

# GIBSON DUNN

## Federal Circuit Year in Review 2014/2015

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Intellectual Property and Appellate Practice Groups

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## INTRODUCTION

The Federal Circuit's 2014-2015 term saw a number of issues of first impression for the court regarding the new statutory schemes in post-grant proceedings before the Patent Trial and Appeal Board ("PTAB") and the Biologics Price Competition and Innovation Act ("BPCIA"), as well as additional important developments in patent law.<sup>1</sup> The Court issued published opinions in a total of 110 precedential patent cases, including two *en banc* decisions. Among the most significant decisions issued by the Federal Circuit this term were:

- The Federal Circuit issued its first precedential decisions on the post-issuance proceedings before the Patent Trial and Appeal Board ("PTAB"), and outlined foundational aspects of those proceedings in *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268 (Fed. Cir. July 8, 2015) (Dyk, J.) (Newman, J., dissenting) (Broadest reasonable interpretation applies to IPR proceedings; Federal Circuit cannot review institution decision even after a final decision). The *Cuozzo* case was also notable for its strong 6-5 split in the denial of rehearing *en banc*. 793 F.3d 1297 (Fed. Cir. 2015) (Dyk, J. joined by Lourie, Chen, and Hughes, JJ., concurring in denial of reh'g *en banc*) (Prost, C.J., joined by Newman, Moore, O'Malley, and Reyna, JJ., dissenting from denial of reh'g *en banc*) (Newman, J. dissenting from denial of reh'g *en banc*). A petition for *certiorari* is currently pending (Supreme Court No. 15-446).
- *Stryker Corp. v. Zimmer, Inc.*, 782 F.3d 649 (Fed. Cir. Dec. 19, 2014) (Prost, C.J.). The Federal Circuit held, on rehearing, that enhanced damages for willful infringement are barred when the accused infringer's "position is susceptible to a reasonable conclusion of no infringement," and that the question of objective reasonableness is reviewed *de novo* on appeal. The Supreme Court has granted *certiorari* to review the two-part test for willfulness under 35 U.S.C. § 284 (Supreme Court No. 14-1520).
- *Amgen Inc. v. Sandoz Inc.*, 794 F.3d 1347 (Fed. Cir. Jul. 21, 2015) (Lourie, J.) (Newman, J. dissenting in part and concurring in part) (Chen, J. dissenting in part). The Federal Circuit, in its first decision on the merits of the Biologics Price Competition and Innovation Act ("BPCIA"), held that a biosimilar applicant filing an abbreviated biologics license application is not required to disclose its application or manufacturing information, but must seek and receive FDA approval before providing notice of commercial marketing under the statute.
- *Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. June 16, 2015) (*en banc*). The Federal Circuit, sitting *en banc*, overruled the "strong" presumption against applying 35 U.S.C. § 112, para. 6 to claims not specifically reciting the terms "means for" or "step for." This decision could affect the validity of numerous patents that contain functional claim limitations without specifically reciting the terms "means for" or "step for."

Not surprisingly, issues of claim construction, infringement, and obviousness continued to dominate the Court's substantive patent law docket in 2014-15, just as they did in the previous year, with issues related to monetary relief supplanting Section 112 issues as the fourth most

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<sup>1</sup> Term defined as August 2014 to July 2015.



common issue addressed in the Court's published patent law decisions this past term. Patent holders and their opponents fared somewhat differently depending on the substantive issue, but overall the opponents had more outright successes (50% compared to 38%), which is almost identical to the overall win/loss percentage from last year (47% compared to 38%). In 2014-2015, as in the previous year, patent holders prevailed in full more often than their opponents on issues of obviousness (53% compared to 42%) and anticipation (58% to 42%); in a reversal from last year, they also prevailed more often on issues of monetary relief (53% to 7%, compared with 38% to 50% in 2013-2014).<sup>2</sup> As was true last year, opponents of patent holders prevailed outright more often on issues of claim construction (47% compared to 38%), infringement (40% to 33%), and Section 101 (90% to 10%); in a reversal from last year's trend, opponents also prevailed substantially more often on Section 112 issues (64% to 36%, compared with 40% to 45% in 2013-2014) and injunctive relief (100% to 0%, compared with 30% to 60% last year).

The relative success of patent holders on most issues of validity may be attributed to the burden of proof and the presumption of validity, but as in past years, it is interesting to note that the margin in favor of the patentee is not nearly as great as those factors might suggest. Of course, because most patent litigants attempt to make rational assessments regarding the prospects for success on appeal and seek to avoid raising appellate issues that have no significant likelihood of success, and also because the Court's published patent decisions often are addressing the closest and most difficult issues presented to the Court, it is perhaps not surprising that the observed results in this important subset of cases does not closely mirror the overall results that might be expected in the general run of cases.

As has consistently been observed in previous years, 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, as was true last year as well, rulings relating to subject matter eligibility under Section 101 were affirmed a startling 100% of the time when the issue was resolved on the merits, even though such rulings typically involve pure questions of law that are reviewed *de novo* on appeal. Claim construction rulings were affirmed substantially more often than they were reversed (50% to 31%), notwithstanding the *de novo* standard of review applied throughout most of the year (and also with respect to most claim construction issues decided after the Supreme Court's decision in *Teva*).

In most areas, however, the standard of review seems to have produced the expected results: anticipation rulings were reversed only 17% of the time, not surprisingly in light of the typically fact-intensive nature of such determinations. Obviousness issues were reversed at a somewhat higher rate (26% reversed in full, another 5% reversed in part), in keeping with the mixed standard of review applicable to this ultimate question of law based on subsidiary facts. Section 112 issues (which are subject to varying standards of review depending on the precise nature of the issue) were reversed at a still higher rate (55% to 45%). Issues of injunctive relief, which are subject to the deferential abuse-of-discretion standard of review, were affirmed 67% of the time. And issues of infringement, which are typically fact-intensive and subject to the similarly deferential clear-error standard of review, were affirmed 57% of the time.

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<sup>2</sup> The remaining cases produced mixed or inconclusive results on these issues.

These statistics suggest that appellants seeking to challenge unfavorable district court rulings in patent cases should generally expect an uphill fight when facing 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, while it remains true in the Federal Circuit that appellees fare better than appellants, reversal rates in appeals resulting in published patent decisions remained relatively robust, providing some reason for optimism in cases where appellants identify what appear to be strong grounds for appeal. The Court affirmed 59% of the patent issues decided in precedential opinions in 2014-2015, while reversing in 29%, with another 10% producing partial wins for both sides.<sup>3</sup> Those results are similar to, though reflecting a slightly higher affirmance rate than, the results from the last two years (51% affirmed, 33% reversed, 9% split results in 2013-2014; 55% affirmed, 28% reversed, and 11% split in 2012-2013). Thus, while appellants continue to face somewhat unattractive odds on average, the overall prospects for obtaining at least some relief (39%) 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 fairly prompt manner, although the pace slowed a bit from last year. 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 published decision was less than six months (166 days, to be precise), which was an increase from an average of only 120 days last year; the average time from the decision below until issuance of the Federal Circuit's published opinion was less than 20 months. The average time from docketing to decision is 479 days (almost 16 months) for precedential cases, compared to a median of 10 months from docketing to disposition for all Federal Circuit appeals (and 11 months for all PTO cases, 12 months for all district court cases, and 13 months for all ITC cases).<sup>4</sup> The longer time period for precedential patent decisions is obviously reflective of the greater complexity of, and more substantial investment of judicial resources entailed in resolving, those patent appeals that merit published opinions.



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<sup>3</sup> The remaining percentage (where neither party won) is disclosed in the statistics section below.

<sup>4</sup> See <http://www.cafc.uscourts.gov/the-court/statistics>, Median Disposition Time for Cases Terminated After Hearing or Submission, Detailed Table of Data (FY 2015).

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## STATISTICAL ANALYSIS (AUG. 1, 2014 TO JULY 31, 2015)

|  |   |
|--|---|
| Number of Precedential Patent Cases Decided                      | 110   |
| <b>Average Time:</b>   |   |
| Lower Tribunal Decision To Federal Circuit Oral Argument         | 442 Days  |
| Lower Tribunal Decision To Federal Circuit Decision              | 596 Days  |
| Docketing To Federal Circuit Oral Argument                       | 324 Days  |
| Docketing To Federal Circuit Decision                            | 479 Days  |
| Oral Argument To Federal Circuit Decision                        | 166 Days  |
| Number of <i>En Banc</i> Cases Decided                           | 2   |
| Judge Authoring The Most Opinions                                | Newman (19)   |
| Judges Authoring The Most Majority Opinions                      | Prost (15)  |
| Judge Authoring The Most Concurring Opinions                     | Newman (3)  |
| Judge Authoring The Most Dissenting Opinions                     | Newman (10)   |
| Fewest dissenting opinions                                       | Tie between Schall (0), Rader (0), Plager (0),<br>Lourie (0), Linn (0), Clevenger (0), Chen (0),<br>Bryson (0)  |
| Active judge who authored the most unanimous decisions           | Prost (12)  |
| Top 5 District Courts In Number Of Precedential Decisions        | District of Delaware (12)<br>Eastern District of Virginia (11)<br>Northern District of California (9)<br>Eastern District of Texas (8)<br>Southern District of California (6) |
| Number Of Cases With Amicus Briefs                               | 18  |
| District Court (% of cases)                                      | 91%   |
| PTO (% of cases)   | 7%  |
| ITC (% of cases)   | 2%  |
| CFC (% of cases)   | 0%  |
| Precedential opinions making a final decision on patent validity | 41  |
| Outcome of final decisions on patent validity                    | Valid 14 / Invalid 21 / Both 6  |
| <b>Percentage Of Cases Involving:</b>                            |   |
| Software/Electrical  | 41%   |
| Chemical/Pharmaceutical  | 24%   |
| Mechanical   | 10%   |
| Biotech/Medical Device   | 16%   |
| Business Method  | 9%  |

## TOP ISSUES BEFORE THE FEDERAL CIRCUIT (BY NUMBER)

|                               |    |
|-------------------------------|----|
| Claim construction            | 32 |
| Infringement                  | 30 |
| §103 / Obviousness            | 19 |
| Monetary relief               | 15 |
| Jurisdiction, venue, standing | 15 |

## OVERALL ISSUE WIN RATE FOR PATENTEE/OPPONENT

|              |           |
|--------------|-----------|
| Patentee Won | 38% (78)  |
| Opponent Won | 50% (102) |
| Both Won     | 8% (16)   |
| Neither Won  | 5% (10)   |

## PATENTEE AND OPPONENT WIN RATE BY ISSUE

| Issue  | Patentee | Opponent | Both | Neither |
|--|----------|----------|------|---------|
| §101 / Subject matter eligibility                      | 10%      | 90%      | 0%   | 0%      |
| §102 / Anticipation                                    | 58%      | 42%      | 0%   | 0%      |
| §103 / Obviousness                                     | 53%      | 42%      | 5%   | 0%      |
| Double patenting                                       | 0%       | 100%     | 0%   | 0%      |
| §112 / Written description, enablement, definiteness   | 36%      | 64%      | 0%   | 0%      |
| Level of skill in the art                              | 33%      | 67%      | 0%   | 0%      |
| Claim construction                                     | 38%      | 47%      | 16%  | 0%      |
| Infringement   | 33%      | 40%      | 17%  | 10%     |
| Willful infringement                                   | 50%      | 50%      | 0%   | 0%      |
| Injunctive relief                                      | 0%       | 100%     | 0%   | 0%      |
| Monetary relief  | 53%      | 7%       | 20%  | 20%     |
| Latches, estoppel                                      | 0%       | 0%       | 0%   | 0%      |
| First sale doctrine / implied license / exhaustion     | 100%     | 0%       | 0%   | 0%      |
| Inequitable conduct                                    | 0%       | 100%     | 0%   | 0%      |
| Ownership, assignments, recording in PTO               | 50%      | 50%      | 0%   | 0%      |
| Inventorship, interference, derivation                 | 100%     | 0%       | 0%   | 0%      |
| Priority, conception, reduction to practice, diligence | 0%       | 100%     | 0%   | 0%      |
| Design patents   | 0%       | 0%       | 0%   | 0%      |
| PTO procedures   | 0%       | 83%      | 0%   | 17%     |
| America Invents Act (AIA)                              | 25%      | 75%      | 0%   | 0%      |
| ITC procedures   | 0%       | 100%     | 0%   | 0%      |
| District court procedures                              | 54%      | 38%      | 8%   | 0%      |
| Jurisdiction, venue, standing                          | 33%      | 60%      | 0%   | 7%      |
| Federal Circuit procedures                             | 50%      | 0%       | 25%  | 25%     |
| Hatch-Waxman Act/BPCIA procedures                      | 40%      | 60%      | 0%   | 0%      |
| Inter Partes review / Covered Business Method review   | 17%      | 67%      | 0%   | 17%     |

