).

EnOcean appealed the Patent Office's finding that certain of its claims making use of the phrase "receiver for receiving" and "receiver adapted for receiving" but without the term "means" were means-plus-function claims. Applying the rule that "where . . . the claim language does not recite the term 'means,' we presume that the limitation does not invoke § 112, ¶ 6" unless "the claim term fails to recite sufficiently definite structure, or else recites function without reciting sufficient structure for performing that function." (internal quotes omitted) The court found that in light of the Patent Office's finding that "a skilled worker would have been familiar with the design and principles of . . . receivers," as well as expert testimony and scientific literature offered by EnOcean suggesting the same, the presumption that claim language not reciting the term "means" is not a means-plus-function claim was not overcome.

The court next addressed the priority issue. The foreign application at issue made but one reference to receivers: “the switches . . . emit one or a plurality of radio frequency telegrams which are received by a single receiver, and the latter initiates the corresponding actions.” The court found that despite making, in the Patent Office’s words, “only passing reference to the signal reception means,” this reference was sufficient to meet the requirement of “sufficient detail that one skilled in the art can clearly conclude that the inventor invented the claimed invention as of the filing date sought” (internal quotes omitted) and was therefore entitled to the earlier priority date. The court was careful to note, however, that although in this instance it was demonstrated that a person of ordinary skill in the art would be able to understand the invention merely by reading the term “receiver” in earlier references for priority purposes, the court need not reach the same conclusion for determining priority in other instances where it made a conclusion that a term connotes enough structure to avoid invoking § 112.

ePlus, Inc. v. Lawson Software, Inc.,

760 F.3d 1350, 2014 WL 3685911 (Fed. Cir. July 25, 2014)

In a 2-1 decision, the Federal Circuit vacated an injunction and contempt sanction, because the United States Patent and Trademark Office (PTO) had canceled the patent-in-suit after reexamination. Due to the cancellation of the patent, “there is no longer any legal basis to enjoin Lawson’s conduct based on rights that claim 26 of the ‘683 patent previously conferred[,] as those rights have ceased to exist.” And “because the patent is determined to be invalid,” the “compensatory civil contempt remedies must be set aside,” given that “the injunction on which they are based is set aside.” Takeaway: The cancellation of a patent by the PTO requires reversal of injunctive and compensatory relief awarded by the district court before the cancellation became final.

The patents at issue in this case relate to methods and systems for electronic sourcing used for e-procurement. The only claim at issue in this appeal recites a “method comprising the steps of”: “maintaining at least two product catalogs on a database,” “selecting product catalogs to search,” “searching for matching items,” “building a requisition,” “processing the requisition to generate one or more purchase orders,” and “determining whether a selected matching item is available in inventory.”

A jury had previously found infringement of a broader series of patents asserted by ePlus, and the district judge had enjoined Lawson’s sale of its software. But the jury’s verdict was reversed in part by the Federal Circuit in a prior appeal, leaving only the claim referenced above as valid and infringed.

The district judge on remand from the prior appeal reimposed the injunction (altered to account for the Federal Circuit’s decision), and found Lawson in contempt for continuing to sell infringing software, despite Lawson’s redesign of the product in question. As a civil contempt sanction, the court ordered Lawson to pay an \$18 million compensatory fine and a \$60,000 coercive daily fine until Lawson could show compliance with the injunction. Lawson again appealed. And while Lawson’s appeal



was pending, the PTO reexamined the remaining claim and determined it was invalid, and that decision was affirmed by the Federal Circuit.

The Federal Circuit reversed the injunctive and civil contempt awards, because the PTO's cancellation of the patent removed any patent right previously held by ePlus, and therefore any basis for any relief. As to injunctive relief, "ePlus even admitted that there could be no injunction moving forward," and as the dissent also acknowledged, the cancellation by the PTO thus required that the Federal Circuit vacate the injunction. As to the civil contempt remedies, because the award was for "compensation" to ePlus, and not a criminal contempt punishment, the "[c]ivil contempt sanctions must be set aside when the resolution of the case requires overturning the injunction on which those sanctions are based."

Judge O'Malley in dissent argued that the Court in the prior appeal had affirmed the jury's finding of infringement of one claim, and that the infringement finding as to that claim was therefore final as between ePlus and Lawson. She therefore would not have vacated the contempt award, and would instead have considered the merits of Lawson's appeal from the contempt proceedings (on which she offered no opinion).

Frans Nooren Afdichtingssystemen B.V. v. Stopaq Amcorr, Inc.,
744 F.3d 715, 2014 WL 657972 (Fed. Cir. Feb. 21, 2014)

This litigation involved a claim construction conflict regarding the language "a filler comprising a plurality of fractions, each comprising different size particles, wherein said different fractions have different particle size distributions" in a patent for the "Use of a Preparation for Insulation/Sealing and Coating Purposes and Method for Sealing Manhole Covers." Takeaway: The district court erred in limiting "a filler" to "one material" where there was no basis in the claim language or specification for doing so.

The patent at issue covered a coating used for insulating and protecting substrates from corrosion, water ingress, and mechanical stresses. One of the elements of the coating, according to the claims, is "a filler comprising a plurality of fractions, each comprising different size particles, wherein said different fractions have different particle size distributions." Stopaq Amcorr filed a declaratory judgment action seeking to have the court declare its product, which is similar to the patented product and also is designed to prevent corrosion and protect against leaks, non-infringing against Frans Nooren's patent.

The dispute centered around what the elements qualified as "fillers." The parties did not dispute that a filler must include at least two "fractions" having certain properties. However, the parties did debate whether each material used as a filler must contain fractions, or whether each material in the filler could be homogenous, and together with the materials, make up the required fractions in one filler.

The district court held that a filler could not contain more than one material, which lead it to a finding of non-infringement based on its interpretation of the patent's prosecution history. This was in spite of the fact that one of the products listed as an

example of a filler in the specification of the patent, polypropylene, did not meet this definition. Polypropylene was also present in the Stopaq Amcorr's product. The Federal Circuit overturned this holding, finding "no basis in the language or specification for limiting 'a filler' to 'one material.' We have been pointed to nothing about a customary usage of the term itself, and nothing in the specification's use of it, that excludes from being a 'filler' a mixture of two different 'materials.'" The court additionally took issue with the district court's analysis of the prosecution history, stating that "[a]pplicants never said anything that states or implies such an exclusion." The Federal Circuit also overturned the district court's finding that polypropylene is not a filler because the district court had not based the holding on a claim construction of the term filler. The Federal Circuit instead chose a dictionary definition proffered by Stopaq Amcorr, undisputed by Frans Nooren, of the parties as the proper construction.

The court then reviewed in detail the issues to be addressed on remand, stating that they merely "are identifying at least some of the problems that require attention in a more focused and systemic claim-construction analysis than the parties and the record currently supply" before infringement could be decided.

Futurwei Tech., Inc. v. Acacia Research Corp.,

737 F.3d 704, 2013 WL 6231549 (Fed. Cir. December 03, 2013)

The Federal Circuit affirmed the district court's dismissal of several claims of a lawsuit brought by Huawei's wholly-owned subsidiary (Futurewei) seeking a declaratory judgment of noninfringement and invalidity of several patents owned by Acacia. While the district court had dismissed the claims for Huawei's failure to state a claim, the Federal Circuit upheld the dismissal using the first-to-file rule.

Acacia entered into an exclusive licensing agreement relating to several patents owned by Access Co., Ltd in 2009. As part of the license, Acacia gained the right to sue third parties for infringement and made a promise not to sue Access or its customers. The agreement also included a forum selection clause designating the Central District of California as the proper forum for "any suit, action or proceeding arising out of or relating to this agreement." Later that same year Acacia transferred all of its rights under the licensing agreement to SmartPhone, a wholly-owned subsidiary. In 2012, SmartPhone brought suit in the Eastern District of Texas against Huawei alleging infringement of the licensed patents. The following day, Huawei brought the current suit against SmartPhone, Acacia, and Access in the Central District of California alleging that Huawei had been an Access customer for more than ten years. Huawei's suit had 16 counts, seeking declaratory judgments of noninfringement and invalidity, enforcement of Huawei's rights as a third party beneficiary of the Access-Acacia licensing agreement and a declaratory judgment that Acacia and SmartPhone are acting as corporate alter egos. The district court in California dismissed counts 1-10 (seeking declaratory judgments of invalidity and non-infringement) under the first to file rule. It dismissed count 11 (seeking enforcement of third party rights) for failure to state a claim (because Huawei asked for no declaratory judgment naming it a third party beneficiary) and count 16 (requesting a designation that Acacia and SmartPhone



are alter egos) as a compulsory counterclaim in the Texas litigation. Huawei appealed the dismissal of counts 11 and 16.

The Federal Circuit noted several reasons to prefer the Texas action to that brought by Huawei in California. Added to the general rule that the first action to file should predominate, the circuit noted “when two actions that sufficiently overlap are filed in different federal district courts, one for infringement and the other for declaratory relief, the declaratory judgment action, if filed later, generally is to be stayed, dismissed, or transferred to the forum of the infringement action.” The first to file rule is not absolute; exceptions can be made based on the convenience and availability of witnesses, the absence of jurisdiction over all necessary or desirable parties, the possibility of consolidation with related litigation, or considerations relating to the real party in interest.

The court considered count 11 rightly dismissed. It assumed that Huawei sought declaratory judgment naming it as a third party beneficiary of the contract. Since the rights that Huawei would gain from that designation are already at issue in the Texas litigation, the question of Huawei’s third party beneficiary status should be litigated as part of that proceeding. Similarly, the court decided that the nature of the relationship between SmartPhone and Acacia is already at issue in the Texas litigation as part of Huawei’s affirmative defense relating to its third party beneficiary rights. It too should be decided as part of the Texas litigation.

Galderma Lab., L.P. v. Tolmar, Inc.,

737 F.3d 731, 2013 WL 6483704 (Fed. Cir. Dec. 11, 2013)

The Federal Circuit reversed the ruling of the district court and held that several patents covering Galderma’s anti-acne drug DIFFERIN were invalid on the grounds of obviousness.

Tolmar filed an abbreviated new drug application (ANDA) to market a generic version of Galderma’s Differin anti-acne drug. Galderma brought suit under the Hatch-Waxman Act against Tolmar for patent infringement. Tolmar alleged that Galderma’s patent for Differin (with a 0.3% active ingredient concentration) is invalid as obvious in light of prior art (several patents for 0.1% - 1.0% active ingredient combinations, and a data sheet describing the same formula of inactive ingredients used in Differin). The district court, after an eight day bench trial, found in favor of Galderma and upheld the patents. Tolmar appealed and the Federal Circuit reversed and found the patents invalid for obviousness.

The Federal Circuit based its ruling on the prior art introduced by Tolmar. It put great weight on the range of active ingredient concentration covered in the earlier patents even though that patent owner never marketed a product with greater than a 0.1% concentration: “where there is a range in the prior art, and the claimed invention falls within that range, the burden of production falls upon the patentee to come forward with evidence that (1) the prior art taught away from the claimed invention; (2) there were new and unexpected results relative to the prior art; or (3) there are other pertinent

secondary considerations.” The court considered in turn each of these evidentiary categories. It found no showing that prior art taught away from the 0.3% concentration even though it recommended a different concentration: “a teaching that a composition may be optimal or standard does not criticize, discredit, or otherwise discourage investigation into other compositions.” Similarly, it found the change in results to be insufficient to distinguish Galderma’s patent from the prior patent: “where an unexpected increase in efficacy is measured by a small percentage, as here, and the evidence indicates that skilled artisans were capable of adjusting the percentage, the result constitutes a difference in degree, not kind.” Finally, the court discounted the emphasis of the district court on Galderma’s commercial success as indicative of its innovation. Since the prior patents, which expired only in 2010, blocked market entry for other competitors, the court gave little weight to Galderma’s success.

Judge Newman dissented. Acknowledging that the case presented “a close call” she urged the court to give greater weight to the district court’s determination since the district court was much closer to the witnesses and the presentation of the evidence. She criticized the majority for giving “scant attention to the district court’s analysis,” and “distort[ing] the burdens of proof and production, ignor[ing] the applicable standard of proof and rely[ing] on their own factual determinations and creative theories of law.” Judge Newman was particularly concerned with the burden shifting done by the court in asking Galderma to prove their innovativeness once Tolmar established that the prior art patent had claims with a range covering Galderma’s formulation even though the prior patentee had never used Galderma’s formulation (a 300% increase over its own). After a thorough discussion of the evidence covered at trial, Judge Newman concluded that the appropriate outcome would be to leave the district court’s conclusion intact and affirm its ruling.

GE Lighting Solutions, LLC v. AgiLight, Inc.,
750 F.3d 1304, 2014 WL 1704518 (Fed. Cir. May 01, 2014)

In a case involving four patents related to light emitting diode (LED) products, the Federal Circuit reversed summary judgment with regard to non-infringement of three patents and affirmed summary judgment with regard to non-infringement of one patent.

Reviewing claim construction and summary judgment de novo, the Federal Circuit determined that the district court incorrectly construed “insulation displacement connector” (“IDC connector”). Based on the incorrect construction of “IDC connector” the parties stipulated to non-infringement of two patents. Contrary to the district court’s specialized definition of “IDC connector” that was incorrectly based on the preferred embodiment in a figure and the limitations of several dependent claims, the Federal Circuit determined that “[t]here is no dispute that the plain meaning of IDC connector is ‘a connector that displaces insulation surrounding an insulated conductor to make electrical contact with the conductor.’” Rather than consisting of some specialized IDC connector, the Federal Circuit determined that “IDC connector is a commonly used term that connotes a range of known devices.”



Although the alleged patent infringer argued that “claim terms must be construed in light of the specification and prosecution history, and cannot be considered in isolation,” the Federal Circuit noted that “the specification and prosecution history only compel departure from the plain meaning in two instances: lexicography and disavowal.” With regard to lexicography, the Federal Circuit noted that in order “[t]o act as its own lexicographer, a patentee must ‘clearly set forth a definition of the disputed claim term,’ and ‘clearly express an intent to define the term.’” With regard to disavowal, the Federal Circuit stated that the specification or prosecution history must make “clear that the invention does not include a particular feature.”

In this case, the Federal Circuit found no lexicography or disavowal because the specifications and their prosecution histories provided no definition of “IDC connector” or any evidence that the inventors intended to act as lexicographers. Unlike the numerous cases where lexicography or disavowal has been found, the Federal Circuit noted that there was no description of the depicted IDC connector in the figure “as the present invention, as essential, or as important.” Furthermore, the Federal Circuit found no evidence of criticizing other IDC connectors to demonstrate a disavowal of the plain meaning of “IDC connector.”

Furthermore, the Federal Circuit utilized the doctrine of claim differentiation to hold that the district court erred by importing limitations from dependent claims of one patent into the independent claims, which violated the doctrine’s “presumption that these dependent claim limitations are not included in the independent claim.” Since the Federal Circuit found no evidence to override this presumption, the court reversed the district court’s grant of summary judgment of non-infringement of two patents and remanded to allow for proceedings based on the Federal Circuit’s construction of “IDC connector.”

With regard to a third patent, the Federal Circuit determined that the district court erroneously interpreted the parties’ stipulated definition of “substantially ellipsoidal inner profile” as “an inner three-dimensional surface where the sum of the distances from two focal points and the points on the inner surface is substantially constant.” The Federal Circuit determined that the district court incorrectly granted summary judgment for non-infringement because it held that the entirety of the inner profile must be substantially ellipsoidal in order for there to have been an infringement. The Federal Circuit rejected such a construction of the stipulated interpretation because it would exclude the specification’s only disclosed embodiment that possessed an inner profile that was not entirely substantially ellipsoidal. Since the Federal Circuit found no probative evidence, the court noted that the claims should be reasonably interpreted in order to include the specification’s only disclosed embodiment. Based on this, the Federal Circuit found a genuine issue of material fact sufficient to avoid summary judgment.

As an alternative argument to retain summary judgment, the alleged infringer argued that its accused products did not include a “generally spherical outer profile,” which was stipulated by the parties to mean “an outer three-dimensional surface where the points on the surface are generally equidistant from a center point.” The alleged



infringer asserted that it provided evidence via expert testimony that the lens on its product was not generally spherical—that it was only circular. The Federal Circuit utilized the images from the alleged infringer’s expert to support the finding of a genuine factual dispute. Thus, the Federal Circuit rejected the alternative basis for affirming summary judgment as well.

The fourth patent in the case was “directed to an overmolding process that applies a protective sealant over the printed circuit board (PCB) to which an LED is attached, but not over the LED itself. To ensure that the protective sealant does not cover the LED, an ‘annular gasket’ surrounds the LED before it is placed into an injection mold.” The Federal Circuit affirmed the district court’s construction of the term “annular gasket” as “a three-dimensional deformable material used to make a pressure-tight joint between stationary parts, with an *opening* in its center capable of sealing off its center area when bonded statically between stationary parts on its top and bottom.” The Federal Circuit affirmed summary judgment of non-infringement because the accused product’s lens was not an “annular gasket” since it did not possess an opening according to the plain meaning of the term “gasket” and annular gaskets disclosed in the patent .

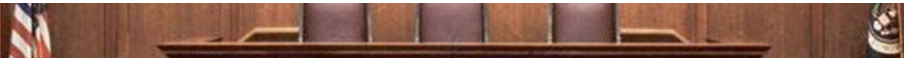
Judge Reyna, concurring-in-part and dissenting-in-part, disagreed with the decision’s interpretation of the terms “substantially ellipsoidal inner profile” and “generally spherical outer profile” and claimed that the stipulated interpretations should apply to the entirety of the inner and outer profiles based on the claim language, the plain meaning of “profile,” the illogical results that follow from the majority’s interpretation, and the prosecution history. Thus, Judge Reyna would have affirmed summary judgment of non-infringement with regard to the patent with those terms.

Gemalto S.A. v. HTC Corp.,

754 F.3d 1364, 2014 WL 2766195 (Fed. Cir. June 19, 2014)

Gemalto sued HTC Corporation and other mobile technology companies in the Eastern District of Texas over alleged infringement of Gemalto’s ‘317, ‘485, and ‘727 patents, which described a technology designed to allow resource-constrained devices, such as microcontrollers, to run Java applications. The district court granted summary judgment of non-infringement, based on the absence of certain limitations from the accused products. On appeal, the Federal Circuit affirmed the district court’s constructions of the “memory” and “programmable device” limitations of the asserted patents, and on that basis affirmed the lower court’s judgment of non-infringement.

Prior to Gemalto’s claimed invention, allegedly only microprocessor-based systems could run Java applications, due to those applications’ prohibitively large memory requirements. At the time of the invention, microprocessor-based systems used processors requiring a substantial amount of memory, which was located on chips separate from the processor chip (off-chip memory). Gemalto’s claimed invention involved a method of converting applications written in high-level programming languages, like Java, into another format suitable for resource-constrained devices, like microcontrollers. The three asserted patents were all related, with the ‘485 and ‘727 patents being continuations of the ‘317 patent. All of the asserted claims recited either



an “integrated circuit card” (in the asserted claims from the ‘317 and ‘485 patents) or a “programmable device” (in the single asserted claim from the ‘727 patent), containing a processor and a “memory.” The memory contained both a program converted from a high-level language and an interpreter that the processor used to execute the program. Gemalto alleged that the defendants’ smartphones infringe its patents when they run the Android operating system and Java applications.

The district court construed “memory” as “all program memory,” meaning “sufficient memory to run the Java code [or other high-level programming language] in accordance with the patentee’s invention.” Gemalto did not dispute that the accused devices have to access “off-chip memory” to run Android programs, but argued infringement by equivalence. The district court also construed “programmable device” as “a single semiconductor substrate integrating electronic circuit components that includes a central processing unit and all program memory making it suitable for use as an embedded system.” Finally, the district court construed “resource constraints” as meaning “insufficient memory to run the compiled program in an unconverted form.”

The Federal Circuit first addressed the claims related to the “integrated circuit card” patents. Gemalto argued that the construction of “memory” in those claims should allow for an integrated circuit card to access applications stored in off-chip memory. In upholding the district court’s construction of memory, the court cited to Gemalto’s own arguments made during prosecution of the ‘317 patent. Specifically, the court pointed out that “external memory storage was a defining feature of prior art Java technology, and that [Gemalto’s] patented invention was designed to eliminate the need for such external storage.” The court also noted that if an integrated circuit card could simply access external memory sources, “there would be no need to ‘squeeze’ the application or its interpreter onto the card.” The court further held that this construction of memory applied equally to the ‘485 patent, as a continuation of the ‘317 patent.

The court then addressed the claims related to the “programmable device” patent. Gemalto argued that “programmable device” should be construed more broadly to mean “a device that can execute a computer program.” The Federal Circuit ultimately held that to be consistent with the “resource constraints” limitation in the ‘727 patent, “programmable device” could not be construed as broadly as Gemalto argued. It pointed out that Gemalto’s proposed construction would allow programmable devices to encompass even those devices that can access off-chip memory, which “would effectively read [the resource constraints limitation] out of the claim.”

Finally, the court addressed Gemalto’s infringement by equivalence argument. Gemalto argued that the accused devices infringe under the doctrine of equivalents “when they temporarily load program instructions from off-chip memory into on-chip cache memory before execution.” The court noted that under its own precedent Gemalto was required to provide “particularized testimony and linking argument to show the equivalents are insubstantially different.” Because Gemalto provided no testimony asserting that the functional difference between cache memory and permanent memory is insubstantial, it failed to meet this burden. The court also noted that cache memory functionality was prior art at the time of Gemalto’s invention, so that if cache memory

were equivalent to permanent memory, Gemalto's claims "would read on microprocessor systems that were widely used prior to its invention." On this basis the panel affirmed the district court's summary judgment of no infringement with respect to all claims.

General Elec. Co. v. Wilkins,

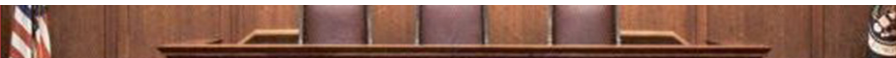
750 F.3d, 1324 2014 WL 1814011 (Fed. Cir. May 8, 2014)

In a case involving a patent related to components of a wind turbine that permitted the turbine to remain connected to a power grid during a low voltage event, the Federal Circuit affirmed the district court's finding that the defendant did not present clear and convincing evidence of co-inventorship and should thus not be named a co-inventor of the patent.

The Federal Circuit reviewed the district court's determination regarding inventorship as a question of law and granted no deference to the court's determination. Furthermore, the Federal Circuit reviewed the district court's findings of fact for clear error. Since the Federal Circuit recognized "a presumption that the named inventors are the true and only inventors" of an issued patent, the court noted that "the burden of showing misjoinder or nonjoinder of inventors is a heavy one and must be proved by clear and convincing evidence" Finally, the Federal Circuit noted that determinations of credibility are afforded strong deference.

The defendant argued that the district court erred in determining that he was not a co-inventor of the patent because the court allegedly did not analyze relevant evidence that the defendant claimed should have been analyzed under the rule of reason standard. The defendant asserted that the evidence met "every limitation of the independent claims" and should have been compared with those claims by the district court. The plaintiff, however, contended that the defendant's credibility was impeached in the district court and that the defendant did not provide any credible testimony for the district court to analyze under the rule of reason standard.

The Federal Circuit agreed with the plaintiff and the district court that the defendant provided no credible testimony since the district court found that the defendant was biased due to his financial relationships and "purposely evasive" responses while testifying at trial. Citing *Martek Biosciences Corp. v. Nutrinova, Inc.*, 579 F.3d 1363, 1374 (Fed. Cir. 2009), the Federal Circuit noted that "[i]n order to guard 'against courts being deceived by inventors who may be tempted to mischaracterize the events of the past through their testimony,' the law requires corroboration of a putative inventor's credible testimony, the sufficiency of which is measured under a 'rule of reason' standard." Without any credible testimony to corroborate, however, the Federal Circuit determined that there was no rule of reason requirement to apply. Furthermore, the Federal Circuit found that the district court analyzed all of the evidence under the rule of reason standard despite not having an obligation to do so. In rejecting the defendant's arguments, the Federal Circuit noted that the defendant's "argument depends on a selective reading of the record, which ignores facts that are unhelpful to his case and is in itself contrary to a proper rule of reason analysis."



Even if the defendant had contributed to the invention, the Federal Circuit questioned whether the contribution was anything more than what was already known in the art—an insufficient contribution to establish co-inventorship. Quoting from *Nartron Corp. v. Schukra U.S.A. Inc.*, 558 F.3d 1352, 1356-57 (Fed. Cir. 2009), the Federal Circuit noted that “[a] co-inventor ‘must contribute in some significant manner to the conception or reduction to practice of the invention [and] make contribution to the claimed invention that is not insignificant in quality, when that contribution is measured against the dimension of the full invention.’” Finally, the Federal Circuit noted that the record contained no evidence of such co-inventorship on the part of the defendant. Thus, the Federal Circuit affirmed the determination of the district court.

Gilead Scis., Inc. v. Natco Pharma Ltd.,

753 F.3d 1208, 2014 WL 1584450 (Fed. Cir. Apr. 22, 2014)

In this appeal, a split Federal Circuit panel reversed the district court’s holding that a later-issued but earlier-expiring patent could not render another patent invalid under the doctrine of obviousness-type double patenting, remanding for further proceedings. Takeaway: When evaluating obviousness-type double patenting, the expiration date of each patent should be considered, without reference to the issue dates of the patents.

In the suit, Plaintiff-Appellee Gilead Sciences (“Gilead”) owned U.S. Patent Nos. 5,763,483 (“the ‘483 patent”) and 5,952,375 (“the ‘375 patent”). Gilead accused Natco Pharma Limited (“Natco”) of infringing the ‘483 patent after Natco filed a request to produce a generic version of one of the drugs covered by the patent. Natco asserted that the ‘483 patent, which issued before but was set to expire after the ‘375 patent, was invalid for obviousness-type double patenting in view of the ‘375 patent. In reversing and remanding the case to the district court, the majority of the panel agreed with Natco, reasoning that the underlying purpose of obviousness-type double patenting claims is to prohibit a patent owner from extending his monopoly on an invention or its obvious variants beyond the term of any patent on that subject matter. The Court rejected Gilead’s argument that issue dates, rather than expiration dates, should bear on the double-patenting analysis.

The majority explained that, before the Uruguay Round Agreements Act (“URAA”), patents that issued later *expired* later. According to the majority, in prior case law, issue dates merely served as proxies for expiration dates. After the URAA, however, a patent could issue after, but expire before, another patent. Thus, to meet the goals of the obviousness-type double patenting doctrine, the majority held that expiration dates, not issue dates, must be considered. The majority reasoned that looking to the expiration dates of related patents allowed better consistency and limited the opportunity for gamesmanship.

Under the facts of this case, the ‘375 patent was set to expire on February 27, 2015. Thus, the majority found, “come February 28, 2015, the public should have the right to use the invention claimed in the patent and all obvious variants of that invention. . . . That was the condition upon which the ‘375 patent was issued to the

inventors.” Because the ‘483 patent’s expiration date was twenty-two months after the expiration date of the ‘375 patent, the ‘375 patent qualified as an obviousness-type double patenting reference for the ‘483 patent.

Chief Judge Rader dissented. He wrote that the majority essentially crafted a new rule, expanding the obviousness-type double patenting doctrine beyond that which Congress expressly intended. From what he called his perspective of judicial restraint, he believed that policy reasons did not justify expanding the doctrine as the majority did.

According to Chief Judge Rader, the obviousness-type double patenting doctrine traditionally served two purposes, neither of which was of concern here. First, after the URAA, patentees could no longer extend patent terms indefinitely by filing serial applications. Chief Judge Rader did not agree with the majority that his view would allow patentees to engage in improper gamesmanship to extend patent terms, as a patentee’s election of a later priority date could lead to a later expiration date but could also create a larger body of eligible prior art. Second, the two patents at issue in this case were subject to a terminal disclaimer that required the same patentee to hold both patents, so there was no risk of an alleged infringer being sued over the same invention by different entities. As such, Chief Judge Rader would have affirmed the district court’s decision.

GlaxoSmithKline LLC v. Banner Pharmacaps, Inc.,

744 F.3d 725, 2014 WL 685650 (Fed. Cir. Feb. 24, 2014)

The Federal Circuit split as to the district court’s denial of fees for a prior appeal and fees incurred in the process of obtaining fees. The majority affirmed. Takeaway: This case demonstrates the great level of deference afforded to district court determinations as to fee awards.

On August 21, 2008, the district court held the ‘551 patent unenforceable due to inequitable conduct. The district court awarded attorney fees to the accused infringers Becton and Nova because it deemed the case “exceptional” pursuant to 35 U.S.C. § 285. The order stated fees would be due following all appeals “if the court’s inequitable conduct judgment is upheld on appeal.” The Federal Circuit, sitting en banc, changed the law as to inequitable conduct and remanded for the district court to decide the case under the new standard. Applying the new standard, the district court again found inequitable conduct. Becton and Nova moved to supplement the initial fee award with fees spent during the appeal and remand, fees spent securing fees, pre-judgment interest, and post-judgment interest from August 21, 2008 (the date the district court first found inequitable conduct). On May 22, 2012, the district court reinstated the original fee award and added post-judgment interest but only from May 22, 2012 (not August 21, 2008). Further, the district court denied the requests for appellate/remand fees and fees on fees.

The Federal Circuit first rejected Becton and Nova’s argument that the district court’s initial fee award finding the case exceptional had permeated the appeal and remand phases and therefore they were entitled to appellate and remand fees. The district



court's initial fee award was expressly made conditional upon the pre-existing inequitable conduct ruling being "upheld on appeal." It did not matter that upon appeal the Federal Circuit had changed the law as to inequitable conduct and simply remanded for a decision based on that new standard. Nor did it matter that the district court ultimately agreed with its prior finding of inequitable conduct.

Further, the Court rejected Becton and Nova's alternate argument that the appeal was independently exceptional. They had presented no evidence of bad faith, and the mere act of pursuing appellate review is not an abuse of the system. Further, the initial panel decision by the Federal Circuit contained a dissent and was later reviewed en banc, which the Court saw as supporting the non-frivolous nature of the appeal. The Court also noted the patentee did technically prevail on appeal and thus Becton and Nova could not be deemed "prevailing."

As to fees on fees, the Court held that absent proof that the patentee's subsequent appeals were in bad faith the district court has broad discretion to award fees. Here, the patentee had a legitimate interest to seek review of a \$6 million award of attorney fees, and no evidence of bad faith was presented.

As to interest, the Court upheld the district court's holding that because the previous judgment was vacated then the post-judgment interest is to be calculated from the more recent judgment. And the majority also agreed, without further explanation, with the district court's denial of pre-judgment interest.

The dissent, though agreeing with the majority's decisions as to post- and pre-judgment interest, disagreed with the denial of fees for the appeal/remand and fees on fees.

As to the fees for the appeal, the dissent believed that the district court's decision — essentially requiring a party to establish each stage of the litigation was independently exceptional — was contrary to Supreme Court precedent that "all phases of litigation, including appellate proceedings, are to be treated as a unitary whole, not parsed into discrete parts." The dissent distinguished an appellate court awarding fees (requiring a finding that the appeal was exceptional) to the trial court awarding fees (no such requirement). Further, the dissent would have deemed Becton and Nova as "prevailing" parties because Supreme Court precedent only requires a party establish entitlement to "some" relief on the merits of its claim. Becton and Nova ultimately prevailed on inequitable conduct as well as on invalidity and noninfringement at both stages of the appeal.

As to the fees on fees, the dissent believed Supreme Court precedent required a fees-for-fees award to reflect the degree to which the original fee request was successful and thus the district court was required to allow such fees here.

Golden Bridge Tech., Inc. v. Apple Inc.,

758 F.3d 1362, 2014 WL 3397224 (Fed. Cir. July 14, 2014)

The Federal Circuit affirmed the district court's grant of summary judgment on the basis that the stipulation plaintiff submitted to the PTO constituted a clear disclaimer of



the broader claim scope it now sought to litigate. Takeaway: If a party before the PTO stipulates to a narrow claim construction in order to obtain the patent, that party forfeits the broader claim for purposes of subsequent litigation involving the same term.

GBT accused Apple of infringing patents that describe and claim an improvement to a Code Division Multiple Access (CDMA) system that reduces the risk of interference between the signals sent from various mobile stations. Specifically, the patents disclose that a mobile station seeking to communicate with the base station will transmit preambles at increasing power levels until it receives an acknowledgment signal from the base station indicating that the preamble was received. Once the mobile station receives an acknowledgment from the base station, it stops transmitting preambles and starts transmitting message information. This ensures that each data signal is transmitted at the lowest power necessary to reach the base station, thereby reducing the risk of interference.

GBS previously stipulated in the Eastern District of Texas that preamble should be construed to mean “a signal used for communicating with the base station that is spread before transmission.” In construing the term preamble in the patents, the district court agreed with the construction from the Texas litigation. GSB disputed the portion of the district court’s construction requiring that the preamble be spread prior to transmission, and asserted that the stipulated construction does not control the meaning of preamble.

The Federal Circuit concluded that GBT’s submissions to the PTO during prosecution of its stipulated construction for the term preamble constitute disclaimer. Although the court generally construes terms according to their plain and ordinary meanings to one of ordinary skill in the art, it departs from that meaning where there is a disclaimer. Moreover, GBT did not rescind the disclaimer during prosecution and never notified the PTO that it sought a meaning of preamble that was different from its stipulated construction. Accordingly, the Federal Circuit held that the district court properly granted summary judgment in favor of the allegedly infringing defendant because the access signal sent by the accused Apple mobile devices is not spread prior to transmission, as required by the court’s construction of preamble. The Court also found that GBT’s argument that the signature sequence alone constituted the accused preamble was raised for the first time in a motion for reconsideration. Therefore, the district court properly deemed such claim waived.

Hamilton Beach Brands, Inc. v. Sunbeam Prods.,

726 F.3d 1370, 2013 WL 4081872 (Fed. Cir. Aug. 14, 2013)

In this patent infringement claim involving slow-cooker technology, the Federal Circuit split on whether a prior commercial offer for sale rendered the patent invalid. *Takeaway:* There is no supplier exception to the on-sale bar to patentability, and a patentee can only defend a sale by arguing that it was for purely experimental purposes. Also, fine-tuning of an invention after the critical date does not mean that an invention was not ready for patenting.



About thirteen months before filing for a patent, the plaintiff placed an order for 2,000 slow-cooker units. The novel feature of the slow-cookers was the use of clamps to seal the lid and prevent leakage during transport, and the products requested in the order concededly embodied that feature. Nonetheless, the plaintiff argued that the order did not constitute an offer for sale, and that the product was in any event not ready for patenting.

The Federal Circuit emphasized that there is no supplier exception to the on-sale bar, nor does an offer have to be reduced to a binding contract. Instead, an offer for sale is simply “one which the other party could make into a binding contract by simple acceptance.” In this case, the patentee first placed an *offer to buy* 2,000 units prior to the critical date, and the supplier responded by saying that it would begin production as soon as it received the patentee’s release. According to the Federal Circuit, the supplier’s statement that it was ready to begin production was a commercial offer for sale, regardless of whether a binding contract was ever formed between the parties.

The Federal Circuit found that the slow cooker was ready for patenting at the time of the offer, despite evidence that the plaintiff was unable to perfect a slow cooker that met the claim limitations until months after the critical date. The central issue is whether specifications are available in sufficient detail to enable a person of ordinary skill in the art to prepare the claimed invention. Here, a “veritable tome” of detailed drawings and descriptions were available on the critical date. Further, even though adjustments were made to the prototypes after the critical date, “fine-tuning of an invention after the critical date does not mean that the invention was not ready for patenting.”

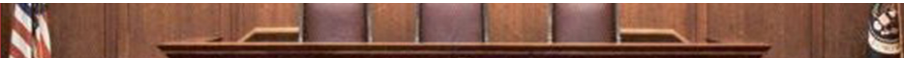
Circuit Judge Reyna dissented, arguing that the sale in question was likely for purely *experimental*, not *commercial* purposes. Reyna emphasized that at the time of the order the patentee “was repeatedly changing the product specification due to a series of design failures” Reyna lamented that the court’s failure to fully appreciate the experimental-use exception will be especially damaging to “small enterprises and individual inventors who lack in-house prototyping and fabricating capabilities.”

Although the lower court also found that the defendant did not infringe, the Federal Circuit did not address infringement, as the issue was moot.

High Point Design, LLC v. Buyers Direct, Inc.,

730 F.3d 1301, 2013 WL 4826282 (Fed. Cir. Sept. 11, 2013)

Patentee Buyers Direct owns a design patent for a particular slipper design and brought suit for patent infringement against High Point Design for manufacturing slippers with designs similar to that in Buyers Direct’s patent. The district court granted summary judgment in favor of the defendants, holding that the Buyers Direct patent was invalid on the ground that the design was (1) obvious in light of the prior art, and (2) primarily functional, rather than primarily ornamental. Additionally, the district court dismissed Buyers Direct’s trade dress claims. The Federal Circuit reversed the grant of summary



judgment of invalidity, vacated the dismissal of Buyers Direct's trade dress claims, and remanded for further proceedings.

The Federal Circuit found that the district court's conclusion of obviousness suffered from three faults. *First*, given that the ultimate inquiry is whether the claimed design would have been obvious to a *designer* of ordinary skill, the district court erred in applying an ordinary *observer* standard. Consequently, the district court improperly disregarded a designer's declaration. *Second*, the district court erred by failing to translate the design into a verbal description to facilitate the inquiry into whether there was something in existence, the design characteristics of which are basically the same as the claimed design. *Third*, the district court concluded, without explanation, that the designs already in existence created "basically the same" visual impression as the patent. The Federal Circuit vacated and remanded, instructing the district court to add detail to its verbal description of the claimed design and conduct a side-by-side comparison of the design already in existence.

When considering the district court's holding that the design was invalid based on functionality, the Federal Circuit found that the district court erroneously concluded that the case law required the analysis to focus upon whether the design's "primary features" can perform functions. As the Federal Circuit noted, a distinction exists between the functionality of an article and the functionality of the particular design of an article that performs a function. Thus, because the district court applied the incorrect standard and because a reasonable juror could find the patent not invalid based on functionality, the Federal Circuit reversed the district court's holding of invalidity.

Finally, the Federal Circuit reversed the district court's ruling that refused to allow Buyers Direct to amend its complaint in order to properly state a claim for trade dress infringement. The circuit court noted how the district court was unclear as to whether it was refusing Buyers Direct's request to amend under Rule 15(a)'s more lenient standard, or Rule 16(b)'s good cause standard. Without more explanation as to the district court's reasoning, the Federal Circuit could not properly assess whether the district court abused its discretion in denying the request to amend.

Hill-Rom Servs. v. Stryker Corp.,

755 F.3d 1367, 2014 WL 2898495 (Fed. Cir. June 27, 2014)

The Federal Circuit reversed and remanded the district court's grant of summary judgment of non-infringement because the Federal Circuit held that the judgment of non-infringement was premised on an erroneous claim construction. The appeals court held that four terms had been incorrectly interpreted by the lower court, though the dissent by Judge Reyna would have upheld the lower court's construction of at least one of the contested terms. The majority's opinion repeatedly emphasizes that absent clear lexicography or disavowal, claim terms must be given their plain and ordinary meaning.



The patent at issue discloses hospital beds equipped with sensors that monitor certain bed parameters and send that data to a remote monitoring location. According to the majority, the district court erred in its interpretation of four terms in the patent claims: (1) “datalink,” (2) “interface board including a processor,” (3) “message validation information,” and (4) “bed condition message.”

(1) Datalink: The Federal Circuit held that the district court improperly limited “datalink” to mean only physical links that transmit data, such as cables; rather the term properly encompasses wireless data transfer systems as well. The Federal Circuit emphasized the lack of lexicography defining datalink to exclude wireless transfers and the lack of any disavowal of datalink’s broader meaning. Without either lexicography or disavowal to suggest otherwise, a court must interpret claim terms according to their plain and ordinary meaning, which here includes physical and wireless links. The Federal Circuit’s interpretation was bolstered by the presence of a dependent claim that did expressly limit “datalink” to wired connections; such a limitation would be surplusage if the independent claim did not encompass both wired and wireless links. The district court’s reasoning that a broader interpretation of datalink would render the claim non-enabled was not a proper reason to interpret the term as having a narrower meaning.

(2) Interface board including a processor: The Federal Circuit again held that the district court improperly limited the term “interface board including a processor,” contrary to the plain meaning of the words. The appeals court again invoked the principle of claim differentiation to support the idea that the independent claim containing the term is presumptively broader than the claims that depend from it. The appeals court held that the district court improperly read limitations from the specification into the claim and failed to give the term its plain and ordinary meaning.

(3) Message validation system: The panel gave the term “message validation system” its plain meaning: Information that validates a message. It held that, based on the patent’s disclosure, the accuracy of the message validation system did not need to be absolutely perfect in order to be encompassed by the term.

(4) Bed condition message: The district court improperly limited “bed condition message” to exclude messages generated in response to user requests or those that report only some of the recorded parameters, when nothing in the plain terms suggests such limitations on the term’s scope. The district court improperly applied judicial estoppel based on Hill-Rom’s statements during the prosecution of an unrelated patent. On appeal, the Federal Circuit explained that statements made during prosecution of a later, unrelated patent cannot be used to interpret the claims of an earlier patent (relying on *Pfizer v. Ranbaxy*, 457 F.3d 1284 (Fed. Cir. 2006)), and held that Hill-Rom’s statements here likewise could not form the basis for judicial estoppel. Furthermore, it was not clear that Hill-Rom’s statements were actually inconsistent such that estoppel would even apply.

Judge Reyna, writing in dissent, would have held that “datalink” refers only to wired connections. Judge Reyna noted that the intrinsic evidence contained no discussion of

a wireless “datalink.” Furthermore, a later related, but non-continuation, patent by the patentee specifically noted the existence in the prior art of wired connections and claimed that the new patent pertained to the use of wireless communication technology.

Hoffman-La Roche Inc. v. Apotex Inc.,

748 F.3d 1326, 2014 WL 1394948 (Fed. Cir. Apr. 11, 2014)

The Federal Circuit affirmed the district court’s decision that large monthly doses for treatment of osteoporosis were obvious, in light of prior art suggesting the success of intermittent dosing and suggesting the appropriate dosage size. Takeaway: In the context of pharmaceutical patent litigation, the Federal Circuit appears willing to extrapolate from prior art, even where the Court must make arguably significant leaps between relevant studies and the patent in question.

Hoffman-La Roche, Inc. (“Roche”) appealed the district court’s grant of summary judgment for the Defendant generic drug company as to the invalidity of Roche’s patents, U.S. Patents No. 7,718,634 (“the ‘634 patent”) and claims 1–10 of U.S. Patent No. 7,410,957 (“the ‘957 patent”). The patents related to the administration of Roche’s drug Boniva®, which is administered once monthly in a dose of 150 milligrams (mg) to reduce bone breakdown and decrease fracture risk in osteoporosis patients. In finding the patents invalid due to obviousness, the Court first held that prior art taught specifically to monthly dosage of bisphosphonates (the relevant class of drugs). One early patent disclosed a preferred embodiment in which dosages were “administered to a patient . . . preferably once a month.” Other studies suggested that because patient compliance was poor for daily doses of bisphosphonates, the industry was exploring intermittent dosing. An FDA request from yet another company also indicated interest in producing a once monthly bisphosphonate drug. The Court rejected Roche’s argument that prior art taught away from monthly dosing, as studies that allegedly stood for the ineffectiveness of monthly dosing were speculative or outright wrong. One study actually saw improved bone strength due to intermittent (rather than daily) dosing. Thus the Court held that monthly dosing was obvious.

The Court then held that the quantity was also obvious. In particular, Boniva’s® 150 mg dose was obvious because prior studies explored the success of a 5 mg daily dose, which the court determined to be the basis for a 150 mg monthly dose (*i.e.*, 5 mg daily x 30 days). Although other studies suggested and the FDA had approved a 2.5 mg daily dose, the Court explained that this did not teach away from using a 5 mg daily dose as a basis for determining the appropriate monthly dose. Rather, both the FDA’s approval and other studies’ use of a 2.5 mg daily dose only indicated the lowest and most cost-effective dosage for achieving positive results in osteoporosis patients. Nor did safety concerns indicate that prior art taught away from 5 mg dosing. Although patients receiving the 5 mg experienced a higher frequency of diarrhea, those side effects do “not necessarily teach away from the 5 mg dose or its equivalents,” as “side effects must be weighed in light of the benefits of the drug.” In fact, one patent — U.S. Patent No. 6,143,326 (“Möckel”) — showed no significant side effects for its administration of up to 250 mg doses. The Court concluded that there was no genuine

issue of fact as to whether prior art taught away from the 150 mg dose and thus held Boniva's® patented quantity of dosing to be obvious and invalid.

Finally, the Court rejected Roche's argument regarding the drug's unexpected results. Roche argued that the unexpected efficacy of the 150 mg dosage level render the patent non-obvious and thus valid. However, "[t]he evidence of superior efficacy does nothing to undercut the showing [discussed above] that there was a reasonable expectation of success with the 150 mg monthly dose, even if the level of success may have turned out to be somewhat greater than would have been expected." As such, Boniva's® unexpected efficacy was insufficient evidence to demonstrate that the patent was novel. Thus, the Court held the patent invalid due to obviousness.

Judge Newman would have upheld the validity of Roche's patents. In her dissent, Judge Newman criticized the majority's treatment of prior art, which she saw as "surrounded but missed the Roche method." She further criticized the majority for holding that "it was obvious to do what no one did or suggested."

H-W Tech., L.C. v. Overstock.com, Inc.,

758 F.3d 1329, 2014 WL 3377128 (Fed. Cir. July 11, 2014)

The Federal Circuit affirmed the district court's construction of "user of said phone" to mean "a consumer operating the IP Phone," and held that the district court did not have authority to correct the PTO's omission error in a patent claim. Takeaway: In construing patent claims, the Court of Appeals relies primarily on the claim language, the specification, and the weight of the prosecution history, rather than on extrinsic evidence. Additionally, district courts in patent infringement actions can correct a patent claim only if the error is evident on the face of the patent.

H-W Technology (H-W) appealed the district court's construction of "user of said phone" and "said user" to mean "a consumer operating the IP phone," arguing that the correct construction is "a person *or thing* that uses an IP phone." The Federal Circuit found that the only significant evidence supporting H-W's position is a single, marginally applicable, dictionary definition of "user" as "a person or thing that uses something." The district court's construction, on the other hand, is supported by the claims themselves, the specification, and the weight of the extrinsic evidence. For example, the claims reference "said user's contract and payment information," and the specification states that the user of an IP Phone could enter information by "pressing certain areas in the screen with a finger."

H-W also appealed the district court's summary judgment holding that claim 9 is indefinite and thus invalid. H-W argued that the district court had authority to correct a missing limitation in claim 9, an error that was only corrected and submitted to the district court after the parties had completed their summary judgment and claim construction briefings. The court found that district court did not have authority to correct the error in claim 9 because 1) the error was not evident from the face of the patent and 2) because evidence of error in the prosecution history is insufficient to allow the district court to correct the error. The district court was also correct not to

consider the certificate of correction when determining whether claim 9 was indefinite and invalid. H-W filed the suit before the certificate of correction was issued, neither party argued that the suit involves causes of action arising from the certificate of correction, and H-W never sought to amend the complaint to reflect the correction.

Finally, the Federal Circuit affirmed the district court's holding that claim 17 is indefinite and invalid. Claim 17 combines two statutory classes of invention, thus making it unclear where infringement occurs.

Ibormeith IP, LLC v. Mercedes-Benz USA, LLC,
732 F.3d 1376, 2013 WL 5716358 (Fed. Cir. Oct. 22, 2013)

The Federal Circuit held a “means-plus-function” claim invalid for indefiniteness under 35 U.S.C. § 112 because a patentee's own interpretation of its specification failed to adequately disclose an algorithm for a “computational means” limitation. *Takeaway*: with means-plus-function claiming, patentees need to be careful to strike the right balance between achieving broad claim coverage and avoiding indefiniteness. Ibormeith IP, LLC's two claims at issue disclosed a “computational means” for determining whether a monitor should display a drowsiness warning to a vehicle driver. Since the claims containing this limitation were subject to § 112(f), the specification of the patent had to disclose an algorithmic structure for performing the claimed functions that was particularized enough to render the bounds of the claim understandable by one who practices the patent.

The Court held that the algorithm disclosed in Ibormeith's specification failed to make the bounds of its claims understandable because the algorithm placed no limitation on how values could be calculated. Although the disclosed algorithm represented that the relevant variables should be added together, Ibormeith's expert — in an attempt to make the claims broad enough to reach the accused products — repeatedly stated that the disclosed algorithm was merely meant to be a template; variables could be multiplied or added and many of them were optional. Under this interpretation, the patent merely disclosed raw variables that a person of ordinary skill and art *could* use to design his or her own method of weighting; it did not disclose a structure for implementing the “computational means.” The Court treated this interpretation of the disclosed algorithm as binding on Ibormeith, and affirmed the district court's grant of summary judgment of invalidity due to indefiniteness.

In re Apple Inc.,
743 F.3d 1377, 2014 WL 756250 (Fed. Cir. Feb. 27, 2014)

In a split decision on defendant Apple's petition for writ of mandamus, the Federal Circuit affirmed the district court's refusal to transfer a patent case from the Eastern District of Texas to the Northern District of California. The majority held that the district court did not abuse its discretion, as Apple failed to identify willing witnesses who would need to travel to Texas for trial or any third party witnesses not subject to the compulsory process of that court. *Takeaway*: a defendant seeking transfer of a

patent case should identify specific witnesses and provide other concrete examples of inconvenience in its motion.

In the case, patentee Core Wireless had sued Apple in Eastern Texas for infringement of its baseband processing chip patent. Apple moved to transfer, but the district court denied the motion due to a lack of specificity. Apple then moved to supplement the record, but the district court denied that motion, as well, finding that there was no indication that the additional information was not available to Apple when the motion to transfer was filed. Apple then filed a motion for reconsideration, also denied by the district court. As a result, Apple sought a writ of mandamus from the Federal Circuit.

The Federal Circuit held that the district court had not abused its discretion in finding that Apple had not met its burden to show that the Northern District of California was the clearly more convenient venue. In particular, the majority held that it was not improper for the district court to deny transfer where Apple failed to present evidence regarding willing witnesses who would need to travel and where the local interest factors were found to be only “slightly” in favor of transfer. In addition, the majority held that it was not an abuse of discretion to fail to permit Apple to supplement the record with additional evidence that was available to Apple at the time of its motion.

Writing in dissent, Judge Newman would have reversed the district court and issued the writ of mandamus. Although Apple had not named specific witnesses, Judge Newman found that Apple had sufficiently showed that all the relevant evidence and witnesses would be located within the Northern District of California, where Apple was based and employed 13,000 people, and contained the management and research and development facilities where the products at issue were developed. As such, the relevant documents and records relating to design, strategy, marketing, and development of the products at issue were within the Northern District of California, as were the suppliers of the products. Conversely, Judge Newman stated, plaintiff Core Wireless was a Luxembourg company with a subsidiary in Texas employing six people, and did not make, use, or sell the patented subject matter in Texas. As such, Judge Newman would have forced the transfer to the Northern District of California.

In re Barnes & Noble, Inc.,

743 F.3d 1381, 2014 WL 764351 (Fed. Cir. Feb. 27, 2014)

A divided panel of the Federal Circuit refused to force the district court to transfer the case to a different venue. Takeaway: The transferee should include specifics about the number of witnesses the venue would impact along with reasons why live testimony is needed rather than deposition testimony.

Here, the patentee brought an infringement action in Tennessee against a competitor based in California. The competitor moved to transfer venue to the Northern District of California for convenience and in the interests of justice. The district court denied the motion and the alleged infringer petitioned the Federal Circuit for a writ of mandamus to order the transfer.

The majority held that mandamus is only available in “extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power” which was not present here. The district court found that both parties demonstrated a potential for business to be disrupted but that neither trial efficiency nor local interest tipped the interest of justice factor in favor of the transfer. Furthermore, it was not erroneous under Sixth Circuit law for the district court to require the party seeking the transfer to demonstrate that its employees would be unwilling or unable to testify if the case were tried in Tennessee. The majority also criticized the dissent for relying on Fifth Circuit venue precedent rather than applicable Sixth Circuit precedent.

The dissent contended that the Court must consider the connection of the parties to the plaintiff’s choice of forum and whether the “disparity of convenience is so marked as to outweigh the plaintiff’s right to choose forum.” Here, while a substantial number of witnesses are in Northern California, only one is in Tennessee. Further, prior to filing suit against the competitor, along with 19 additional pending infringement suits against other parties, the plaintiff was not registered to do business in Tennessee. Further, while the plaintiff’s company is run by one individual out of his home and has no other employees, the defendant has a large office with over 400 employees in Palo Alto, California, where most of the necessary witnesses and documents related to the design and development of the product at issue reside. Thus, in the dissent’s view, the convenience of the parties weighed heavily in favor of California.

In re Biedermann,

733 F.3d 329, 2013 WL 5663429 (Fed. Cir. Oct. 18, 2013)

In an appeal from a BPAI obviousness rejection, the Federal Circuit addressed when the Board impermissibly issues new grounds of rejection. *Takeaway for patentees:* a Board’s rejection can be challenged as constituting new grounds of rejection even when the Board relies on the same statute and references as the examiner. The Court reaffirmed that grounds for rejection given by the Board are considered “new” if the applicant has not had a fair opportunity to react to the “thrust of the rejection.” The thrust of the rejection changes when the Board relies on facts not found by the examiner and principally bases its rejection on such facts. In contrast, the Board does not issue new grounds of rejection when it simply fills in gaps in the examiner’s reasoning.

Here, the Court held that the Board issued new grounds of rejection. In rejecting Biedermann’s claims disclosing interlocking square threads in bone screws as obvious, the examiner combined three references based on their demonstration that square threads would be the most efficient load-transferring mechanism. The Board combined two of the examiner’s references with a third new reference to show that use of the square threads was obvious to avoid splaying the legs of the screw. The Court held that this shift in the rejection’s focus from efficiency to splaying changed the thrust of the rejection because the examiner’s rejection did not rely on splaying and only mentioned it in passing. Moreover, the Board was not merely filling in gaps in the examiner’s reasoning because it was unclear that the examiner’s efficiency rationale even survived the Board’s rejection. Finally, the Board could not justify its departure from the



examiner's reasoning by asserting that it was merely responding to the patentee's arguments.

Although the Court could have based its holding solely on this shift in the thrust of the rejection, the Court briefly noted that the Board's citation to a new reference and its proffering of a second rejection rationale also constituted additional new grounds of rejection.

In re Dinsmore,

757 F.3d 1343, 2014 WL 2579292 (Fed. Cir. June 10, 2014)

The Federal Circuit affirmed the Patent Trial and Appeal Board's decision to uphold a patent examiner's rejection of a reissue application under 35 U.S.C. § 251. The Federal Circuit held that the reissue application, which sought to remove a terminal disclaimer due to the an error in common-ownership did not meet § 251's "error" requirement. Mark Dinsmore and David Caruso are the inventors of a U.S. Patent No. 7,236,568 (the "'568 Patent") Patent for a miniature x-ray source. During the prosecution of the '568 Patent, the examiner initially rejected some claims for obviousness-type double patenting over claims in an earlier-filed patent, U.S. Patent No. 6,658,086 (the "'086 Patent") that lists Dinsmore as the sole inventor. In response to the rejection for double patenting, Dinsmore and Caruso filed a terminal disclaimer to the '086 patent. After reviewing the disclaimer, the examiner issued the patent in June 2007.

In June 2008, Dinsmore and Caruso applied to reissue the '568 patent under 35 U.S.C. § 251 to remove the terminal disclaimer. They claimed they had inadvertently and without deceptive intent filed the terminal disclaimer, because the two patents were not, and never were, co-owned — Dinsmore was the sole inventor of the '086 patent. The examiner rejected the reissue application because an error within a terminal disclaimer is not one upon which a reissue can be based. Dinsmore and Caruso appealed to the Patent Trial and Appeal Board, who affirmed the examiner's rejection of the application.

The Federal Circuit affirmed the rejection. The Federal Circuit held that the terminal disclaimer was not invalid or ineffective under § 251 simply because the patents were never commonly owned as the disclaimer had promised. Instead, the terminal disclaimer was valid; the only defect was that it did not grant the enforceability that it was desired to achieve. The Federal Circuit held this was not a basis for reissue, but merely "a statement of a now-regretted choice." Rather, the Federal Circuit stated, an error qualifying for reissue under § 251 must be rooted in a mistaken belief or misunderstanding, such as to the invalidity of the claims in the absence of the disclaimer, the plain meaning of the disclaimer, or that the two patents were commonly owned. Because applicants in this case only sought to revise a choice they made but did not show any mistaken belief in the ownership of the patents, their application did not meet the error requirement of § 251.



The Federal Circuit also addressed the argument that a terminal disclaimer is akin to a contract and that the antecedent impossibility was a mutual or unilateral mistake, warranting voiding the “contract.” However, similar to the reasoning involving § 251, the Federal Circuit noted that there was no claim that there was a mistaken belief and rejected this argument.

In re Dominion Dealer Solutions, LLC,

749 F.3d 1379, 2014 WL 1673823 (Fed. Cir. Apr. 24, 2014)

In a case involving five patents for “systems and methods that involve alerting a car dealership when a new lease or sale opportunity seems a good fit for a past customer,” the alleged patent infringer sought mandamus relief from the Federal Circuit after the Director of the Patent and Trademark Office denied the alleged infringer’s petition to institute inter partes reviews of the patents. The Federal Circuit denied the petition because the decision of the Director of the Patent and Trademark Office, or a designee thereof, could not be appealed. *Takeway*: Inter partes review challengers may not obtain review, via mandamus, of a Patent Trial and Appeal Board decision not to institute an inter partes review because such challengers lack a “clear and indisputable” right to challenge a non-institution decision directly in the Federal Circuit.

Citing various Supreme Court cases, the Federal Circuit noted that “three conditions must be satisfied” in order to grant the “drastic” remedy of mandamus. First, the Federal Circuit claimed that the petitioner must demonstrate a “clear and indisputable” right to relief. Second, the petitioner must demonstrate the lack of “adequate alternative means to obtain the relief” being sought. Finally, the Federal Circuit emphasized that “the issuing court, in the exercise of its discretion, must be satisfied that the writ is appropriate under the circumstances.”

Citing another case decided on the same day, *St. Jude Medical, Cardiology Division, Inc. v. Volcano Corp.*, 749 F.3d 1373 (Fed. Cir. 2014), which held that the Federal Circuit lacks appellate jurisdiction over a PTO decision not to institute inter partes review, the court held that the Federal Circuit similarly cannot review such a decision in a mandamus proceeding. At a minimum, a mandamus petitioner possesses “no ‘clear and undisputable’ right to challenge a non-institution decision directly in” the Federal Circuit.

The court did not reach the question whether 35 U.S.C. § 314(d) also “precludes judicial review of the non-institution decision in” district court proceedings, although the district court in a parallel proceeding, *Dominion Dealer Solutions, LLC v. Lee*, No. 3:13CF699, 2014 WL 1572061 (E.D. Va. Apr. 18, 2014), held that judicial review is precluded in district courts as well.

In re Enhanced Sec. Research,

739 F.3d 1347, 2014 WL 104023 (Fed. Cir. Jan. 13, 2014)

In this litigation concerning a computer security device and method for preventing unauthorized individuals from gaining access to a local computer network, a panel of



the Federal Circuit split on whether the patented invention was obvious in light of two assumed pieces of prior art, whether the evidence the PTO considered prior art was properly entitled to that designation, and what type of evidence is required to invalidate a patent in reexamination proceedings. Takeaway: A party challenging the validity of a patent in reexamination proceedings may rely on partial submissions of prior art documents, and a patentee seeking to exclude such documents must present evidence suggesting that the incomplete document would have a different meaning or disparage or teach away from the invention. A document may be publicly accessible as long as it is available at the request of the public, even if the public has no reason for members of the public to make a request. Diligence by a patent attorney after conception requires more evidence than “a few conversations” and sporadic work.

The claims held to be obvious cover a device for and a method of monitoring and regulating communications between a local area network (“LAN”) and a wide area network (“WAN”), in other words, a firewall. The method entails monitoring communications between the LAN and WAN and determining whether those communications are “indicative of an attempted security breach” in real time, classifying the attempted breaches by assigning a weight to them, and then selectively blocking those communications based on assigned weight.

A third party had requested reexamination on the basis of two pieces of prior art. The first was a manual from a software program (“the Manual”) that assigned security levels to network transactions based on the number of intrusions, responded based on the number of breach attempts, and blocked those transactions when they met certain user-defined criteria. The second was an article disclosing a computer system that detects anomalous network activity by automatically generating, weighing, and applying a forest of decision rules based on stored data.

The court held that the claims were obvious, affirming the Board, because the two pieces of prior art taken together enable a person of ordinary skill in the art to assess severity of an attempted network security breach and block based on its severity. The court additionally found that the Board was not in error when it failed to address the limitations in dependent claims separately, when the patentee did no more than assert in its appeal brief that the limitations did not appear in the prior art and failed to provide distinct substantive grounds for considering the dependent claims.

The court also held that the Manual was in fact prior art and publicly available. The Court rejected the argument that because the manual was submitted in an incomplete state, it was not prior art under *Panduit Corp. v. Dennison Manufacturing*, which demands that prior art be considered “in its entirety, i.e., as a whole, including portions that would lead away from the invention in suit.” The Court rejected the argument on the basis that the Manual of Patent Examining Procedure (“MPEP”) contemplates consideration of prior art consisting of partial documents, and that the patentee presented no evidence in the manual to support the conclusion that the missing parts would have taught away from the invention or clarified the submitted portions. The court also distinguished *Panduit* as applying to scenarios where there is evidence before



the court which it ignores to “stitch together” an obviousness finding from discrete portions of the whole.

Additionally, the court found that the Manual qualified as publicly accessible because it was inscribed with a date prior to the filing of the application, and the CEO of the company that produced the Manual filed a declaration stating that members of the public who were interested in buying the product could have obtained the Manual and that the product was actually sold and installed for approximately a dozen customers. Additionally, the product was advertised as early as 1995.

Finally, the court held that reasonable diligence by the patentee’s attorney for the purpose of establishing prior conception was not shown by evidence of “a few conversations,” a prior art search, under 30 hours of billed work, and drafting the patent application over the course of five months.

Judge O’Malley, in dissent, disagreed with the court’s conclusions regarding prior art status of the Manual, its public availability, and the court’s obviousness finding. Judge O’Malley calls the majority’s treatment of the *Panduit* precedent “a distinction without a difference” and would require the party offering an incomplete document for prior art consideration to offer explanation for its incompleteness, at the risk of triggering due process concerns. The dissent also takes issue with the majority’s finding that the Manual was publicly accessible, stating that while the Manual was available to those who inquired about the product, there was no indication of any publicly available information that would have prompted anyone to make such a request, and that the product advertised in 1995 had no connection to the 1996 manual. Judge O’Malley also noted that the Manual before the court bore indicia of being a draft copy, and therefore was not likely available to the public even under the conditions described. Finally, the dissent states that because the court found the patent obvious on different grounds than the Board, it violated *Chenery*.

In re Nintendo of Am., Inc.,

756 F.3d 1363, 2014 WL 2889911 (Fed. Cir. June 25, 2014)

Plaintiffs Secure Axxess LLC sued Nintendo and eleven retailers (“the Retailers”) in the Eastern District of Texas for patent infringement related to the Retailers’ bundling of Nintendo’s DS system with various games and accessories. Nintendo and the Retailers moved to sever and stay the claims against the Retailers, and to transfer the action to the Western District of Washington. The district court denied the motion, and Nintendo sought a writ of mandamus.

In support of its motion for severance and transfer Nintendo argued that Washington is where its key executives work, where all important decisions concerning the accused products take place, and where it maintains documents relevant to the present litigation.

The circuit panel noted that under the “customer-suit” exception to the “first-to-file” rule, when a patent owner sues a manufacturer’s customer and the manufacturer responds by filing an action of noninfringement or patent invalidity, the manufacturer’s

suit generally takes precedence. This is because the “true defendant” in such disputes is typically the manufacturer rather than the customer. The panel noted that while this is not a traditional “customer-suit” case, the rationale behind the rule applies because Nintendo is the true defendant here. It further pointed out that the purpose of the “customer-suit” exception is to facilitate just, convenient, efficient, and less expensive determination of the case. Finally, the court noted that Secure Axxess has no claim against the Retailers unless its claims against Nintendo are successful, so “the case against Nintendo must proceed first, in any forum.” Holding that the efficiency and convenience benefits of trying the case in Washington were “indisputable,” the panel vacated the district court’s order, and ordered the lower court to grant Nintendo’s motion to sever and stay the claims against the Retailers and to transfer the claims against Nintendo to the Western District of Washington.

In re Packard,

751 F.3d 1307, 2014 WL 1775996 (Fed. Cir. May 6, 2014)

In a case involving pre-issuance patent claims regarding a coin change holder, the Federal Circuit, in a *per curiam* opinion, affirmed the USPTO’s Patent Trial and Appeal Board (“PTAB”) rejection of the patent applicant’s claims due to indefiniteness under 35 U.S.C. § 112(b)’s requirement that a claim “particularly point[] out and distinctly claim[] the subject matter . . . ,” and under the “review standard set forth in the Manual of Patent Examining Procedure (“MPEP”) § 2173.05(e), namely, “[a] claim is indefinite when it contains words or phrases whose meaning is unclear.”

The petitioner argued that PTAB “misapplied the standard of indefiniteness by finding his claims indefinite on grounds that they ‘contain[] words or phrases whose meaning is unclear.’” Instead, the petitioner argued that PTAB should have applied an “insolubly ambiguous” standard when assessing his applied-for claims for indefiniteness. Under the “insolubly ambiguous” standard, the petitioner argued that “a claim is not indefinite if a court can give any meaning to the disputed term in the context of the claim.” Rather than determine whether an “insolubly ambiguous” standard applies in cases of pre-issuance and post-issuance patent claims, the Federal Circuit held that “when the USPTO has initially issued a well-grounded rejection that identifies ways in which language in a claim is ambiguous, vague, incoherent, opaque, or otherwise unclear in describing and defining the claimed invention, and thereafter the applicant fails to provide a satisfactory response, the USPTO can properly reject the claim as failing to meet the statutory requirements of § 112(b).” Furthermore, the Federal Circuit clarified that a “satisfactory response by the applicant can take the form of a modification of the language identified as unclear, a separate definition of the unclear language, or, in an appropriate case, a persuasive explanation for the record of why the language at issue is not actually unclear.” Since the Federal Circuit found no evidence of a satisfactory response by the applicant in this case, the court affirmed PTAB’s rejection of the patent applicant’s claims under § 112(b).