### TOP ISSUES THAT PATENTEE WON (FREQUENCY OF PREVAILING)

|  |      |
|--|------|
| First sale doctrine / implied license / exhaustion | 100% |
| Inventorship, interference, derivation             | 100% |
| §102 / Anticipation                                | 58%  |
| District court procedures                          | 54%  |
| Monetary relief                                    | 53%  |
| §103 / Obviousness                                 | 53%  |

### TOP ISSUES THAT PATENTEE WON (BY NUMBER OF CASES)

|                           |    |
|---------------------------|----|
| Claim construction        | 12 |
| Infringement              | 10 |
| §103 / Obviousness        | 10 |
| Monetary relief           | 8  |
| §102 / Anticipation       | 7  |
| District court procedures | 7  |

### TOP ISSUES THAT OPPONENT WON (FREQUENCY OF PREVAILING)

|  |      |
|--|------|
| Double patenting                                       | 100% |
| Injunctive relief                                      | 100% |
| Inequitable conduct                                    | 100% |
| Priority, conception, reduction to practice, diligence | 100% |
| ITC procedures   | 100% |

### TOP ISSUES THAT OPPONENT WON (BY NUMBER OF CASES)

|                                   |    |
|-----------------------------------|----|
| Claim construction                | 15 |
| Infringement                      | 12 |
| §101 / Subject matter eligibility | 9  |
| Jurisdiction, venue, standing     | 9  |
| §103 / Obviousness                | 8  |

## TOP ISSUES THAT BOTH PATENTEE AND OPPONENT WON (FREQUENCY OF PREVAILING)

|                            |     |
|----------------------------|-----|
| Federal Circuit procedures | 25% |
| Monetary relief            | 20% |
| Infringement               | 17% |
| Claim construction         | 16% |
| District court procedures  | 8%  |
| §103 / Obviousness         | 5%  |

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

|                            |   |
|----------------------------|---|
| Claim construction         | 5 |
| Infringement               | 5 |
| Monetary relief            | 3 |
| §103 / Obviousness         | 1 |
| District court procedures  | 1 |
| Federal Circuit procedures | 1 |

## TOP ISSUES THAT NEITHER PATENTEE NOR OPPONENT WON (FREQUENCY OF PREVAILING)

|  |     |
|--|-----|
| Federal Circuit procedures                           | 25% |
| Monetary relief                                      | 20% |
| PTO procedures                                       | 17% |
| Inter Partes review / Covered Business Method review | 17% |
| Infringement   | 10% |
| Jurisdiction, venue, standing                        | 7%  |

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

|  |   |
|--|---|
| Infringement   | 3 |
| Monetary relief                                      | 3 |
| PTO procedures                                       | 1 |
| Jurisdiction, venue, standing                        | 1 |
| Federal Circuit procedures                           | 1 |
| Inter Partes review / Covered Business Method review | 1 |

## OVERALL ISSUE AFFIRMANCE/REVERSAL RATE

|          |           |
|----------|-----------|
| Affirmed | 59% (121) |
| Reversed | 29% (59)  |
| Both     | 10% (20)  |
| Neither  | 3% (6)    |

## AFFIRMANCE/REVERSAL RATE PER ISSUE

| Issue  | Affirmed | Reversed | Both | Neither |
|--|----------|----------|------|---------|
| §101 / Subject matter eligibility                      | 100%     | 0%       | 0%   | 0%      |
| §102 / Anticipation                                    | 83%      | 17%      | 0%   | 0%      |
| §103 / Obviousness                                     | 68%      | 26%      | 5%   | 0%      |
| Double patenting                                       | 100%     | 0%       | 0%   | 0%      |
| §112 / Written description, enablement, definiteness   | 45%      | 55%      | 0%   | 0%      |
| Level of skill in the art                              | 67%      | 33%      | 0%   | 0%      |
| Claim construction                                     | 50%      | 31%      | 19%  | 0%      |
| Infringement   | 57%      | 27%      | 17%  | 0%      |
| Willful infringement                                   | 67%      | 33%      | 0%   | 0%      |
| Injunctive relief                                      | 67%      | 33%      | 0%   | 0%      |
| Monetary relief  | 20%      | 53%      | 20%  | 7%      |
| Latches, estoppel                                      | 0%       | 0%       | 0%   | 0%      |
| First sale doctrine / implied license / exhaustion     | 0%       | 100%     | 0%   | 0%      |
| Inequitable conduct                                    | 100%     | 0%       | 0%   | 0%      |
| Ownership, assignments, recording in PTO               | 100%     | 0%       | 0%   | 0%      |
| Inventorship, interference, derivation                 | 100%     | 0%       | 0%   | 0%      |
| Priority, conception, reduction to practice, diligence | 100%     | 0%       | 0%   | 0%      |
| Design patents   | 0%       | 0%       | 0%   | 0%      |
| PTO procedures   | 83%      | 17%      | 0%   | 0%      |
| America Invents Act (AIA)                              | 100%     | 0%       | 0%   | 0%      |
| ITC procedures   | 0%       | 100%     | 0%   | 0%      |
| District court procedures                              | 46%      | 38%      | 15%  | 0%      |
| Jurisdiction, venue, standing                          | 53%      | 27%      | 0%   | 20%     |
| Federal Circuit procedures                             | 25%      | 25%      | 0%   | 50%     |
| Hatch-Waxman Act/BPCIA procedures                      | 20%      | 40%      | 40%  | 0%      |
| Inter Partes review / Covered Business Method review   | 67%      | 17%      | 17%  | 0%      |

## TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT (BY FREQUENCY PERCENTAGE)

|  |      |
|--|------|
| § 101 / Subject matter eligibility                     | 100% |
| Double patenting                                       | 100% |
| Inequitable conduct                                    | 100% |
| Ownership, assignments, recording in PTO               | 100% |
| Inventorship, interference, derivation                 | 100% |
| Priority, conception, reduction to practice, diligence | 100% |
| America Invents Act (AIA)                              | 100% |

## TOP ISSUES AFFIRMED BY THE FEDERAL CIRCUIT (BY NUMBER OF CASES)

|                                    |    |
|------------------------------------|----|
| Infringement                       | 17 |
| Claim construction                 | 16 |
| § 103 / Obviousness                | 13 |
| § 101 / Subject matter eligibility | 10 |
| § 102 / Anticipation               | 10 |

## TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT (BY FREQUENCY PERCENTAGE)

|   |      |
|---|------|
| First sale doctrine / implied license / exhaustion    | 100% |
| ITC procedures  | 100% |
| § 112 / Written description, enablement, definiteness | 55%  |
| Monetary relief                                       | 53%  |
| Hatch-Waxman Act/BPCIA procedures                     | 40%  |

## TOP ISSUES REVERSED BY THE FEDERAL CIRCUIT (BY NUMBER OF CASES)

|   |    |
|---|----|
| Claim construction                                    | 10 |
| Infringement  | 8  |
| Monetary relief                                       | 8  |
| § 112 / Written description, enablement, definiteness | 6  |
| District court procedures                             | 5  |
| § 103 / Obviousness                                   | 5  |

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

|  |     |
|--|-----|
| Hatch-Waxman Act/BPCIA procedures                    | 40% |
| Monetary relief                                      | 20% |
| Claim construction                                   | 19% |
| Infringement   | 17% |
| Inter Partes review / Covered Business Method review | 17% |

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

|  |   |
|--|---|
| Claim construction                                   | 6 |
| Infringement   | 5 |
| Monetary relief                                      | 3 |
| District court procedures                            | 2 |
| Hatch-Waxman Act/BPCIA procedures                    | 2 |
| §103 / Obviousness                                   | 1 |
| Inter Partes review / Covered Business Method review | 1 |

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

|                               |     |
|-------------------------------|-----|
| Federal Circuit procedures    | 50% |
| Jurisdiction, venue, standing | 20% |
| Monetary relief               | 7%  |

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

|                               |   |
|-------------------------------|---|
| Jurisdiction, venue, standing | 3 |
| Federal Circuit procedures    | 2 |
| Monetary relief               | 1 |

## FREQUENCY THAT COURT, AGENCY, OR JURY DECIDED ISSUE BELOW

|                |           |
|----------------|-----------|
| District Court | 84% (174) |
| Agency         | 9% (19)   |
| Jury           | 4% (8)    |
| Mix            | 1% (2)    |
| None           | 1% (3)    |

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

| Issue  | Court | Agency | Jury | Mix | None |
|--|-------|--------|------|-----|------|
| §101 / Subject matter eligibility                      | 90%   | 10%    | 0%   | 0%  | 0%   |
| §102 / Anticipation                                    | 67%   | 17%    | 17%  | 0%  | 0%   |
| §103 / Obviousness                                     | 63%   | 22%    | 11%  | 5%  | 0%   |
| Double patenting                                       | 100%  | 0%     | 0%   | 0%  | 0%   |
| §112 / Written description, enablement, definiteness   | 100%  | 0%     | 0%   | 0%  | 0%   |
| Level of skill in the art                              | 100%  | 0%     | 0%   | 0%  | 0%   |
| Claim construction                                     | 91%   | 9%     | 0%   | 0%  | 0%   |
| Infringement   | 87%   | 3%     | 7%   | 3%  | 0%   |
| Willful infringement                                   | 83%   | 0%     | 17%  | 0%  | 0%   |
| Injunctive relief                                      | 100%  | 0%     | 0%   | 0%  | 0%   |
| Monetary relief  | 100%  | 0%     | 0%   | 0%  | 0%   |
| Latches, estoppel                                      | 0%    | 0%     | 0%   | 0%  | 0%   |
| First sale doctrine / implied license / exhaustion     | 100%  | 0%     | 0%   | 0%  | 0%   |
| Inequitable conduct                                    | 100%  | 0%     | 0%   | 0%  | 0%   |
| Ownership, assignments, recording in PTO               | 100%  | 0%     | 0%   | 0%  | 0%   |
| Inventorship, interference, derivation                 | 50%   | 50%    | 0%   | 0%  | 0%   |
| Priority, conception, reduction to practice, diligence | 50%   | %      | 50%  | 0%  | 0%   |
| Design patents   | 0%    | 0%     | 0%   | 0%  | 0%   |
| PTO procedures   | 100%  | 0%     | 0%   | 0%  | 0%   |
| America Invents Act (AIA)                              | 75%   | 25%    | 0%   | 0%  | 0%   |
| ITC procedures   | 0%    | 100%   | 0%   | 0%  | 0%   |
| District court procedures                              | 100%  | 0%     | 0%   | 0%  | 0%   |
| Jurisdiction, venue, standing                          | 87%   | 7%     | 0%   | 0%  | 7%   |
| Federal Circuit procedures                             | 50%   | 0%     | 0%   | 0%  | 50%  |
| Hatch-Waxman Act/BPCIA procedures                      | 100%  | 0%     | 0%   | 0%  | 0%   |
| Inter Partes review / Covered Business Method review   | 33%   | 67%    | 0%   | 0%  | 0%   |

## AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY A COURT

| COURT DECISIONS  |        |         |      |         |
|--|--------|---------|------|---------|
| Issue  | Affirm | Reverse | Both | Neither |
| §101 / Subject matter eligibility                      | 100%   | 0%      | 0%   | 0%      |
| §102 / Anticipation                                    | 88%    | 13%     | 0%   | 0%      |
| §103 / Obviousness                                     | 58%    | 33%     | 8%   | 0%      |
| Double patenting                                       | 100%   | 0%      | 0%   | 0%      |
| §112 / Written description, enablement, definiteness   | 45%    | 55%     | 0%   | 0%      |
| Level of skill in the art                              | 67%    | 33%     | 0%   | 0%      |
| Claim construction                                     | 52%    | 31%     | 17%  | 0%      |
| Infringement   | 58%    | 31%     | 12%  | 0%      |
| Willful infringement                                   | 60%    | 40%     | 0%   | 0%      |
| Injunctive relief                                      | 67%    | 33%     | 0%   | 0%      |
| Monetary relief  | 20%    | 53%     | 20%  | 7%      |
| Laches, estoppel                                       | 0%     | 0%      | 0%   | 0%      |
| First sale doctrine / implied license / exhaustion     | 0%     | 100%    | 0%   | 0%      |
| Inequitable conduct                                    | 100%   | 0%      | 0%   | 0%      |
| Ownership, assignments, recording in PTO               | 100%   | 0%      | 0%   | 0%      |
| Inventorship, interference, derivation                 | 100%   | 0%      | 0%   | 0%      |
| Priority, conception, reduction to practice, diligence | 100%   | 0%      | 0%   | 0%      |
| Design patents   | 0%     | 0%      | 0%   | 0%      |
| PTO procedures   | 83%    | 17%     | 0%   | 0%      |
| America Invents Act (AIA)                              | 100%   | 0%      | 0%   | 0%      |
| ITC procedures   | 0%     | 0%      | 0%   | 0%      |
| District court procedures                              | 46%    | 38%     | 15%  | 0%      |
| Jurisdiction, venue, standing                          | 62%    | 23%     | 0%   | 15%     |
| Federal Circuit procedures                             | 50%    | 0%      | 0%   | 50%     |
| Hatch-Waxman Act/BPCIA procedures                      | 20%    | 40%     | 40%  | 0%      |
| Inter Partes review / Covered Business Method review   | 100%   | 0%      | 0%   | 0%      |

## AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY AGENCY

| AGENCY DECISIONS                                       |        |         |      |         |
|--|--------|---------|------|---------|
| Issue  | Affirm | Reverse | Both | Neither |
| §101 / Subject matter eligibility                      | 100%   | 0%      | 0%   | 0%      |
| §102 / Anticipation                                    | 50%    | 50%     | 0%   | 0%      |
| §103 / Obviousness                                     | 75%    | 25%     | 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                                     | 33%    | 33%     | 33%  | 0%      |
| Infringement   | 0%     | 0%      | 100% | 0%      |
| Willful infringement                                   | 0%     | 0%      | 0%   | 0%      |
| Injunctive relief                                      | 0%     | 0%      | 0%   | 0%      |
| Monetary relief  | 0%     | 0%      | 0%   | 0%      |
| Latches, 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                 | 100%   | 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)                              | 100%   | 0%      | 0%   | 0%      |
| ITC procedures   | 0%     | 100%    | 0%   | 0%      |
| District court procedures                              | 0%     | 0%      | 0%   | 0%      |
| Jurisdiction, venue, standing                          | 0%     | 100%    | 0%   | 0%      |
| Federal Circuit procedures                             | 0%     | 0%      | 0%   | 0%      |
| Hatch-Waxman Act/BPCIA procedures                      | 0%     | 0%      | 0%   | 0%      |
| Inter Partes review / Covered Business Method review   | 50%    | 25%     | 25%  | 0%      |

## AFFIRMANCE/REVERSAL RATE OF ISSUES DECIDED BY JURY

| JURY DECISIONS   |        |         |      |         |
|--|--------|---------|------|---------|
| Issue  | Affirm | Reverse | Both | Neither |
| §101 / Subject matter eligibility                      | 0%     | 0%      | 0%   | 0%      |
| §102 / Anticipation                                    | 100%   | 0%      | 0%   | 0%      |
| §103 / Obviousness                                     | 100%   | 0%      | 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   | 50%    | 0%      | 50%  | 0%      |
| Willful infringement                                   | 100%   | 0%      | 0%   | 0%      |
| Injunctive relief                                      | 0%     | 0%      | 0%   | 0%      |
| Monetary relief  | 0%     | 0%      | 0%   | 0%      |
| Latches, 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 | 100%   | 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/BPCIA procedures                      | 0%     | 0%      | 0%   | 0%      |
| Inter Partes review / Covered Business Method review   | 0%     | 0%      | 0%   | 0%      |

## AFFIRMANCE/REVERSAL RATE BASED ON DISTRICT

| Source                             | Affirm | Reverse | Both | Neither |
|------------------------------------|--------|---------|------|---------|
| Central District of California     | 40%    | 20%     | 20%  | 20%     |
| District of Arizona                | 100%   | 0%      | 0%   | 0%      |
| District of Columbia               | 20%    | 80%     | 0%   | 0%      |
| District of Connecticut            | 33%    | 67%     | 0%   | 0%      |
| District of Delaware               | 69%    | 19%     | 13%  | 0%      |
| District of Idaho                  | 100%   | 0%      | 0%   | 0%      |
| District of Kansas                 | 0%     | 100%    | 0%   | 0%      |
| District of Maryland               | 0%     | 33%     | 67%  | 0%      |
| District of Massachusetts          | 100%   | 0%      | 0%   | 0%      |
| District of Nevada                 | 75%    | 25%     | 0%   | 0%      |
| District of New Jersey             | 80%    | 0%      | 20%  | 0%      |
| District of Oregon                 | 100%   | 0%      | 0%   | 0%      |
| District of Utah                   | 50%    | 50%     | 0%   | 0%      |
| District of Vermont                | 0%     | 0%      | 0%   | 100%    |
| Eastern District of California     | 100%   | 0%      | 0%   | 0%      |
| Eastern District of Michigan       | 100%   | 0%      | 0%   | 0%      |
| Eastern District of New York       | 100%   | 0%      | 0%   | 0%      |
| Eastern District of Texas          | 54%    | 33%     | 13%  | 0%      |
| Eastern District of Virginia       | 65%    | 29%     | 6%   | 0%      |
| Eastern District of Wisconsin      | 0%     | 100%    | 0%   | 0%      |
| Middle District of Florida         | 0%     | 100%    | 0%   | 0%      |
| Northern District of California    | 86%    | 7%      | 7%   | 0%      |
| Northern District of Illinois      | 40%    | 60%     | 0%   | 0%      |
| Northern District of Texas         | 80%    | 0%      | 0%   | 20%     |
| Southern District of California    | 62%    | 23%     | 15%  | 0%      |
| Southern District of Florida       | 50%    | 50%     | 0%   | 0%      |
| Southern District of New York      | 25%    | 50%     | 13%  | 13%     |
| Southern District of Ohio          | 25%    | 75%     | 0%   | 0%      |
| Southern District of Texas         | 86%    | 0%      | 14%  | 0%      |
| Western District of Michigan       | 67%    | 17%     | 17%  | 0%      |
| Western District of New York       | 0%     | 0%      | 0%   | 100%    |
| Western District of North Carolina | 100%   | 0%      | 0%   | 0%      |
| Western District of Texas          | 100%   | 0%      | 0%   | 0%      |
| Western District of Virginia       | 100%   | 0%      | 0%   | 0%      |
| Western District of Washington     | 33%    | 67%     | 0%   | 0%      |
| Western District of Wisconsin      | 0%     | 67%     | 33%  | 0%      |

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

|                                    | Affirm |                                | Reverse |                                 | Both |                                | Neither |
|------------------------------------|--------|--------------------------------|---------|---------------------------------|------|--------------------------------|---------|
| District of Arizona                | 100%   | District of Kansas             | 100%    | District of Maryland            | 67%  | District of Vermont            | 100%    |
| District of Idaho                  | 100%   | Middle District of Florida     | 100%    | Western District of Wisconsin   | 33%  | Western District of New York   | 100%    |
| District of Massachusetts          | 100%   | Eastern District of Wisconsin  | 100%    | Central District of California  | 20%  | Central District of California | 20%     |
| District of Oregon                 | 100%   | District of Columbia           | 80%     | District of New Jersey          | 20%  | Northern District of Texas     | 20%     |
| Eastern District of California     | 100%   | Southern District of Ohio      | 75%     | Western District of Michigan    | 17%  | Southern District of New York  | 13%     |
| Eastern District of Michigan       | 100%   | District of Connecticut        | 67%     | Southern District of California | 15%  |                                |         |
| Eastern District of New York       | 100%   | Western District of Washington | 67%     | Southern District of Texas      | 14%  |                                |         |
| Western District of North Carolina | 100%   | Western District of Wisconsin  | 67%     | District of Delaware            | 13%  |                                |         |
| Western District of Texas          | 100%   | Northern District of Illinois  | 60%     | Eastern District of Texas       | 13%  |                                |         |
| Western District of Virginia       | 100%   | District of Utah               | 50%     | Southern District of New York   | 13%  |                                |         |
| Northern District of California    | 86%    | Southern District of Florida   | 50%     |                                 |      |                                |         |
| Southern District of Texas         | 86%    | Southern District of New York  | 50%     |                                 |      |                                |         |

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

|                                 | Affirm |                                 | Reverse |                                 | Both |                                | Neither |
|---------------------------------|--------|---------------------------------|---------|---------------------------------|------|--------------------------------|---------|
| Eastern District of Texas       | 13     | Eastern District of Texas       | 8       | Eastern District of Texas       | 3    | Central District of California | 1       |
| Northern District of California | 12     | Eastern District of Virginia    | 5       | District of Delaware            | 2    | District of Vermont            | 1       |
| District of Delaware            | 11     | District of Columbia            | 4       | District of Maryland            | 2    | Northern District of Texas     | 1       |
| Eastern District of Virginia    | 11     | District of Connecticut         | 4       | Southern District of California | 2    | Southern District of New York  | 1       |
| Southern District of California | 8      | Southern District of New York   | 4       | Central District of California  | 1    | Western District of New York   | 1       |
| District of Nevada              | 6      | District of Delaware            | 3       | District of New Jersey          | 1    |                                |         |
| Southern District of Texas      | 6      | Northern District of Illinois   | 3       | Eastern District of Virginia    | 1    |                                |         |
| District of Arizona             | 4      | Southern District of California | 3       | Southern District of New York   | 1    |                                |         |
| District of Massachusetts       | 4      | Southern District of Ohio       | 3       | Southern District of Texas      | 1    |                                |         |
| District of New Jersey          | 4      | District of Nevada              | 2       | Western District of Michigan    | 1    |                                |         |
| Northern District of Texas      | 4      | District of Utah                | 2       | Western District of Wisconsin   | 1    |                                |         |
| Western District of Michigan    | 4      | Western District of Washington  | 2       | Northern District of California | 1    |                                |         |
| District of Idaho               | 3      | Western District of Wisconsin   | 2       |                                 |      |                                |         |