Citing *In re Piasecki*, 745 F.2d 1468 (Fed. Cir. 1984), the Federal Circuit recognized a *prima facie* case of patent prosecution at the examiner level in which the USPTO examiner must first meet a burden of explaining the basis of any rejection so that the

applicant receives notice and an opportunity to challenge the rejection with argumentation and evidence. Furthermore, the Federal Circuit determined that the same examination process of the *prima facie* case should apply to rejections due to indefiniteness. Citing *Exxon Research & Eng'g v. United States*, 265 F.3d 1371, 1380 (Fed. Cir. 2001), the Federal Circuit noted “that indefiniteness rejections by the USPTO arise in a different posture from that of indefiniteness challenges to an issued patent.” While the Federal Circuit did not determine the appropriate standard for the assessment of indefiniteness with regard to challenges of post-issuance claims, the court noted that, in this pre-issuance case, “how much clarity is required necessarily invokes some standard of reasonable precision in the use of language in the context of the circumstances.” Since the petitioner failed to meet the standard of clarity “based on the perspective of one of ordinary skill in the art in view of the entire written description and developing prosecution history,” even after receiving notice of deficiencies, the Federal Circuit affirmed the rejection of the patent applicant’s claims due to indefiniteness and approved the standard used by PTAB in making its decision.

Judge Plager, concurring, agreed with the opinion of the court but stated that it was decided on grounds that were not asserted by either party. Judge Plager sought to directly address the arguments presented by the petitioner. While Judge Plager agreed with the applicant that PTAB applied a standard of review for clarity of claims that did not strictly comport with the “insolubly ambiguous” standard, Judge Plager also asserted that PTAB applied a standard that differed from the traditional test for claim construction as well. Whereas the “insolubly ambiguous” standard requires “that claims need only be amenable to construction, however difficult for a court that task may be,” the traditional tests ask “whether the claims were so ambiguous that one of skill in the art could not reasonably understand their scope.” Judge Plager found that PTAB, however applied a materially different test that considered whether “one of ordinary skill in the art, after considering the information provided by the applicant including the written description, and after putting the disputed term in the context of the proposed patent, finds the claim to contain words or phrases whose meaning is unclear” Then, if it was unclear, the standard used by PTAB asked whether the examiner provided the applicant the opportunity to “more precisely define the metes and bounds of the claimed invention” and whether the applicant ultimately provided such a definition in response. Judge Plager outlined various ways that the applicant failed to provide a sufficiently clear response despite suggestions from the examiner and, since Judge Plager found no legal reason to prevent PTAB from applying the standard it used in this case, Judge Plager stated that PTAB’s decision and standard should be affirmed.

In re Procter & Gamble Co.,

749 F.3d 1376, 2014 WL 1664223 (Fed. Cir. Apr. 24, 2014)

The Federal Circuit denied a petition for a writ of mandamus directing the Director of the Patent and Trademark Office (“PTO”) to withdraw the orders granting *inter partes* review of certain patents owned by The Procter & Gamble Company (“P&G”). Takeaway: Decisions by the Director of the PTO to institute *inter partes*

review, like decisions by the Director *not* to institute such review, may not be immediately reviewed by the Federal Circuit.

P&G owns three patents relating to the whitening of teeth, and sued Team Technologies, Inc. for infringement of the patents. Third party Clio USA, Inc. (“Clio”) then filed a declaratory-judgment action, alleging that P&G’s patents were invalid, unenforceable, or not infringed. Clio also asserted that it manufactured the tooth-whitening products at issue in the suit against Team Technologies. Clio then moved to have its own action dismissed without prejudice and petitioned the Director of the PTO to institute *inter partes* review of three of P&G’s patents. The Director granted the petitions, and P&G sought a writ of mandamus withdrawing the Director’s orders to institute the review.

In denying P&G’s petition, the Court noted that “the remedy of mandamus is a drastic one, to be invoked only in extraordinary situations.” The Court then cited two recent decisions. First, in *St. Jude Med., Cardiology Div., Inc. v. Volcano Corp.*, 749 F.3d 1373, 1375 (Fed. Cir. 2014), the Court explained that the governing statute “authorizes appeals to [the Federal Circuit] only from the final written decision of the [Board]” and that a decision *not* to institute *inter partes* review does not qualify as a final written decision. Second, in *In re Dominion Dealer Solutions, LLC*, 749 F.3d 1379 (Fed. Cir. 2014), the Court held that the PTO Director’s decision to *not* grant *inter partes* review could not be challenged in a mandamus proceeding. Applying *St. Jude* to the case at hand, the Court concluded that it could not review the Director’s decision to grant *inter partes* review, as it was not a final written decision. Similarly, as in *In re Dominion*, the Court could not make available mandamus proceedings to challenge the Director’s decision to grant *inter partes* review. Accordingly, the Court denied P&G’s petition.

In re Rambus, Inc.,

753 F.3d 1253, 2014 WL 2487485 (Fed. Cir. June 4, 2014)

Rambus appealed the PTO Board’s decision that its ‘916 patent was anticipated. The Federal Circuit reversed the Board’s decision, holding that the district court’s anticipation finding was unsupported by substantial evidence. The ‘916 patent discloses a method and system for improving the efficiency of computer memory. The PTO Board found that the earlier “Bennett patent” anticipated the claim of the ‘916 patent covering a register which stores “a value that is representative of an amount of time to transpire after which the memory device outputs the first amount of data.” The Board relied on two figures and the related Parameter VI of the Bennett patent in reaching its anticipation decision.

The Federal Circuit reversed the Board’s decision because it held that Parameter VI represented only *one* variable in determining the amount of time after which data would be sent in the memory system. Because other unrelated factors also impacted the timing, Parameter VI could not be considered “a value that is representative of an amount of time”; rather, it was a variable. The Federal Circuit therefore held that the district court erred in finding that the Bennett patent anticipated the claims at issue in the ‘916 patent.

**In re Raymond Giannelli,**

739 F.3d 1375, 2014 WL 104029 (Fed. Cir. Jan. 13, 2014)

The Federal Circuit reversed the conclusion of the Patent and Trademark Office's Patent Trial and Appeal Board that the claims of the Giannelli's patent application (10/378,261) were obvious over U.S. Patent 5,997,447. The decision turned on a claim construction of the phrase "adapted to."

The PTAB had rejected Giannelli's application for a patent on a rowing machine as obvious in comparison with an existing patent on a chest press machine. It concluded that even though the handles of the prior art chest press machine were designed to be pushed rather than pulled, "Giannelli had not shown that the apparatus could not be used in such a manner," thereby failing to rebut the Board's showing of capability of pulling the handles.

Reviewing the Board's legal conclusions de novo and the factual findings underlying those conclusions for substantial evidence, the Federal Circuit held that the PTAB failed to establish a prima facie case of obviousness. Giannelli's application had claimed a machine "adapted to" be moved from a first position to a second position by a pulling force in a rowing motion. The Court held that "adapted to" means "made to," "designed to," or "configured to," and not "capable of" or "suitable for," which are broader. Because the PTAB had construed "adapted to" to mean "capable of," and its obviousness determination was based on the notion that the chest press machine handles were "capable of" being pulled rather than pushed, the Court reversed: "the mere *capability* of pulling the handles is not the inquiry that the Board should have made; it should have determined whether it would have been obvious to modify the prior art apparatus to arrive at the claimed rowing machine."

In re Roslin Institute (Edinburgh),

750 F.3d 1333, 2014 WL 1814014 (Fed. Cir. May 8, 2014)

In a case involving a patent application claiming cloned mammals, the Federal Circuit affirmed the Patent Trial and Appeal Board's determination that the claims were directed to unpatentable subject matter (natural phenomena) under 35 U.S.C. § 101. Although the cloning method may be patent-eligible, the Federal Circuit determined that the cloned cattle, sheep, pigs, and goats were not because they were exact genetic replicas of mammals found in nature, which are also not patent-eligible. *Takeaway*: Clones that are genetic replicas of natural phenomena are not patentable unless the claims expressly recite characteristics that are "markedly different" than any found in nature.

The appellant argued that the clones were eligible for patent protection because they were not naturally occurring but were the result of scientific ingenuity. The Federal Circuit, however, concluded that the clones were exact replicas of naturally occurring mammals, which rendered them unpatentable natural phenomena. While the appellant contended that the clones were distinguishable from the donor mammals, the Federal Circuit relied on how none of the differences identified by the appellant were expressly



claimed (even if those differences necessarily exist): phenotypic differences or mitochondrial DNA differences. Further, the phenotypic differences are the result of environmental factors, not produced by any effort of the patentee, and the mitochondrial DNA differences do not influence the characteristics of the cloned mammals (or at least the patent application does not explain any influence).

Finally, the appellant argued that its clones were “time-delayed versions of their donor mammals,” but the Federal Circuit held this would be true of any copy of an original and thus could not confer patentability.

In re Teles AG Informationstechnologien,

747 F.3d 1357, 2014 WL 1327920 (Fed. Cir. Apr. 04, 2014)

At issue in this case was an *ex parte* reexamination of U.S. Patent No. 6,954,453 (“the ‘453 patent”), owned by Appellants Teles AG Informationstechnologien and Sigram Schindler Beteiligungsgesellschaft (collectively “Teles”) and relating to “a method and apparatus for transmitting data in a telecommunications network.” The Patent and Trademark Office (“PTO”) rejected claims 34–36 and 38 of the ‘453 patent as obvious; the Board of Patent Appeals and Interferences (“Board”) affirmed, and Teles appealed to the United States District Court for the District of Columbia. The Federal Circuit affirmed the district court’s conclusions on subject matter jurisdiction, claim construction, and obviousness. Takeaways: Only patent applicants (*i.e.*, not patent owners) can challenge a Board decision in district court under 35 U.S.C. § 145 (2006); courts construing functional claim language cannot limit a means-plus-function claim by adopting a function other than that explicitly recited in the claim; and the Federal Circuit appears willing to interpret prior art flexibly in determining a patent’s obviousness.

Under 35 U.S.C. § 145 (2006), patent applicants can challenge adverse Board examinations in district court—*i.e.*, not Federal Circuit. The Federal Circuit’s prior interpretation of this statute extended this right to patent owners. Teles first argued that the passage in 1999 of statutory amendments requiring patent owners to “appeal only to the United States Court of Appeals for the Federal Circuit” did not limit their right to initially challenge adverse examinations in district court. Teles asserted that the 1999 amendment sought to limit such appeals to the Federal Circuit, rather than allow them to proceed in other federal circuit courts. Second, Teles argued that because another section of the statute that related to patent *owners* continued to reference § 145 even after the passage of the 1999 amendments, § 145 must still be available to patent owners. In short, this argument relied on inferred legislative intent due to Congress’ failure to remove a cross reference of an otherwise inapplicable statute. Teles then argued that statutory amendments from 2011, which removed the statutory cross-reference to § 145, proved that § 145 remained available until the enactment of those amendments.

The court rejected each argument in turn. The court first explained that Teles’ interpretation of the 1999 amendment would render the new language superfluous, as 28 U.S.C. § 1295(a)(4)(A) (1994) already granted exclusive jurisdiction over appeals



from Board decisions to the Federal Circuit. With regard to the cross-reference of § 145, the Court explained that “common sense suggests that the cross-reference is simply a drafting mistake” and that Congress “unintentionally failed to remove what had become a superfluous numerical cross-reference.” (citing *Chickasaw Nation v. United States*, 534 U.S. 84 (2001)). Finally, as to Teles’ argument regarding the inferred intent from the 2011 amendments, the court reasoned that amendments alone cannot give meaning to prior statutory language. “Amendments intended to clarify statutory language do not indicate that the original language should be construed to mean the opposite of the clarifying language.” Having concluded that the district court lacked subject matter jurisdiction, the Court nonetheless held that justice required it to treat the case as if it had been properly transferred to the Federal Circuit and thus proceeded to address Teles’ arguments on the merits.

First, the Court rejected Teles’ challenge to the Board’s claim construction. Claim 35 described the switching apparatus recited in Claim 34 as follows: “The switch of claim 34, further comprising means to produce the control signal for transferring to a line-switching transfer or a packet-switching transfer to the second end terminal, said control signal being produced automatically when demands on quality of the data transfer are understepped or exceeded.” Notably, claim 35 did not explicitly require the monitoring of bandwidth in assessing “demands on quality.” In construing this language, the Board reasoned that the broad term “demands of quality” suggested that several quality factors—*i.e.*, not just bandwidth—could affect the quality of a given transmission. The Board thus determined that while claim 35 required monitoring factors related to demands of quality, those factors were not limited to the bandwidth of a particular transfer. The Court rejected Teles’ argument that a specification passage in the ‘453 patent, which described bandwidth as an alternative factor for monitoring demands of quality, required that the patented function include monitoring bandwidth. “[T]he fact that the specification describes monitoring bandwidth as an alternative possibility . . . does not support construing that function to match the alternative function disclosed in the specification rather than the recitation in the claim.” Rather, “[w]hen construing functional claims under [35 U.S.C. § 112 (2006)], the statute does not permit limitation of a means-plus-function claim by adopting a function different from that explicitly recited in the claim.”

Finally, the Court upheld the Board’s decisions on the obviousness of claims 34–36 and claim 38. The PTO examiner rejected those claims as obvious over U.S. Patent No. 6,069,890 (“White”), U.S. Patent No. 6,137,792 (“Jonas”), and U.S. Patent No. 4,996,685 (“Farese”). The ‘483 patent’s switch allowed for either “line switching” or “packet switching.” Line switching allows for a continual connection in real time with complete bandwidth of a channel between two points reserved for that connection. Packet switching does not maintain a fixed connection but is cheaper than line switching. The Court agreed with the PTO and the Board that the prior art—White, Farese, and Jonas, each relating to certain aspects of telephone to telephone and/or telephone to computer circuit switching—rendered Teles’ claims obvious. As disclosed by Farese and Jonas, “it was well known in the art to change over to line-switching or packet-switching during an existing transfer during a communication in response to a control signal.” Furthermore, “[a]lthough White did not itself disclose

changing between line-switched and packet-switched connections during an ongoing communication, . . . it would have been obvious to modify White to allow a change-over [] during an existing transfer, as explicitly taught by Jonas and Farese.”

In re Toyota Motor Corp.,

747 F.3d 1338, 2014 WL 1316595 (Fed. Cir. Apr. 03, 2014)

Applying 5th Circuit law, the Federal Circuit granted the petitioners’ writ of mandamus ordering the United States District Court for the Eastern District of Texas to transfer and sever the case. Takeaway: When considering a motion to transfer venue under 18 U.S.C. § 1404(a), the court does not need to find the transferee venue *far* more convenient, only *clearly* more convenient.

American Vehicular Sciences (AVS) filed a patent infringement action against various Toyota entities, including Gulf States Toyota. Toyota sought to transfer the litigation to the Eastern District of Michigan, and because Gulf States could not be sued in that forum, Toyota additionally sought a severance and stay of the action against Gulf States. Factors that weighed in favor of transferring the case to Michigan included ease of access to proof, convenience of a number of potential witnesses, and a local interest stemming from several other suits in the Eastern District of Michigan against Toyota related to the same family of patents. Although the district court found no factors weighing in favor of the transferor forum, the court still denied the motion to transfer.

On appeal, the Federal Circuit found the district court’s denial to be an abuse of discretion. The Federal Circuit pointed out that the plaintiff’s choice of forum cannot be considered when deciding a motion under § 1404(a), and therefore all factors weighed in favor of the transferee forum. “With nothing on the transferor-forum side of the ledger, the analysis shows that the transferee forum is ‘clearly more convenient.’” Having met the burden of proof, the defendants’ motion to transfer should have been granted.

Institut Pasteur v. Focarino,

738 F.3d 1337, 2013 WL 6840181 (Fed. Cir. Dec. 30, 2013)

The court considered a single appeal arising from three concurrent determinations by the Board of Patent Appeals and Interferences (now the Patent Trial and Appeal Board). The Federal Circuit ruled that the PTO was precluded from issuing amended claims for an expired patent; that the Board committed prejudicial errors in invalidating claims of a patent related to site-specific DNA insertion for obviousness; and that a third patented technique was not, at the time of development, so likely to succeed as to render the claims invalid as obvious.

Pasteur developed and patented several techniques for inserting DNA sequences into the chromosomal DNA of living cells using group I intron-encoded endonucleases. Most DNA cutting enzymes target a small number of nucleotides (a three or eight nucleotide sequence) and, as a result, will separate host DNA in a large and unpredictable number of places. The endonucleases used by Pasteur target much longer



nucleotide sequences and insert with greater predictability and specificity. Pasteur applied for patents of its techniques and was awarded patents 7,309,605; 6,610,545; and 6,833,252.

Precision BioSciences filed a request for re-examination by the Patent Office of the '605, '545 and '252 patents and for related patent 7,214,536. The PTO granted all four requests and, during the re-examination, the examiner rejected most claims as anticipated or obvious. Pasteur appealed to the Patent Trial and Appeal Board. The same board reviewed all of the appeals and concluded on the basis of the same prior art that all of the claims would have been obvious to one skilled in the art as of May 1992 (when the claims were filed).

Both parties agreed that the PTO could not issue amended claims for the '605 patent, which had expired by the time of the appeal. The court concluded, contrary to Pasteur's argument, that the amendments it proposed substantively narrowed the claim. As a result, there was no live controversy with regard to the '605 patent.

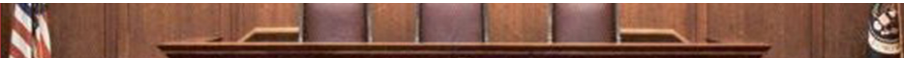
The court next reversed the Board's holding of obviousness with regard to claim 10 and 12 of the '545 patent. The court relied on *KSR Int'l Co. v. Teleflex* to determine that the patent was not invalid for obviousness. The Board, in making its ruling, failed to give proper consideration to two categories of evidence, (1) "teachings in the prior art that targeting a cell's chromosomal DNA could be toxic to the cell" (*i.e.*, prior art that taught away from the claimed method) and (2) "industry praise and licensing of Pasteur's invention," two key "secondary considerations" of nonobviousness.

The court then reversed the Board's holding of obviousness with regard to the '252 patent. The court overturned the Board's reasoning because it flowed from the Board's holding with respect to the '545 patent that a person of ordinary skill would have been motivated to create a recombinant chromosome with a GIIE endonuclease recognition site with the expectation of success. At the time the '252 patent was filed, the main reason to use the technique outlined in the patent would have been as a step of the '545 patent. The court remanded to the Board to reconsider the motivation of a person of ordinary skill at the time of the '252 patent application. Absent a sufficient motivation — separate and apart from any reasonable expectation underlying the '545 patent — the court stressed that a patent should not be considered so likely to succeed as to be obvious.

Integrated Tech. Corp. v. Rudolph Techs., Inc.,

734 F.3d 1352, 2013 WL 5878591 (Fed. Cir. Nov. 04, 2013)

The Federal Circuit held that prosecution history estoppel bars the application of the doctrine of equivalents, reversed the district court's finding of willful infringement, vacated the award of attorney's fees and costs, and remanded for further proceedings on exceptionality because of its relationship to willfulness. The Federal Circuit affirmed the district court's award of damages for literal infringement and finding of no laches.



Integrated Technologies Corp. (“Integrated”) patented a digital viewing system for probe cards used to test chips on semiconductor wafers in U.S. Patent No. 6,118,894 (the “‘894 patent”). The system photographed the probe tips on the probe cards at two points to assess whether the probes had become misaligned. In response to a patentability rejection by an examiner, Integrated amended its original, broader claim to specifically describe photographs occurring at two points of contact between the probe tip and the camera window. Specifically, claim 1 of the ‘894 patent contains a limitation requiring contact: “in a first state where said probe tip is driven in contact with said window with a first force.”

Integrated alleged literal infringement against one set of Rudolph Technologies, Inc. (“Rudolph”) products, which took photographs at the time of contact between the probe tips and the camera window (“pre-2007 products”). A second set of Rudolph products, however, took the first photograph without the probe tips coming into contact with the window (“no-touch products”). The no-touch products literally infringed the broader original claim, but not the amended claim. Thus, Integrated alleged that the no-touch products infringed by equivalence.

The district court granted summary judgment of literal infringement as to the pre-2007 products. A jury later found no willful infringement of the pre-2007 products and willful infringement of the no-touch products under the doctrine of equivalents. The district later denied Rudolph’s motion for judgment as a matter of law (“JMOL”) that prosecution history estoppel bars applying the doctrine of equivalents. The district court also determined that Rudolph did not prove laches and deemed the case “exceptional” under 35 U.S.C. § 285, awarding attorney’s fees and costs.

Although the Federal Circuit did not disturb the district court’s literal infringement holding, it reversed the denial of Rudolph’s motion for JMOL regarding prosecution history estoppel. The Federal Circuit held that prosecution history estoppel presumptively applies when a patentee narrows the scope of the original claim in response to patentability objections. Because Integrated narrowed the scope of its claim when its amendments described two points of physical contact between the probes and the camera window, Integrated had the burden of establishing an exception to the doctrine of prosecution history estoppel. Because Integrated did not otherwise establish an exception applied, the Federal Circuit reversed the district court’s finding of infringement under the doctrine of equivalents.

In reversing the denial of Rudolph’s JMOL that its no-touch products did not infringe under the doctrine of equivalents, the Federal Circuit also reversed the accompanying finding of willfulness and vacated the corresponding award of treble damages. Because the district court awarded fee shifting, in part, due to the jury’s finding of willfulness, the Court also vacated the district court’s “exceptional case” determination and the corresponding award of attorneys’ fees, remanding for further proceedings. The Court also upheld the lost profits damages for the literal infringement of the pre-2007 products, holding that the jury could rely on a two-supplier theory to conclude that lost profits incurred by Integrated are independent from the existence of noninfringing alternatives. Finally, the Federal Circuit affirmed the district court’s denial of



Rudolph's laches claim because there was no clear error in the no unreasonable delay finding.

Intellect Wireless, Inc. v. HTC Corp.,

732 F.3d 1339, 2013 WL 5539610 (Fed. Cir. Oct. 09, 2013)

The Federal Circuit upheld a district court's ruling that the plaintiff's patents were unenforceable due to inequitable conduct. As to materiality, the court found that the inventor's submission of a declaration containing false statements were material misrepresentations despite the inventor's revised declaration because the inventor had failed to properly cure its prior false statements. As to intent, the court affirmed the district court's finding of specific intent to deceive by relying on the inventor's past and later misconduct in other cases. Takeaway: The Federal Circuit's en banc decision in *Therasense* did not modify Rohm & Haas's holding as to how to properly cure misconduct before the PTO. Further, courts will see patterns of misstatements in other patent applications as evidence of intent to deceive.

The district court had held that the inventor satisfied the materiality prong because he submitted a Rule 131 declaration that contained false statements. Specifically, in order to overcome prior art, the inventor claimed that his invention was reduced to practice when it was not. Intellect did not dispute that the initial statements were false. However, it argued that the false declaration was corrected because the inventor filed a revised Rule 131 declaration without those false statements. Citing Rohm & Haas Co. v. Crystal Chem. Co., the Federal Circuit held that, in order to cure a false statement to the PTO, an applicant must "expressly advise the PTO of the misrepresentation's existence, stating specifically wherein it resides." Further, the PTO must be advised what the actual facts are. Finally, the applicant must "take the necessary action openly" — the applicant cannot merely supply the PTO with accurate facts "without calling his attention to the untrue or misleading assertions sought to be overcome, leaving him to formulate his own conclusions." Here, "at best," the revised declaration "obfuscated the truth." The inventor's revised declaration did not acknowledge or expressly negate the original declaration's false statements, did not expressly state the actual facts (i.e. that there was no actual reduction to practice), and did not openly advise the PTO of the prior false statements. Thus, the court ruled that the revised declaration did not cure the misconduct.

The district court also found that the inventor satisfied the intent prong because in addition to the inventor's false statements in the prosecution-at-issue he also made similar false statements to the PTO during prosecution of related patents. The Federal Circuit upheld the district court's ruling because "submission of an affidavit containing fabricated examples of actual reduction to practice . . . raises a strong inference of intent to deceive." Further, as to his statements in the related patent prosecutions, the fact that the inventor "engaged in a pattern of deceit . . . makes the inference stronger." Notably, the court found that a similar false statement made after the patent issued could still "reinforce the pattern of deceit." Moreover, the district court's finding could be affirmed based on the revised declaration having "danced around the truth" instead



of “expressly admitting the earlier falsity”; thus, the district court did not clearly err in concluding a specific intent to deceive the PTO was the most reasonable inference.

InTouch Technologies, Inc. v. VGO Communications, Inc.,
751 F.3d 1327, 2014 WL 1855416 (Fed. Cir. May 9, 2014)

In a case involving three patents related to remote telepresence robot technology, the Federal Circuit affirmed determinations of non-infringement and the denial of a motion for a new trial but reversed and remanded findings of invalidity with regard to claims of two patents.

Claim Construction

With regard to claim construction, the Federal Circuit affirmed the district court’s determinations after reviewing them de novo. Citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1315-19 (Fed. Cir. 2005) (en banc), the Federal Circuit stated that “[t]o determine the scope and meaning of a claim, we examine the claim language, written description, prosecution history, and any relevant extrinsic evidence.” Noting that a claim term is normally interpreted according to it how a person of ordinary skill in the art at the time of the invention would understand it, the Federal Circuit recognized that the specification is the best source for a disputed term’s meaning. In this case, the parties disputed three claim terms from two of the patents at issue: (1) “arbitrator,” (2) “arbitrating to control,” and (3) “call back mechanism.”

Whereas the patentee argued that the district court should have defined “arbitrator” as “a device that allows exclusive control of the mobile robot by one of the remote stations,” the alleged infringer argued that the district court was correct in its definition “because the claim itself recites that an arbitrator can control access to the robot.” The Federal Circuit agreed with the district court as well and affirmed the definition of the term as “a device that determines which user or station has exclusive control, or which user’s commands the robot should follow.” Similarly, the patentee argued that the district court should not have defined “arbitrating to control” as “determining which remote station has exclusive control of the robot.” Since the Federal Circuit determined that both “arbitrator” and “arbitrating” appear to “require a determination of which user among multiple users has exclusive control of the robot,” the Federal Circuit approved of the district court’s construction of “arbitrating to control” as well.

The patentee also argued against the district court’s construction of the term “call back mechanism” as “a device that sends a message to a specific user who previously was denied access to a particular mobile robot that the same mobile robot can now be accessed.” While the Federal Circuit altered the definition to read “a device that sends a message to a specific user or users who previously were denied access to a particular mobile robot that the same mobile robot can now be accessed” to reflect the plain language of the claim, the written description, and the prosecution history, the court noted that this alteration did not materially impact the district court’s determinations of non-infringement.



Infringement

With regard to the findings of non-infringement, the Federal Circuit reviewed the verdicts for substantial evidence. Indeed, the Federal Circuit recognized that its “only role is to determine whether there was substantial evidence upon which the jury could predicate its non-infringement judgment.” After finding the existence of substantial evidence, the Federal Circuit affirmed the jury’s verdict of non-infringement with regard to all of the patents despite challenges under the Doctrine of Equivalents from the patentee.

Invalidity

Quoting from *Cordance Corp. v. Amazon.com, Inc.*, 658 F.3d 1330, 1339 (Fed. Cir. 2011), the Federal Circuit recognized that “[a] general jury verdict of invalidity should be upheld if there was sufficient evidence to support any of the alternative theories of invalidity.” Furthermore, quoting from *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1356-57 (Fed. Cir. 2012), the Federal Circuit stated that “[b]ecause obviousness is a mixed question of law and fact, ‘[w]e first presume that the jury resolved the underlying factual disputes in favor of the verdict [] and leave those presumed findings undisturbed if they are supported by substantial evidence. Then we examine the [ultimate] legal conclusion [of obviousness] de novo to see whether it is correct in light of the presumed jury fact findings.’” Ultimately, the Federal Circuit determined that the evidence relied upon was not substantial enough to invalidate the patents for obviousness where the expert testimony failed to “(1) identify sufficient reasons or motivations to combine the asserted prior references; (2) focus on the relevant time frame . . . ; or (3) consider any objective evidence of nonobviousness.” Indeed the Federal Circuit determined that the expert’s “testimony primarily consisted of conclusory references to her belief that one of ordinary skill in the art could combine these references, not that they would have been motivated to do so.” Thus, the Federal Circuit reversed the district court’s findings of invalidity and remanded to vacate those judgments.

Evidentiary Rulings

Although the patentee requested a new trial due to alleged material prejudice as a result of improperly admitted testimony, the Federal Circuit determined that jury instructions weighed against a finding “that the verdict was more probably than not affected by this error.” Thus, the Federal Circuit refused to order a new trial on the infringement claims due to the improperly admitted testimony.

K/S HIMPP v. Hear-Wear Techs., LLC,
751 F.3d 1362, 2014 WL 2179275 (Fed. Cir. May 27, 2014)

Appellant K/S HIMPP (“HIMPP”) appealed from a Board of Patent Appeals and Interferences decision that specific claims of a patent owned by Hear-Wear Technologies were non-obvious. The Federal Circuit held that the Board did not err in finding the claims at issue non-obvious and thus affirmed. Judge Dyk, writing in

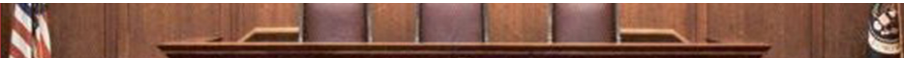


dissent, would have reversed the Board's decision as inconsistent with the Supreme Court's ruling in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). Hear-Wear's '512 patent described a hearing aid with two distinct modules and included dependent claims for an electrical connector between the modules with "a plurality of prongs." During prosecution the Examiner rejected the connector claims as obvious, and Hear-Wear never challenged this finding. Ultimately, however, all claims were allowed.

HIMPP requested an *inter partes* examination of the '512 patent, claiming that a multipronged electrical connector was well known in the art. The Examiner rejected HIMPP's argument because HIMPP failed to point to any evidence for its assertion that the connector was obvious. On appeal the Board similarly found that HIMPP failed to show any evidence in the record to support its contention that the connector claims would have been obvious to one skilled in the art. HIMPP appealed the Board's decision, asserting that the Board's refusal to consider the knowledge of a person having ordinary skill in the art because of a lack of evidentiary support in the record conflicted with the Supreme Court's ruling in *KSR*.

The Federal Circuit rejected HIMPP's argument and held that assertions that a technology was "known in the art" cannot support an obviousness finding absent concrete evidence in the record to support such assertions. The Court held that requiring evidence on the record is not inconsistent with *KSR*'s caution against an overly rigid approach to obviousness determinations. The Federal Circuit further held that while a patent examiner may rely on his or her expert knowledge to support an obviousness finding, that is appropriate only in narrow circumstances. The Federal Circuit expressed concern over the potential difficulty of meaningful review on appeal if patent examiners were to find limitations obvious without the presence of supporting evidence in the record. The court also distinguished *KSR* from the case at hand, pointing out that here the issue was whether a claim limitation was obvious, whereas in *KSR* the issue was whether a certain combination was obvious once the claim limitations were already established.

Writing in dissent, Judge Dyk would have held that the Board's decision conflicted with *KSR* and should be reversed. Judge Dyk argued that the majority's approach would interfere with patent examiners' ability to rely on their own expert knowledge and common sense. He noted that the PTO's expertise is the basis for the presumption of validity in patents, and expressed concern that the majority was ignoring prior precedents by narrowing the circumstances in which patent examiners may rely on their own expertise to find a claim limitation obvious. In this case, Judge Dyk observed that "[e]very purchaser of electrical devices in the United States for the past 50 years or more is familiar with multipronged electrical connections," making the majority's call for citations to record evidence in support of this proposition contrary to "common knowledge and common sense." Finally, Judge Dyk pointed to safeguards that would prevent examiners' reliance on expert knowledge from precluding meaningful appellate review.

**Keurig, Inc. v. Sturm Foods, Inc.,**

732 F.3d 1370, 2013 WL 5645192 (Fed. Cir. Oct. 17, 2013)

The Federal Circuit reaffirmed that the sale of a patented item exhausts the patentee's rights to assert all method claims directed to the use of that patented item. The Court split, though, over whether exhaustion should be adjudicated on a claim-by-claim basis. *Takeaway*: for patents containing both apparatus and method claims, the sale of the *patented* apparatus exhausts the entirety of the patent *even if* the *Quanta* substantial embodiment test was not satisfied.

Keurig, Inc. sued Sturm Foods, Inc. alleging that Sturm induced infringement of its method claims directed to brewing coffee from cartridges by selling generic cartridges that could be used along with a Keurig brand brewer. The Court held that *Quanta* was inapplicable to this case because its "substantial embodiment" test only applies to the sale of unpatented items. Instead, because Keurig independently patented the brewer apparatus, Keurig's rights to assert the related method claims were exhausted when it sold the brewers to consumers. To hold otherwise would allow Keurig to shield the brewer apparatus from exhaustion by asserting infringement of its method claims against downstream purchasers.

Although the Court unanimously held that exhaustion applies in this case, it split over whether exhaustion should be adjudicated on a claim-by-claim basis. The majority determined that exhaustion of one claim applies to every other claim within the patent. The majority argued that adjudication of exhaustion on a claim-by-claim basis would create confusion as to the rights of third parties and would make the exhaustion adjudication framework less efficient. Judge O'Malley, concurring in the judgment, argued that the majority did not need to reach this issue and that its conclusion was therefore dicta. But to the extent the majority's conclusion was not dicta, Judge O'Malley dissented. She noted that it may be appropriate to assess exhaustion on a claim-by-claim basis in certain cases, but did not explain which cases would deserve this treatment.

Kilopass Tech., Inc. v. Sidense Corp.,

738 F.3d 1302, 2013 WL 6800885 (Fed. Cir. Dec. 26, 2013)

The Federal Circuit vacated and remanded a district court order denying an award of attorney fees to the defendant in an unsuccessful patent infringement suit. Kilopass sued Sidense for patent infringement on technology used to create embedded non-volatile memory cells. The district court granted summary judgment in favor of Sidense, holding that it did not infringe patents owned by Kilopass. The Federal Circuit, in an earlier proceeding, summarily affirmed. While that appeal was pending, Sidense filed a motion for an award of attorney fees under 35 U.S.C. § 285. The district court denied the motion; Sidense appealed.

The determination of whether to award fees under § 285 is based on the test described by the Federal Circuit in *Brooks Furniture Mfg. v. Dutailier Int'l, Inc.*, 393 F.3d 1378 (Fed. Cir. 2005). The *Brooks* test allows for recovery of fees following a two-step



determination. First the court asks whether the prevailing party has proved by clear and convincing evidence that the case is exceptional. A case may be exceptional if there has been some “material inappropriate conduct relating to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. Pro. 11, or like infractions.” A case may also be exceptional, even absent misconduct, if “both (1) the litigation is brought in subjective bad faith and (2) the litigation is objectively baseless.” Once a court has determined that a case is exceptional, it must determine whether an award of attorney fees is appropriate. The determination of exceptionality is reviewed de novo; the decision of whether to award fees is reviewed for abuse of discretion.

The court ruled that the district court had erred in its bad faith analysis by requiring actual knowledge. The district court ruled that Kilopass had not acted in bad faith because it had no actual knowledge that its claims were baseless (it had opinions from two outside law firms suggesting there was no direct infringement but that claims under the doctrine of equivalents could succeed). The circuit court ruled that this was error: “subjective bad faith only requires proof that the lack of objective foundation for the claim was either known or so obvious that it should have been known by the party asserting the claim . . . like a plaintiff seeking to recover attorneys’ fees based on willful infringement under § 285, a defendant need only prove reckless conduct to satisfy the subjective component of the § 285 analysis.” *Kilopass*, 738 F.3d at 1310. The Federal Circuit also faulted the district court for an insufficiently narrow examination of whether Kilopass’s claims were objectively baseless. The district court placed too great a weight on the opinions of outside counsel without examining whether those opinions were without merit. As a result of these failures, the Federal Circuit vacated the district court’s denial and remanded for reconsideration.

The Federal Circuit then went on to discuss the test the district court should use in its reconsideration. Sidense argued that proof that Kilopass’s argument was objectively baseless should suffice to win it attorney fees regardless of whether Kilopass acted in bad faith. The court was particularly sympathetic to this argument, finding it aligned with the text, history, and purpose of § 285 but ultimately decided not to jettison the requirement for subjective bad faith because of the restraints of prior circuit precedent. While nominally retaining the bad faith requirement, the court shifted the burden of proof onto the party with the objectively baseless argument, noting that “objective baselessness alone can create a sufficient inference of bad faith to establish exceptionality under § 285, unless the circumstances as a whole show a lack of recklessness on the patentee’s part.” *Kilopass*, 738 F.3d at 1314.

Sidense also argued that it should only have to prove exceptionality by a preponderance of the evidence, rather than by clear and convincing evidence. The court was once again highly sympathetic but felt bound by precedent to retain the clear and convincing evidence requirement.

Finally Sidense argued for a complete departure from the requirements of *Brooks Furniture*, allowing instead fee recovery whenever the district court find that it would

be unjust to allow the prevailing defendant to bear its own attorney fees. The court disagreed with Sidense, noting that the general presumption against fee recovery is protected by the First Amendment right of plaintiffs to petition the government for a redress of grievances.

Judge Rader concurred in the result. He noted agreement with the discussion of the majority and wrote separately to indicate that he believed objective baselessness alone (absent a showing of bad faith) should suffice to shift fees' and that such a showing should require only a preponderance of the evidence.

Krauser v. BioHorizons, Inc.,

753 F.3d 1263, 2014 WL 2490885 (Fed. Cir. June 4, 2014)

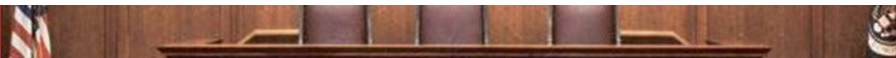
The Federal Circuit held that it lacked jurisdiction over this appeal because the suit did not arise under or necessarily raise an issue of patent law. The Federal Circuit therefore transferred the appeal to the Eleventh Circuit. The plaintiff, Krauser, sought a declaratory judgment in Florida state court establishing his ownership rights in a dental implant system produced by defendant BHI. BHI removed to federal court based on diversity jurisdiction under 28 U.S.C. § 1332, as well as patent jurisdiction under 28 U.S.C. § 1338(a) because Krauser's ownership claim involved a claim of inventorship. Krauser subsequently withdrew his inventorship claim and restricted his claim to ownership rights.

The district court granted summary judgment for BHI, and Krauser appealed to the Eleventh Circuit. BHI moved to dismiss the appeal or, in the alternative, to transfer to the Federal Circuit. BHI provided three grounds upon which to base Federal Circuit jurisdiction: (1) Krauser's original complaint raised a substantial patent law issue; (2) though the complaint had been amended to remove the inventorship claims, resolving the ownership claims required an adjudication of inventorship; and (3) the ownership claim was preempted by federal patent law. The Eleventh Circuit transferred the case to the Federal Circuit.

While the law of the case doctrine instructs a transferee court to accept a case transfer if the transfer decision is plausible, once a court determines that the transfer was "clearly wrong" it must decline jurisdiction. The Federal Circuit considered all three of BHI's proposed grounds for transfer and held that there was no plausible basis upon which the Federal Circuit had jurisdiction.

(1) Krauser's original inventorship claims: The Federal Circuit held that an amendment to a complaint dismissing the patent law claims without prejudice deprives the Federal Circuit of jurisdiction over the case. Therefore the inventorship claims in Krauser's original complaint provided no basis for Federal Circuit jurisdiction over the amended complaint.

(2) Considering inventorship to determine ownership: The Federal Circuit held that resolution of inventorship was neither necessary nor substantial to the issue of ownership in the present case. State law or quantum meruit claims might grant Krauser



ownership rights even if Krauser could not establish inventorship. Therefore the dispute over ownership did not confer Federal Circuit jurisdiction.

(3) Federal patent law preempts remedies: The Federal Circuit held that even if Krauser sought remedies preempted by federal patent law, that would not give the Federal Circuit jurisdiction. Federal preemption is only a defense to the plaintiff's suit and would not appear on the face of a well-pled complaint, and therefore it cannot confer Federal Circuit jurisdiction.

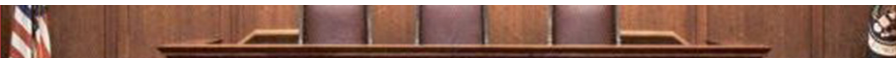
Leo Pharm. Prods., Ltd. v. Rea,

726 F.3d 1346, 2013 WL 4054937 (Fed. Cir. Aug. 12, 2013)

In this *inter partes* reexamination case, the Federal Circuit unanimously overruled the BPAI's determination that a patent for Taclonex® and similar medications was invalid for obviousness notwithstanding the court's recognition that the patentee's burden on appeal was "a challenging one." *Takeaway*: The objective indicia of validity under § 103, and long felt but unsolved need in particular, are sometimes "the most probative evidence of nonobviousness enabling the court to avert the trap of hindsight." Also, a patentee may defeat a charge of obviousness in regard to a combination of known elements claim by demonstrating that merely combining the disclosures in the prior art without alteration does not yield the desired result.

The patentee in *Leo Pharm.* developed the first viable topical treatment for psoriasis and similar skin conditions that included a vitamin D analog and a corticosteroid together in the same medication. At the heart of the invention was the discovery that vitamin D and corticosteroids are both storage stable within Polyoxypropylene 15 Stearyl Ether (POP-15-SE). A patent was obtained in 1977 for the use of POP-15-SE in topical medications, which emphasized the inherent preservative properties of the medium. Also, beginning in 1986, it was understood that patients with skin conditions such as psoriasis benefit from topical treatment with a vitamin D analog in addition to a corticosteroid. Extending that research, a 1994 patent defined several medications for psoriasis that combined vitamin D and a corticosteroid in the same medium. However, as early as 1995, medical research taught against combining vitamin D and corticosteroids in the same fluid, because the molecules are not stable at a common pH. Thus, prior to the work of the patentee in *Leo Pharm.*, ordinary medical practice was for patients to apply a low pH corticosteroid ointment in the morning, and a high pH vitamin D ointment in the evening.

The *Leo Pharm.* patent combined these references, finding that vitamin-D and corticosteroids are both storage stable in a POP-15-SE medium. First, the patentee systematically tested the stability of topical medications that combined vitamin D and corticosteroids, confirming that all of the previously identified formulations degraded rapidly. In a further step that was heavily emphasized by the Federal Circuit, the patentee mechanically combined all of the previous vitamin D and corticosteroid solutions with POP-15-SE, and the resulting medication was still unacceptably unstable. As the patentee pointed out, even in combination with POP-15-SE, the previously identified formulations were unstable due to their aqueous



character. However, when the patentee avoided all of the previously identified aqueous formulations, and combined only vitamin D, corticosteroids, and POP-15-SE, the resulting medication was stable. The Federal Circuit emphasized that the patentee's medication was the first single step psoriasis treatment to be approved by the FDA.

The BPAI determined that the patent was invalid for obviousness, because there were "explicit reason[s] to use POP-15-SE as a solvent." Thus, the Board concluded that the patentee selected components merely by "picking and choosing" from a finite number of known options. Reversing that decision, the Federal Circuit characterized the patentee's process as "throwing metaphorical darts at a board in hopes of arriving at a successful result."

The Federal Circuit emphasized objective indicia of nonobviousness in determining that the BPAI's finding was not supported by substantial evidence. Of particular significance was the fact that more than a decade elapsed between the discovery that both vitamin D and corticosteroids are useful in treating psoriasis and the patentee's development of a viable medication that could deliver both at the same time. The Federal Circuit also emphasized the medical research that "consistently taught away from combining vitamin D analogs and corticosteroids."

Although not relevant to its ultimate decision on obviousness, the Federal Circuit vacated the PTO's overly narrow claim construction. The PTO's construction was limited to a single example, and, therefore, failed to encompass the "broadest reasonable construction." Notably, the Federal Circuit determined obviousness without first properly construing the claims.

LifeScan Scotland, Ltd. v. Shasta Techs., LLC,

734 F.3d 1361, 2013 WL 5878598 (Fed. Cir. Nov. 04, 2013)

The Federal Circuit reversed the grant of a preliminary injunction by the district court, holding that LifeScan exhausted its patent rights through the sale of an unpatented component that substantially embodied the essential features of its patent. Judge Reyna dissented.

LifeScan, Inc. patented a method of measuring error in blood glucose monitoring systems by using a meter along with consumable test strips. LifeScan either sold the meters at a discount or gave them away, making most of their money on the test strips. Neither product was separately patented. LifeScan sued Shasta Technologies, LLC for inducing the infringement of its method patent when Shasta began selling consumable test strips that were compatible with the LifeScan machine. The district court granted a preliminary injunction, holding that LifeScan was likely to establish that its patent was not exhausted by the sale or distribution of its glucose meters.

On appeal, the Federal Circuit noted that the sale of an unpatented product triggers exhaustion of associated method patents if the product's only "reasonable and intended" use is to practice the patent, and the product "substantially embodies the essential features of the patented invention." A product embodies the essential features



of a method patent when it controls or carries out the inventive functions of the method claims.

The Federal Circuit held that “what is ‘inventive’ about patent claims . . . is what distinguishes them from prior art.” Thus, the majority held that the meter, not the test strips, substantially embodied the method patent because it controlled all the error-measuring functions that were deemed inventive by the examiner and were stressed in the prosecution history and text of the patent. The Federal Circuit worried that forbidding patent exhaustion in this context would allow a patentee to impermissibly extend the patent monopoly to an unpatented product. The Federal Circuit therefore held that the sale of the meter exhausted LifeScan’s patent rights.

Finally, the Federal Circuit held that patent exhaustion applied even to the meters that were given away for free by LifeScan. According to the majority, patent exhaustion only requires an “authorized and unconditional transfer of title” (rather than a sale) because the purpose of the doctrine is “to permit the owner of an item who received it in an authorized transfer to use it.”

The dissent believed that the test strips, rather than the meter, embody the essential features of the method patent because the inventive functions mentioned by the majority were only possible with a specially designed test strip. The dissent would have also required a lower threshold of inventiveness (whether the component makes an inventive contribution, not whether the component itself is inventive), and argued that the majority improperly conflated patentability with the product’s ability to substantially embody the essential features of a patented method.

Lighting Ballast Control LLC v. Philips Electronics N. Am. Corp.,

744 F.3d 1272, 2014 WL 667499 (Fed. Cir. Feb. 21, 2014)

This case presented the Federal Circuit (en banc) with an opportunity to confirm, modify, or reject the Court’s decision in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc), holding that the scope of a patent grant is a matter of law and, thus, claim construction rulings are reviewed de novo on appeal. The en banc majority reaffirmed the holding in *Cybor* that claim construction is indeed a question of law and it reinstated the panel decision finding the exceptions to stare decisis inapplicable. A petition for certiorari has been filed with the Supreme Court, which has already granted cert in the case of *Teva v. Sandoz* raising the same issue.

This case originated when Lightning Ballast sued defendants in the Northern District of Texas, alleging infringement of a patent claiming an improved electronic ballast. High levels of electric current are required to start a fluorescent lamp. As a result, a fluorescent lamp fixture typically includes an electronic ballast to regulate current flow. U.S. Patent No. 5,436,529 disclosed an electronic ballast with a number of improvements over the prior art, including an ability to shield itself from destructive levels of current when the lamp is removed or becomes defective. Claim 1 recites “[a]n energy conversion device, . . . the device comprising: voltage source means providing a



constant or variable magnitude DC voltage between the DC input terminals.” The accused infringers argued that the phrase “voltage source means” in the patent claims was a means-plus-function term without any corresponding structure in the specification. Plaintiff presented undisputed expert testimony on the meaning of a “voltage source means” and the district court held that the plaintiff overcame the presumption that 35 U.S.C. § 112, ¶ 6 applied based in part on the plaintiff’s experts’ testimony as to how a person of ordinary skill in the art would have understood the term.

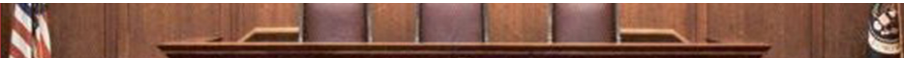
On appeal, the Federal Circuit reviewed the claim construction de novo and reversed, finding that “voltage source means” was a means-plus-function term and was invalid for indefiniteness under 35 U.S.C. § 112, ¶ 2. Importantly, the court considered the expert testimony relied on by the district court, but, came to the conclusion that the testimony suggested a lack of a defined class of structures. The Federal Circuit then granted the petition for rehearing en banc and vacated the panel decision with the primary question focused on the standard of review for claim construction.

The en banc majority summarized the three general views articulated by the parties and the 38 amici curiae. The first view, favored by Lighting Ballast, argued that *Cybor* is incorrect and misinterpreted the Supreme Court’s decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996) (“*Markman II*”). Specifically, claim construction is a “mongrel practice” of law and fact, often involving evidentiary and credibility determinations, which requires deference. As such, the district court’s factual finding that the patent is valid and infringed requires deference.

The second view, which was championed by the United States, proffered a “hybrid” de novo and deferential review. Recognizing the practical difficulties with such an approach, certain proponents suggested that the standard of review depend on the type of evidence relied on by the district court; de novo review would be appropriate for constructions based on intrinsic evidence alone, while those based on extrinsic evidence would be reviewed under the clearly erroneous standard.

The third view was that *Cybor* is both reasonable and a correct interpretation of *Markman II*. These proponents of stare decisis further emphasized that definitive resolution of claim construction as a matter of precedent was necessary not only due to the presence of multi-case, multi-forum litigations involving the same patents, but also to preserve the notice function of claims.

The majority sided with the third view, explaining that departure from stare decisis is not warranted without a “compelling justification,” such as where (1) subsequent cases have undermined the doctrinal underpinnings or (2) the precedent has proved “unworkable,” e.g., a change will yield an improved public or private benefit. Neither was found applicable. First, no case, statute, or even public policy argument undermined the reasoning in *Cybor*. Second, no party or amici demonstrated that de novo review of claim construction is unworkable, that *Cybor* increased the burdens on courts and litigants, or that modifying *Cybor* would likely change many results. In short, no party or amici provided a predictable and preferable alternative to *Cybor*.



because there is effectively “no workable delineation of what constitutes fact and what constitutes law.”

Judge Lourie authored a concurrence to express his belief that there “are additional reasons why retaining *Cybor* is wise.” He echoed the majority’s sentiment that *Cybor* is consistent with *Markman II* and a necessary procedural safeguard of uniformity. The concurrence also argued that the Federal Circuit operated with a level of informal deference. The bulk of Judge Lourie’s opinion focused on his belief that claim construction should rest primarily on intrinsic evidence, with the Federal Circuit as able, if not “sometimes better,” at the task as any district court. Relying on experts tainted the claim construction process, as such testimony usually stemmed from a lawyer’s attempt “to shoehorn an accused infringer into claims that usually do not fit.” According to Judge Lourie, deference on “factual issues” would likely exacerbate the already suspect reliance on extrinsic materials.

Judge O’Malley, joined by Judges Rader, Reyna and Wallach dissented. The dissent agreed that the ultimate question of claim meaning should remain subject to de novo review, but argued that resolutions of disputed fact be subject to deference pursuant to Federal Rule 52. Reversing *Cybor* would not upset any settled expectations, as debate over the soundness of the decision has plagued not only the Federal Circuit, but also district courts, practitioners, and academics alike. Moreover, the three reasons justifying a departure from stare decisis—where the law (1) was wrongly decided; (2) is at odds with congressional derivatives; or (3) has had negative consequences—are all present here, warranting a reversal of *Cybor*.

According to the dissent, *Cybor*’s statement that claim construction is a question of law reviewed de novo is entrenched in an incorrect interpretation of *Markman II*. *Markman II* clearly found that claim construction involved factual disputes. Significantly, the Court did not suggest that de novo appellate review is appropriate; the allocation of claim construction to the judge did not erase the required deference to subsidiary factual determinations. (*Cybor*’s approach is also inconsistent with the realities of claim construction, which, according to the dictates of *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005), requires a court to exercise its discretion in weighing extrinsic evidence.)

Stare decisis is also inapplicable because *Cybor* contravenes Federal Rule of Civil Procedure 52(a)(6), which provides that, on appeal, all findings of fact must not be set aside unless clearly erroneous. The dissent analogized claim construction to obviousness, where the ultimate determination is a question of law, but deference is given to subsidiary factual findings. Importantly, as the dissent noted, a jury’s determination of the scope of the prior art (much like the scope of the claims) is typically afforded deference.

Finally, the dissent asserted that the *Cybor* decision runs contrary to the primary interest of stare decisis in preserving stability and reliability. De novo review undermines predictability, with reversal on appeal after trial upsetting expectations—especially given the trend of panel-dependent outcomes. This distinct uncertainty

discourages early settlement by providing a clear incentive for the loser at the trial court level to appeal. Finally, de novo review provides little in the way of uniformity, as the constructions do no more than declare the boundaries of a particular patent as between the parties in suit and nothing more.

MadStad Eng'g, Inc. v. U.S. Patent & Trademark Office,
756 F.3d 1366, 2014 WL 2938080 (Fed. Cir. July 1, 2014)

The Federal Circuit affirmed the district court's finding that MadStad, the patentee, lacked standing to challenge the constitutionality of the AIA. The court did not reach MadStad's constitutional arguments. Takeaway: A party lacks standing to challenge the AIA on constitutional grounds if its claims are based on the hypothetical decisions of third party illegal actors.

MadStad filed suit against the PTO and the government, seeking a declaratory judgment that the "first-inventor-to-file" provision of AIA is unconstitutional and an injunction barring enforcement of the AIA. As an initial matter, the Federal Circuit asserted jurisdiction over the appeal because MadStad's claims and the appeal arise under an Act of Congress relating to patents within the meaning of 28 U.S.C. §§ 1338 and 1295(a)(1). The Court reached this conclusion by noting that a resolution of the claim would involve interpreting the terms "inventor" and "first-inventor-to-file" under the AIA and the term "Inventor" under the Constitution and patent-related matters are central to the dispute.

The Court found that MadStad's alleged injuries were not sufficient to support the minimum requirements for Article III standing. First, MadStad alleged that the AIA, by making it more attractive and profitable for computer hackers to steal IP and file their own patents, has forced it to expend money on increased computer security. The Federal Circuit agreed with the district court that this alleged injury is based solely on speculation about the capabilities and incentives of illegal hackers; MadStad would still face security risks had the AIA not been enacted, and nothing in the record indicated that hackers would start launching more successful cyber-attacks because of the AIA. Accordingly, the alleged injury was not concrete, particularized, and actual or imminent.

Second, MadStad alleged standing based on its fear of increased effort and costs involved in filing a patent application. Because MadStad did not assert having an invention for which an application could be filed, the Federal Circuit denied standing on this ground.

Third, MadStad asserted that the first-to-file rule puts it at a competitive disadvantage relative to larger competitors. Because sending developing products to outside vendors increases exposure to IP theft, MadStad contended that small entities are forced to divert limited resources to set up and maintain in-house development and testing centers. The Court found this argument too speculative; in order for MadStad to suffer the alleged injury, the Court would have to assume that outside vendors do not have adequate security measures in place to prevent hacking, and that hackers are both

prepared and able to hack the vendor's system and apply for patents on the design. Moreover, MadStad did not assert that it has, in fact, set up inhouse research facilities which it did not have in place before the AIA.

Fourth, MadStad failed to show actual or imminent injury for lost business and investment opportunities. While the Court recognized that MadStad may have a subjective belief that the AIA inhibits it from sharing ideas with potential partners and investors, the threat of such injury is too attenuated to create standing.

Finally, the Court held that the district court did not err in relying on the Supreme Court's decision in *Clapper v. Amnesty International USA*, 568 U.S. ___, 133 S. Ct. 1138 (2013) in rejecting standing. The Court noted that although the injuries in *Clapper* were perhaps even more speculative than in the present case, MadStad's alleged injuries "based entirely on speculation about the potential, future activity of third parties" was nevertheless too attenuated to confer standing.

MeadWestVaco Corp. v. Rexam Beauty & Closures, Inc.,
731 F.3d 1258, 2013 WL 5356812 (Fed. Cir. Sept. 26, 2013)

In a patent case concerning perfume dip tubes, the Federal Circuit ruled on issues of nonobviousness, claim construction, indefiniteness, infringement, and the allowance of expert testimony. Ultimately, the court remanded for further proceedings consistent with their findings.

MeadWestVaco Corporation ("MWV") is a perfume packaging company. MWV created an "invisible" dip tube for perfumes that appears to disappear when immersed in liquid. U.S. Patent No. 7,718,132 (the '132 patent) discloses MWV's technique, which involves "quenching" crystalline fluoropolymer that has a XRD crystallinity "not greater than 13%" and a transparency "of about 80% or more."

Rexam Beauty and Closures, Inc. and Rexam Dispensing Systems S.A.S. (collectively "Rexam") and Valois of America, Inc. and Valois S.A.S. (collectively "Valois") both attempted to design around MWV's patents.

The Federal Circuit began by analyzing nonobviousness. The district court had granted MWV summary judgment that its patents were nonobvious, notably because "it would not have been obvious to use EFEP in a fragrance product" due to concerns that it would be carcinogenic. The Federal Circuit identified two problems with the district court's analysis. First, the district court erred when it failed to acknowledge that claims 15 and 19 of MWV's patent "are not limited to fragrance products." Since "MWV did not present evidence teaching away from using EFEP in general purpose liquid-dispenser tubing," summary judgment was inappropriate. Furthermore, the Federal Circuit found that, in granting summary judgment, the district court improperly resolved material issues of fact in favor of MWV. Thus, the Federal Circuit vacated and remanded for a trial on nonobviousness.

Next, the Federal Circuit looked at the district court's claim construction and infringement rulings regarding "quenching" in the '132 patent. The district court



construed “quenched” to simply mean “rapidly cooled” rather than adopting a more specific construction preferred by Valois: “rapid cooling by immersion into a cooling liquid.” The Federal Circuit affirmed the district court’s construction, noting that the term “rapid cooling” can be accomplished by any medium. Thus, the remaining dispute was whether “air” is a “cooling medium,” an issue for infringement according to the Federal Circuit. Addressing infringement, the court held that the water used in the defendants’ quenching process is kept at “essentially the same temperature” disclosed in the patent and that “rapidly cooled” does not require a specific cooling rate. The Federal Circuit therefore affirmed the district court’s finding that Valois’s “New” tube infringes the ‘132 patent.

The district court had adopted a plain meaning construction of “transparency” from a dictionary (“allowing visible light through so that objects can be clearly seen through it”), rejecting the technical definition proposed by Valois based on the specification: “a measurement of the percent transmission of light having a wavelength of 500 microns passing through a 3 mm thick sample.” The Federal Circuit agreed with the district court’s plain meaning construction, arguing that “other portions of the specification discussing transparency are not tied to Valois’s purported definition” that was derived from a different passage in the specification.

At the district court, MWV and Rexam engaged in a “battle of the experts” over whether the allegedly infringing products had an XRD crystallinity of less than 13%. Rexam argued that the district court erred in allowing the MWV’s expert to testify, because he did not follow all of the testing parameters set forth in the ‘132 patent. The Federal Circuit, however, found that this argument “go[es] to infringement and not admissibility” and affirmed the district court’s denial of the motion to exclude. On the issue of infringement, the district court found that the defendant’s dip tubes had a crystallinity of less than 13%, thereby infringing the ‘132 patent. The Federal Circuit affirmed this ruling, writing that it was not unreasonable to believe that MWV’s expert’s testing deviations were insignificant.

Lastly, the Federal Circuit considered indefiniteness. The district court had denied Rexam’s and Valois’s motion for summary judgment of indefiniteness, stating that the ‘132 patent “is not indefinite as a matter of law.” The Federal Circuit construed this to be a denial of summary judgment rather than a sua sponte grant of summary judgment in favor of MWV, because the district court stated there are issues of fact for trial and in light of the related briefing. Thus, the Federal Circuit ruled the summary judgment of indefiniteness appeal was improper. In addition, because the defendants subsequently “failed to raise [the indefiniteness issue] at the bench trial,” the Federal Circuit ruled that the Rexam and Valois waived the issue of indefiniteness.

Medisim Ltd. v. BestMed, LLC,

758 F.3d 1352, 2014 WL 3397220 (Fed. Cir. July 14, 2014)

The Federal Circuit held that the alleged infringer forfeited its right to move for JMOL on anticipation, but not on unjust enrichment. Takeaway: To preserve a challenge



based on the sufficiency of evidence after a jury verdict, a party must first challenge the sufficiency of the evidence prior to submitting the case to the jury.

Plaintiff-Appellant Medisim owns a patent directed to a fast non-invasive thermometric device that displays a core body temperature. Medisim appeals the grant of JMOL by the district court that the patent is anticipated by Medisim's own prior art FHT-1 Thermometer, which was marketed and sold more than a year before filing the application that issued the patent. Medisim also appeals the district court's grant of JMOL in defendant BestMed's favor on Medisim's unjust enrichment claim. Medisim argued that BestMed forfeited its right to JMOL under Rule 50(b) when it failed to properly move for JMOL at the close of evidence, as well as challenged the district court's grant of JMOL on the merits.

The Federal Circuit explained that Federal Rule of Civil Procedure 50(a) allows a party to challenge the sufficiency of the evidence prior to submission of the case to the jury, while 50(b) sets forth the procedural requirements for renewing a sufficiency of evidence challenge after the jury verdict. Parties forfeit the right to move under Rule 50(b) by failing to first properly move under 50(a). Because BestMed failed to move for JMOL on anticipation before the case was submitted to the jury, the Federal Circuit concluded that BestMed forfeited its right to move for JMOL on anticipation under Rule 50(b). Because the court vacated the district court's grant of JMOL on anticipation due to forfeiture, it did not consider whether the district court erred in granting JMOL on anticipation on the merits.

The Federal Circuit found that BestMed did not forfeit its right to move for JMOL on unjust enrichment under Rule 50(b) because it adequately made such a motion under Rule 50(a). Because Medisim made only a generic claim for unjust enrichment, BestMed needed only to make a generic motion under Rule 50(a). With regard to Medisim's grant of JMOL on the merits of unjust enrichment, the Federal Circuit found that Medisim failed to present any evidence to support a finding that BestMed received an incremental benefit from Medisim's testing procedure over that compensable by patent law, and thereby denied restitution.

Finally, the Federal Circuit concluded that the intrinsic evidence discussed by the district court heavily supports the conclusion that the FHT-1 calculates a deep tissue temperature and, therefore, anticipates the patent. As such, the district court's conditional grant of a new trial was amply supported by the evidence and it did not abuse its discretion by granting BestMed's motion for a new trial.

Medtronic CoreValve, LLC v. Edwards Lifesciences Corp.,
741 F.3d 1359, 2014 WL 229081 (Fed. Cir. Jan. 22, 2014)

In this case, the Federal Circuit clarified the requirements for claiming priority to an earlier filing date under 35 U.S.C. § 120. Takeaway: In order to properly claim the priority date of an international patent application under 35 U.S.C. § 120, each application in the chain of priority must make a specific reference to all of those that came before it.



Medtronic owned a patent related to a prosthetic valve, which claimed the benefit of the filing date of a French patent filed on October 31, 2000.[1] Edwards, facing an infringement suit from Medtronic, challenged the validity of the patent under 35 U.S.C. §§ 119 and 120, and also claimed that if the patent was not entitled to the benefit of an earlier filing date, it was anticipated under 35 U.S.C. § 102(d).

The crux of Edwards' argument was that Medtronic failed to claim priority to the French application in each intervening U.S. application in the priority chain between the French application and the patent at issue, thus failing to comply with the requirements of § 119. Additionally, Edwards argued that Medtronic failed to comply with the requirements of § 120, which had been interpreted by the Federal Circuit to require "each [intermediate] application in the chain of priority to refer to the prior applications" for patents claiming the benefit of an earlier international filing date. The district court agreed with Edwards, and additionally found that without the benefit of the earlier filing dates, the patent was invalid under § 102(d).

The Federal Circuit affirmed the district court's finding with respect to § 120 — and, concluding that such a determination was sufficient to invalidate the patent, did not revisit the district court's other holdings (i.e. regarding § 119 and anticipation).

According to the Federal Circuit, § 120's requirement that a later filed patent application is entitled to the benefit of the filing date of an earlier filed application if it contains a specific reference to the earlier filed application requires that each of the intermediate applications in the chain of priority must refer to the prior applications. Some applications in Medtronic's chain of priority merely state that "this application is also a continuation in part of [the International application]." Affirming the district court's finding that the phrase "this application" referred to the present application, the Federal Circuit rejected Medtronic's argument that the phrase should be interpreted in accordance with its intended meaning, not its plain meaning, or alternatively given the meaning a reasonable person would understand it to disclose in the context. The court found that the former was an attempt at "linguistic gymnastics" divorced from the straightforward meaning of the phrase, and the latter "improperly places the burden of deciphering a priority claim on the reader or the public," in addition to being at odds with the statutory language. Interestingly, Medtronic advocated adopting a construction of the term "this application" that would have defined it as a reference to the first U.S. application claiming the benefit of the international filing date. However, under the Federal Circuit's rule, it seems that even this meaning would have resulted in failure to comply with § 120, since there were U.S. applications in between that application and the patent at issue. However, the court did not note this.

[1] The face of the patent references a different French application, filed on November 17, 1999, however, finding that application "not relevant to the claims asserted," the Federal Circuit referenced a later French application for the proper priority date.

Microsoft Corp. v. DataTern, Inc.,

755 F.3d 899, 2014 WL 1760882 (Fed. Cir. May 5, 2014)

In a case involving two software patents allegedly infringed by customers of SAP AG and SAP America, Inc. (collectively, “SAP”) and Microsoft, the Federal Circuit affirmed the district court’s denial of the patentee’s motions to dismiss declaratory judgment actions brought by Microsoft and SAP for one patent but only with regard to the declaratory judgment action brought by SAP for the other patent. Thus, the Federal Circuit determined that the district court did not possess jurisdiction with regard to Microsoft’s declaratory judgment action related to one of the patents. Furthermore, the Federal Circuit affirmed the district court’s granting of summary judgment to Microsoft for one patent and to SAP for both patents but only with regard to one of its products. *Takeaways*: Suits against a supplier’s customers do not necessarily give the supplier standing to commence a declaratory action; however, the supplier may have standing if the patentee relies on the supplier’s own materials to demonstrate infringement by the customers.

The patentee previously sued customers of Microsoft and SAP for alleged infringement of two patents, but Microsoft and SAP (collectively, “Appellees”) commenced declaratory judgment actions that eventually led to summary judgment for non-infringement in the lower court. The patentee appealed in order to dismiss the declaratory actions and challenge the summary judgment for lack of jurisdiction. The Federal Circuit ultimately determined that the district court lacked jurisdiction only with regard to Microsoft’s declaratory action relating to one of the patents and that summary judgment was not appropriate for all of SAP’s products when only one of its products was at issue.