## ISSUE WIN RATE BY DISTRICT

| Source                             | Patentee | Opponent | Both | Neither |
|------------------------------------|----------|----------|------|---------|
| Central District of California     | 0%       | 40%      | 20%  | 40%     |
| District of Arizona                | 100%     | 0%       | 0%   | 0%      |
| District of Columbia               | 60%      | 20%      | 0%   | 20%     |
| District of Connecticut            | 17%      | 83%      | 0%   | 0%      |
| District of Delaware               | 25%      | 50%      | 13%  | 13%     |
| District of Idaho                  | 0%       | 100%     | 0%   | 0%      |
| District of Kansas                 | 0%       | 100%     | 0%   | 0%      |
| District of Maryland               | 33%      | 67%      | 0%   | 0%      |
| District of Massachusetts          | 75%      | 25%      | 0%   | 0%      |
| District of Nevada                 | 38%      | 50%      | 0%   | 13%     |
| District of New Jersey             | 60%      | 40%      | 0%   | 0%      |
| District of Oregon                 | 0%       | 100%     | 0%   | 0%      |
| District of Utah                   | 50%      | 50%      | 0%   | 0%      |
| District of Vermont                | 0%       | 100%     | 0%   | 0%      |
| Eastern District of California     | 100%     | 0%       | 0%   | 0%      |
| Eastern District of Michigan       | 0%       | 100%     | 0%   | 0%      |
| Eastern District of New York       | 0%       | 100%     | 0%   | 0%      |
| Eastern District of Texas          | 54%      | 21%      | 17%  | 8%      |
| Eastern District of Virginia       | 12%      | 82%      | 0%   | 6%      |
| Eastern District of Wisconsin      | 100%     | 0%       | 0%   | 0%      |
| Middle District of Florida         | 0%       | 100%     | 0%   | 0%      |
| Northern District of California    | 29%      | 71%      | 0%   | 0%      |
| Northern District of Illinois      | 20%      | 80%      | 0%   | 0%      |
| Northern District of Texas         | 80%      | 0%       | 20%  | 0%      |
| Southern District of California    | 38%      | 31%      | 31%  | 0%      |
| Southern District of Florida       | 0%       | 100%     | 0%   | 0%      |
| Southern District of New York      | 25%      | 63%      | 13%  | 0%      |
| Southern District of Ohio          | 75%      | 25%      | 0%   | 0%      |
| Southern District of Texas         | 43%      | 43%      | 14%  | 0%      |
| Western District of Michigan       | 67%      | 33%      | 0%   | 0%      |
| Western District of New York       | 100%     | 0%       | 0%   | 0%      |
| Western District of North Carolina | 0%       | 100%     | 0%   | 0%      |
| Western District of Texas          | 100%     | 0%       | 0%   | 0%      |
| Western District of Virginia       | 100%     | 0%       | 0%   | 0%      |
| Western District of Washington     | 67%      | 33%      | 0%   | 0%      |
| Western District of Wisconsin      | 0%       | 33%      | 33%  | 33%     |

**TOP ISSUE WIN RATE DISTRICTS BY PATENTEE/OPPONENT  
(BY PERCENTAGE WITH NUMBER OF CASES IN PARENTHESIS)**

|                                    | Patentee |  | Opponent |                                     | Both |                                    | Neither |
|------------------------------------|----------|--|----------|-------------------------------------|------|------------------------------------|---------|
| District of Arizona (4)            | 100%     | District of Idaho (3)                  | 100%     | Western District of Wisconsin (1)   | 33%  | Central District of California (2) | 40%     |
| Eastern District of California (1) | 100%     | District of Kansas (1)                 | 100%     | Southern District of California (4) | 31%  | Western District of Wisconsin (1)  | 33%     |
| Western District of New York (2)   | 100%     | District of Oregon (1)                 | 100%     | Central District of California (1)  | 20%  | District of Columbia (1)           | 20%     |
| Western District of Texas (2)      | 100%     | District of Vermont (1)                | 100%     | Northern District of Texas (1)      | 20%  | District of Delaware (2)           | 13%     |
| Western District of Virginia (1)   | 100%     | Eastern District of Michigan (1)       | 100%     | Eastern District of Texas (4)       | 17%  | District of Nevada (1)             | 13%     |
| Eastern District of Wisconsin (1)  | 100%     | Eastern District of New York (1)       | 100%     | Southern District of Texas (1)      | 14%  | Eastern District of Texas (2)      | 8%      |
| Northern District of Texas (4)     | 80%      | Middle District of Florida (1)         | 100%     | District of Delaware (2)            | 13%  | Eastern District of Virginia (1)   | 6%      |
| District of Massachusetts (3)      | 75%      | Southern District of Florida (2)       | 100%     | Southern District of New York (1)   | 13%  |                                    |         |
| Southern District of Ohio (3)      | 75%      | Western District of North Carolina (1) | 100%     |                                     |      |                                    |         |
| Western District of Michigan (4)   | 67%      |  |          |                                     |      |                                    |         |

### ISSUE WIN RATE BY TRIBUNAL

| Source         | Patentee Won | Opponent Won | Both Won | Neither Won |
|----------------|--------------|--------------|----------|-------------|
| District Court | 39% (73)     | 48% (89)     | 8% (15)  | 5% (10)     |
| PTO            | 24% (4)      | 71% (12)     | 6% (1)   | 0% (0)      |
| ITC            | 50% (1)      | 50% (1)      | 0% (0)   | 0% (0)      |

### ISSUE AFFIRMANCE/REVERSAL RATE BY TRIBUNAL

| Source         | Affirm    | Reverse  | Both    | Neither |
|----------------|-----------|----------|---------|---------|
| District Court | 60% (112) | 28% (53) | 9% (17) | 3% (5)  |
| PTO            | 53% (9)   | 29% (5)  | 12% (2) | 6% (1)  |
| ITC            | 0% (0)    | 50% (1)  | 50% (1) | 0% (0)  |

## GIBSON DUNN'S FEDERAL CIRCUIT CLERKS

Gibson Dunn is proud to have as key members of its Appellate and Intellectual Property practices a dozen former clerks from the U.S. Court of Appeals for the Federal Circuit, spanning over 20 years of the Federal Circuit's 23-year history:



**William C. Rooklidge (Former Chief Judge Nies, 1985-87)** is a partner in the Orange County office of Gibson, Dunn & Crutcher, joined the firm in 2015. A member of the firm's Litigation Department and Intellectual Property Practice Group, he has extensive experience in patent and trademark infringement litigation in the federal district courts and before the United States Court of Appeals for the Federal Circuit, as well as arbitration of patent disputes.



**Brian Buroker (Judge Bryson, 1996-97)** is a partner in Gibson, Dunn & Crutcher's Washington, D.C. office and is a member of the firm's Intellectual Property Practice. He is a member of the firm's Intellectual Property Practice, focusing on patent litigation, appeals and complex patent issues, having tried patent cases, litigated many patent cases to resolution, argued cases at the Federal Circuit and handled complex patent reexaminations, covered business method review and *inter partes* review proceedings at the U.S. Patent Office.



**Stuart M. Rosenberg (Former Chief Judge Michel, 2007-08)** is a partner in the Palo Alto office of Gibson, Dunn & Crutcher, where his practice focuses on intellectual property litigation. He has represented clients in a variety of industries and technologies, including software, consumer electronics, medical devices, sporting goods, and automotive design.



**Michael A. Valek (Judge Dyk, 2003-04)** is Of Counsel in Gibson, Dunn & Crutcher's Dallas office. He is a member of the firm's Intellectual Property, Litigation and Life Sciences groups and has extensive experience litigating intellectual property matters in U.S. District Court, the International Trade Commission and before the U.S. Court of Appeals for the Federal Circuit.



**Blair A. Silver (Judge Lourie, 2011-13)** is an associate in Gibson, Dunn & Crutcher's Washington, D.C. office. He currently practices in the firm's Litigation Department, focusing on appellate and intellectual property litigation in every major forum. He has extensive experience with a range of technologies, including electronics, computers, communication systems, imaging devices and processes, medical devices, consumer products, semiconductors, and pharmaceuticals.



**Nathan Curtis (Judge Dyk, 2011-12)** is an associate in the Dallas office of Gibson, Dunn & Crutcher. He practices in the firm's Litigation Department in the Intellectual Property Practice Group.



**Kate Dominguez (Judge Taranto, 2013-14)** is a litigation associate in the New York office of Gibson, Dunn & Crutcher and is a member of Gibson Dunn's Intellectual Property Practice Group. Ms. Dominguez has litigated patent cases across a broad spectrum of technologies, including global positioning systems, interactive television, intrusion detection, mobile communications, and wireless network.



**Christine Ranney (Judge Newman, 2013-15)** is an associate in the San Francisco Office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department, where she focuses on patent litigation. Before her clerkship, Ms. Ranney was an analyst in a leadership development program at Merck & Co.



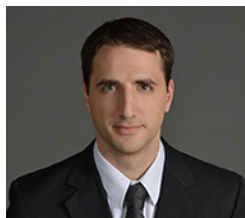
**Jaysen Chung (Former Chief Judge Rader, 2014)** is an associate in the San Francisco office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. He focuses on patent and appellate litigation, and has experience in a range of arts and practices, including pharmaceuticals, DNA sequencing applications, RF switch circuits, and semiconductor products and processes.



**Omar Amin (Judge Reyna, 2014-15)** is an associate in the Washington, D.C. office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. His practice focuses on Intellectual Property litigation.



**Ryan Iwahashi (Judge O'Malley, 2014-15)** is an associate in the Palo Alto office of Gibson, Dunn & Crutcher and is a member of the firm's Litigation department. His practice focuses on intellectual property litigation, and he has experience in a range of technologies, including software, consumer electronics, and medical devices.



**Andrew Robb (Judge Dyk, 2014-15)** is an associate in the Palo Alto office of Gibson, Dunn & Crutcher. He currently practices with the firm's Litigation Department.

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## CASE SUMMARIES

### **AbbVie Inc. v. Mathilda & Terence Kennedy Inst. of Rheumatology Tr.,** 764 F.3d 1366 (Fed. Cir. Aug. 21, 2014)

The Federal Circuit reaffirmed the importance of the obviousness-type double patenting doctrine in this case involving two patents directed towards methods for the treatment of rheumatoid arthritis. *Takeaway:* The obviousness-type double patenting doctrine remains relevant after the Uruguay Round Agreement Act (“URAA”), and courts can look to the disclosures regarding the known utility of a genus patent to determine if a subsequent species patent yielded unexpected results that could overcome an obviousness-type double patenting challenge.

AbbVie, Inc. and AbbVie Biotechnology Ltd. sued the Mathilda and Terence Kennedy Institute of Rheumatology Trust (“Kennedy”) for declaratory judgment that one of Kennedy’s two patents for a rheumatoid arthritis treatment was invalid under the obviousness-type double patenting doctrine. The district court found the later-expiring patent invalid because it covered the exact same invention as the first patent, and the Federal Circuit affirmed.

Kennedy first argued that the doctrine of obviousness-type double patenting should be eliminated because its statutory and policy justifications no longer exist after the passage of the URAA and implementation of the 20-year period of patent protection running from the patent’s earliest claimed priority date. Kennedy defined the purpose of the obviousness-type double patenting doctrine as preventing the practice known as submarine patenting. The court acknowledged that the URAA resolved problems created by submarine patenting, but found that other justifications for the doctrine remain. For example, the doctrine prevents inventors from acquiring additional, later-expiring patents for the same invention, and the doctrine thus continues to apply where two patents claiming the same invention have different expiration dates.

Turning to whether the doctrine applied in this particular case, Kennedy attempted to argue that the first patent, U.S. Patent No. 6,270,766 (the “’766 patent”), claimed a broad genus of methods for co-administering the drug methotrexate and an anti-TNFα antibody to treat rheumatoid arthritis, while the second patent, U.S. Patent No. 7,846,442 (the “’442 patent”), claimed a narrower species of the treatment methods for patients with “active disease” whose drug and antibody are “adjunctively” administered. In affirming the district court’s decision, the Federal Circuit first affirmed the district court’s claim construction of “co-administration.” The district court limited the term to three modes of administration, namely (i) the antibody can be administered at the same time as treatment with methotrexate; (ii) the antibody can be added after treatment with the methotrexate has already begun; or (iii) the antibody can be administered first, with the methotrexate treatment later added. Kennedy challenged the construction, attempting to expand the breadth of the ’766 patent by arguing that “co-administration” could also encompass patients treated with the antibody alone after discontinuing the methotrexate. The court affirmed the district court’s construction of



“co-administration,” relying heavily on the ’766 patent’s specification, which nowhere suggested that the invention could include administration of the antibody after discontinuing the drug.

In addition, Kennedy contested the district court’s construction of “active disease,” arguing that it included only those individuals with severe rheumatoid arthritis rather than any patient showing signs or symptoms of the disease. The court assumed Kennedy’s definition was correct but nonetheless determined that the ’442 patent was an obvious variant of the ’766 patent. Although the court reiterated that a narrower species of a previously patented genus may be patentable if it produces unexpected results, the court here rejected Kennedy’s argument that improvement of health in difficult-to-treat patients was unexpected. The court rejected Kennedy’s objection to the use of the ’766 patent’s disclosures in its analysis and looked to the demonstration of utility in the ’766 patent that relied on precisely the same study that Kennedy later cited as evidence that the ’442 patent led to unexpected results. The court explained that while a reference patent’s disclosures may not be used as prior art, they may be used to resolve questions of obviousness. Here, the court extended the latter use to determining whether the utility of the later patent was unexpected at the time of the earlier patent.

**Airbus S.A.S. v. Firepass Corp.,**  
793 F.3d 1376 (Fed. Cir. July 17, 2015)

The Federal Circuit reversed a PTAB *inter partes* reexamination decision that dismissed for lack of jurisdiction over a patent challenger’s cross-appeal from the Examiner’s refusal to adopt proposed obviousness rejections on grounds that “they did not present a substantial new question of patentability.” *Takeaway:* After the patent examiner institutes an *inter partes* reexamination, 37 C.F.R. § 1.948(a) controls the additional prior art that can be cited by a third-party requestor; 35 U.S.C. § 312(a)’s “substantial new question of patentability” requirement only applies to the Examiner’s decision to *institute* reexamination.

Firepass brought suit against Airbus in district court alleging infringement of U.S. Patent No. 6,418,752 “directed to using hypoxic compositions for preventing and extinguishing fires.” In response, Airbus filed a request for an *inter partes* reexamination, alleging the patent was anticipated by each of three different prior art references. The PTO granted the request in part, finding that one of the prior art references presented a substantial new question of patentability. During reexamination, Firepass added one independent and three dependent claims, which included further narrowing limitations. In response, Airbus alleged that the new claims were obvious in view of the three prior art references cited in its request for reexamination. The Examiner found that Airbus’s objections “did not present a substantial new question of patentability” but ultimately rejected the newly added claims nonetheless under 35 U.S.C. § 112 for lack of written description. Firepass appealed from the rejection of the claims and Airbus cross-appealed the Examiner’s refusal to consider its obviousness rejections. The Board reversed the Examiner’s written description decision and dismissed Airbus’s cross-appeal, finding that 35 U.S.C. §§ 134(c) and



315(b) and 37 C.F.R. § 41.61(a)(2) limited the Board’s review of decisions to those favorable to the patentability of any claim, including claims added during reexamination, and the Examiner’s rejection of Airbus’s obviousness objections was not a decision favorable to the claims’ patentability.

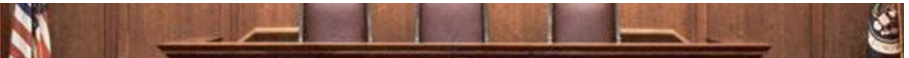
The Federal Circuit clarified that *inter partes* reexamination is a two-step process: (1) the Director determines whether there is a “substantial new question of patentability” sufficient to institute reexamination under § 312(a); and (2) after institution, the reexamination proceeds according to procedures established for initial examination under §§ 132 and 133. Additionally, after institution, a third-party requester’s ability to raise additional prior art is limited to the circumstances described in 37 C.F.R. § 1.948(a): prior art necessary to rebut a finding of fact by the Examiner or a response of the patent owner, or prior art that is newly available. Since the Examiner had already instituted the *inter partes* reexamination of the patent when Firepass added the claims at issue, the Examiner erred in refusing to consider Airbus’s proposed objections under the “substantial new question of patentability” standard because § 312(a) only applies to the first step of the reexamination process. Once instituted, the reexamination is governed by §§ 132 and 133, which do not rely on the standard described in § 312(a). Additionally, the prior art raised in Airbus’s obviousness objections was properly introduced according to 37 C.F.R. § 1.948(a)(2) as “necessary to rebut a response of the patent owner.”

**Alps S., LLC v. Ohio Willow Wood Co.,**  
787 F.3d 1379 (Fed. Cir. June 5, 2015)

In this patent infringement action, the Federal Circuit rearticulated its rule that a license agreement containing field-of-use restrictions prohibits a licensee from having standing to bring a patent infringement claim unless the licensee names the patent owner as a co-plaintiff. *Takeaway*: In order to have standing to bring a patent infringement claim, a licensee cannot hold a license with significant restrictions, especially field-of-use restrictions. Furthermore, a licensee cannot cure jurisdictional defects by amending the license agreement and making the amended agreement retroactive to the date the complaint was filed.

Both Alps South, LLC (“Alps”) and The Ohio Willow Wood Company (“OWW”) make and sell liners that are used as a protective layer between an amputated and prosthetic limb. The patent at issue, U.S. Patent No. 6,552,109 (“the ’109 patent”), is directed to composite articles of a thermoplastic gel and a substrate that make up part of the liner. The assignee of the patent, AEI, signed a license agreement with Alps. The agreement contained several restrictions on Alps’s patent rights, including: Alps could not settle an infringement action without AEI’s consent; AEI retained the right to pursue infringement litigation if Alps declined to do so; and most importantly, the license limited Alps’s patent rights to a particular field of use—prosthetic products.

Shortly after signing the license agreement, Alps, without naming AEI as a co-plaintiff, sued OWW for patent infringement. OWW filed a motion to dismiss for lack of standing. While the motion was pending, Alps and AEI signed an amended license



agreement that eliminated several limitations, including the field of use restriction. AEI and Alps intended the agreement to be a *nunc pro tunc* agreement whereby the effective date would be the date of the original agreement. The district court rejected OWW's standing argument and denied the motion to dismiss. The case proceeded to trial, and a jury found the '109 patent valid and infringed. OWW appealed the jury verdict.

The court stated that a licensee has standing to sue without joining the patent holder where all substantial rights in the patent are transferred. If the licensee does not hold all substantial rights, it can only sue third parties as a co-plaintiff with the patent owner. The court found the field of use restriction was fatal to Alps's claim, because Supreme Court precedent holds that "an exclusive licensee cannot sue for infringement without joining the patent owner if the license grants merely an undivided part or share of the exclusive right granted under the patent." Additionally, the amended agreement did not provide Alps with standing because a jurisdictional defect cannot be cured by post-filing activity. The Federal Circuit cited its own precedent in *Enzo v. Geapaq* that "*nunc pro tunc* assignments are not sufficient to confer retroactive standing."

The court also disagreed with Alps's argument that 28 U.S.C. § 1653, which permits parties to amend their complaints to correct defective allegations of jurisdiction, allowed Alps to cure its defect by the amended agreement. The statute permits parties to amend incorrect statements about jurisdiction, not defects in the jurisdictional facts themselves. Because Alps had a jurisdictional defect, not a defective allegation, § 1653 did not apply.

Therefore, the Federal Circuit reversed the district court's denial of the motion to dismiss for lack of standing. The court vacated the judgment below and remanded with instructions for the district court to dismiss Alps's complaint without prejudice.

**Am. Calcar, Inc. v. Am. Honda Motor Co.,**  
768 F.3d 1185 (Fed. Cir. Sept. 26, 2014)

In this case concerning American Calcar Inc.'s ("Calcar") suit against American Honda Motor Co., Inc. and Honda of America Manufacturing, Inc. (collectively "Honda"), the Federal Circuit affirmed the district court's holding that three of Calcar's patents for a car multimedia system are unenforceable due to inequitable conduct by Calcar's founder, who prepared the patent applications. Judge Newman dissented, arguing the information allegedly withheld by Calcar was not material to patentability and that there was no intent to deceive. *Takeaway*: When disclosing prior art, patentees should make sure to disclose the operational details of the prior art, not merely its existence.

Calcar sued Honda alleging the computerized navigation systems in Honda vehicles infringed Calcar's patents for a multimedia system which accesses vehicle information and controls vehicle functions. Honda raised an inequitable conduct defense in response, arguing that Calcar's founder and primary patent application preparer intentionally withheld operational details disclosed in prior art that were material to patentability. These operational details, according to Honda, were precisely those



claimed by the patents-in-suit. The district court granted Honda's inequitable conduct motion following a jury trial. The Federal Circuit affirmed in part and reversed in part this decision and remanded to the district court for further proceedings in accordance with the Federal Circuit's recently announced revised test for inequitable conduct. See *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (en banc). On remand, the district court again found that CalCar's patents were obtained through inequitable conduct and were thus unenforceable. Calcar appealed this determination to the Federal Circuit.

In this second appeal, the Federal Circuit held that Calcar's omission of the prior art's operational details constituted inequitable conduct, even in light of the more narrow standard for inequitable conduct announced in *Therasense*. The court applied a "but-for" materiality standard and held that the PTO would not have granted the patents-in-suit had Calcar disclosed the operational details of the prior art. In reaching this decision, the court noted that Calcar's patents would be obvious and thus not patentable in light of the prior art. The court also held that the district court did not commit clear error in determining that the "single reasonable inference" of the record was that Calcar's founder knew the undisclosed information was material and intentionally withheld that information from the PTO. The court reached this holding notwithstanding the jury's advisory verdict in 2008 that there was no inequitable conduct, because the district court was not bound by the jury's finding on a determination that is "inequitable in nature."

Judge Newman dissented, stating she would have held that there was no "but-for materiality" and no evidence of intent to deceive. In this case, the PTO reexamined the '497 patent and established that the undisclosed information was not material to patentability. Judge Newman considered this sufficient to determine that the undisclosed information was immaterial, and further argued that the majority failed to consider "the invention as a whole" when it *sua sponte* declared the patents obvious. Although immateriality would be sufficient to prevent a finding of inequitable conduct, Judge Newman further determined that there was no evidence of intent to deceive. She noted that the jury determination was of particular relevance to questions of credibility.

**Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.,**  
761 F.3d 1329 (Fed. Cir. Aug. 1, 2014)

In this patent infringement action involving data mediation software, the Federal Circuit reversed the district court's grant of summary judgment of noninfringement of all four patents-in-suit, holding the district court inappropriately construed certain patent claim terms and improperly resolved factual disputes in the moving party's favor. Judge Newman concurred in part and dissented in part, stating she would have affirmed the district court's grant of summary judgment for the fourth patent-in-suit.

Amdocs (Israel) Limited ("Amdocs") and Openet Telecom, Inc. ("Openet") compete in the market for data mediation software, which allows internet service providers to collect and compile records of their customers' network usage for tracking and billing



purposes. Amdocs alleged that Openet infringed four of its patents through the use of its FusionWorks Framework product: U.S. Patent Nos. 7,631,065 (the “’065 patent”), 7,412,510 (the “’510 patent”), 6,947,984 (the “’984 patent”), and 6,836,797 (the “’797 patent”). Openet argued that the accused product, which was contained on an installation CD, could not infringe the patents because it required additional supplemental software in order to perform data mediation functions. The district court granted Openet’s motion for summary judgment on all four patents, finding no genuine issues of material fact relating to infringement following claim construction.