Citing *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007), the Federal Circuit stated that “[t]he threshold question for declaratory judgment jurisdiction is ‘whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.’” The patentee argued that the district court lacked jurisdiction to consider the declaratory actions because the patentee “never approached Appellees regarding a license, never accused Appellees of infringement, and indicated that it did not intend to sue Microsoft.” Furthermore, the patentee argued that the Appellees lacked a legal interest in the case because they were not obligated to indemnify the sued customers and their alleged injury of potentially losing customers as a result of the suit was too far removed and uncertain.

The Appellees argued that the district court possessed jurisdiction over their declaratory actions because the patentee’s claims developed from the customers’ use of the Appellees’ products, which suggests that an indirect infringement claim was available to the patentee. Furthermore, the appellees argued that declaratory judgment jurisdiction existed because their customers demanded indemnity and the patentee had pursued an “aggressive litigation strategy” that created a substantial controversy.



Quoting *Arris Group, Inc. v. British Telecommunications PLC*, 639 F.3d 1368, 1375 (Fed. Cir. 2011), the Federal Circuit noted that “where a patent holder accuses customers of direct infringement based on the sale or use of a supplier’s equipment, the supplier has standing to commence a declaratory judgment action if . . . there is a controversy between the patentee and the supplier as to the supplier’s liability for induced or contributory infringement based on the alleged acts of direct infringement by its customers.” The Federal Circuit clarified that the district court did not possess jurisdiction over the Appellees’ declaratory claims as a result of the patentee bringing suit against the Appellees’ customers nor as a result of the customers’ requests for indemnification from the Appellees. Although the Federal Circuit noted that a legal obligation to indemnify the customers might have granted standing, there was no such legal obligation involved in this case.

Furthermore, the Federal Circuit noted that the patentee’s suits against the Appellees’ customers did not “automatically give rise to a case or controversy regarding induced infringement.” Unlike direct infringement, the Federal Circuit noted that induced infringement requires the patentee to demonstrate “that the accused inducer took an affirmative act to encourage infringement with the knowledge that the induced acts constitute patent infringement.” While the Federal Circuit clarified that conclusive evidence of induced infringement is not necessary to establish a case or controversy to establish declaratory judgment jurisdiction, it noted that “there must be allegations by the patentee or other record evidence that establish at least a reasonable potential that such a claim could be brought.” Since the claim charts provided to the customers cited materials from SAP, such as user guides that instructed customers on how to use their products in an infringing way with regard to both of the patents at issue, the Federal Circuit determined that the district court possessed declaratory judgment jurisdiction with regard to SAP for both of the patents at issue because a substantial controversy existed with regard to whether SAP induced infringement.

While the claim charts cited online documentation provided by Microsoft to its customers that supported infringing actions with regard to one of the patents, no such evidence existed with regard to the other patent. Since the claim charts for the other patent did not cite to Microsoft-provided materials for key claim limitations, the Federal Circuit determined that there was no implied claim of induced infringement against Microsoft with regard to that patent. Quoting 35 U.S.C. § 271(c), the Federal Circuit also determined that there was no implied claim of contributory infringement against Microsoft with regard to that patent because the claim charts for that patent did not suggest that Microsoft’s product was not “a staple article or commodity of commerce suitable for substantial noninfringing use” or that it was “especially made or adapted for use in an infringement” of the patent.

In order to establish jurisdiction, the Federal Circuit clarified that “[a] declaratory judgment plaintiff must plead facts sufficient to establish jurisdiction at the time of the complaint, and post-complaint facts cannot create jurisdiction where none existed at the time of filing.” While the Federal Circuit noted that a patentee’s aggressive enforcement strategy might support jurisdiction, it would not do so when the enforcement strategy appears to rely on the suing of customers and not suppliers. Thus,



the Federal Circuit held that there was no substantial controversy with regard to Microsoft's infringement of one of the patents and thus ordered the district court to dismiss the corresponding declaratory judgment action with regard to that patent on remand.

The Federal Circuit reviewed the district court's summary judgment and claim construction of one of the patents de novo. With regard to claim construction, the Federal Circuit agreed with the district court that the plain and ordinary meaning of "object model" requires a set of classes, which was further supported by expert testimony, the specification, the only depicted object model, and arguments of the patentee's predecessor. Thus, the Federal Circuit affirmed the district court's claim construction and resultantly affirmed summary judgment of SAP's non-infringement of that patent because the patentee had previously stipulated that SAP did not infringe based on that claim construction.

While the patentee had also previously stipulated that Microsoft did not infringe that patent based on the claim construction, the Federal Circuit noted that Microsoft did not make any of its own claim construction arguments and relied solely on SAP's arguments without consolidating the appeals. Furthermore, the Federal Circuit noted that permitting Microsoft to incorporate SAP's arguments by reference would effectively allow Microsoft's brief to exceed the word count by 3,025 words, which the Federal Circuit noted would be unfair. Thus, the Federal Circuit held "that incorporation of co-party briefing is only allowed in consolidated cases as explained in Fed. R. App. P. 28(i) and that such incorporation cannot be used to exceed word count." Despite this holding, the Federal Circuit affirmed the district court's summary judgment of Microsoft's non-infringement of the patent because the patentee had previously stipulated Microsoft did not infringe if "object model" was construed to require classes.

The Federal Circuit also affirmed the district court's summary judgment of SAP's non-infringement for the other patent despite the fact that the patentee "never served infringement contentions on SAP that alleged infringement of the" patent. The Federal Circuit noted that the district court possessed declaratory judgment jurisdiction based on the patentee's implied assertions of indirect infringement in the claim charts. Since SAP maintained that the patent was not infringed, and the patentee never covenanted that it would not sue SAP on the patent after not filing infringement contentions on it, the Federal Circuit determined that the district court did not err in granting summary judgment with regard to one of SAP's accused products that was at issue. With regard to SAP's other products, however, the Federal Circuit noted that "[declaratory judgment jurisdiction must be determined on a product-by-product basis." Since none of the claim charts asserted indirect infringement based on the use of these other products and "broad pleadings alone do not define the scope of judgment when only a subset of those issues were litigated," the Federal Circuit determined that these other products were not fairly at issue and should not have been included in the summary judgment order. Thus, the Federal Circuit reversed summary judgment of SAP's non-infringement with regard to these other products.

**Microsoft Corp. v. Int'l Trade Comm'n,**

731 F.3d 1354, 2013 WL 5479876 (Fed. Cir. Oct. 03, 2013)

The Federal Circuit affirmed the International Trade Commission's finding of no section 337 violation on three patents asserted by Microsoft against Motorola. However, the court reversed the Commission's ruling in part as to a fourth patent.

Microsoft alleged that Motorola violated section 337 of the Tariff Act of 1930 by importing mobile phones and tablets that infringed four Microsoft patents. However, the ALJ held that Motorola did not infringe any of the four patents, and also held that Microsoft had not shown a domestic industry as to three of the four patents. The Commission upheld the ALJ's findings.

The Federal Circuit first analyzed the patent infringement claim under the '054 patent, which disclosed "a system and method for synchronizing copies of a data resource . . . in a client server environment, where any of the several clients . . . may make changes to its copy . . . even when not connected to the server." The allegations centered on claim 11, which required that the client receive "resource state information." The ALJ construed this claim to require use of the "resource state information" for synchronization and identification of the version of the resource. Under this construction, the patent was not infringed. On appeal, Microsoft argued that the phrase at issue has a "plain meaning" and did not need to be construed to require more. However, the Federal Circuit found that "state" is "so general on its face that it begs for clarification . . . regarding what aspect of the resource is to be identified." Moreover, the panel found the ALJ's construction to be appropriate.

Next, the Federal Circuit looked at the infringement claim under the '376 patent, which disclosed "a mechanism for notifying application programs about changes to the state of certain mobile device components of relevance to those applications." The ALJ found that there was no domestic industry "relating to the articles protected by the patent," as required by section 337. The Federal Circuit agreed, writing that a company seeking protection under section 337 must show that "substantial domestic investment . . . relates to an actual article that practices the patent." The panel found that there was substantial evidence to support the Commission's finding that there was no such substantial investment because "Microsoft simply failed to identify any actual phones with the required components performing as required."

Turning to the '762 patent, the Federal Circuit stated that the patent disclosed "a radio interface layer (RIL) between hardware and software applications in a cell phone." Once again, the ALJ found that Microsoft failed to satisfy the domestic-industry requirement because Microsoft "failed to show that there was a Microsoft-supported product that practiced" the patent. The Federal Circuit ruled that there was substantial evidence to support this determination because Microsoft "did not offer sufficient evidence to prove that any third-party mobile device implements a hardware-dependent driver layer as required by the patent."



The Federal Circuit finally turned to the '133 patent, which disclosed a graphical user interface that “presents a set of representations to actual computer resources” using a “context menu” that includes information about the class of objects to which a resource belongs and the container in which that resource resides. Here, the Federal Circuit disagreed with the ALJ, ruling that the “main group of accused products infringe,” but agreed that “the alternative design does not.” First, the panel found that one of the ALJ’s non-infringement positions failed even under the ALJ’s own claim construction. Second, the panel disagreed with the ALJ’s construction that a “display-in-proximity” requirement necessitated “deliberate” positioning instead of merely “unavoidable proximity.” This “require[d] reversal of the '133 patent non-infringement judgment as to the main group of accused products.” This also necessitated remand of the question of indirect infringement of the main group of products, as the ALJ had not reached indirect infringement in view of its erroneous finding of no direct infringement. For the products having an alternative design, however, the Federal Circuit found there was “no basis for disturbing [the ALJ’s] non-infringement finding.”

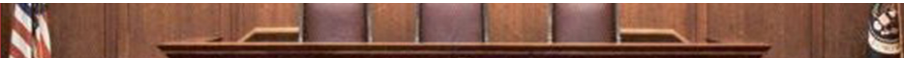
Monolithic Power Sys. v. O2 Micro Int’l Ltd.,

726 F.3d 1359, 2013 WL 4055141 (Fed. Cir. Aug. 13, 2013)

In this pre-*Octane Fitness* case, parallel actions in the ITC and a district court culminated in a finding of exceptional case status, and an award of nearly \$8.5 million in attorney fees was unanimously upheld in the Federal Circuit. *Takeaway*: This is an example of misconduct and vexatious litigation strategy that can support a finding of exceptional case status, even under the prior, higher pre-*Octane Fitness* standard. Also, courts can award attorney fees expended in related but separate litigations (here, the ITC).

The parties in this case were embroiled in litigation for over a decade in the Northern District of California regarding five separate claims of patent infringement. The first two actions ended against O2 Micro in summary judgment of noninfringement and a jury verdict of invalidity for obviousness. The next two actions ended also against O2 Micro with a stipulation of dismissal and a covenant by O2 Micro not to sue. In this case, Monolithic Power Systems (MPS) filed suit seeking declarations of noninfringement and invalidity with respect to several patents. The litigation proceeded unfavorably for O2 Micro and, as in the prior two cases, the company stipulated to dismissal and covenanted not to sue on the very eve of trial.

In addition, O2 Micro engaged in misconduct and unprofessional behavior during trial. In an effort to establish prior conception to overcome invalidating art, O2 Micro proffered an inventor’s dated schematics and four witnesses who testified that the date stamp was computer generated. When MPS’s schematics expert proved that the date stamp had actually been manually entered, O2 Micro continued to pursue its litigation position by seeking to preclude MPS’s expert report and moved for summary adjudication on the date issue. The Federal Circuit gave little credence to the argument that O2 Micro made only a “good faith mistake about how the schematics came to be dated.”



The trial court judge, and the Federal Circuit alike, took affront not only to O2 Micro's overall litigation strategy in this case but moreover the pattern over multiple cases, particularly in engaging in substantial litigation before O2 Micro agreed to end the cases.

The Federal Circuit determined that O2 Micro's behavior satisfied the exceptional case standard, regardless of whether any "objectively baseless" or "bad faith" arguments were employed: "A case may be deemed exceptional when there has been some material inappropriate conduct [such as] misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed. R. Civ. P. 11, or like infractions." Though the Supreme Court has since lowered the standard for 285 attorney fees, this case is impactful in that the Federal Circuit held the standard was met even under the prior higher standard.

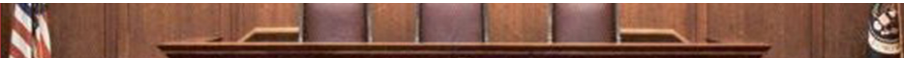
Further, the Federal Circuit determined that it was appropriate to assess attorney fees as to the entirety of the litigation, including discovery costs in the parallel ITC action. O2 Micro argued unsuccessfully that the award of attorney fees should be only the amount "necessary to compensate a party for the extra legal effort to counteract the misconduct." Because O2 Micro's misconduct and vexatious litigation strategy "severely affected every stage of the litigation . . . a full award of attorney fees was proper here." In its endorsement of the district court's award of attorney fees for discovery in the separate ITC proceedings, the Federal Circuit emphasized that there was an agreement from the outset to take discovery for "dual use" in the parallel actions.

Monsanto Co. v. E.I. Du Pont de Nemours & Co.,

748 F.3d 1189, 2014 WL 1855528 (Fed. Cir. May 9, 2014)

The Federal Circuit affirmed the district court's imposition of sanctions on defendant DuPont. The plaintiff below, Monsanto, brought suit against DuPont for breach of license and infringement of its patent for a specific genetic modification in soybeans. DuPont had "stacked" the Monsanto trait, for which it had a nonexclusive license, with an additional trait of its own development. The district court ruled that the license failed to grant DuPont the right to stack traits, and DuPont moved to reconsider and counterclaimed to reform the license. DuPont premised its reformation claims on the argument that it always subjectively believed the license allowed for stacking. The district court found that this argument misrepresented DuPont's actual subjective beliefs and granted Monsanto's motion for sanctions. The Federal Circuit held that the lower court did not err in imposing narrowly-tailored sanctions for DuPont's abuse of judicial process and bad faith.

The Federal Circuit evaluated the district court's imposition of sanctions under applicable circuit law — here, the law of the Eighth Circuit. DuPont argued that the lower court improperly sanctioned it for making reasonable legal arguments based on the license agreement, incorrectly attributed views of individual employees to the company, and incorrectly took into consideration irrelevant statements made well after the formation of the agreement. The Federal Circuit rejected all of these arguments.



The Federal Circuit held that the district court imposed sanctions not as a result of any legal argument presented by DuPont, but rather because of DuPont's factual misrepresentations regarding its subjective belief. This misrepresentation became apparent when the district court compelled discovery of previously undisclosed internal documents. The documents contained statements from legal counsel and employees indicating a subjective belief that the Monsanto license would not permit stacking traits.

According to the Court of Appeals, the sanctions' narrowly tailored nature further supported the idea that they were imposed directly in response to factual misrepresentations: The sanctions included striking the reformation claims that relied on the misrepresentations, and awarding Monsanto attorney fees only for work related to defending those claims.

The Federal Circuit further found no error in the district court's reliance on individuals' statements in attributing a particular subjective belief to DuPont because the employees were high-level executives and in-house attorneys who directly participated in the licensing agreement.

Finally, the Federal Circuit held that the district court did not err in considering subsequent statements made by negotiators in concluding that DuPont held a subjective belief different from the one it claimed to have held at the time of the agreement. Those later statements were relevant to whether, as DuPont argued, DuPont had "always" held the belief that the license permitted stacking.

The Federal Circuit held that the district court's finding that DuPont repeatedly misrepresented its subjective beliefs in order to support its reformation counterclaims provided sufficient support for a finding of bad faith and the consequent imposition of sanctions and attorneys' fees. While DuPont's actions did not rise to the level of "fraud on the court," the Federal Circuit looked to Eighth Circuit cases that imposed sanctions under the court's inherent powers without requiring a finding of fraud on the court (*see, e.g., Aggregation Servs., Inc. v. Howard Avista Energy, LLC*, 458 F.3d 733, 739 (8th Cir. 2006)).

Motorola Mobility, L.L.C. v. Int'l Trade Comm'n,
737 F.3d 1345, 2013 WL 6570779 (Fed. Cir. Dec. 16, 2013)

The Federal Circuit affirmed the decisions of the ALJ and International Trade Commission below holding that Motorola failed to prove that Microsoft's patent was invalid and that Microsoft fulfilled the domestic industry requirement. Microsoft Corp. participated as an intervenor on behalf of the ITC. The dispute involved patent 6,370,566, which describes a personal information manager. The case turned on claim 1, describing "a synchronization component configured to synchronize individual objects stored on the object store with remote objects stored on a remote object store." At first, Motorola alleged that its feature resided on a server rather than on its devices and that server-based synchronization is a fundamentally different thing from client-based synchronization. Motorola abandoned this non-infringement defense



below, conceding the issue. Instead it argued the asserted claims were invalid under 35 U.S.C. §§ 102 and 103 and that Microsoft failed to fulfill the economic prong of the domestic industry requirement.

The court reviewed the Commission's legal determinations without deference and reviewed its factual findings for substantial evidence. The Commission found no anticipation (a question of fact) and concluded the patent was not obvious (a legal conclusion based on a finding of fact). The domestic industry requirement involves questions of fact and law.

Motorola asserted that Microsoft's patent was invalid because of its own prior art; namely, the Apple Newton MessagePad. The Commission found this argument unpersuasive; finding no clear and convincing evidence of any synchronization component in the Apple Newton MessagePad. The Federal Circuit affirmed. Motorola argued that the synchronization component was inherently present in its MessagePad. The ALJ and Commission found no inherency, basing their conclusions in part on Motorola's own statements when it initially argued non-infringement. The Federal Circuit affirmed the Commission's findings, noting that "[i]nherency requires more than probabilities or possibilities." *Motorola Mobility*, 737 F.3d at 1350.

Motorola also attempted to argue that Microsoft's patent was obvious. Because Motorola "did not clearly identify the scope and content of the prior art that it was asserting, or provide any argument that certain prior art references render a specific claim obvious," the Commission ruled in favor of Microsoft. The Federal Circuit affirmed, writing that Motorola failed to introduce any clear and convincing evidence of prior art.

The court also upheld the Commission's determination that Microsoft satisfied the domestic industry requirement. The court noted that claimants must prove a domestic industry "relating to the articles protected by the patent" exists or is in the process of being established, 19 U.S.C. § 1337(a)(2) (the technical prong), and that such an industry exists if there is "with respect to the articles protected by the patent ... (A) significant investment in plant and equipment; (B) significant employment of labor or capital; or (C) substantial investment in its exploitation, including engineering, research and development, or licensing." 19 U.S.C. § 1337(a)(3) (the economic prong). Motorola argued that Microsoft was relying on separate products to fulfill the technical and economic prongs, namely, its operating system and its mobile device. The ALJ and Commission rejected this argument and the Federal Circuit upheld their decisions, finding substantial evidence of Microsoft's investments and employment sufficient to satisfy the requirement. The Federal Circuit affirmed, concluding that the operating system and mobile device operated as an integrated unit.

MRC Innovations, Inc. v. Hunter Mfg., LLP,

747 F.3d 1326, 2014 WL 1303368 (Fed. Cir. Apr. 02, 2014)

The Federal Circuit affirmed the district court's ruling that two patents claiming ornamental designs for sports jerseys for dogs were invalid as obvious. Takeaway:



Minute details will not distinguish a design patent as nonobvious where the ordinary skill in the art would account for those differences.

MRC Innovations is the owner by assignment of two design patents claiming ornamental designs for football ('488 patent) and baseball ('487 patent) jerseys for dogs. MRC sued Hunter for willful infringement of both patents, and the district court granted summary judgment to the defendants finding both patents invalid as obvious. The Federal Circuit affirmed over MRC's arguments that the district court had committed legal error by improperly applying the test for obviousness in design patents.

To demonstrate obviousness in a design patent, the claimant must by clear and convincing evidence prove that "the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved." In a two-step test, the claimant must first identify a "primary reference" that creates "basically the same" visual impression as the claimed design. Next, the claimant must show subsequent references sufficiently similar that their ornamental features would be obvious to apply to the primary reference to arrive at the claimed design. The district court's primary reference was an "Eagles" football jersey for dogs, and secondary references included "Sporty K9" jerseys and the patentee's own prior designs.

The Federal Circuit thoroughly rejected MRC's claims that the district court had inadequately described the primary reference and that the secondary references were insufficiently relevant. Lastly, although the prior art did not account for one design element (surge stitching running down the back of the jersey), the court held that this "*de minimis*" feature was well within the ordinary skill of the art. The Federal Circuit therefore affirmed the district court's finding of invalidity for obviousness.

Nazomi Commc'ns, Inc. v. Nokia Corp.,

739 F.3d 1339, 2014 WL 92223 (Fed. Cir. Jan. 10, 2014)

The Federal Circuit finely parsed claim language in holding that accused computer hardware capable of performing claimed functions when enabling software was installed did not infringe on claims directed to a combination of hardware and software. *Takeaway:* if possible, applicants seeking to patent hardware-software combinations should separate claims for hardware, software, and their combination.

Nazomi Communications, Inc. sued Western Digital Corp. and Sling Media, Inc. alleging that their products infringed on four patents directed to a hardware-based programming language translator capable of processing stack-based instructions. The defendants sold hardware in their devices capable of such functionality, but only if the user installed certain software.

In affirming the district court's grant of summary judgment for non-infringement, the Court first upheld the district court's construction of Nazomi's claims as a *combination* of hardware and software that could perform the described functions. The Court determined that the claims' descriptions of hardware "capable of" performing specific,

rather than generic, functions that could not be performed by hardware alone required the conclusion that the described functions operated as limitations on the claims. The outcome may have been different, according to the Court, if Nazomi had claimed hardware that was “programmable” to perform specific functions, or if Nazomi had stated that the hardware could perform the specific functions in a certain software environment.

The Court then held that this claim construction did not support Nazomi’s infringement claims, but split in its reasoning. Although a concurring judge thought that this claim construction required a finding of non-infringement, a majority of the Court noted that an apparatus claim directed to a computer that is claimed in functional terms can be infringed if the product is designed to allow utilization of the function “without having to modify the product.” However, the majority still held that there was no infringement because a user would have to install software to achieve the claimed functionality. To the majority, that software installation would constitute a “modification.” Judge Lourie, concurring in the judgment of non-infringement, would have held that there was no infringement without asking whether the installation of software constituted a modification of the product.

NCube Corp. v. SeaChange Int’l Inc.,

732 F.3d 1346, 2013 WL 5567555 (Fed. Cir. Oct. 10, 2013)

The Federal Circuit ruled that in a contempt motion alleging that an infringer violated a permanent injunction, a party cannot prove that a modified product is not colorably different from the originally accused product using infringement arguments that it did not previously disclose at the original trial. *Takeaway*: when alleging infringement, anticipate how the accused infringer’s product could be modified to render it technically non-infringing, and then argue at trial that such modifications would also infringe. Essentially, a party is more likely to win a contempt motion if its arguments at trial were broad, allowing it to claim that, despite the infringer’s modifications, the modified product *still* infringes.

In 2002, a jury found that the defendant infringed on the plaintiff’s patent by updating the “Connection Table” of its Interactive Television (ITV) system with a “ClientID.” Subsequently, the district court entered a permanent injunction. In response, the defendant modified its product. After the modification, the defendant’s product no longer processed the ClientID through the Connection Table. However, the product still updated the Connection Table with the “SessionID,” a different ID that contained some of the same information (notably, a “MAC address”). The plaintiff argued for contempt of the permanent injunction. The district court applied *TiVo Inc. v. EchoStar Corp.*, 646 F.3d 869 (Fed. Cir. 2011) and rejected the contempt motion because the plaintiff had failed to prove that the new product was not colorably different from the infringing product. In coming to this conclusion, the district court relied on the fact that, in the original trial, the plaintiffs never asserted that the SessionID infringed their patent.

The Federal Circuit reviewed the district court’s ruling for clear error and affirmed. Applying *TiVo*, the court wrote that the colorable-difference prong is no longer about

proving infringement. Rather, the court must now focus on “those elements of the adjudged infringing products that the patentee previously contended, and proved, satisfy specific limitations of the asserted claims.” In other words, after *TiVo*, “the colorable-differences standard focuses on how the patentee in fact proved infringement, not what the claims require.” At the original trial, the plaintiffs never claimed that the SessionID, or the MAC address it shares with the ClientID, satisfied the limitation of its claim. As a result, the Federal Circuit held that the district court did not err when it ruled that the defendant’s modified system was colorably different from the infringing one.

Network Signatures, Inc. v. State Farm Mut. Auto. Ins. Co.,
731 F.3d 1239, 2013 WL 5312431 (Fed. Cir. Sept. 24, 2013)

The Naval Research Laboratory (NRL) held the ‘122 patent but let the patent lapse for nonpayment of the maintenance fee. Two weeks after the lapse became effective (and therefore the patent deemed abandoned), NRL received an inquiry about licensing the patent and that same day filed a petition with the PTO to accept delayed payment of the fee. The PTO was persuaded, and NRL licensed the patent.

The issue is whether NRL engaged in inequitable conduct by claiming the nonpayment of the maintenance fee was unintentional. NRL alleged a mistake in fact can be considered unintentional and that it would have paid the maintenance fee had it known of the commercial interest in the patent. The allegedly false statement was made when the NRL used the PTO’s standard form “pre-populated with the statement that the delay in payment of the maintenance fee to this patent was unintentional.” The district court found this sufficient to meet the two prongs of materiality and intent to deceive for inequitable conduct.

The Federal Circuit reversed the district court’s grant of summary judgment. NRL’s compliance in using the standard PTO form is not sufficient to show intent to deceive. In response to the dissent, the majority notes that neither that form or PTO procedure requires NRL to provide any explanation or details for the delay. Further, the court noted this was a matter “unrelated to the substantive criteria of patentability” and within the authority of the PTO and therefore “minutiae of Patent Office proceedings” that a reviewing court should not involve itself in.

Judge Clevenger dissented. He believed the district court correctly granted summary judgment on materiality but not on intent because there are material facts appropriate for trial. Judge Clevenger stated the correct question as to materiality is whether the PTO would have granted the petition if NRL had disclosed the surrounding circumstances. He would answer no, because there are a number of cases in which the PTO denied such petitions due to intentional nonpayment and there are no cases in which the PTO granted such petitions based on a mistake of fact defense. On the intent prong, Judge Clevenger believed that it is possible the NRL attorney did not deliberately decide to withhold information.

**Novartis AG v. Lee,**

740 F.3d 593, 2014 WL 128577 (Fed. Cir. Jan. 15, 2014)

In this litigation, the Federal Circuit held that the timeliness of an appeal of the Patent Office's final patent term adjustments is governed by 35 U.S.C. § 154(b)(4), and determined that time "consumed by continued examination," meaning time up to the allowance of the application, does not count toward depleting the three-year term before an applicant is entitled to term adjustments from the Patent Office. Takeaway: The appeals requirement of § 154(b)(3) applies to appeals of final and provisional term adjustments. Consistent with the purposes of the statute (to ensure Patent Office-caused delays in issuing patents are fairly compensated), "time consumed by continuing examination" includes only time up until the date of allowance but regardless does not count toward the three-year period before term adjustments become available.

The district court order appealed in this case found challenges to the Patent Office's determination of term adjustments for 19 Novartis patents to be untimely, 15 of which were at issue in this appeal. Additionally, the district court found that Novartis was entitled to a patent term adjustment on four claims, because the Patent Office's interpretation of the relevant statute, § 154(b)(1)(B) was incorrect. Both parties appealed.

With respect to the timeliness of Novartis's appeals to the district court, the Federal Circuit clarified that subparagraph (b)(4)(A) — requiring that applicants seeking to appeal the Patent Office's term adjustment determination under § 154(b)(3) bring "a civil action against the Director filed in the District Court for the District of Columbia within 180 days after the grant of the patent" — applies both to provisional term adjustments pending the completion of the PTO process and final patent term adjustments. Novartis had attempted to argue that the 180-day requirement did not apply to final patent term adjustments. Its argument was based on § 154 (b)(3)(B)(i), which states that written notice of the patent term determination shall be transmitted with the written notice of allowance, implying that (b)(3) described only provisional term adjustments. In rejecting Novartis's interpretation, the court described the language Novartis relied on as a "flaw in drafting," reliance on which would result in unreasonable construction of the statute as a whole.

The court then briefly disposed of Novartis's equitable ("[N]othing stood in the way of Novartis timely pressing the very claim that Wyeth pressed.") and Constitutional ("[T]he Fifth Amendment does not compensate the owner for the consequences of its own neglect in preserving its rights." (internal quotes omitted)) claims, and affirmed the district court's ruling.

In considering the proper length of the term adjustments that Novartis was entitled to with respect to three of the patents at issue, the Federal Circuit agreed with the Patent Office that time spent on continued examination, whether the examination is initiated before or after the allowance date, does not count towards the three-year period the Patent Office has to issue patents without implicating the term adjustment provisions. Novartis had suggested that time spent on continuing examination after three calendar



years from the date of application should count towards the calculation of the adjustment. The court disagreed with the Patent Office, however, in holding that calculating the “time consumed by continuing examination” should include only time consumed up to allowance, and not the time between issuance and allowance. The court justified both holdings as consistent with the overall purpose of the statute, which is to ensure that delays caused by the Patent Office are compensated, although it did note that exceptional cases could exist.

Ohio Willow Wood Co. v. Alps South L.L.C.,
735 F.3d 1333, 2013 WL 6037196 (Fed. Cir. Nov. 15, 2013)

The Federal Circuit was faced with three issues decided on summary judgment by the district court. It affirmed the district court’s invalidation of OWW’s patent claims based on collateral estoppel and obviousness but remanded as to inequitable conduct because a genuine issue of material fact required a trial on the merits.

OWW owns the ‘237 patent covering gel cushions used beneath prosthetic limbs and initiated this infringement suit against Alps. Alps initiated two consecutive *ex parte* reexaminations before the PTO. In the first, OWW amended its claims to overcome prior art. In the second, Alps challenged the amended claims with different prior art and supported its attack with a declaration and deposition testimony from Mr. Comtesse, involved in the development of that prior art. OWW argued that the prior art did not support Alps’ allegations and that Mr. Comtesse was an interested party whose testimony could not support the Examiner’s rejection absent corroborating evidence. The Board agreed with OWW that the Examiner erred in crediting the uncorroborated testimony of Mr. Comtesse and issued a second reexamination certificate on the ‘237 patent.

While this litigation was stayed pending reexamination, OWW brought suit against Thermo-Ply, another competitor, alleging infringement of the ‘182 patent, a continuation of the ‘237 patent. The district court in that litigation invalidated the ‘182 patent for obviousness, which the Federal Circuit affirmed.

After the reexamination (and appeal of the Thermo-Ply litigation), this litigation reopened. The district court granted summary judgment to Alps that invalidated several ‘237 claims due to collateral estoppel from the Thermo-Ply litigation, invalidated others for obviousness, and ruled no inequitable conduct by OWW.

The Federal Circuit affirmed the district court’s finding of collateral estoppel. OWW alleged differences in claim language between the ‘182 and ‘237 patents made collateral estoppel inappropriate. The court disagreed: “it is the identity of the *issues* that were litigated that determines whether collateral estoppel should apply. If the differences between the unadjudicated patent claims and the adjudicated patent claims do not materially alter the question of invalidity, collateral estoppel applies.” Ruling the claims of the two patents substantially similar, the court affirmed.



The Federal Circuit also affirmed the district court's ruling that dependent claims of the '237 patent were invalid for obviousness. The dependent claims placed numerical limits on certain characteristics of the gel composition and fabric of the independent claim. OWW argued that the district court erred by focusing on whether the numerical limits were in the prior art rather than analyzing the combination of the dependent and independent claim limitations. The court rejected this argument because confining the otherwise obvious gel composition and fabric limitations to the recited numerical limits in the dependent claims was merely exercise of routine skill. It also pointed to prior art that embodied the features that OWW argues were lacking in the prior art. OWW's argument based on secondary indicia was also unavailing because the court held the evidence applied with equal force to the prior art and therefore there was no nexus between the secondary indicia and the patented invention.

The court vacated the lower court's ruling on the issue of OWW's alleged inequitable conduct because sufficient issues of material fact precluded summary judgment. As to materiality, the court concluded that a reasonable fact finder could conclude OWW withheld evidence and misrepresented material information related to whether there was corroborating evidence for Mr. Comtesse's testimony. During the second reexamination, OWW had knowledge of information that could have corroborated Mr. Comtesse's testimony yet failed to disclose it to the PTO: three declarations from prosthetists, a patent application allegedly covering the commercial embodiment of the prior art, and samples of the prior art. While OWW argued that none of the evidence conclusively corroborated Mr. Comtesse's testimony, the Federal Circuit held that corroboration does not require that every detail of the testimony be independently and conclusively supported by explicit disclosures. The Court held that the cumulative weight of this evidence provides consistent and convincing evidence that corroborates Mr. Comtesse's testimony. Further, OWW misrepresented material information because Mr. Comtesse never stated he was interested in the outcome of the present dispute. As to intent, the court concluded that there was a genuine issue of material fact because of OWW's misrepresentations and omissions referred to in its discussion on materiality. The court relied on the collective weight of the evidence because OWW had not simply withheld one piece of information or made one misrepresentation but instead had withheld/made several with no reasonable explanation.

Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC,
739 F.3d 694, 2014 WL 53904 (Fed. Cir. Jan. 08, 2014)

The Federal Circuit determined that prosecution history estoppel applies to design patents. However, the Court declined to apply the doctrine in this case because it determined that the accused design did not fall within the scope of the territory surrendered by the patentee in the application process. *Takeaway for accused infringers:* the scope of surrender in the design patent context may extend even to colorable imitations of the cancelled or amended designs. Pacific Coast Marine Windshields Ltd. originally filed a patent application claiming a design for boat windshields. The application contained figures depicting various embodiments of the design with zero, two, or four vent holes down the sides. In response to a restriction requirement by the examiner, Pacific cancelled figures depicting all embodiments



except for one containing four vent holes. Pacific later sued Malibu Boats, LLC alleging that a boat windshield with three holes down the side infringed on its design patent. The district court granted partial summary judgment of non-infringement to Malibu on the grounds of prosecution history estoppel.