The Federal Circuit affirmed in part and reversed in part the district court’s claim construction. The court affirmed the construction of the term “enhance” in the ’065 patent to mean “to apply a number of field enhancements in a distributed fashion,” relying on language in the specification of the ’065 patent repeatedly emphasizing the advantages of distributed enhancement of data. In adopting this limitation, the court rejected Amdocs’s argument for a broad construction of “enhance” based on the word’s plain meaning. The court also affirmed the construction of “completing” in the ’510 and ’984 patents because that construction incorporated the district court’s definition of “enhance.” However, the Federal Circuit reversed the district court’s decision to construe the term “represent” in the ’797 patent to require separate records for each of the services offered by the internet service providers. The court held that, because the specification contemplated a single record aggregating usage data across all services provided, a plain meaning interpretation was appropriate and the term therefore covered both separate records for each service provided and records of aggregated services.

The Federal Circuit also determined that the district court’s infringement analysis contained multiple reversible errors. The court reversed the decision to exclude Openet’s marketing presentations made to foreign entities, holding the evidence was relevant despite being extra-territorial activity because Openet conceded that the presentations were for the same products made and sold in the U.S. The district court also improperly resolved the dispute as to whether the accused product was operational without supplemental software by erroneously discounting Amdocs’ citations to Openet’s source code. The court emphasized that Amdocs did not have to identify the precise location of the allegedly infringing code in order to survive a motion for summary judgment, and even “inoperable” software may infringe. The court held that Amdocs’s documentary evidence, including that which was erroneously excluded or discounted by the district court, was sufficient to create a genuine issue of material fact as to whether Openet’s software infringed with regard to enhancement.

Judge Newman concurred in part and dissented in part. She agreed with the majority regarding the claim construction and rulings as to the ’065, ’510, and ’984 patents. However, she would have affirmed summary judgment of noninfringement of the ’797 patent for the reasons provided by the district court.



**Amgen Inc. v. Sandoz Inc.,**  
794 F.3d 1347 (Fed. Cir. Jul. 21, 2015)

The Federal Circuit addressed, for the first time, provisions of the Biologics Price Competition and Innovation Act (“BPCIA”) in this appeal. The Federal Circuit affirmed the district court’s dismissal of Amgen Inc.’s and Amgen Manufacturing Ltd.’s (collectively, “Amgen”) state law unfair competition and conversion claims, vacated the judgment on Sandoz’s counterclaims, directed the district court to enter judgment consistent with the court’s interpretation of the BPCIA, and remanded for further proceedings

The BPCIA provides a unique and elaborate process for patent-dispute resolution involving biosimilar applicants filing abbreviated biologics license application (“aBLA”) relying on prior approved biologics license applications (“BLA”). Under that process, the biosimilar applicant grants the reference product sponsor (“RPS”) confidential access to its aBLA and the manufacturing information regarding the biosimilar product no later than 20 days after the FDA accepts its application for review. The parties then exchange lists of patents for which they believe a claim of patent infringement could reasonably be asserted by the RPS, as well as their respective positions on infringement, validity, and enforceability of those patents. Following that exchange, which could take up to six months, the parties negotiate to formulate a list of patents (“listed patents”) that would be the subject of an immediate infringement action, and the RPS then sues the biosimilar applicant within 30 days. That information exchange and negotiation thus contemplates an immediate infringement action brought by the RPS based only on listed patents.

With regard to non-listed patents, the biosimilar applicant must, prior to commercial marketing, give the RPS at least 180 days advance notice to allow the RPS a period of time to seek a preliminary injunction. Finally, if the biosimilar applicant discloses the aBLA and manufacturing information then neither the RPS nor the applicant may bring a declaratory judgment action based on the non-listed patents prior to the date on which the RPS receives that notice of commercial marketing. Failure to comply with the disclosure requirements, however, permits the RPS (but not the biosimilar applicant) to seek declaratory relief.

The court first held that the applicant does not have to disclose its aBLA and manufacturing information regarding the biosimilar product. Although the statute states that the biosimilar applicant “shall” provide that information, there is also a statutory remedy for failure to disclose that information: the RPS may bring an infringement action. Thus “shall” does not mean “must” in this instance.

The Federal Circuit also determined that a biosimilar applicant must seek and receive FDA approval before providing advance notice of commercial marketing. The court noted that the statute states that the notice “shall” be provided before marketing the “licensed” product, and, had Congress intended to permit notice before FDA licensing, it could have stated that the product is “subject of” the biosimilar application, as it had done elsewhere. The court also held that the 180-day notice period—which unlike the

previously mentioned aBLA and manufacturing information disclosure—has no remedy for a violation and is therefore mandatory before commercial marketing because it uses the term “shall.”

Finally, the Federal Circuit affirmed the district court’s dismissal of the RPS’s claims for unjust enrichment and conversion in light of the court’s stay of the applicant’s biosimilar launch and because Sandoz did not violate the BPCIA by not disclosing its aBLA and manufacturing information.

Judge Newman concurred in part and dissented in part. She believes disclosure of the aBLA and manufacturing information is mandatory because the statute says “shall” and because of the lack of remedy for “method of making” claims. Judge Chen dissented in part, adding that the notice of commercial marketing is discretionary.

**Antares Pharma, Inc. v. Medac Pharma Inc.,**  
771 F.3d 1354 (Fed. Cir. Nov. 17, 2014)

The Federal Circuit invalidated a reissued patent because it did not satisfy the original patent requirement of 35 U.S.C. § 251. Antares, the patentee, reissued a patent for its medical injection device in an attempt to expand its claims beyond a jet injector. The court found that the original patent did not clearly describe an invention other than the jet injector and therefore the reissued patent was invalid. *Takeaway*: Clearly delineate potentially separable inventions in the patent specifications to preserve the ability to reissue the patent with that separate invention in the claims.

Antares was originally issued a patent for its medical injection device in which all of the claims were limited to “jet injection.” Antares had made that a defining feature of its patent application during the prosecution. Subsequently, Antares successfully reissued that patent with the jet injection limitation no longer included in the safety feature claims. Antares was already involved in an ongoing infringement suit with Medac over an injection device sold by Medac based on other patents when this patent was reissued. Antares added this claim to its suit and to its request for a preliminary injunction. The district court denied the injunction on the reissued patent based on the recapture rule, finding that Antares’ reissued patent was invalid because it extended beyond jet injection, which Antares had disclaimed during the original prosecution. Antares appealed the denial of the preliminary injunction.

On appeal, the Federal Circuit did not consider the recapture rule because it found that the reissued patent violated the original patent requirement of 35 U.S.C. § 251 based on the Supreme Court’s test in *Industrial Chemicals*. The *Industrial Chemicals* standard requires that the invention claimed in the reissued patent be clearly established in the specifications in the original patent. The claims in the original patent are not dispositive as they are what are being reissued; instead the specifications are the most relevant. The court emphasized that the intent of the patentee is not a significant factor, but that the analysis should be analogized to the written description requirement of § 112, which demands similar clarity in claiming the invention. Antares’s specifications in the original patent only described the jet injectors with the exception



of a single reference to an alternative safety mechanism. The court held that that single reference was merely a “suggestion” or “indication” of another invention and a much clearer disclosure of an alternative invention was required in the original specifications to satisfy the original patent test. The Federal Circuit found modified claims in the reissued patent to be invalid on that basis and affirmed the denial of the preliminary injunction for that patent.

**AntiCancer, Inc. v. Pfizer, Inc.,**  
769 F.3d 1323 (Fed. Cir. Oct. 20, 2014)

In this case, the Federal Circuit vacated the district court’s decision to impose a fee-shifting condition on a party as a requirement for allowing that party to supplement its Preliminary Infringement Contentions. *Takeaway:* The question of whether fee-shifting sanctions for supplementation of a filing under the Patent Local Rules is appropriate is a matter of discretion under the court’s inherent authority, not substantive patent law, and thus a district court must apply the law of the regional circuit, rather than Federal Circuit law.

In this litigation, AntiCancer sued Pfizer alleging, *inter alia*, that Pfizer infringed two of its patents. One patent describes a method of monitoring gene expression using fluorescent imaging, U.S. Patent No. 6,649,159 (the “’159 patent”). The second patent deals with a mouse model in a process whereby fragments of human tumors are implanted into the corresponding organs of a living mouse, U.S. Patent No. RE39,337 (’337 patent). Patent Local Rule 3.1 requires that—and specifies the extent to which—plaintiffs must lay out their theories of the alleged infringement within a short time following the initial case conference. In accordance with this rule, AntiCancer filed its “Disclosure of Asserted Claims and Preliminary Infringement Contentions” (“Contentions”). The district court found that the claim charts in the Contentions did not provide all of the information required by the Patent Local Rules, and specifically that three claim elements were deficient: the “promoter monitoring” and “delivering cells” elements of the ’159 patent, and the “metastasis to a second site” element of the ’337 patent. The district court allowed AntiCancer to supplement its Contentions, but on the condition that AntiCancer agreed to pay Pfizer’s fees and costs relating to the latter’s summary judgment motion. AntiCancer objected to the fee-shifting condition, and as a result the district court entered summary judgment of noninfringement and dismissed the case with prejudice. AntiCancer appealed the fee-shifting condition to the Federal Circuit, arguing that it was an unwarranted sanction and that the summary judgment based on the condition was thus improper.

The only issue on appeal was whether the district court abused its discretion in requiring AntiCancer to pay Pfizer’s attorney fees and costs as a condition to AntiCancer supplementing its Contentions. The panel noted that whether Federal Circuit or regional circuit law applies to issues arising under patent local rules depends on whether the issue is of substantive patent law or regional procedure. The district court’s determination that fee-shifting was an appropriate condition for supplementation was primarily a matter of discipline arising under the court’s inherent authority and was thus a matter of regional circuit law. The panel noted that under

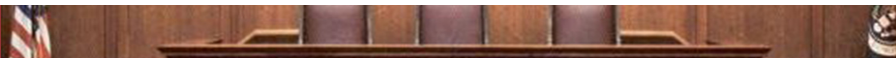
Ninth Circuit case law, a court is required to make an explicit finding of bad faith before imposing a sanction under its inherent authority. The panel also noted that the Patent Local Rules facilitate discovery and were written to accord with the discovery provided by the Federal Rules of Civil Procedure.

The panel then analyzed the three claim elements that the district court found deficient: “promoter monitoring,” “delivering cells,” and “metastasis to a second site.” Analyzing each claim element in turn, the panel held that there was no reasonable basis for finding bad faith regarding any of the elements. The panel thus held that the district court abused its discretion in imposing the fee sanction absent a finding of bad faith. In reaching this conclusion, the panel considered the language and purpose of the Local Rule, AntiCancer’s Contentions, and the district court’s limited criticisms of the sufficiency of these Contentions. The panel specifically cautioned that the Patent Local rules do not require that the Contentions include proof of direct infringement, and are rather merely meant to streamline discovery. Having found that the fee-shifting condition was an abuse of discretion, the Federal Circuit vacated both the condition and the summary judgment and remanded the case for further proceedings.

**Apotex Inc. v. Daiichi Sankyo, Inc.,**  
781 F.3d 1356 (Fed. Cir. Mar. 31, 2015)

In this Hatch-Waxman litigation, the Federal Circuit reversed the district court’s dismissal of Apotex, Inc.’s (“Apotex”) complaint for a declaratory judgment that Apotex will not infringe an Orange Book-listed patent owned but disclaimed by Daiichi Sankyo, Inc. and Daiichi Sankyo Co., Ltd. (“Daiichi”) if Apotex manufactures or sells a generic version of Daiichi’s Benicar®. The Federal Circuit also reversed the district court’s denial of Mylan Pharmaceuticals, Inc.’s (“Mylan”) motion to intervene. *Takeaway:* A sufficient controversy exists when a second filer of an Abbreviated New Drug Application (“ANDA”) seeks a declaratory judgment of noninfringement of an Orange Book-listed patent owned but disclaimed by the brand-name manufacturer. The second ANDA filer does not need to have tentative approval from the FDA prior to seeking a declaratory judgment of noninfringement.