In an issue of first impression, the Court agreed with the district court that prosecution history estoppel applies to design patents despite the fact that the claimed scope of a design patent is defined by drawings rather than language. The Court then held that, in cancelling several embodiments in response to the examiner's restriction requirement, Pacific satisfied two of the three prosecution history estoppel requirements. First, the cancellation of the previously asserted designs surrendered subject matter because prosecution history estoppel applies whenever the scope of the original application is narrowed; narrowing amendments are not the only trigger. Second, because a design patent application may only include a single claim, Pacific's surrender in response to the restriction requirement was necessary "to secure the patent" under *Festo*.

Nevertheless, the Court ultimately reversed the district court and held that prosecution history estoppel did not apply because the accused design was not within the subject matter surrendered by Pacific. The Court rejected the argument that, by adopting a design with four vent holes and cancelling designs with zero and two, Pacific had surrendered the range between zero and three holes. Pacific's claiming of different designs did not necessarily suggest that it also claimed the territory between those designs. The Court left open the possibility that the three-hole design could have been within the scope of surrender because it was a colorable imitation of the surrendered design. It was unnecessary to decide because Malibu expressly disclaimed this theory, presumably because it would have amounted to a concession that its design infringed on Pacific's four-hole design as a colorable imitation under 35 U.S.C. § 289.

Proveris Sci. Corp. v. Innovasystems, Inc.,

739 F.3d 1367, 2014 WL 104025 (Fed. Cir. Jan. 13, 2014)

In this case, the Federal Circuit vacated a contempt order because the district court failed to construe the disputed claim language. Takeaway: on a contempt motion, the defendant is entitled to claim construction by the court if the claim was not construed in the underlying infringement case.

Proveris, the owner of the '400 patent, "a mechanism for evaluating aerosol spray plumes," won a prior suit against Innova for patent infringement. Innova subsequently modified its product and argued that it no longer infringed claim 3 of the patent. The district court found that Innova's modified product was not more than colorably different from the infringing product. The lower court also ruled, without construing claim 3, that Innova continued to infringe that claim, and therefore ordered disgorgement of Innova's profits from the sale of the product. The court determined that it did not need to construe the disputed claim language in claim 3 because Innova had failed to raise claim construction issues in the underlying infringement action.

The Federal Circuit applied the two-step test of *TiVo Inc. v. EchoStar Corp.*, 646 F.3d 869 (Fed. Cir. 2011) to evaluate whether the prior injunction against continued infringement was violated by Innova’s modified product: “First, a party seeking to enforce an injunction must show that ‘the newly accused product is not more than colorably different from the product found to infringe.’” *Id.* at 882. Second, if “the Court concludes that the differences are no more than colorable, the court must then go on to the second step and determine whether the newly accused product in fact infringes the relevant claims.” *Id.* at 883.

The Federal Circuit first agreed with the district court that Innova’s modified product was not “colorably different” from the prior product. According to the Court of Appeals, “[e]ven if it were true that this particular feature was a basis for the prior finding of infringement,” the modification must also be “significant.” In this case, the modification was not significant, and in fact, it was not even clear whether the modification “actually had any effect.”

Next, on the question of infringement, the Federal Circuit held that the district court erred in failing to construe claim 3. Since there “was no prior claim construction” in the underlying infringement case, “it simply cannot be said that [the plaintiff’s construction] was the ‘law of the case.’” The Federal Circuit declined to construe the disputed language of claim 3 because of insufficient information in the record — including the absence of a full *Markman* hearing — and remanded the case to the district court. Nevertheless, the Court of Appeals ruled that the preamble of claim 3 was limiting because it highlighted important structure and steps and because the rest of the claim limitations derived antecedent basis from it.

As for the issue of patent validity, the Federal Circuit held that Innova was not entitled to relitigate the validity of the underlying patent because that “was disputed in the underlying infringement lawsuit.”

Finally, the Federal Circuit stated that the district court did not err in excluding overseas sales of components (as opposed to whole products) from the calculation of contempt sanctions.

Q.I. Press Controls, B.V. v. Lee,

752 F.3d 1371, 2014 WL 2565995 (Fed. Cir. June 9, 2014)

The Federal Circuit affirmed-in-part, vacated-in-part, and remanded the decision of the Board of Patent Appeals and Interferences (the “Board”) in an *inter partes* reexamination of a patent involving a visual inspection system for printing presses. While the Federal Circuit affirmed the Board’s findings with respect to the written description requirements, it vacated and remanded the Board’s obviousness rulings, because the Board had inconsistently applied the same combination of prior art references to two nearly identical sets of claims to reach different results.

Quad/Tech owns U.S. Patent No. 6,867,423 (the ‘423 Patent) which claims a visual inspection system for printing presses that uses an illumination system of LEDs to



inspect the substrate of a printing press for printing errors. Q.I. Press developed a competing product that Quad/Tech claimed infringed claims of the '423 Patent. Q.I. Press petitioned the Patent Office for an *inter partes* reexamination of the '423 patent, alleging that the patent was obvious in light of various prior art references. During reexamination, the examiner rejected all 72 claims for inadequate written description and for obviousness. Quad/Tech appealed to the Board, which affirmed-in-part and reversed-in-part the examiner's rejections.

On appeal to the Federal Circuit, the '423 patent's claims were analyzed separately. First, the Federal Circuit affirmed the Board's rejection of certain claims for obviousness, finding that one skilled in the art, in seeking alternatives to the prior art, would have combined the prior art references, rendering the claims obvious. The Federal Circuit also noted, in dictum, that objective indicia of non-obviousness (such as industry praise) must be factored into the obviousness analysis.

Second, the Federal Circuit also affirmed the Board's conclusion that one claim lacked an adequate written description, because it failed to disclose a physically unsupported substrate at the point of illumination. The Federal Circuit noted that there was no figure that referenced each claim element.

Next, the Federal Circuit turned to other claims which the Board had held non-obvious over prior art references. Q.I. Press argued that the Board's decision on these claims was inconsistent with its decision holding other, nearly identical claims obvious. The Federal Circuit acknowledged this inconsistency in the Board's reasoning, and vacated and remanded the Board's decision for the claims the Board had not held obvious. The Federal Circuit explained that the Board owes an obligation to the public not to permit inconsistent results even if doing so would be a new grounds for rejection. Instead, the Federal Circuit held that the Board should have noted the similarities between the claims and analyzed them in a consistent manner, issuing a new grounds for rejection. In essence, the Federal Circuit held that the Board's application of the same combination of prior art references to nearly identical claims with different obviousness conclusions was erroneous. The Federal Circuit vacated and remanded this part of the Board's decision.

Rambus Inc. v. Rea,

731 F.3d 1248, 2013 WL 5312505 (Fed. Cir. Sept. 24, 2013)

In a case involving a reexamination of a patent by the United States Patent and Trademark Office (PTO), the Federal Circuit affirmed the Board of Patent Appeals and Interferences's ruling in part, vacated in part, and remanded.

U.S. Patent No. 6,260,097 (the '097 patent) discloses a dynamic random-access memory ("DRAM") that utilizes a synchronous memory system in which data is transferred at both the "rising edge" of the clock signal and the "falling edge" of the clock signal. During *inter partes* reexamination, the PTO found that the reexamined claims were not patentable in light of Unexamined Japanese Patent Application JP56-88987 ("Inagaki") and the Intel iAPX system manual and specification. Specifically,



the examiner found that the iAPX manual discloses a system that transfers data on the rising and falling edges while Inagaki discloses “a mechanism for converting a conventional full-cycle system into a half-cycle system.” Combined, the examiner rejected the ‘097 patent’s claims as anticipated by Inagaki and obvious in light of iAPX and Inagaki. The Board upheld the examiner’s rejection.

The Federal Circuit examined the Board’s rulings underlying its findings that Inagaki anticipates some of the ‘097 patent claims, beginning with the Board’s construction of the term “external clock signal” in the ‘097 patent. The Board held that “external clock signal” merely “requires the clock to be periodic during the data input phase, as opposed to being periodic for all system operations.” The Federal Circuit agreed with the Board, finding that “nothing in the claim language requires the signal to be periodic for all time.”

The Board also concluded that the term “write request” could include “‘the state of a signal,’ which is usually represented by a single bit.” Rejecting Rambus’ argument that Federal Circuit precedent dictated that “write request” be limited to a multiple-bit request, the court wrote: “nothing in the intrinsic record . . . limits the claims to multi-bit requests.” Because the Board properly construed both “external signal” and “write request,” the Federal Circuit affirmed the Board’s finding that Inagaki anticipates a number of claims of the ‘097 patent.

Next, the Federal Circuit analyzed the Board’s conclusion that the patent’s claims would have been obvious in view of iAPX combined with Inagaki. The Board argued that “the only claim limitation that iAPX does not disclose” was “expressly disclose[d] by Inagaki” and therefore, a skilled artisan would have combined the two. The Federal Circuit found that the Board made three errors in coming to this conclusion.

First, the Board erroneously placed the burden of proof on Rambus, arguing that Rambus needed to prove that a skilled artisan would not have been able to arrive at the invention.

Second, the Board improperly supplied its own reason that a skilled artisan would have combined iAPX and Inagaki. Since the examiner had relied on different reasons, the Federal Circuit found that Rambus did not have an appropriate opportunity to respond, as required by the Administrative Procedure Act.

Third, the Board improperly found that Rambus’s objective evidence of nonobviousness due to long-felt need and industry praise lacked a nexus. The Board rejected this evidence because it did not recite specific clock speeds. The Federal Circuit stated that the Board’s conclusion was erroneous because evidence of nonobviousness need only be “reasonably commensurate with the scope of the claims.” Similarly, the Federal Circuit held that the Board improperly determined that evidence of licensing lacked a nexus. Lastly, the Board wrongly found that Rambus’ evidence lacked a nexus because the features mentioned were already disclosed in Inagaki. The Federal Circuit wrote that Rambus’ objective evidence of nonobviousness “was not limited to the dual-edge functionality in Inagaki” and said that the PTO should



make fact-findings on remand with that in mind. As a result of these factors, the court vacated the Board's nonobviousness decisions and remanded for further proceedings.

Randall Mfg. v. REA

733 F.3d 1355, 2013 WL 5813334 (Fed. Cir. Oct. 30, 2013)

In an appeal from the Board of Patent Appeals and Interferences, the Federal Circuit reaffirmed the expansive and flexible common-sense approach in assessing obviousness outlined in *KSR*. Specifically, the Federal Circuit held that physical incompatibilities between prior-art references will not prevent an obviousness rejection if the background art indicates that only common sense modifications would be necessary to achieve the claimed invention.

FG Products owns U.S. Patent No. 7,214,017 (the '017 Patent), directed to moveable bulkheads for partitioning cargo space in a shipping container. Randall Manufacturing requested *inter partes* reexamination of the '017 Patent. The PTO granted that request and rejected all 15 original claims. FG amended or cancelled its original claims and added 78 new claims over the course of the proceedings. The PTO allowed most of these claims, but rejected as obvious several claims that disclosed moveable partitions to divide shipping containers that could retract into the ceiling of a container in light of four references. The Board reversed, holding that these claims were nonobvious. The Board determined that the four references were physically incompatible, and that there was no apparent motivation for modifying one of the references to store the partition in the ceiling instead of the side panel. The Board limited its obviousness analysis to the four prior-art references considered by the examiner despite the fact that Randall presented a host of "background" evidence of the level of ordinary skill in the art.

On appeal, the Federal Circuit vacated the Board's decision and remanded, reaffirming that *KSR* requires consideration of common knowledge and common sense in determining obviousness. The Court held that the Board had ignored such common knowledge by limiting its analysis to the four prior-art references. Although the four references may have been physically incompatible, Randall Manufacturing presented evidence showing that it was common industry practice to store partitions in the ceilings of shipping containers. This background information strongly supported the notion that an ordinarily skilled artisan would have been motivated to modify the four references to achieve the claimed invention. Finally, the Federal Circuit noted that neither the Board nor FG had pointed to any objective indicia of non-obviousness. The Federal Circuit thus vacated the Board's decision and remanded for further proceedings.

Rembrandt Vision Techs., L.P. v. Johnson & Johnson Vision Care, Inc.,

725 F.3d 1377, 2013 WL 4007537 (Fed. Cir. Aug. 07, 2013)

Following a grant of judgment as a matter of law in favor of the defendant, the Federal Circuit affirmed the trial court in all respects in a case concerned with contact lens



technology. *Takeaway:* Courts will stringently enforce the provisions of FRCP 26, which require an expert to disclose a complete statement of his or her opinions.

In this case, the plaintiff alleged patent infringement by the defendant's production of "soft gas permeable contact lens[es]." The parties agreed from the outset that a "soft" contact lens should be construed as one which has a Shore D Hardness rating of less than five. The plaintiff proffered only one expert to testify that the defendant's contact lenses were "soft," but the expert's pre-trial disclosures made clear that the expert's method of testing for softness was not consistent with the Shore D Hardness testing protocol. Even though the inconsistency was made apparent prior to trial, the expert failed to supplement his disclosure.

At trial, the expert attempted to testify that he conducted a test in conformance with the Shore D Hardness protocol, but the judge struck that testimony and granted judgment as a matter of law to the defendant. The plaintiff argued that the expert's flawed disclosure was "substantially justified or harmless" under Federal Rule of Civil Procedure 37(c)(1), but the Federal Circuit disagreed, emphasizing that the expert's methodology was in dispute prior to trial.

The Federal Circuit similarly affirmed the lower court's exclusion of the defendant's generic statements that its lenses were "soft," as such statements were meaningless in light of the claim construction and likely to confuse the jury.

Retractable Technologies, Inc. v. Becton Dickinson & Co.,
757 F.3d 1366, 2014 WL 3029915 (Fed. Cir. July 7, 2014)

In an appeal from the district court's denial of a motion to modify a damages award following the partial successful appeal of an infringement judgment, the Federal Circuit held that the mandate rule foreclosed the district court from conducting further proceedings on damages. *Takeaway:* A party seeking a district court to revisit damages must raise the issue in the original appeal.

Retractable sued Becton in the Eastern District of Texas, alleging that Becton's 1 mL and 3 mL syringes infringed various claims of Retractable's patents. The district court entered judgment for Retractable after a jury verdict in its favor, granting \$5 million in damages and an injunction. Becton appealed the infringement and validity determinations, but did not appeal or request a remand of the damages determination in the event the determinations would change. The Federal Circuit reversed the district court's judgment that the 3 mL syringe infringed and affirmed the judgment that the 1 mL syringe infringed, but did not remand. Becton subsequently requested the district court to modify the permanent injunction and damages. The district court concluded that the mandate rule precludes it from revisiting the damages issue because it was within the scope of the original judgment and was not raised in the prior appeal nor remanded to the district court for reconsideration.

The Federal Circuit affirmed the district court's finding that it did not have the authority to revisit the damages issue in absence of reversal or remand of the damages

determination. In order to have the damages reconsidered by the district court, Becton should have argued in its first appeal that the damages award must be revisited if either of the products were found not to infringe. Because Becton did not indicate at that time that it believed a partial reversal would require revisiting the award, the \$5 million award was within the scope of the judgment, was incorporated into the mandate without argument, and was precluded from further consideration by the district court. Moreover, an exception could not be made to the mandate because the Court found no substantial change in evidence to warrant such an exception.

Ring & Pinion Serv. Inc. v. ARB Corp. ,

743 F.3d 831, 2014 WL 627623 (Fed. Cir. Feb. 19, 2014)

In this litigation, the Federal Circuit addressed the issue of whether foreseeability at the time of patent drafting is a limitation on the doctrine of equivalents. The Federal Circuit held that it is not. Takeaway: Foreseeability of the equivalent at the time of the patent application is not a bar to invalidity under the doctrine of equivalents.

The patent at issue, held by ARB, claimed an improved automobile locking differential and included a claim for a “cylinder means.” The parties agreed in advance that the cylinder means claimed in the patent was equivalent to one in Ring & Pinion’s product, and that at the time of the patent application Ring & Pinion’s equivalent cylinder means would have been foreseeable to a person of ordinary skill in the relevant art. Ring & Pinion nevertheless sought a declaratory judgment of non-infringement.

The district court granted summary judgment of non-infringement on the grounds that a finding of infringement under the doctrine of equivalents would vitiate the “cylinder means” limitation, despite finding that foreseeability did not preclude the application of the doctrine of equivalents.

The Federal Circuit first discussed the issue of foreseeability, finding that Ring & Pinion’s argument that the doctrine of equivalents did not apply where the equivalent was foreseeable at the time of the patent application was incorrect, citing the well-established principle that “known interchangeability” in equivalents weighs heavily in favor of a finding of invalidity under the doctrine of equivalents. The court likewise rejected the narrower argument that a foreseeability bar exists (or should be recognized) for means-plus-function claims, reiterating that the doctrine of equivalents as applied to means-plus-function claims “requires only that equivalent structures perform substantially the same function.”

However, the Federal Circuit disagreed with the district court on the issue of vitiation. Stating that claim vitiation is not an exception to the doctrine of equivalents, but rather a “legal determination that there is no evidence a reasonable jury could rely on to determine two elements are equivalent,” the court reversed the district court’s grant of summary judgment. Because the parties had stipulated that the Ring & Pinion’s product was equivalent to the patent, the court was held in error for failure to grant summary judgment of infringement to ARB under the doctrine of equivalents.

Sanofi-Aventis Deutschland GmbH v. Glenmark Pharmaceuticals Inc.,
748 F.3d 1354, 2014 WL 1552167 (Fed. Cir. Apr. 21, 2014)

In this appeal from a roughly \$15 million jury verdict for patent infringement, the Federal Circuit considered and rejected the arguments of the Defendant-Appellant relating to patent validity, evidence spoliation, and co-plaintiff standing. Takeaways: As to obviousness, patent holders can point to unexpected, after-the-fact results to demonstrate non-obvious characteristics of a pharmaceutical patent. With regard to spoliation of evidence, parties asserting attorney work product claims to limit the discovery of certain evidence should take efforts to limit the loss or destruction of evidence, as courts will find it reasonable for such parties to anticipate upcoming litigation. And as to whether an express or implied license exists between a patent owner and a licensee, such that the licensee enjoys co-plaintiff standing in a patent infringement suit, the Federal Circuit will not disturb a district court's findings absent clear error.

Plaintiff-Appellees Sanofi-Aventis Deutschland GmbH, Aventis Pharma S.A., Abbott GmbH, Abbott Laboratories, and Abbott Laboratories, Inc. (collectively "Plaintiffs") alleged infringement of U.S. Patent No. 5,721,244 (the '244 patent), which covers the antihypertension drug Tarka®, by Defendant-Appellants Glenmark Pharmaceuticals Inc. and Glenmark Pharmaceuticals Ltd. (collectively "Glenmark") due to Glenmark's filing of an abbreviated new drug application ("ANDA") for a generic version of the same drug. After Glenmark admitted infringement, a jury held that the '244 patent had not been proved invalid and awarded Plaintiffs \$15,200,000 in lost profits and \$803,514 in price erosion damages.

Glenmark's first argument on appeal was that the district court erred in not finding the '244 invalid due to obviousness. Glenmark argued that combining an angiotensin-converting enzyme inhibitor ("ACE inhibitor") with a calcium antagonist was suggested by the prior art. Glenmark further argued that Tarka® "simply substituted one known ACE inhibitor for another." In affirming the district court, the Court first pointed out that the parties' experts disagreed as to whether a "double-ring" ACE inhibitor, such as the one used by the '244 patent, would produce better results than those garnered by previously used "single-ring" ACE inhibitors. The Court also noted that Tarka's® results with regard to improved kidney and blood vessel function were not predicted by prior art and that such results could be considered in evaluating the characteristics possessed by a claimed invention." Here, the positive kidney and blood vessel functions were observed after the patent application was filed, but the Court explained that after-the-fact results were just as important in determining the obviousness of a given patent. Thus, the Court concluded, a jury could have reasonably relied on the evidence presented to find that obviousness had not been proven by clear and convincing evidence.

Turning to spoliation, the Court stated that spoliation occurs when "the evidence was in the party's control; the evidence is relevant to the claims or defenses in the case; there has been actual suppression or withholding of evidence; and the duty to preserve the evidence was reasonably foreseeable to the party." Glenmark challenged the district

court's finding that Glenmark failed to preserve evidence relevant to reasonably foreseeable litigation. Upon making this determination, the district court instructed the jury that it was permitted — but not required — to draw an adverse inference that electronic documents that Glenmark deleted would have been unfavorable. At the time Glenmark was preparing for production of the generic product, Glenmark's policy was to retain emails and related documents for only one month. However, the Court determined that email was used to discuss the research and development of a generic version of Tarka® and that these communications took place at the same time Glenmark asserted attorney-work-product claims to limit discovery of certain documents. The Court agreed with the district court that litigation became reasonably foreseeable no later than the date asserted for work product, and thus the Court held that "[i]t was reasonable for the district court to infer that some destroyed emails related to issues for which litigation was expected by Glenmark."

As to whether co-plaintiffs Abbott Laboratories and Abbott Laboratories, Inc. had standing to join the infringement suit — and thus claim lost profits — the Court assessed whether there was adequate evidence to demonstrate that licenses and exclusive rights to the patents had been granted to the two co-plaintiffs. The Court held that the co-plaintiffs' ownership of exclusive distributor agreements and their acquisition of the new drug application for Tarka® were evidence of Aventis Pharma's intent to grant a license to the two co-plaintiffs. The Court explained that the district court's findings as to whether the necessary licenses existed — whether implied or express — deserved considerable deference, given the district court's proximity to the facts. The Court further explained that Glenmark had not made a sufficient showing to draw those findings into doubt. Therefore, the Federal Circuit affirmed the district court's conclusions as to patent validity, spoliation, and co-plaintiff standing.

Sanofi-Aventis v. Pfizer Inc.,

733 F.3d 1364, 2013 WL 5911446 (Fed. Cir. Nov. 05, 2013)

In an appeal from the Board of Patent Appeals and Interferences, the Federal Circuit clarified the priority-of-conception standard that applies in a patent interference claim involving an isolated DNA. The Federal Circuit held that a patentee can establish conception of isolated DNA for the purpose of patent priority without knowing the full nucleotide sequence. Both Pfizer Inc. and Sanofi-Aventis filed patent applications directed to a cDNA polynucleotide that encodes the protein binding chain of the IL-13 receptor. Pfizer, filing almost three months after Sanofi, initiated an interference proceeding against Sanofi. Pfizer claimed that it had an earlier claim to conception and reduction to practice because it had isolated and recognized the function of the IL-13nc DNA prior to Sanofi's filing. Sanofi argued that Pfizer failed to establish prior conception because its sequencing analysis was in error as to 0.07% of the nucleotides until after the filing of Sanofi's patent application.

The Federal Circuit first noted that patent priority goes to the first inventor to achieve conception as long as the inventor exercised due diligence in reducing that invention to practice. Affirming the Board's conclusion, the Court then held that conception only requires possession and appreciation of the DNA segment that is claimed. The Court

agreed that identification of the operative DNA by full nucleotide analysis is not necessary to establish conception; rather, an inventor must only be able to isolate the operative DNA and identify its distinguishing characteristics. Complete sequencing is just one of many ways to identify the DNA segment's distinguishing characteristics. The Court held that Pfizer satisfied this conception standard when it isolated the relevant DNA and understood that the DNA encoded the protein binding chain of the IL-13 receptor. Thus, despite the encoding errors, Pfizer had patent priority because it achieved conception prior to the Sanofi filing and exercised due diligence in reducing its invention to practice.

Senju Pharma. Co. v. Apotex Inc.,

746 F.3d 1344, 2014 WL 1272839 (Fed. Cir. Mar. 31, 2014)

The panel split as to whether the reexamination of the plaintiff's patent created a new cause of action so as to avoid the preclusive effect of a prior final judgment in an otherwise identical infringement suit. The court held broadly that "claims emerging from reexamination do not in and of themselves create a new cause of action." Takeaway: Reexamined claims cannot be the basis for a new cause of action in an otherwise-claim-precluded suit because reexamination can only narrow the scope of a patent's claims.

Senju is the owner of the '045 patent claiming an ophthalmic solution containing gatifloxacin, an antimicrobial agent. When Apotex filed an ANDA related to Senju's existing ophthalmic solution, Senju sued for infringement under the Hatch-Waxman Act. The district court held the claims of Senju's '045 patent invalid as obvious, and while the case was pending on a motion for a new trial, Senju sought and obtained a reexamination of the patent from the PTO. Having amended the relevant claims, Senju filed a new suit against Apotex. A few weeks after final judgment in the original case, the district court granted Apotex's motion to dismiss Senju's second suit as claim precluded.

A split panel of the Federal Circuit affirmed. The only disagreement between the parties on appeal was whether the first and second suits were based on the same cause of action, specifically whether the same patent rights were involved. The majority held that the rights must necessarily be the same because reexamined claims must be narrower than the original claims. Therefore, any cause of action Senju had in its second suit necessarily existed at the time of the original suit.

The dissent pointed out that it is not the *claims* that are the source of the cause of action but the *rights* granted by those claims. Even if the reexamined claims are no broader than before, the rights may be, such as in the obvious way that the patent claims may no longer be invalid. Because the rights granted by the reexamined claims could not have been asserted in the prior suit, the dissent would not have barred the subsequent suit for claim preclusion.

**Shire Dev., LLC v. Watson Pharmas., Inc.,**

746 F.3d 1326, 2014 WL 1258136 (Fed. Cir. Mar. 28, 2014)

In a Hatch-Waxman infringement suit, the Federal Circuit reversed the district court's claim constructions, finding them to be overly broad. Takeaway: Where the patentee has distinguished prior art during prosecution, the claims will be construed narrowly so as not to encompass disclaimed material.

Watson filed an ANDA for the bioequivalent of Shire's LIALDA®, a drug that treats Crohn's disease and ulcerative colitis with the active ingredient mesalamine. Shire sued for infringement of its patent covering the composition of the pill itself. The district court construed the claims and found that Watson's ANDA infringed Shire's patent.

Shire's patent claims an "inner lipophilic matrix" and an "outer lipophilic matrix." During prosecution, Shire distinguished prior art that had lipophilic and hydrophilic substances in a single matrix, clarifying that the two matrices were distinct in their application. The Federal Circuit ruled that the district court erred in finding that the matrices did not have to be spatially separate and distinct, citing both the prosecution history and the use of the terms "inner" and "outer." The Federal Circuit found that under the district court's construction, any given volume of the pill could be both lipophilic and hydrophilic, and it would therefore not be distinct from prior art. The Federal Circuit reversed the construction, vacated the finding of infringement, and remanded for further proceedings.

SkinMedica, Inc. v. Histogen Inc.,

727 F.3d 1187, 2013 WL 4487603 (Fed. Cir. Aug. 23, 2013)

In a split decision, the Federal Circuit held that the patentee disclaimed "beads" used in culturing cells that condition a medium from being "in three-dimensions" as recited in the claims, even though the ordinary meaning of the claim would include beads. Takeaway: even without express disavowal, claim scope may be disclaimed by the repeated use in the intrinsic record of a term in a particular way, especially when coupled with arguments distinguishing the prior art.

In the case, patentee SkinMedica filed suit against Histogen in the Southern District of California, accusing methods for producing certain pharmaceutical compositions that contain conditioned cell culture mediums. The district court granted summary judgment to Histogen, finding that Histogen's cell growth process, which utilizes beads, was disclaimed from SkinMedica's asserted claims. In particular, the district court interpreted the claim phrase, "culturing . . . cells in three-dimensions" as meaning "growing . . . cells in three-dimensions (excluding growing in monolayers or on microcarrier beads)."

The Federal Circuit affirmed. Even though beads are normally three-dimensional, the Court found that the repeated use of "three-dimensions" as excluding beads constituted a disclaimer. In particular, according to the majority, there were five instances in the



intrinsic record in which the patentees distinguished culturing cells in three-dimensions from culturing with beads. In one instance, the patentees differentiated between a characteristic of cell lines grown on beads from cell lines grown in three-dimensions, using the phrase “as opposed to.” The majority noted how the plain meaning of “as opposed to” demonstrated a clear intent to distinguish between three-dimensional culturing and culturing on beads. In another instance, the patentees distinguished between the chemical compositions of the medium conditioned by cells grown on beads versus in three-dimensions. Finally, in another instance, the patentees stated that cells could be cultured using beads “(i.e., two-dimensions), or, preferably in three-dimensions,” again describing three-dimensions as an alternative to beads. Further, the patentees had distinguished prior art on the basis of two-dimensionality. These examples led the majority to conclude that the patentees “unambiguously” distinguished between culturing by beads and culturing in “three-dimensions.” The majority discounted extrinsic evidence to the contrary.

In dissent, Chief Judge Rader emphasized that there is a heavy presumption in favor of the ordinary meaning of language in patent claims, as one must unmistakably and unambiguously disavow a patent claim’s ordinary meaning. Here, he felt there was not enough of a showing that “three-dimensions” was intended to exclude beads, as the examples taken from the intrinsic record by the majority were ambiguous. Likewise, he found that the extrinsic testimony was credible. As a result, Chief Judge Rader would have reversed the district court’s grant of summary judgment.

Solvay S.A. v. Honeywell Int’l Inc.,

742 F.3d 998, 2014 WL 539659 (Fed. Cir. Feb. 12, 2014)

In this case, the Federal Circuit elaborated on when an invention conceived by a foreign inventor and reduced to practice in the United States qualifies as prior art under 35 U.S.C. § 102(g)(2). Takeaway: Where an invention is reduced to practice in the United States on behalf of a foreign inventor, that invention has been “made in the United States” under 35 U.S.C. § 102(g)(2) and the benefit inures to the foreign inventor.

Honeywell contended that the invention at issue, an improved method of making a certain hydrofluorocarbon (HFC-245fa), was conceived by foreign (Russian) inventors outside the United States, but was reduced to practice within the United States by personnel working on behalf of the inventors. Alleging that this reduction to practice occurred before the patent’s priority date, Honeywell argues the invention should qualify as § 102(g) prior art as an invention “made in this country.”

Before reaching the priority issue, the court held that Solvay was precluded from adopting a new claim construction on appeal. In a separate action, the district court held and the Federal Circuit affirmed that the phrase “isolating . . . [HCF-245fa] from the reaction mixture” in the patent meant separating those compounds from reaction mixture, but did not address whether or not the compounds needed to stay separated or could be allowed to drip back into the reactor. On remand, however, Solvay argued that “isolating” the reaction products required keeping them separated. While Solvay raised this argument in defending its line of questioning to its own expert, because it did not



request that the construction itself or the jury instruction that was based on the construction be modified, the Federal Circuit held Solvay had waived its right to appeal the issue. In dicta, the court stated that even had the claim construction issue been properly raised, the district court's construction was without error, because Solvay's evidence did not rebut the assumption that use of the term "comprising" in the claim resulted in open ended claims, covering the claimed method steps plus additional steps.

Turning to the priority question, the court found that because the inventors (here, the Russian scientists) had authorized Honeywell to reduce the invention to practice through the signing of a research agreement authorizing Honeywell to practice their invention in the United States, the benefits of that reduction to practice inure to the inventors. Therefore, the invention was "made in the United States" when reduced to practice by Honeywell on the behalf of the Russians. The court likewise rejected Solvay's contention that no inurement could take place because Honeywell, by filing a U.S. patent, benefited independently of the Russian scientists.

In dissent, Judge Newman took issue with the majority's holding on priority. The dissent stated that an invention conceived and reduced to practice overseas by scientists, who then privately communicated their invention to parties who tested it in the United States in secret, cannot create prior art under § 102(g)(2). Judge Newman additionally stated that for inurement to be applicable, the Russian inventors would have had to apply for a U.S. patent and be involved in an interference proceeding under § 102(g)(1). Interestingly, the dissent also takes issue with some of the factual assumptions made by the majority: the dissent criticizes the majority for "creating the theory" that Honeywell performed the reduction to practice on behalf of the Russian scientists, an important fact for the majority holding.

Source Vagabond Sys. v. Hydrapak, Inc.,

753 F.3d 1291, 2014 WL 2521515 (Fed. Cir. June 5, 2014)

Source Vagabond appealed the decision of the district court sanctioning it under Fed. R. Civ. P. 11 for bringing a frivolous patent infringement suit against Hydrapak. The Federal Circuit affirmed, holding that Source did not make reasonable arguments regarding claim construction and did not make reasonable inquiry into its claims against Hydrapak, and therefore the district court did not abuse its discretion in granting Rule 11 sanctions.

Source owns the '276 patent for drinking-water reservoirs of the sort that can be stored in backpacks for use during outdoor activities. Source accused Hydrapak of infringing the '276 patent with Hydrapak's Reversible Reservoir II. Source's infringement argument turned on a claim limitation relating to the reservoir sealing mechanism, which read in relevant part "the slot being narrower than the diameter of the rod" (both the rod and the slot being components of the sealer). Source argued that the limitation should be construed as "the slot is narrower than the diameter of the rod together with the [rod's] container." The district court disagreed and granted Hydrapak's motion for summary judgment of non-infringement and Rule 11 sanctions, as the claim limitation was not ambiguous and therefore it must be construed according to its plain

meaning. Furthermore, even under Source's proposed construction, Hydrapak did not infringe. The district court granted sanctions amounting to \$200,054.00 for Source's frivolous legal claims and its failure to conduct adequate investigation prior to bringing suit.