Daiichi listed two patents in the Orange Book to cover Benicar®. The first, U.S. Patent No. 5,616,599 (the “’599 patent”) covers the active ingredient, olmesartan medoxomil, and expires on April 25, 2016. The second, U.S. Patent No. 6,878,703 (the “’703 patent”) covers the method of treatment and expires on November 19, 2021. Mylan filed an ANDA in April 2006, certifying that both patents were invalid or would not be infringed by Mylan’s generic. Daiichi subsequently disclaimed the ’703 patent and sued Mylan for infringing the ’599 patent. The district court upheld the validity of the ’599 patent and entered a judgment of infringement against Mylan, and the Federal Circuit affirmed. Accordingly, Mylan’s earliest date of market entry is October 25, 2016, six months after the expiration of date of the ’599 patent. In June 2012, Apotex filed its own ANDA and two certifications under 21 U.S.C. § 355(j)(2)(A)(vii). One was a paragraph III certification accepting the result of the Daiichi-Mylan litigation. The other was a paragraph IV certification stating that Apotex’s product



would not infringe the '703 patent. Apotex brought an action seeking a declaratory judgment that its product would not infringe the disclaimed, but still listed, '703 patent. Mylan moved to intervene, and both Mylan and Daiichi moved to dismiss Apotex's complaint. The district court granted Daiichi's motion to dismiss, reasoning that both Apotex and Daiichi no longer had a meaningful interest in the disclaimed patent. The district court also dismissed Mylan's motion to intervene as moot in light of its grant of Daiichi's dismissal motion.

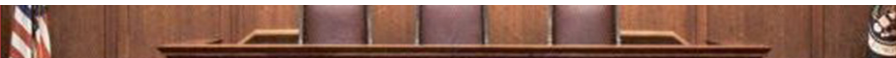
On appeal, the Federal Circuit first confirmed Mylan's right to intervene. The court reasoned that Apotex seeks to cause a forfeiture of Mylan's presumed market-exclusivity period, and that Mylan has a concrete interest in retaining such exclusivity—180 days of additional sales and higher prices than are likely when Apotex enters the market. The court explained that, although Daiichi likely benefits from the exclusivity period as well, Mylan's interest exists apart from that of Daiichi.

The Federal Circuit also reversed the district court's dismissal of Apotex's complaint for lack of a case or controversy. The Federal Circuit concluded that the immediate controversy satisfied the requirements set forth by the Supreme Court in *MedImmune*. The Federal Circuit rejected Daiichi's argument that its disclaimer of the '703 patent resulted in a lack of adversity between it and Apotex over stakes of a concrete character because Daiichi and Apotex were fighting over revenues to be earned through the sale of olmesartan medoxomil. The patent disclaimer eliminates only one of the potential barriers to Apotex's ability to make such sales sooner rather than later. The listing of the '703 patent, which prevents FDA approval during Mylan's presumptive exclusivity period, is another barrier, and the parties have adverse concrete interests in truncating or preserving that period. The Federal Circuit also rejected Daiichi's contention that the delayed entry of Apotex is not "fairly traceable to Daiichi." The court explained that a first filer's eligibility for market exclusivity depends on its ability to "lawfully maintain[]" a paragraph IV certification. Had Daiichi not listed the '703 patent in the Orange Book, the '599 patent would be the only listed patent, and Mylan would have no exclusivity period. Thus, the court concluded that Daiichi was responsible for Mylan's exclusivity rights. Furthermore, the Federal Circuit held that Apotex did not have to wait to obtain tentative FDA approval for its proposed drug to support an adjudication of its request for declaratory judgment. The court explained that Federal Circuit precedent and "the congressional judgment embodied in the Hatch-Waxman Amendments" make clear that "tentative approval of ANDA is generally not a precondition to the existence of a case or controversy concerning patents listed in the Orange Book." The court also concluded that tentative approval of Apotex's product was not too speculative to support jurisdiction.

**Apotex Inc. v. UCB, Inc.,**

763 F.3d 1354 (Fed. Cir. Aug. 15, 2014)

In this dispute involving the process for manufacturing hypertension medication, the Federal Circuit affirmed the judgment of the district court that a patent belonging to Apotex, Inc. ("Apotex") was unenforceable due to inequitable conduct. *Takeaway:* During prosecution, do not misrepresent prior art or other material facts to the PTO or



to experts who will later submit declarations to the PTO based on those misrepresentations.

Apotex accused two products manufactured by UCB, Inc. (“UCB”) of infringing Apotex’s U.S. Patent No. 6,767,556 (the “’556 patent”), which claimed a process for the manufacture of moexipril tablets involving reacting moexipril with an alkaline magnesium compound. UCB’s products were made in accordance with a process described in U.S. Patent No. 4,743,450 (the “’450 patent”), which was issued before the ’556 patent and is licensed by UCB from Warner-Lambert.

During prosecution of the ’556 patent, the Examiner rejected the pending claims on obviousness grounds three times. Appealing the final rejection to the Board, the Applicant submitted an expert declaration from Dr. Michael Lipp, restating the Applicant’s previous argument that the prior art did not disclose a reaction between moexipril and magnesium oxide, but merely an unreacted combination of the two. After a telephonic interview with the Examiner, the Applicant agreed to make certain amendments to the claims, and based, in part, on Dr. Lipp’s declaration, the Examiner allowed the claims.

The district court held a three-day bench trial on claim construction and UCB’s equitable defenses before a jury trial on infringement and invalidity would occur. The district court determined that Apotex’s patent was unenforceable on numerous grounds; relevant here was its determination that Dr. Sherman, the founder and chairman of Apotex and the sole inventor on the ’556 patent, committed inequitable conduct before the PTO. More specifically, the district court found that Dr. Sherman intentionally misrepresented the nature of the prior art before the PTO through his attorney’s arguments and an expert’s declaration. In fact, Dr. Sherman conceded during the trial that he had a “strong suspicion” that the prior art at issue was made according to the process claimed in the ’556 patent. The district court also found that Dr. Sherman intentionally withheld additional prior art, of which he was an inventor, from the PTO. The district court found that the misrepresentations were material to the prosecution of the ’556 patent application, and but for those misrepresentations, the claim would not have issued. In the alternative, the district court explained that Dr. Sherman’s egregious misconduct eliminated the necessity of a separate finding of but-for materiality. Finally, the district court concluded that Dr. Sherman intended to deceive the PTO.

The Federal Circuit affirmed the district court’s holding of unenforceability due to inequitable conduct. While noting that there is no duty to disclose suspicions or beliefs regarding prior art, the court emphasized that Dr. Sherman made affirmative misrepresentations of material facts before the PTO through his counsel and his expert. Because the Examiner had rejected the ’556 patent based on the prior art about which Dr. Sherman made these misrepresentations, the misconduct was but-for material to the patent’s eventual issuance. The court further noted that Dr. Sherman’s actions, at minimum, would come close to that which would justify a finding of inequitable conduct without but-for materiality—Dr. Sherman’s efforts to procure an expert declaration containing misrepresentations of material facts were “particularly



significant and inexcusable.” Finally, the court affirmed the district court’s finding of intent to deceive. Drawing a line between legitimate advocacy and misrepresentation of facts, the court called attention to Dr. Sherman’s admission that he never performed the experiments described in past tense in the patent application and his awareness that some of the assertions in the specification were misleading, if not inaccurate. The court agreed that the most reasonable inference to draw from the evidence was deceptive intent.

**Apple Inc. v. Samsung Elecs. Co.,**  
786 F.3d 983 (Fed. Cir. May 18, 2015)

In Samsung’s appeal of a jury verdict of patent infringement and dilution, the Federal Circuit addressed questions pertaining to trade dress, design patents, and utility patents. A jury found for Apple on all three types of claims, and the Federal Circuit affirmed the jury verdict with respect to the design patent claims and two of the utility patent claims, and also affirmed the damages assessed for those infringements. However, the court reversed the jury as to Apple’s trade dress claims, and vacated and remanded the findings and damages pertaining to that claim.

With regard to trade dress, the Federal Circuit accepted Samsung’s argument that Apple’s trade dresses held utilitarian functionality and were thus unprotectable. The court emphasized that “it is, and should be, more difficult to claim product configuration trade dress than other forms of trade dress.”

With regard to design patents, the Federal Circuit rejected all of Samsung’s arguments. The court held that the district court did not err in failing to exclude the “functional aspects of the design patents either in the claim construction or elsewhere in the infringement jury instructions.” Nor were the trial court’s jury instructions misleading because they specified that actual deception was not required. The Federal Circuit also rejected Samsung’s arguments that there was no substantial evidence of infringement, and that the district court had wrongly excluded certain testimony. Since § 289 of the Patent Act awards damages to the owner of an infringed design patent “to the extent of his total profit,” Apple’s damages from this portion of the verdict were substantial and the ceiling for such damages has become virtually limitless.

Finally, regarding the utility patents, the Federal Circuit rejected Samsung’s claim that the claim term “substantially centered” triggered indefiniteness. The court noted that Samsung had not pointed to any evidence that a skilled artisan would find the term to be lacking in reasonable scope. Moreover, the court disagreed with Samsung that the mere existence of a non-infringing substitute defeated causality and, consequently, made a lost profits award impossible.

**Aqua Shield v. Inter Pool Cover Team,**  
774 F.3d 766 (Fed. Cir. Dec. 22, 2014)

In this patent infringement action, the Federal Circuit vacated the district court’s determination that the actual profits earned during the period of infringement served as



a cap on royalties and remanded for redetermination. The court also vacated the district court's determination that the denial of the patentee's motion for a preliminary injunction was a legally sufficient reason for declaring that the infringer did not willfully infringe the patent, and remanded for a willfulness determination consistent with the two-prong test developed in *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007). *Takeaway*: Using actual profits earned during the period of infringement as a cap on royalties is inconsistent with the hypothetical negotiation determination for a reasonable royalty because it assumes that all companies are price-takers and could not have passed the cost of a higher royalty on to its customers; and a denial of a preliminary injunction that does not provide a substantial basis for doubting either infringement or validity is a legally insufficient reason for declaring that the alleged infringer did not willfully infringe the patent for purposes of 35 U.S.C. § 285.

Aqua Shield sued Inter Pool Cover Team ("IPC") for infringing on its patent for pool enclosures. The Eastern District of New York denied Aqua Shield's request for a preliminary injunction because Aqua Shield failed to show a likelihood of success on the merits and it was unclear as to whether there was personal jurisdiction over the defendants. The case was then transferred to the District of Utah, where, at the close of discovery, summary judgment was entered in favor of Aqua Shield regarding validity and an injunction was issued. The district court conducted a bench trial to determine the appropriate damages for infringement as well as whether IPC's infringement was willful. On the issue of damages, the district court found that IPC's net profit on infringing sales had been \$135,000. It then stated that, in a hypothetical negotiation occurring before the infringement, IPC would have been willing to pay a royalty of five percent of those net profits, but the court raised that figure to eight percent to reflect the *Georgia-Pacific* considerations that pointed toward a higher royalty. This, the district court concluded, gave Aqua Shield a reasonable royalty for its patent rights. As a result, Aqua Shield was awarded \$10,800 in damages. On the issue of willfulness, the district court, based solely on the denial of the preliminary injunction, held that IPC had a reasonable belief that its products were non-infringing, and denied Aqua Shield's motion for attorney's fees under 25 U.S.C. § 285. Aqua Shield appealed, challenging the royalty award methodology and the district court's finding that IPC did not willfully infringe Aqua Shield's patent.