Under Second Circuit law, Rule 11 sanctions require only objective unreasonableness on the part of the attorney or client signing the papers. The Federal Circuit began its analysis by considering Source's claim construction regarding the rod-and-slot limitation. The Federal Circuit held that Source's construction effectively rewrites the limitation, altering otherwise unambiguous language. Furthermore, neither the context of the claim, the specification, nor the prosecution history supported Source's reading. Because Source ignored the canons of claim construction, it failed in its duty to conduct a reasonable pre-suit evaluation of the claim terms and the district court did not abuse its discretion in imposing sanctions.

Furthermore, the Federal Circuit held that even under Source's proposed claim construction, Source presented no reasonable basis for alleging that Hydrapak infringed literally or by equivalents. Source provided no evidence to support its infringement claim other than conclusory allegations. Absent some evidence in the record to support those allegations, the district court did not abuse its discretion in finding a Rule 11 violation. The Federal Circuit affirmed the district court's orders imposing \$200,054.00 in Rule 11 sanctions against Source.

Soverain Software LLC v. Newegg Inc.,

728 F.3d 1332, 2013 WL 4733819 (Fed. Cir. Sept. 04, 2013)

This decision is a panel rehearing of the matter *Soverain Software LLC v. Newegg, Inc.*, 705 F.3d 1333, 1337 (Fed. Cir. 2013) in which the panel originally reversed the judgment of the district court and held that the '314 and '492 patents were invalid for obviousness over the CompuServe Mail System and that the '639 patent was invalid for obviousness over Johnson in view of additional prior art. The Federal Circuit granted rehearing to assure the parties that the claims at issue were adequately and fairly assessed at trial and on appeal and specifically with respect to claims 34 and 35 of Soverain's '314 patent. On rehearing, the Federal Circuit held that claim 34 was representative of the "shopping cart" claims and therefore dependent claim 35 was invalid for obviousness on the exact same grounds. Takeaway for patentee: be sure to brief and argue the limitation of all claims at trial and on appeal, to avoid having dependent claims rise or fall with the independent claims they incorporate.

In its discussion of the validity and possible infringement of the patent, the district court did not mention any limitation of claim 35. Rather, it directed its substantive analysis to limitations in claim 34. Similarly, claim 35 was not briefed or mentioned in the argument on appeal and, on rehearing, Soverain did not provide any new information concerning the specific limitation of claim 35. Soverain argued that the evidence was inadequate to impart invalidity to claim 35, and Newegg argued that no issue distinguishing the obviousness of claim 35 from that of claim 34 was presented either to the district court or on appeal. On rehearing, the Federal Circuit held that

when a dependent claim and the independent claim it incorporates are not separately argued, then, absent some effort at distinction, the claims rise or fall together. Thus, because Sovereign provided no new information concerning the specific limitation of claim 35, the Federal Circuit confirmed that claim 34 is representative of the “shopping cart” claims, including claim 35, and claim 35 is therefore invalid on the ground of obviousness.

St. Jude Medical, Cardiology Div., Inc. v. Volcano Corp.,
749 F.3d 1373, 2014 WL 1623676 (Fed. Cir. Apr. 24, 2014)

A patent challenger appealed a decision of the Patent Trial and Appeal Board—acting as the delegee of the Director of the Patent and Trademark Office—to deny a petition for inter partes review of the patent. The Federal Circuit dismissed the appeal and held that the court lacked jurisdiction to review the Board’s decision not to institute inter partes review. *Takeway:* A patent challenger cannot appeal to the Federal Circuit the Director’s decision to not institute an inter partes review but perhaps can get appellate court review via other routes.

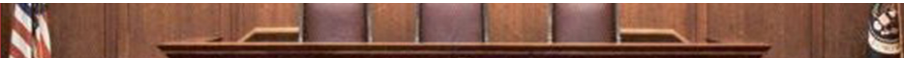
The Federal Circuit noted that the law provides for a two-step procedure to inter partes review. First, the Director must make a decision on whether to institute such a review. Second, if the review is instituted, the Board must conduct the review and make a decision with regard to patentability. The Court determined that the law only provides for an appeal to the Federal Circuit at the second step of the two-step procedure—after the inter partes review has been instituted.

In making its determination, the Federal Circuit relied on the statute establishing the process for inter partes review. 35 U.S.C. § 319 and § 141(c) only authorize appeals to the Federal Circuit from “the final written decision of the Board.” The Court held that the Director’s decision not to institute an inter partes review did not satisfy as such a “final written decision of the Board.” Further, the Federal Circuit relied on 35 U.S.C. § 314(d), which provides “the determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

The Federal Circuit left open, however, whether the Director’s decision could be reviewed by the Court via other routes.

St. Jude Medical, Inc. v. Access Closure, Inc.,
729 F.3d 1369, 2013 WL 4826148 (Fed. Cir. Sept. 11, 2013)

The patents at issue relate to methods and devices for sealing a vascular puncture. Patentee St. Jude Medical, Inc. sued Access Closure, Inc. for infringement of the Janzen patent and Fowler patents. As to the Jansen patent, the Federal Circuit reversed the district court’s legal holding that the safe harbor provision to double patenting applies and therefore affirmed the jury’s finding that those claims were invalid for double patenting. As to the Fowler patents, the Federal Circuit affirmed the district court’s holding that the patents would have been nonobvious.



The safe harbor statutory provision precludes double patenting as a matter of fairness. If an applicant complies with an Examiner’s restriction requirement (that two inventions are patentably distinct), then she should not be punished if a court later disagrees (by holding the two inventions are not patentably distinct and therefore double patenting would otherwise apply). The judicially-created consonance doctrine, at issue in this case, holds that the safe harbor only applies if the claims maintain consonance: the challenged, reference, and restricted patents cannot claim the same invention.

The accused infringer argued the grandparent application defined two inventions — a device and a method — and therefore the Janzen patent improperly contained claims to both. The patentee, however, argued that within the device group and method group there were further species that the Examiner required the applicant to choose from. Thus, the Janzen claims to a species in the device group and a species in the method group are not the same as the grandparent patent claim to a different species in the device group.

While the Federal Circuit agreed with the patentee as to the Janzen patent, the court held the sibling patent violated consonance. The sibling patent claim covered multiple species within the method group and therefore improperly overlapped with the Janzen patent.

When examining the obviousness of the Fowler patents, the Federal Circuit upheld the district court’s ruling that the patents would have been nonobvious. The court was not persuaded by the argument that the combined teachings of two prior art would have resulted in the claimed invention, because a POSA would have seen the two as teaching the same thing to solve the problem in the art, not as complementary devices to achieve the benefit in the claimed patents-in-suit.

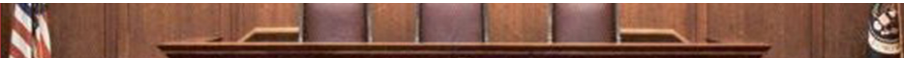
In concurrence, Judge Lourie agreed with the majority’s conclusions but would have arrived at the invalidity of the Janzen patent differently. Judge Lourie agreed with the accused infringer’s argument that Janzen had claims to both a device and method and this is sufficient to violate consonance. He believed the majority overcomplicated the restriction requirement analysis by incorporating the election of species requirement, which are two different things. He noted this may be an issue of first impression and should not have come into play in deciding the appeal.

Starhome GmbH v. AT&T Mobility LLC,

743 F.3d 849, 2014 WL 685639 (Fed. Cir. Feb. 24, 2014)

The Federal Circuit affirmed the district court’s claim construction of the term “intelligent gateway” and affirmed the stipulated judgment of noninfringement. Takeaway: Technical dictionaries and treatises may be used so long as the definition does not conflict with the definition in the patent document.

Here, Starhome, the patentee, sued AT&T for infringement of its ‘487 patent, which allows users to make calls in roaming networks with an “intelligent gateway.” After a



Markman hearing, the district court construed the term “intelligent gateway” to mean “a network element that transfers information to and from a mobile network and another network external to the mobile network.” Based on this construction, the parties stipulated to noninfringement and Starhome appealed. The Federal Circuit affirmed.

On appeal, Starhome alleged that the term “intelligent network” does not require connections to external networks and as such AT&T infringed its patent. Upon review, the Court explained that claim terms are given the ordinary meaning understood by one of skill in the art absent a definition in the patent or disavowal of the definition in the specification or prosecution history. The term “gateway” is well understood in the art to be a connection of different networks. The addition of “intelligent” does not change the ordinary meaning of “gateway.” The gateway here connects different networks *and* has a database that is able to translate dialing sequences, provide assistance, deliver messages and obtain information to complete calls. Thus, while it is “intelligent,” it is still a “gateway.” Language and figures in the specification discussing or depicting multiple networks being connected affirm the ordinary meaning of “gateway” as connecting different networks. The Court was not persuaded by Starhome’s contention that Figure 2 in the specification depicted an intelligent gateway operating in one network because the specification expressly explained that this was a “simplified” drawing.

Starhome argued that the doctrine of claim differentiation supports its construction of the term. Specifically, it argued that Claims 1 and 47 require the gateway to connect to an external packet-switch network, while 10 and 40 do not. As such, the district court’s construction improperly transports the limitation of external networks into every claim. The Court held that the doctrine did not apply as claims 1 and 47 were different in scope because they claim a specific type of external network (packet-switch network), and the district court’s interpretation does not limit or render other claims redundant.

Because the parties stipulated that “the accused systems do not directly transfer information to and from a network external to the mobile network” and the “intelligent gateway” necessitates connection to an external packet-switch or other external network, the accused systems do not infringe the patent.

Stauffer v. Brooks Bros. Grp., Inc.,

758 F.3d 1314, 2014 WL 3360802 (Fed. Cir. July 10, 2014)

In an appeal from the dismissal of a suit for lack of standing due to the AIA’s elimination of the false-marking statute’s *qui tam* provision, the Federal Circuit held that the AIA is not a pardon for the purposes of constitutional separation of powers and does not violate the common-law principle prohibiting the use of a pardon to vitiate a *qui tam* action. Takeaway: A plaintiff alleging false patent marking based on expired patent numbers in a *qui tam* action lacks standing under the AIA.



In a *qui tam* action, pro se plaintiff Mr. Stauffer sued Brooks Brothers under the then-extant version of the false-marking statute, alleging that Brooks Brothers violated the statute by marking its bow ties with expired patent numbers. While this action was pending, the AIA eliminated the *qui tam* provision so that only a “person who has suffered a competitive injury” may bring a claim. In addition, the AIA expressly stated that marking a product with an expired patent is not a false-marking violation. These changes had retroactive effect on pending cases. Mr. Stauffer argued that the AIA amendments were unconstitutional because they amounted to a mass pardon by Congress of past acts of false-marking, thus violating the separation of powers. He also argued that, by making the elimination of the *qui tam* provision applicable to pending suits, the statute violated the common-law principle that prohibits use of a pardon to vitiate a *qui tam* action once the action has commenced.

The Federal Circuit concluded that the AIA amendment to the false-marking statute that eliminated liability for expired patents does not constitute an impermissible pardon. Rather, the amendments to the false-marking statute are better characterized as repealing a law, an action undisputedly within Congress’s power. The Court noted a long history of retroactive legislative changes that have the effect of precluding punishment.

The Federal Circuit also held that the plaintiff has no vested rights in his lawsuit because the case is still pending and has not reached final judgment. Even if the law had not changed, Mr. Stauffer might still have lost his lawsuit against Brooks Brothers, and therefore could not have acquired a private-property interest in his share of the statutory penalty simply by filing suit. Accordingly, the AIA amendments do not violate the common-law principle on which Mr. Stauffer relies.

The Court dismissed the remaining constitutional claims. Because Mr. Stauffer failed to properly notice those claims before the district court, he had waived his right to raise them on appeal.

STC.UNM v. Intel Corporation,

754 F.3d 940, 2014 WL 2535257 (Fed. Cir. June 6, 2014)

The Federal Circuit reviewed the District of New Mexico’s dismissal of STC.UNM’s infringement suit against Intel Corp., where STC.UNM (a licensing entity owned by the University of New Mexico) had claimed Intel infringed on its patent for lithographic patterning techniques, U.S. Patent No. 6,042,998 (the “‘998 Patent”). The district court dismissed STC.UNM’s action for lack of standing, since Sandia Corp., a co-owner of the patent, was not joined as a plaintiff. Under Federal Circuit precedent, all co-owners of a patent must consent to join as plaintiffs before an infringement suit may proceed. Because Sandia Corp. did not voluntarily join in the action and Federal Rule of Civil Procedure 19(a) could not be used to trump Sandia Corp.’s substantive right to block the suit, the Federal Circuit affirmed the district court’s dismissal.

The ‘998 patent at issue is owned jointly by STC.UNM and Sandia Corp. In November 2010, STC.UNM filed a suit in the District of New Mexico against Intel for

infringement of the '998 patent. The district court dismissed the action for lack of standing, citing Federal Circuit precedent requiring all co-owners of a patent to be joined as plaintiffs in order to maintain a patent enforcement action. In addition, the district court found that Federal Rule of Civil Procedure 19, which provides for the joinder of a necessary party, could not be used to involuntarily join a co-owner of a patent. STC.UNM appealed the district court's dismissal.

The Federal Circuit, reviewing de novo, affirmed the district court's dismissal and held that STC.UNM did not have standing to bring the suit. The court reiterated the rule that all co-owners of a patent must consent before an infringement suit for that patent may be brought. The court explained that a patent co-owner had a substantive right to impede the other co-owners from suing infringers. Thus, the court held that STC.UNM lacked standing to bring an infringement claim without having the second co-owner, Sandia Corp., joined in the action.

The court also held that Federal Rule of Civil Procedure 19(a) could not be used to compel the involuntary joinder of a patent co-owner. It emphasized that Rule 19(a) was a procedural rule that could not be used to trump a patent co-owner's substantive right to block an infringement suit. But the Federal Circuit did acknowledge at least two scenarios (that have yet to be recognized) where Rule 19's involuntary joinder could be used: first, if a patent owner has granted an exclusive license, the owner may be involuntary joined in a licensee's infringement suit; and second, if a co-owner waived the right to refuse to join the suit. Because neither of these exceptions applied to the facts at hand, the court held STC.UNM could not proceed without the consent of Sandia Corp.

Judge Newman dissented, arguing the majority's decision contradicted both Federal Circuit precedent and the purposes of Rule 19. She contended that Rule 19's involuntary joinder provision was precisely intended for situations like the one presented, where joinder of a co-owner was necessary in order to vindicate a patentee's enforcement rights. The dissenting opinion then cited to cases from within the Federal Circuit, and other circuits, illustrating the breadth with which Rule 19's provisions have been applied.

StoneEagle Services, Inc. v. Gillman,

746 F.3d 1059, 2014 WL 1228735 (Fed. Cir. Mar. 26, 2014)

The Federal Circuit vacated a preliminary injunction for lack of federal subject matter jurisdiction. Takeaway: A party's brief remark suggesting disagreement does not constitute a sufficient controversy to support a declaratory-judgment action.

Robert Allen and David Gillman teamed up to adapt electronic payment systems to process healthcare claims, agreeing that Allen's company, StoneEagle, owned the intellectual property in the new system and that Gillman was licensed to use it. Allen and Gillman jointly drafted a patent application for the technology and worked to gather capital. However, Allen and Gillman's relationship soured, and at a meeting with potential investors, Gillman declared in an angry outburst that he was the one who



“wrote the patent” and “had it on his computer.” StoneEagle sought a declaratory judgment from the district court that Allen was the sole inventor, along with other state law trade secret misappropriation claims, and the court granted a preliminary injunction.

On appeal from a subsequent amendment to that injunction, the Federal Circuit dismissed the case for lack of subject matter jurisdiction. The Federal Circuit found Gillman’s outburst insufficient to establish a controversy over inventorship, particularly where Gillman did not claim he invented the technology, only that he drafted the patent. Because the Declaratory Judgment Act does not itself confer federal subject matter jurisdiction, the case was never validly in the federal courts.

Suffolk Techs., LLC v. AOL Inc.,

752 F.3d 1358, 2014 WL 2179274 (Fed. Cir. May 27, 2014)

Suffolk appealed from the district court’s summary judgment holding claims 1, 6, 7, and 9 of Suffolk’s ‘835 patent invalid for anticipation. The Federal Circuit held that the district court correctly construed the claims at issue — in particular, the construction of “generating said supplied file” — and affirmed the summary judgment of invalidity.

Suffolk’s ‘835 patent addressed methods and systems for controlling a server that supplies files to computers rendering web pages. Suffolk sued Google for infringement, and Google responded that the ‘835 patent was anticipated by a public post on an internet newsgroup forum. The district court granted Google’s motion for summary judgment, finding that the post did indeed anticipate several claims in the ‘835 patent.

Suffolk appealed the district court’s construction of the term “generating said supplied file.” The argument turned on whether the generated file could depend on the content of the requesting web page, or whether it depended solely on the identification signal. While Suffolk contended that “generating said supplied file” included files generated from the content of a signaling page, the Federal Circuit affirmed the district court’s construction of the term as encompassing only files generated from a page’s identification signal, not its content. In reaching this conclusion, the Federal Circuit looked at the plain language of the claims, the context in which the specific term appeared in the claims, and the effect of the district court’s construction on the preferred embodiment.

Suffolk also appealed the grant of summary judgment on the grounds that (1) the newsgroup post was not a printed publication for the purposes of prior art, (2) triable issues existed regarding the post’s accuracy and reliability, (3) Suffolk’s expert testimony was improperly excluded, and (4) summary judgment was improper.

(1) Printed Publication: The Federal Circuit held that the touchstone of whether something counts as § 102 prior art is “public accessibility.” Here, the newsgroup at issue was frequented by individuals likely to be skilled in the art, and it was organized in a hierarchical manner to facilitate locating posts on different subjects. Furthermore,

the post was sufficiently disseminated to be considered a printed publication: indeed “dialogue with the intended audience was the entire purpose of the newsgroup postings.” Thus, it met the standard for public accessibility and was a printed publication within the meaning of § 102 prior art.

(2) Accuracy and Reliability: Suffolk presented no affirmative evidence challenging the post’s material facts, and the author himself authenticated it. Therefore no issue of material fact existed regarding the accuracy or reliability of the post that would defeat a motion for summary judgment.

(3) Excluded Expert Testimony: The district court premised its exclusion of Suffolk’s validity expert’s testimony on the grounds that the expert went from having no opinion before claim construction to having an opinion after claim construction. The Federal Circuit held that while going from no opinion before construction to having an opinion after would not always warrant exclusion, here the district court did not abuse its discretion in excluding the testimony.

(4) Appropriateness of Summary Judgment: Suffolk argued that genuine factual issues existed regarding whether the post disclosed every limitation in the contested claims. The Federal Circuit held that absent expert testimony, this was a mere “attorney argument.” Google satisfied its burden to show that there were no genuine issues of material fact, and as such the district court properly granted summary judgment of invalidity.

Sunovion Pharms., Inc. v. Teva Pharms. USA, Inc.,

731 F.3d 1271, 2013 WL 5356823 (Fed. Cir. Sept. 26, 2013)

In *Sunovion*, the Federal Circuit held that, while the district court correctly construed the asserted claims, the plaintiff was entitled to a judgment of infringement as a matter of law. According to the Federal Circuit, a pledge by the alleged infringer to the district court not to infringe cannot override the conclusion that it is an infringement as a matter of law to seek FDA approval for a generic compound within the scope of a valid patent.

U.S. Patent No. 6,444,673 (the ‘673 patent), owned by Sunovion, discloses the pharmaceutical composition of the drug eszopiclone, the active ingredient in the brand-name drug Lunesta. The ‘673 patent is recorded in the FDA Orange Book. When Reddy sought approval to manufacture eszopiclone tablets as generic versions of Lunesta by filing an ANDA, Sunovion filed an infringement suit under 35 U.S.C. § 271(e)(2)(A).

Claim 1 of the ‘673 patent states that the drug will be “essentially free of its levorotatory isomer.” Construing “essentially free” to mean less than 0.25% of the levorotatory isomer, the district court granted summary judgment in favor of noninfringement, because, based on its internal manufacturing guidelines, Reddy’s product “would likely be ‘outside the infringing range of less than 0.25%.’” While the Federal Circuit recognized that the term “essentially free” does not appear elsewhere in



the patent's written description, the Court noted that the applicants consistently defined their invention based on "Example 1." The co-inventor described this example as having lower than 0.25% of the levorotatory isomer and the applicants later invoked that declaration. This "repeated and consistent attribution of the purity level of less than 0.25% . . . to 'the invention' . . . thus gives meaning to the term 'essentially free.'" As such, the Federal Circuit affirmed the district court's claim construction of "essentially free."

The Federal Circuit then looked at infringement. While the district court deemed it important that Reddy's manufacturing guidelines were above 0.25%, the Court found it dispositive that Reddy's actual ANDA specification mandated "0.0–0.6% levorotatory isomer," leaving it partially within the infringing range. Reddy told the district court that it would stay outside the scope of the patent claimed range, but the Court stated that "a declaration in the court stating that it will stay outside the scope of the claims does not overcome the basic fact that it has asked the FDA to approve . . . a product within the scope of the issued claims." Thus, while the Court affirmed the district court's claim construction, it held that the district court erred in granting summary judgment of noninfringement. Moreover, since the Court found that Reddy's ANDA specification infringed the '673 patent as a matter of law, the grant of summary judgment was reversed.

Synthes USA, LLC v. Spinal Kinetics, Inc.,

734 F.3d 1332, 2013 WL 5788675 (Fed. Cir. Oct. 29, 2013)

The Federal Circuit split over whether substantial evidence supported a jury verdict that the asserted patent claims were invalid for lack of written description support. The majority affirmed the jury verdict and the denial of a request for attorneys' fees.

Synthes USA, LLC ("Synthes") obtained a patent directed to an intervertebral implant (i.e., a synthetic spinal disc). U.S. Patent No. 7,429,270. Five years into prosecution of its application, Synthes amended an independent claim to disclose "a plurality of openings" rather than a plurality of "grooves" or "channels" as a means of anchoring the synthetic disc to its cover plates. Synthes then brought suit against Spinal Kinetics, Inc. ("Spinal") alleging that Spinal's use of holes in competing cover plates infringed on these amended claims. A jury concluded that Synthes's independent claim and two dependent claims were invalid for lack of written description support and that Spinal's devices did not infringe.

In holding that the jury verdict was supported by substantial evidence, the majority determined that Synthes's disclosure in its application did not reasonably convey to those skilled in the art that Synthes had possession of all cover plate openings as of the filing date. The majority first noted that the patent's written description was limited to describing grooves, as it consistently referenced grooves rather than holes or slots as a means of anchoring the disc. The majority then recognized that specification of a species (grooves) may be sufficient written description support for the later-claimed genus (openings) when the art is predictable (i.e., members of the genus perform similarly). But even acknowledging that the mechanical world is a "fairly predictable

field,” the majority found sufficient expert testimony concerning the biomechanical property differences between using grooves and holes in spinal-disc cover plates to support the jury’s conclusion that disclosure of grooves was inadequate to claim all manners of openings that may be used in such devices. The majority also affirmed, without much discussion, the district court’s denial of Spinal’s motion for judgment as a matter of law for attorneys’ fees, agreeing that this was not an “exceptional case” under 35 U.S.C. § 285.

The dissent argued that disclosure of the species should have been sufficient to cover the genus in this case because the use of grooves and holes in cover plates involves “materially the same range of implementation judgments.” To the dissent, Spinal’s expert testimony failed to articulate a difference between grooves and holes by clear and convincing evidence that would make any material difference to the working of the claimed device. Because the dissent also thought the district court erroneously constructed another claim that separately supported the infringement verdict, the dissent would have vacated the jury verdict of non-infringement.

Takeda Pharm. Co. v. Zydus Pharm. USA, Inc. ,
743 F.3d 1359, 2014 WL 642714 (Fed. Cir. Feb. 20, 2014)

In this case, the Federal Circuit was presented with an issue of claim construction on a pharmaceutical patent, as well as claims of patent infringement, patent indefiniteness, and insufficient written description and enablement issues. Takeaway: The Federal Circuit will be hesitant to construe claims inconsistently with their usage in the patent, and will consider the purposes of the invention in making claim construction rulings.

Takeda is the owner of a patent for a drug commercially known as Prevacid SoluTab™, which is used to treat acid reflux. Zydus filed an ANDA with the FDA seeking to manufacture a generic version of the drug. At issue on appeal were Takeda’s claim that the ANDA product infringed its patent, and Zydus’s counterclaim that Takeda’s patent was invalid for failure to comply with 35 U.S.C. § 112.

The conflict between the parties centered on the language in claim 1 of the patent describing the average particle diameter of the drug tablet’s granules, which was claimed as “400µm or less.” At the district court, the term was construed to mean “fine granules . . . having an average particle diameter of 400 µm (±10%) or less.” This was based on an argument by Takeda that such was the “universally accepted” understanding.

The Federal Circuit found this construction in error. Considering the language of the claim itself, the court found that “there is no indication in the claim that 400 µm was intended to mean anything other than exactly 400 µm.” In so concluding, the court discounted three points in the specification where the word “about” preceded “400 µm,” on the grounds that it was always immediately followed by a preference for an average particle diameter of less than 400 µm. The court found additional support for its conclusion in the specification, which described 400 µm as the cutoff between conventional granules and “fine granules,” such that the latter does not leave a feeling



of roughness in the user's mouth. In light of the fact that feeling of roughness was one of the problems the invention set out to solve, the court found the narrower construction more convincing. Additionally, the language in the specification indicating no more than 5% of granules could have a diameter greater than 425 μm would be impossible to achieve if the average (defined, in fact, as the median in the specification) particle size was allowed to rise as high as 440 μm .

With the claims construed properly, the court held that the ANDA product did not literally infringe.

With respect to Zydus's challenge to patent validity, the court held first that the patent was not indefinite for failing to specify the method of measuring particle diameter. Instead, evidence from both parties' experts suggested there were several legitimate ways to measure particle diameter known in the art. This, the court held, did not render the claim indefinite.

Next, the court rejected Zydus's argument that because the specification teaches only how to measure granule size before the granules are formed into tablets, but the claim addresses particle size in the finished product, the specification fails to show the patentee had possession of the invention and thus fails the written description requirement. This holding was based on evidence showing that the tableting process had no effect on the size of the granules in the ANDA drug.

Finally, the court reiterated the rule that the enablement requirement is met if the written description enables any mode of making and using the invention, rejecting Zydus's argument that the patent was invalid for failure to sufficiently explain a certain method of doing so, where the patent identified a different method that was well-known in the art as a viable measurement technique. The court noted, however, that had it required deagglomeration (measurement of individual granules even when they were fused together, which the court determined was not required in an earlier litigation) before particle size measurement, it would have been forced to a different conclusion.

Taurus IP, LLC v. DaimlerChrysler Corp.,

726 F.3d 1306, 2013 WL 4034384 (Fed. Cir. Aug. 09, 2013)

In this infringement action relating to computer database software, the Federal Circuit unanimously upheld a district court's construction of claim terms, its finding of invalidity by anticipation, its finding of noninfringement, and its award of attorney fees on the basis that the case was "exceptional." *Takeaway*: Patent holders must be sure to assess their infringement position after claim construction issues, or risk being responsible for attorney fees.

The plaintiff in *Taurus* held a patent for a method for "managing" a product data system by "receiving" and "interconnect[ing]" "user-defined relationship information." The plaintiff alleged that various car manufacturers and related external entities violated the patent by the use of websites that permitted customers to select the



desired characteristics of a vehicle and locate a nearby dealership where it could be purchased.

The Federal Circuit approved of the district court's narrow claim construction, holding in effect that only a programmer could be a "user" within the meaning of the patent. Thus, when consumers entered desired vehicle characteristics on a website, they did not render any "user-defined relationship information." This construction was appropriate because the "patent [wa]s generally described from the viewpoint of a database manager." This claim construction guaranteed a no liability outcome to the case.

Indeed, the plaintiff's persistent reliance on a broad claim construction led directly to the awarding of attorney fees: "[N]o reasonable litigant in Taurus's position could have expected a finding that a web surfer . . . satisfied the requirement for a 'user' Taurus's proposed constructions of 'user' . . . fall below the threshold required to avoid a finding of objective base-lessness." Acknowledging recent cases that cut against easy establishment of "exceptional" status, the Federal Circuit emphasized that nonetheless a party "must continually assess the soundness of pending infringement claims, especially after an adverse claim construction."

The Federal Circuit also affirmed a finding of invalidity under Section 102(e) on the basis of anticipation, concluding that there was insufficient evidence to support an earlier conception date than that of the reference. The disclosure materials did include an appendix that was created prior to the filing date of the reference (although they did contain later-dated "modifications"), and one of the inventors testified that the appendix would not have been created before the conception of the invention. Ultimately, this evidence was insufficient because "when a party seeks to prove conception via the oral testimony of a putative inventor, that party must proffer evidence corroborating that testimony."

TecSec Inc. v. Int'l Bus. Mach. Corp.,

731 F.3d 1336, 2013 WL 5452049 (Fed. Cir. Oct. 02, 2013)

The Federal Circuit ruled on whether the mandate rule or collateral estoppel applied to a case in which the relevant claim constructions were not necessary for the earlier ruling. The court found that, in this case, neither rule applied. The court also engaged in claim construction of a number of terms. The plaintiff, TecSec, had three patents that disclose a method and a system for providing security in a data network by nesting encrypted objects into other objects, which are also encrypted: U.S. Patent Nos. 5,369,702; 5,608,452; and 5,898,781. TecSec filed suit alleging infringement by International Business Machines Corp. ("IBM") and other defendants. The district court severed TecSec's case against IBM and stayed the proceedings against the remaining defendants. The district court then granted IBM's motion for summary judgment of noninfringement for two reasons: (1) the lack of evidence of infringement by IBM or its customers; and (2) after construing the claims, a conclusion that TecSec had failed to show that IBM's software met each and every limitation as construed. On appeal challenging both the claim construction and infringement ruling, the district



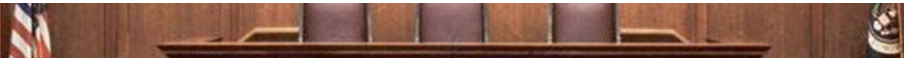
court's decision was summarily affirmed. TecSec stipulated on remand to noninfringement by the remaining defendants under the prior claim construction, and the district court entered a judgment of noninfringement. TecSec appealed.

The Federal Circuit began by analyzing whether claim construction could be reargued in this case. The defendants argued that the mandate rule prevents TecSec from challenging the district court's earlier claim construction. The Federal Circuit wrote that the mandate rule could not apply here because the issue was not "decided by necessary implication": the district court's claim constructions were merely an alternative ground. Similarly, the Federal Circuit rejected collateral estoppel because "where the court in a prior suit has determined two issues, either of which could independently support the result, then neither determination is considered essential to the judgment."

Next, the Federal Circuit analyzed the construction of the term "multi-level multimedia security" in the claim. The district court had ruled that the term required "multiple layers of encryption" and was limited to securing multimedia information. First, the Federal Circuit found that the district court was correct to require "multiple layers of encryption" because the inventor had amended his specification in response to a rejection that "multi-level multimedia security" was unclear, explaining that multiple layers of encryption achieves multiple layers of security. The court also rejected a claim differentiation argument, noting that claim differentiation "is not a rigid rule and it cannot overcome a construction required by the prosecution history." Second, however, the Federal Circuit held that the district court erred in limiting security to only multimedia objects because "[t]he ordinary meaning of [the term] relates to the type of 'security' employed and does not limit the type of data that may be encrypted." Thus, the court reversed summary judgment for all but one defendant and remanded for further proceedings.

Last, the Federal Circuit reviewed the construction of sixteen different terms that employed the term "means." The Federal Circuit acknowledged that the use of the term "means" triggers a rebuttable presumption that the term is in means-plus-function under 35 U.S.C. § 112, ¶ 6, but noted that that presumption can be overcome if the claim recites sufficient structure to perform the described functions. The court then ruled that "system memory means" and "digital logic means" were not means-plus-function limitations because they recited described sufficient structure.

Similarly, the Federal Circuit disagreed with the district court that the other means-plus-function terms reciting "computer-implemented functions" in the remaining fourteen claims lacked sufficient corresponding structure in the specification. The Federal Circuit disagreed because the specification "provides three examples of using the software to perform these functions," rejecting the argument that the specification discloses only generic software. Applying its claim construction, the Federal Circuit affirmed the district court's grant of summary judgment of noninfringement as to one defendant, reversed as to the remaining defendants, and remanded for further proceedings.



Judge Reyna dissented. Opining that the case involves the “same claim terms, same constructions, same arguments, and same summary judgment order” that the court reviewed and affirmed in the IBM proceedings, Judge Reyna wrote that “this appeal gives TecSec a second bite at the apple and undermines the utility of rule 36” by eroding confidence in summary affirmances. Judge Reyna noted that the claim construction and sufficiency of the evidence of infringement are not alternative grounds for noninfringement, but part of a single analysis.

Tempo Lighting, Inc. v. Tivoli, LLC,

742 F.3d 973, 2014 WL 503128 (Fed. Cir. Feb. 10, 2014)

In this litigation, the Federal Circuit reversed the Patent Appeals Board’s decision that had reversed an examiner’s rejection of a patent. The Court remanded to allow the Board to make factual findings for an obviousness determination based on the Federal Circuit’s new claim construction, and clarified the requirements for parties to seek cross-appeal of agency decision. Takeaway: Where the patentee provides a prosecution history disclaimer at the behest of the patent office, the Federal Circuit will rely on that disclaimer before looking to extrinsic evidence for the purpose of claim construction. Patent Office regulations, as interpreted by the Federal Circuit, do not demand that arguments for holding disputed claims unpatentable be raised on cross-appeal, and a Board decision rejecting all claims does not trigger a party’s ability to cross-appeal.

Patentee Tivoli sued Tempo Lighting for infringement relating to a stair-step lighting apparatus. Tempo requested reexamination, staying the litigation. In the course of the reexamination, the Patent Examiner construed the term “inert to light” in one of the claims by making reference to a dictionary definition, and then, relying on that construction, rejected the claims. On appeal, the Patent Office rejected the Examiner’s construction of “inert to light” in favor of a definition found in one of Tivoli’s amendments to the claim pleadings during the original prosecution of the patent. However, the Board relied on the Examiner’s original definition in finding the rejection of certain claims improper. The Board also refused to consider Tempo’s alternative arguments that the claims were anticipated, because Tempo did not file a cross-appeal raising them.

The Federal Circuit held first that the Examiner had erred in referencing a dictionary to construe the language “inert to light” in the claims. Applying the law that extrinsic evidence “may not be used to vary, contradict, expand, or limit the claim language from how it is defined, even by implication, in the specification or file history,” and noting that “prosecution history, while not literally in the patent document, serves as intrinsic evidence for purposes of claim construction,” the court affirmed the Board’s construction based on the definition found in Tivoli’s amendment to its application. The court additionally noted that when a patentee has provided a claim construction as a prosecution history disclaimer, the Board is not under obligation to accept that definition, but because here the PTO specifically requested the amendment containing the language at issue the court would do so in this case. The court then remanded for the Board to make factual findings under the proper construction.

Finally, the court held that the Board erred by failing to consider Tempo's alternative arguments for holding the claims unpatentable. The Board declined to consider the alternative arguments on the grounds that the rejections were not cross-appealed. However, the court held that because the regulation governing third-party requester cross-appeals states that "a requester who has not filed a notice of appeal may file a notice of appeal with respect to any final decision favorable to the patentability, including any final determination not to make a proposed rejection, of any original, proposed amended, or new claim of the patent," and the Examiner rejected all the patent claims, one of the threshold conditions for cross-appeal, a final decision favorable to patentability, was not met and Tempo had no occasion to cross-appeal. In so holding, the court clarified that "any final determination not to make a proposed rejection is subordinate to, and contained within, the final decision favorable to patentability," contrary to the Board's interpretation that each of the Examiner's determinations against Tempo's proposed rejections in reexamination was a decision favorable to patentability. The court also noted that the regulation, using the word "may," does not require Tempo to raise its arguments on cross-appeal, an interpretation supported by PTO's proposed rules. The court found that Tempo "has the right to defend the Examiner's final decision on any ground supported in the record."

Therasense, Inc. v. Becton, Dickinson & Co.,

745 F.3d 513, 2014 WL 943184 (Fed. Cir. Mar. 12, 2014)

Though the majority and dissent agreed on the district court's decision denying pre-judgment interest and limiting post-judgment interest, the Federal Circuit split on the district court's decision denying attorney fees for a prior appeal and remand as well as fees incurred in the process of securing fees.

Becton, Dickinson and Company initiated a suit against competitor Abbott Diabetes Care, Inc., seeking a declaratory judgment that its blood glucose strip (the BD Test Strip) did not infringe two of Abbott's patents. In response, Abbott filed a suit against Becton alleging that the product did infringe those patents plus a third patent and also sued Nova Biomedical Corporation (Becton's supplier) for infringement. The cases were consolidated, and the district court granted summary judgment of non-infringement to the first two patents.

As to the third patent, on August 21, 2008, after a bench trial, the district court held claims 1-4 invalid due to obviousness and the patent unenforceable due to inequitable conduct. The district court then awarded Becton and Nova \$5,949,050 in attorney fees because it deemed the case "exceptional" due to inequitable conduct. The district court's order stated that the fees would be due following all appeals on invalidity and unenforceability "if the court's inequitable conduct judgment is upheld on appeal." The Federal Circuit, sitting en banc, announced a new (higher) standard for inequitable conduct and then vacated the district court's finding of inequitable conduct with instructions to apply the new standard. On remand, the district court applied the new standard and again held that the patent was procured through inequitable conduct. Becton and Nova moved to supplement the attorney fee award with: appellate and remand fees, fees spent securing fees, pre-judgment interest, and post-judgment

interest calculated from August 21, 2008 (the date the district court first found this case to be exceptional, pre-appeal). On May 22, 2012, the district court reinstated the original fee award but only added post-judgment interest from the date of that order (May 22, 2012) instead of the first order and denied the request for fees on fees and appellate and remand fees.

The Federal Circuit reviews a district court's award or denial of fees for an abuse of discretion. In affirming the denial of appellate and remand fees, the majority held that because the original fee award was contingent upon the subsequent survival of the inequitable conduct holding, the district court did not abuse its discretion in denying fees predicated on a vacated judgment. The majority also rejected Becton and Nova's alternative argument that the appeal could independently satisfy as "exceptional." They presented no evidence of bad faith; the dissent in the panel decision and the court's later decision to grant the petition for *en banc* hearing means the appeal was not frivolous; and, even if the appeal could be deemed exceptional, it was Abbott that won on appeal and thus Becton and Nova cannot be deemed "prevailing" parties under the statute. For similar reasons, the majority affirmed the denial of fees on fees.

As to interest, the majority agreed that post-judgment interest is to be calculated from the more recent judgment of inequitable conduct because the previous judgment was vacated. Without much explanation, the majority also affirmed the denial of pre-judgment interest.

The dissent agreed with the majority's decisions as to pre- and post-judgment interest. But, the dissent believed that the district court's denial of appeal fees was due to a misplaced belief that those fees could only be awarded if the appeal was independently exceptional. This is contrary to Supreme Court precedent, which requires that for other fee-shifting statutes "all phases of litigation, including appellate proceedings, are to be treated as a unitary whole, not parsed into discrete parts." And while the Federal Circuit could only award fees for an appeal if that appeal was exceptional, a district court need not be so limited. In other cases, the Court allowed attorney fees where the "totality of proceedings" was exceptional. As to whether Becton and Nova are "prevailing" parties, the dissent believed it sufficient that they won on invalidity and non-infringement on appeal and ultimately on inequitable conduct as well. As to fees for fees, the dissent believed the district court was required to issue such an award and cited the Supreme Court's holding that such awards should reflect the "degree to which the original request was successful."

Tobinick v. Olmarker,

753 F.3d 1220, 2014 WL 2016141 (Fed. Cir. May 19, 2014)

Tobinick brought an interference proceeding before the Patent Trial and Appeal Board relating to a patent for drug treatments for spinal nerve injuries. The Board's decision turned on whether Tobinick's patent application covered drugs "administered locally": the Board found that Tobinick's patent application did encompass drugs administered locally, but that his application lacked sufficient written description to support such administration. The Board therefore found that Tobinick lacked standing



to bring the interference. The Federal Circuit affirmed the Board's claim construction of "administered locally" but reversed on the issue of written description, holding that it was sufficient to support this limitation. (Note: the events in this case occurred prior to the enactment of the America Invents Act, and the earlier statute, 35 U.S.C. § 102(g)(2) (2006), governed the interference proceedings.) Appellee Olmarker held patents for certain drugs to treat spinal nerve injuries, to be "administered locally." Tobinick requested an interference, and Olmarker moved to dismiss for lack of standing on the ground that Tobinick's patent application failed to describe local administration of the drug. Both parties presented essentially equivalent expert testimony and medical definitions for "administered locally," and the Board adopted the construction "administered directly to the site where [the drug] is intended to act," as opposed to systematic administration away from the acting site. The Federal Circuit affirmed this claim construction.

The Federal Circuit disagreed, however, with the Board's conclusion that Tobinick's patent application lacked written description to support local administration because the application failed to adequately distinguish between local and systematic administration of the drug. The Federal Circuit held that Tobinick's specification distinguished between local and systematic delivery and listed several benefits of local delivery. Even though Tobinick's application covered more than just local administration, that did not negate its support for local administration: so long as Tobinick's specification indicated that he possessed at least one embodiment satisfying "local administration," the claim was adequately described. The Federal Circuit thus reversed and remanded.

Trading Techs. Int'l, Inc. v. Open E Cry, LLC,

728 F.3d 1309, 2013 WL 4610693 (Fed. Cir. Aug. 30, 2013)

Patentee Trading Technologies International, Inc. brought a patent infringement suit against various defendants for its trading software used to place orders on electronic commodity exchanges. The district court entered summary judgment in the defendants' favor, holding that the claims of Trading Technologies' patents are invalid for failure to comply with the written description requirement of 35 U.S.C. § 112, and that prosecution history estoppel bars patentee from asserting its '055 patent against software products that include certain non-static display functions. The Federal Circuit reversed the district court's holding and remanded for further proceedings.

Patentee owns a number of related patents directed to software used for electronic trading on a commodities exchange. The '411, '768, and '374 patents all stem from the parent '132 patent. However, the '055 patent follows from the '132 patent as a continuation-in-part and contains new matter relative to '132. In an earlier case, *eSpeed*, the Federal Circuit considered the proper construction of the term "static" used in the claims of the '132 patent and many of its descendants. Defendants in the present case moved for summary judgment based on the prior decision in *eSpeed* and the district court granted the motion as to the invalidity of most claims in the '411, '768, '374, and '055 patents for failing to satisfy the written description requirement of § 112.



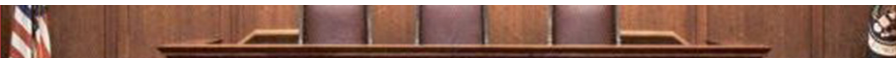
While the patents at issue all rely on the same underlying disclosures as the ‘132 patent in *eSpeed*, which was held invalid, the *eSpeed* decision did not determine whether the same written description would support different claims drawn to a non-“static” display. The claim term “static” is entirely absent from the claims of the ‘411, ‘768, and ‘374 patents at issue in the instant case. Thus, the Federal Circuit held that the district court placed undue reliance on *eSpeed* and erred when it held that the patentee’s claims were invalid without first considering the scope of the claims in light of the underlying disclosures. It expressed no opinion as to whether the claims of the ‘411, ‘768, or ‘374 patents satisfied the written description requirement, but remanded the issue for the district court to resolve.

Additionally, as the ‘055 patent was filed as a continuation-in-part application, which allowed the patentee to disclose and claim additional subject matter than in the ‘132 patent, it differs fundamentally from those at issue in *eSpeed*. Therefore, its unique written description was never considered in the underlying case. Thus, the Federal Circuit reversed the grant of summary judgment that the claims of the ‘055 patent were invalid for lack of adequate written description. Finally, the district court held that Trading Technologies was estopped from asserting that any claims of the ‘055 patent can be infringed under the doctrine of equivalents due to prosecution history estoppel imposed against the ‘132 patent in *eSpeed*. The Federal Circuit concluded that the basic question is whether patentee’s earlier prosecution-based surrender of any subject matter that moves automatically (rather than being static) carries through from the ‘132 patent to limit the enforceable scope of the ‘055 continuation-in-part. The Federal Circuit ruled that it does not carry through and reversed the summary judgment decision.

Trebro Mfg., Inc. v. Firefly Equipment, LLC,
748 F.3d 1159, 2014 WL 1377790 (Fed. Cir. Apr. 09, 2014)

The Federal Circuit held that the district court abused its discretion in denying patent holder Trebro Manufacturing, Inc.’s (“Trebro”) motion for a preliminary injunction against Defendants FireFly Equipment, LLC and Stephen Aposhian (collectively “FireFly”). The Federal Circuit vacated the district court’s findings as to the first two elements of a preliminary injunction and remanded with instructions to consider all four necessary factors. Takeaway: “A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”

The Court held that the district court erred in construing the patent’s main claim as requiring a “bed frame.” Trebro’s preliminary injunction related to U.S. Patent Nos. 8,336,638 (the ‘638 patent), which claims technology related to “sod harvesters”—*i.e.*, “vehicles having knives that cut sod pieces from the ground, conveyor belts to transport the pieces, and mechanisms to stack them on a pallet.” Claim 1 of the ‘638 patent recites, among other things, a “horizontal conveyor . . . moveable in a vertical direction” that transports sod from its loading position to its position on the sod carrier. Notably, claim 1 does not mention a “bed frame”; however the specifications



and illustrations related to claim 1, as well as dependent claim 10, describe that a “bed frame is raised and lowered to effect the vertical lifting of the horizontal conveyor.” Thus, the Court reasoned that because nothing “mentions or implies that a bed frame must be part of . . . the horizontal conveyor[,]” the district court improperly added this limitation. Doing so “improperly imports a limitation into the claim from a preferred embodiment.” That claim 10 mentions a bed frame is irrelevant, as “the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim” (citing *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 910 (Fed. Cir. 2004)). Finally, the Court explained that the district court erred in finding that FireFly’s allegedly infringing product was not “moveable in a vertical direction,” as an illustration made clear that FireFly’s product was capable of transporting sod in a way that would infringe upon patent ‘638. The Court thus held that Trebro was more likely than not to succeed on its infringement claim and reversed the district court’s decision to the contrary.

The Court also held that the district court erred in finding that FireFly raised a substantial question as to the validity of patent ‘638. An accused infringer may defeat a patent-holder’s likelihood of success on the merits if the infringer can raise a substantial question as to the patent’s validity. However, the district court erred in concluding that there was a substantial question as to whether claim 1 was obvious or anticipated. “A claim is anticipated if a single prior art reference discloses each and every limitation claimed. A claim is obvious . . . [i]f the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.” The district court incorrectly treated certain products that entered the market *after* patent ‘638’s priority date as prior art. The district court also erroneously relied on prior art that was invented by the same entities who invented the ‘638 patent and that fell within the 1 year grace period afforded under the relevant statute. For all of these reasons, the Court reversed the district court’s conclusions as to obviousness and anticipation.

Finally, the Court held that the district court abused its discretion in determining that Trebro did not show a likelihood of proving irreparable harm. The district court concluded that Trebro’s evidence as to lost market share, employee layoffs, and long-term loss of customers were speculative and that lost market share and lost profits were purely monetary losses. The Federal Circuit reversed, reasoning that the characteristics of the small, low-volume sod harvester market suggested that lost customers, shrinking market share, and decreasing profits were not speculative. Rather, “[g]iven the realities of this business, the record shows that an infringing product in this market inflicts a real nonspeculative harm on Trebro.” Furthermore, the loss of employees, which Trebro explained would be a symptom of lost profits, were not purely monetary. Thus, the district court erred in concluding that there was not a substantial likelihood of irreparable harm. The Federal Circuit remanded with instructions to consider all four elements of a preliminary injunction consistent with the Court’s guidance.



Triton Tech of Tex., LLC v. Nintendo of Am., Inc.,
753 F.3d 1375, 2014 WL 2619546 (Fed. Cir. June 13, 2014)

Triton sued Nintendo alleging that Nintendo's Wii Remote infringed its '181 patent, which describes an input device that a person can use to communicate with a computer by moving in three dimensions. In the preferred embodiment, the input device included three accelerometers and three rotation rate sensors to measure movement along three orthogonal axes. The preferred embodiment also included a microprocessor programmed to integrate the data received from these accelerometers and rotation rate sensors. Each asserted claim of the patent recited an "integrator means . . . for integrating said acceleration signals over time." The district court held the claim invalid for indefiniteness because it did not disclose an algorithm for performing this integration function.

Triton made two arguments on appeal for why the claim was not indefinite, only one of which was not waived. That argument claimed that merely using the phrase "numerical integration" was sufficient disclosure of an algorithm because "numerical integration was well known to those skilled in the art." The Federal Circuit panel rejected this argument, finding that numerical integration is not an algorithm, but rather "an entire class of different possible algorithms used to perform integration." It also found that "[t]he fact that various numerical integration algorithms may have been known to one of ordinary skill in the art does not rescue the claims," because "a bare statement that known techniques or methods can be used does not disclose structure." Agreeing with the district court that the mere phrase "numerical integration" "discloses no algorithm at all," the panel affirmed the district court's holding that Triton's claim was invalid for indefiniteness.

Troy v. Samson Mfg. Corp.,
758 F.3d 1322, 2014 WL 3377125 (Fed. Cir. July 11, 2014)

The Federal Circuit ruled that the district court is not limited to evidence raised before the Board of Patent Appeals and Interferences (Board) in a patent interference proceeding, except by evidentiary restrictions imposed by the Federal Rules of Evidence and the Federal Rules of Civil Procedure. Takeaway: Evidence not raised before the Board may be raised before the district court.

Mr. Troy appealed from the district court's judgment under 35 U.S.C. § 146 and challenged the court's conclusion that the Board properly ordered cancelling all claims of his patent in an interference proceeding with Samson Manufacturing Corp. Mr. Troy proffered new evidence of prior conception and actual reduction when challenging the Board's decision in the district court. The district court refused to consider the new evidence, concluding that a party is barred from raising new issues or theories of law in § 146 proceedings that it did not previously argue before the Board.

Relying on the Supreme Court's holding in *Hyatt* that there are no limits on the admissibility of evidence in such civil actions except those in the Federal Rules of Evidence and Federal Rules of Civil Procedure, the Federal Circuit concluded that new

evidence on new issues is admissible without regard to whether the issue was raised before the Board. The Federal Circuit also concluded that, based on the language of the statutes, *Hyatt* applies equally to both 35 U.S.C. § 145 and § 146 actions. The Federal Circuit vacated the district court's decision and remanded with instructions to consider the new evidence and arguments raised by Mr. Troy in his district court filings.

Univ. of Utah v. Max-Planck-Gesellschaft zur Forderung der Wissenschaften e.V.,
734 F.3d 1315, 2013 WL 4406638 (Fed. Cir. Aug. 19, 2013)

In this correction of inventorship action, the Federal Circuit split on the issue of whether a patent controversy involving two state universities falls within the exclusive original jurisdiction of the Supreme Court, a majority responding in the negative. *Takeaway:* A State does not have a core sovereign interest in inventorship that would support original jurisdiction in the Supreme Court. Also, while courts have concluded that the patentee is an indispensable party in an action seeking a declaration of invalidity or noninfringement, the patentee is not categorically an indispensable party in an action seeking correction of inventorship.

A scientist working for the University of Utah (UUtah) contended that he was the sole or joint inventor of an RNAi patent portfolio assigned to the University of Massachusetts (UMass). UUtah initially sued all of the holders of the patent directly, including UMass, but in order to avoid the exclusive original jurisdiction of the Supreme Court under Art. III of the Constitution, it amended the complaint, replacing UMass with the President of UMass and other university officials. UMass nonetheless sought dismissal for lack of jurisdiction and failure to join an indispensable party. The district court allowed the case to go forward and the Federal Circuit affirmed.

In evaluating whether the case fell in the exclusive jurisdiction of the Supreme Court, the majority applied the Second Circuit's approach in *Connecticut v. Cahill*, 217 F.3d 93 (2d Cir. 2000). At the heart of the analysis is the question of whether a suit "implicate[s] serious and important concerns of federalism ris[ing] to the level of core sovereign interests." The majority concluded that inventorship "is not akin to State ownership of water rights, natural resources, or other property issues." Moreover, "inventors must be natural persons and cannot be corporations or sovereigns." Thus, the majority concluded, "a State has no core sovereign interest in inventorship," and Art. III, § 2, cl. 2 of the Constitution is inapposite.

The majority examined each of the four factors in its rejection of UMass as an indispensable party under Fed. R. Civ. P. 19(b). The Federal Circuit's core justification was that UMass's interests were adequately represented by the other defendants, including all of the patent owners. It was also significant that UMass "handed sole and exclusive control of this suit over to [another defendant]." Still, the majority concluded that there is no "per se rule that patent owners are automatically indispensable parties—there is no patent-specific exception to Rule 19(b)."

Judge Moore would have reversed on both grounds. In regard to subject matter jurisdiction, the dissent emphasized that UMass is the assignee of the patent portfolio,

and Utah “wants to own the patents.” Indeed, Judge Moore argued that UMass was a real party in interest, while the UMass officials were merely “stand-ins” with no personal interest whatsoever. Moore argued that the “core sovereign interest” test is not to be applied by lower courts, but only by the Supreme Court, itself, in assessing whether to exercise its jurisdiction in a particular case. Nonetheless, Moore concluded that subject matter was lacking even under the Second Circuit approach, because the suit sought to “dilute or revoke UMass’s property interest.” As for indispensable party status, Moore argued for a categorical rule that “co-owners must be joined in an action that affects their patent”: “It would be nonsensical to suggest that all patent owners must be joined in a suit seeking to invalidate the patent, but they need not be joined in a suit over patent ownership.”

Vaillancourt v. Becton Dickinson & Co.,

749 F.3d, 1368 2014 WL 1622919 (Fed. Cir. Apr. 24, 2014)

In a case involving a patent generally related to a “bloodless” over-the-needle catheter, the Federal Circuit dismissed the patentee’s appeal of a final decision in an inter partes reexamination because the patentee had previously assigned ownership of the patent to another entity. *Takeway*: The applicable version of 35 U.S.C. § 141 provided that only a patent owner could appeal a final decision in an inter partes reexamination to the Federal Circuit.

Vaillancourt, the patentee, previously assigned all right, title, and interest in the patent, “including full and exclusive rights to sue upon and otherwise enforce” the patent, to another entity while the inter partes reexamination proceedings were still pending. Subsequently, Vaillancourt brought a suit in the Federal Circuit under 35 U.S.C. § 141, which, at that time, provided that “[a] patent owner . . . in an inter partes reexamination proceeding . . . dissatisfied with the final decision in an appeal to the Board . . . may appeal the decision only to the United States Court of Appeals for the Federal Circuit.” While the parties in this case presented arguments regarding standing, the Federal Circuit cited the Supreme Court’s decision in *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1386 (2014) as clarifying “that some issues often discussed in ‘standing’ terms are better viewed as interpretations of a statutory cause of action.” The Federal Circuit interpreted the applicable version of 35 U.S.C. § 141 as unambiguously limiting the scope of that cause of action to patent owners. Since Vaillancourt transferred his ownership of the patent involved in the case, the Federal Circuit dismissed Vaillancourt’s appeal for lack of a cause of action.

In making this determination, the Federal Circuit noted that statutory interpretation focuses on statutory language, which must normally be treated as conclusive if unambiguous. Since the patent-owning entity did not appear before the Federal Circuit in the appeal, no case could be brought under the applicable version of 35 U.S.C. § 141. Vaillancourt argued that he was “authorized to continue with all related proceedings including further appeals” associated with the reexamination despite having transferred his ownership of the patent to another entity, especially since he apparently possessed sole ownership of the entity. Furthermore, Vaillancourt claimed that he was authorized to appeal on behalf of the entity and that the applicable version

of 35 U.S.C. § 141 permitted the entity, as patent owner, “to delegate to a third party its authority to bring an appeal to this court.” The Federal Circuit found no support for Vaillancourt’s arguments, which the court claimed were erroneously supported by an assertion that because the statute did not explicitly bar such a delegation, the delegation must be permissible. Rejecting such a line of reasoning, the Federal Circuit noted that “[t]he statute also does not forbid a patent owner’s travel agent from filing an appeal, but that hardly justifies interpreting the statute to extend to such unmentioned categories.” Since the patent-owning entity made no appearance before the court and did not bring the appeal, the Federal Circuit dismissed the appeal for lack of a cause of action.

Vederi, LLC v. Google, Inc.,

744 F.3d 1376, 2014 WL 982758 (Fed. Cir. Mar. 14, 2014)

The Federal Circuit reversed the district court’s noninfringement holding because the district court failed to consider the impact of a modifying term in its claim construction. Takeaway: According to the Federal Circuit, “a claim construction that gives meaning to all the terms is preferred over one that does not do so.” As such, a party may appeal a court’s decision if it failed to consider the meaning of relevant modifying terms.

Here, Vederi, the patentee, sued Google in the Central District of California alleging that Google’s “Street View” infringed claims in four of its patents (collectively the “Asserted Patents”) that delineate methods to create synthesized images of geographic areas that a user can navigate on a computer. The Asserted Patents acquire images from a camera mounted on a car that then generates a composite image with a field of view that is wider than any single image. Among them, Patent ‘760 includes the language: “retrieving from the image source a first image associated with the first location, the image source providing a plurality of *images depicting views of objects in the geographic area, the views being substantially elevations of the objects in the geographic area.*”

After a *Markman* hearing, the district court construed the italicized phrase to create “vertical flat (as opposed to curved or spherical) depictions of front or side views” and held that, because Google’s “Street View” uses spherical or curved images, the claims were outside the scope of Vederi’s patent. The district court noted that, unlike Google’s “Street View,” the photographs in Vederi’s patents result in “one long, flat composite picture” and nothing in the “method or result suggests that the patents cover curved or spherical images.” Further, the provisional patent application stated “panning 360 degrees along a horizontal plane, not within a sphere” and the court held that it was not possible to pan up and down as in “Street View.” Additionally, the court held that “the ‘substantially elevations’ limitation means that if Street View presents only curved/spherical images, it doesn’t literally infringe Vederi’s patents because all of Vederi’s patents contain the ‘substantially elevations’ limitations.” Furthermore, the district court also found no infringement under the doctrine of equivalents.

The Federal Circuit held that the district court erred by excluding all curved and spherical images in its claim construction. The district court construed the term



“elevations” as an architectural term that involves the projection of a building surface onto a plane that is at a right angle to the horizon. This construction gives no effect to the term “substantially elevations” without sufficiently considering the intrinsic evidence in this case and as such the district court erred.

The Court explained that “substantially” takes on an important role as the patent claims relate to photographs or videos to create images of a geographic area, not drawings of architectural buildings. The claims include the use of a fish-eye lens and “fish-eye views,” which are curved and not vertical projections, and Figure 16 includes front and side views of buildings. Thus, the images are not flat. The Court noted that the specification and prosecution history of the asserted patent claims also failed to support the district court’s construction that the images in the claims cannot be spherical or curved. The Court reversed the district court’s claim construction, vacated the non-infringement holding, and remanded for further proceedings consistent with its opinion.

VirtualAgility Inc. v. Salesforce.com, Inc.,

759 F.3d 1307, 2014 WL 3360806 (Fed. Cir. July 10, 2014)

The Federal Circuit reversed and remanded the district court’s order denying defendants’ motion to stay a patent infringement lawsuit pending post-grant review of the validity of the patentee’s asserted claims under the Transitional Program for Covered Business Method Patents (CBM program). Takeaway: A stay determination is not the proper time to review the PTAB’s decision to institute a CBM proceeding.

VirtualAgility Inc. (VA) brought patent infringement claims against alleged competitors. After a competitor filed a petition with the PTAB for post-grant review of an alleged CBM patent, the district court denied the competitors’ request for a stay pending CBM review.

As an initial matter, the Federal Circuit expressly refused to decide the standard of review applicable to a stay decision under AIA § 18(b), leaving it to a future case to resolve what Congress meant when it indicated that “review may be de novo.” Nonetheless, the court reversed the district court’s decision to deny a stay pending the PTAB review of the ‘413 patent claims under the CMB program, an outcome that would be reached even under an abuse of discretion standard.

The Federal Circuit reviewed the four factors to be considered under AIA § 18(b) when deciding whether to grant a motion to stay. It concluded that the district court clearly erred in finding that the first factor, simplification of issues, was neutral or slightly against a stay, and that the fourth factor, reduced burden of litigation, weighed only slightly in favor of a stay. The district court’s decision regarding these factors was based predominantly on its improper review of whether the PTAB was correct in its determination that the claims of the ‘413 patent were more likely than not invalid. The Court explained that district courts have no role in reviewing the PTAB’s determinations regarding the patentability of claims that are subject to CBM proceedings. A challenge to the PTAB’s “more likely than not” determination amounts



to an improper collateral attack on the PTAB's decision to institute CBM review, and would create serious practical problems. After the district court's erroneous review is removed from the calculus, the Federal Circuit found that the remaining evidence weighs heavily in favor of a stay.

The Federal Circuit found that the second factor, whether discovery is complete and whether a trial date has been set, heavily favors a stay. The Court noted that it was not error for the district court to wait until the PTAB made its decision to institute CBM review before it ruled on the motion. The court expressed no opinion on whether it is better practice for district courts to rule on motions to stay before or after the PTAB granted the petition for post-grant review. Moreover, a district court is not obligated to freeze its proceedings between the date the motion to stay is filed and the date the PTAB decides on the CBM motion.

Finally, the Federal Circuit found that the district court erred in finding that the third factor, undue prejudice or tactical advantage, weighed heavily against a stay. The Court found no evidence in the record that the two companies competed for the same customer or contract; a stay would only delay, but not diminish, VA's monetary damages if it succeeds on its infringement suit; VA's failure to move for a preliminary injunction contradicts its assertion that it needs injunctive relief as soon as possible; and there is no clear tactical advantage to defendants of granting the stay.

The dissent argues that the panel majority imposed greater rigor on stay considerations than the AIA warrants. Because the inquiry created by the AIA's four factor test is highly fact specific, the dissent believes that the district court is in a better position to decide whether a stay serves the best balance of interests of the parties. The dissent finds that the district court's analysis was consistent with precedent and its opinion warrants deference.

Wawrzynski v. H.J. Heinz Co.,

728 F.3d 1374, 2013 WL 4766840 (Fed. Cir. Sept. 06, 2013)

In this appeal, the Federal Circuit held it lacked subject matter jurisdiction to hear the dispute because it was not a patent case. The district court granted summary judgment in favor of the defendants, finding that Heinz Co. did not infringe on plaintiff David Wawrzynski's patent. The central issue on appeal was whether Mr. Wawrzynski's complaint alleged a patent issue at all, which directly affected the Federal Circuit's jurisdiction to decide the appeal. While both parties alleged the Federal Circuit had jurisdiction to decide the appeal for different reasons, the court disagreed with each and transferred the case to the Third Circuit.

Mr. Wawrzynski has a patent for a condiment container that has a flexible cap with a slitted opening in it that helps reduce the likelihood of a spill. He decided to present his condiment packaging ideas, including his patent design, to Heinz. Heinz told Mr. Wawrzynski it was not interested in his ideas, and months later released its new "Dip & Squeeze" condiment packet. Mr. Wawrzynski filed suit against Heinz in state court, alleging breach of implied contract and unjust enrichment based on its alleged use of



his ideas for condiment packaging. Mr. Wawrzynski's complaint did not assert patent infringement. Heinz filed a Declaratory Relief counterclaim alleging that it did not infringe on Mr. Wawrzynski's patent. The case eventually ended up in the Western District of Pennsylvania's Patent Pilot Program, and Mr. Wawrzynski filed two motions to dismiss Heinz's counterclaims for lack of jurisdiction, both of which were denied. Heinz filed a motion for summary judgment on its counterclaim of non-infringement, and a motion for summary judgment arguing that Mr. Wawrzynski's claims were preempted by federal patent law, both of which the district court granted. On appeal, Mr. Wawrzynski argues that he never alleged patent infringement. The Federal Circuit needed to decide whether or not this was a claim of patent infringement in order to determine whether it had subject matter jurisdiction to hear the appeal.

Mr. Wawrzynski asserted that the Federal Circuit has jurisdiction because the America Invents Act grants jurisdiction over any civil action in which a party has asserted a compulsory counterclaim arising under any Act of Congress relating to patents. The Federal Circuit disagreed, holding that this case did not meet the effective date requirement of the America Invents Act, and the plain language of the statute provides no exceptions from this requirement. The Federal Circuit also rejected Mr. Wawrzynski's argument that the filing date of the counterclaim, not the lawsuit, should control.

Heinz argued that the Federal Circuit had jurisdiction because Mr. Wawrzynski's complaint asserted, in essence, a claim of patent infringement under § 1338(a). The Federal Circuit rejected this claim because the well-pleaded complaint rule requires the patent infringement argument to be present in the complaint, which it is not. The complaint did not have a count for patent infringement, the language of a typical patent allegation is absent, and the relief requested by the complaint aligns with state law claims and not a claim for patent infringement. Therefore, the Federal Circuit lacked subject matter jurisdiction over the appeal.

X2Y Attenuators, LLC v. Int'l Trade Comm'n,

757 F.3d 1358, 2014 WL 3029884 (Fed. Cir. July 7, 2014)

The Federal Circuit affirmed the ITC's decision that the intervenor's microprocessor products were not covered by the patentee's asserted patents. Takeaway: Labeling an element as "essential" or "universal" to an invention may constitute clear and unmistakable disavowal of claim scope.

Plaintiff X2Y appealed from the ITC's decision that Intel did not violate 19 U.S.C. § 1337 because Intel's products were not covered by X2Y's asserted patents. The patented inventions use shielding electrodes to reduce the undesirable buildup of charge between electrodes used for conduction. X2Y accused Intel of unlawful importation of certain microprocessor products.

The parties disputed the construction of certain electrode terms and whether they were limited to the "sandwich" configuration, an arrangement of three electrodes in which a



center conductor is flanked by oppositely charged conductors. While Intel argued that the claims should be limited to the sandwich configuration, X2Y contended that the electrode terms require no construction and should be given their plain and ordinary meaning.

The Court held that the ITC correctly construed the electrode terms as requiring a sandwich configuration. The asserted patents' statements that the presence of a common conductive pathway electrode positioned between paired electromagnetically opposite conductors is "universal to all the embodiments" and is "an essential element among all embodiments or connotations of the invention" constitute clear and unmistakable disavowal of claim scope.

The concurring opinion addresses an error in the claim construction approach adopted by the ALJ and the Commission, which did not affect the result affirmed by the Federal Circuit.

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