First, the Federal Circuit acknowledged that the district court was correct in holding that profits earned during the period of infringement can be relevant to the reasonable royalty determination, but it held that the district court erred in its use of IPC's profit figures. The key inquiry in determining a reasonable royalty, the court stated, is the amount the infringing party, in a hypothetical pre-infringement negotiation, would have anticipated the profit-making potential of the use of the patented technology to be, compared to using non-infringing alternatives. In using IPC's actual profits during the infringement period to determine this amount, the court said, the district court wrongly assumed that any royalty paid by IPC would have directly reduced its profits, dollar for dollar. The district court failed to consider the possibility that IPC was not acting in a perfectly competitive market and could have raised its price if necessary to accommodate a higher royalty rate. That is, IPC would not have necessarily refused to pay a royalty rate higher than eight percent, because it may have had the ability to pass

the higher royalty onto its customers. As a result, the court vacated the district court's royalty determination and remanded, instructing the district court to reconsider the relevance of IPC's profits in the hypothetical negotiation inquiry.

Second, the Federal Circuit found that the district court incorrectly held the denial of a preliminary injunction to be determinative on the issue of willful infringement. In doing so, it noted that the preliminary injunction was denied because of personal-jurisdiction issues and because Aqua Shield lacked sufficient knowledge of IPC's product to make the required showing that it was likely to succeed on the merits. Neither of these factors spoke to the willfulness of IPC's infringement, and thus, the denial of Aqua Shield's motion for a preliminary injunction was a legally insufficient reason for declaring that IPC did not willfully infringe Aqua Shield's patent. As a result, the court vacated the district court's holding that IPC's infringement was not willful, and remanded, instructing the district court to determine whether IPC willfully infringed using the two-prong test set forth in *In re Seagate Technology, LLC*, 497 F.3d 1360 (Fed. Cir. 2007).

Finally, the Federal Circuit found that the district court did not err in refusing to consider one of IPC's pool-enclosure models—the Elegant model—from the calculation of IPC's total infringing sales. Aqua Shield's argument was that, in the summary judgment proceedings, it had asserted that an installation by IPC in Utah infringed on Aqua Shield's patent and that it was an Elegant model that was installed. But, while it found that the Utah installation infringed, the district court made no finding the Utah installation was an Elegant model and therefore it was not in error to refuse to include that model in the royalty determination.

**ArcelorMittal Fr. v. AK Steel Corp.,**  
786 F.3d 885 (Fed. Cir. May 12, 2015)

The Federal Circuit held that the lower court correctly applied the law-of-the-case doctrine and mandate rule to reissue claims that were impermissibly broadened under 35 U.S.C. § 251. *Takeaway:* The successful prosecution of an application for reissue does not constitute new evidence sufficient to trigger the extraordinary circumstances exception to the mandate rule and the law-of-the-case doctrine. A district court is, therefore, bound by a prior Federal Circuit claim construction in the same case regardless as to intervening decisions by the PTO that indicate the Federal Circuit's construction was too narrow.

ArcelorMittal Fr. ("Arcelor Mittal") sued AK Steel Corporation ("AK Steel") and others arguing that the defendants had infringed a patent relating to a specific type of steel sheet that has a "very high mechanical resistance" after thermal treatment. The district court interpreted the claim term "a very high mechanical resistance" to mean "a tensile strength greater than 1500 MPa." On appeal, the Federal Circuit affirmed the district court's interpretation of the claim term but reversed and remanded on other grounds. While the first appeal was pending, ArcelorMittal filed a reissue application in an effort to address the district court's unfavorable claim construction. The ensuing reissue patent comprised the same independent claim as the original patent plus a

number of dependent claims, including the following language: “[t]he coated steel sheet [...], wherein said mechanical resistance is in excess of 1000 MPa.” ArcelorMittal amended its complaint on remand to substitute in the reissue patent. AK Steel argued that claims based on the reissue patent “were invalid because they were impermissibly broadened in the reissue proceedings,” and moved for summary judgment. Summary judgment was granted, and ArcelorMittal appealed.

ArcelorMittal argued that, by issuing the reissue patent, the PTO demonstrated it believed the original claim term—“very high mechanical resistance”—was broader than previously interpreted. ArcelorMittal also argued that the PTO’s reissue of the patent constituted new evidence that would allow the district court to deviate from the Federal Circuit’s mandate and construction of the terms during the first appeal. The Federal Circuit disagreed, citing the law-of-the-case doctrine and the mandate rule. The Federal Circuit observed that courts may only deviate from decisions in prior appeals in rare cases characterized by “extraordinary circumstances.” Contrary to ArcelorMittal’s position, the issuance of a reissue patent was not “new evidence” constituting “extraordinary circumstances.” The court, therefore, affirmed the district court’s invalidity decision on all but two claims.

Regarding the final two claims of the reissue patent, the Federal Circuit noted that the district court improperly invalidated these two claims because the Court focused on whether the patent had been impermissibly broadened rather than undertaking a claim-by-claim analysis. The Federal Circuit noted that the final two claims remained within the scope of the original claims even though the reissued claims were not identical to those in the original patent. The Federal Circuit determined that the district court erred in invalidating the final two claims that were not impermissibly broadened upon reissue. The Federal Circuit remanded the case for reconsideration of the final two claims.

**Ariosa Diagnostics, Inc. v. Sequenom, Inc.,**  
788 F.3d 1371 (Fed. Cir. June 12, 2015)

The Federal Circuit affirmed the district court’s holding that a patent for isolating and testing cell-free fetal DNA (“cffDNA”) from the maternal plasma of a pregnant woman was ineligible under 35 U.S.C. § 101. *Takeaway:* Under *Mayo Collaborative Services v. Prometheus*, the application of a method to a newly discovered natural phenomenon is not eligible subject matter unless the method involves “new and useful” process steps that transform the subject matter into a patentable invention.

Appellant Sequenom, Inc. (“Sequenom”) discovered the existence of cffDNA in maternal blood plasma and used cffDNA to test for fetal abnormalities. Sequenom’s patent did not claim the discovery of cffDNA itself. Instead, Sequenom’s patent claimed a specific method for employing cffDNA, wherein the paternally inherited cffDNA is isolated from maternal cffDNA, amplified using well-known scientific techniques, and tested for various fetal characteristics. Ariosa Diagnostics, Inc. (“Ariosa”) sold fetal diagnostic tests that allegedly utilized the same procedures on cffDNA as Sequenom’s patent claimed. Ariosa and Sequenom filed cross motions for



summary judgment regarding eligibility under Section 101. The district court granted Ariosa's motion and held that Sequenom's patent claims were ineligible.

The Federal Circuit affirmed, agreeing with the district court that cffDNA is an ineligible natural phenomenon under Section 101 and that the methods used to detect and amplify cffDNA were well-understood at the time of filing. The court based its holding on the two-step framework for determining eligibility under Section 101 established in *Mayo*. First, the court concluded that because the method began with a natural phenomenon, maternal plasma, and ended with a natural phenomenon, paternally inherited cffDNA, the claims concerned a matter that was naturally occurring, and therefore ineligible, subject matter. Second, the court reasoned that because the method used to extract cffDNA from the plasma was not a "new and useful" process, but rather was a "well-understood and conventional" method used by doctors at the time of filing, the claims lacked an inventive concept that would transform the claimed natural phenomenon into an eligible invention.

Finally, the Federal Circuit rejected Sequenom's argument that the claims should be patentable under Section 101 because the uses of cffDNA in the patent were narrow and specific and, therefore, did not preempt all uses of the material. The court reasoned that, while preemption may signal patent ineligibility, a lack of complete preemption does not signal patent eligibility. The court stated that where a patent's claims are deemed ineligible under *Mayo*, preemption issues are fully addressed and rendered moot.

In his concurrence, Judge Linn agreed with the majority's invalidation of the patent only because he felt bound by the "sweeping language of the test set out in *Mayo*." Judge Linn distinguished *Mayo*'s facts from those of the current case and noted that *Mayo*'s holding would likely continue to produce unfortunate results in the future, as there was no reason in policy or statute to find appellant's patent ineligible absent *Mayo*'s binding precedent.

**Astrazeneca AB v. Apotex Corp.,**  
782 F.3d 1324 (Fed. Cir. Apr. 7, 2015)

In a case arising under the Hatch-Waxman Act, the Federal Circuit affirmed in part, reversed in part, and remanded the district court's damages award in a case involving patents related to pharmaceutical formulations containing omeprazole, the active ingredient in AstraZeneca AB's ("Astra") prescription drug, Prilosec®. While largely affirming a damages award of over \$70 million, the court reversed the district court's award of damages arising from Astra's post-expiration pediatric exclusivity period. *Takeaway*: Infringement damages are not available for generic sales during a brand drug's post-expiration period of pediatric exclusivity.

The Federal Circuit found no error in the district court's finding that a fifty-percent royalty on Apotex Corp's ("Apotex") gross margin was appropriate under a reasonable royalty theory of damages. Among other facts supporting a high royalty rate, the district court found that (1) a license to Apotex would have a high value because



Apotex was well-positioned to price its product below other generic entrants and take market share; (2) Apotex would have difficulty switching to a non-infringing product; and (3) other licenses, settlements, and settlement offers supported a high royalty rate.

The Federal Circuit rejected Apotex's argument that the district erred in considering the value of the product as a whole, rather than just the patented improvements, because the active ingredient of the formulation was known in the prior art. While acknowledging that the entire market value rule applies "when small elements of multi-component products are accused of infringement," the court held that "[t]his case does not fit [that] pattern." The court emphasized that "Astra's patents cover the infringing products as a whole, not a single component of a multi-component product. There is no unpatented or non-infringing feature of the product." However, the relative value of the invention remains important, as "courts must determine how to account for the relative value of the patentee's invention in comparison to the value of the conventional elements recited in the claim, standing alone." In this case, the Federal Circuit found no error in the district court's determination that the formulation claimed by the patents was what made the sale of the active ingredient commercially viable.

The Federal Circuit also held that Astra could not recover a royalty for Apotex's sales during Astra's period of post-expiration pediatric exclusivity. It reasoned that damages are only available in a patent case for patent infringement, and there can be no infringement once the patent expires. The court explained that "[t]he pediatric exclusivity period is not an extension of the term of the patent." Thus, even though a generic might be willing to agree to pay for a license during the pediatric exclusivity period, damages for this period are unavailable because the patent had expired and the Hatch-Waxman Act provides no other damages remedy for sales during this period.

**Automated Merch. Sys., Inc. v. Lee,**  
782 F.3d 1376 (Fed. Cir. Apr. 10, 2015)

After entering into a consent judgment with Crane Co. over four patents, Automated Merchandising Systems, Inc. ("AMS") petitioned the United States Patent and Trademark Office ("PTO") to terminate the four pending *inter partes* reexaminations relating to the settled patent claims. The PTO denied the petition, and AMS brought suit to challenge this decision under 35 U.S.C. § 317(b), arguing that the settlement was a final decision and an *inter partes* reexamination could not be maintained. The Eastern District of Virginia upheld the PTO's denial to terminate the *inter partes* reexaminations under § 317(b), determining that the settlement did not act as a final decision as to the patents' validity but merely as a stipulation to their validity.

The Federal Circuit affirmed the district court's ruling, but not on the grounds that § 317(b) was inapplicable. The court determined that the PTO's decision itself was not reviewable by the court under the Administrative Procedure Act ("APA"). Although the issue of a "final agency action" was not raised at the district court level, the Federal Circuit allowed the issue to be raised in the appellate proceeding. Whether the refusal to terminate a PTO proceeding could be reviewed was a question of public concern, and both parties had been given the opportunity to brief the question.



Under the APA, only final agency actions are reviewable by the judiciary. The court noted that two requirements must be met for an action to be considered final: (1) the action must be the “consummation” of the agency’s process, and (2) the action must be determinative of rights or obligations. The refusal to terminate a review did not meet either of these criteria. A review is interlocutory in nature and the PTO’s final decision could moot any controversy. Additionally, the decision to continue the reexaminations did not grant or eliminate any legal patent rights. If AMS were to receive a ruling against its interest, it could then pursue a suit in court. Subsequently, the court noted that neither mandamus nor declaratory relief were appropriate in this case. The Federal Circuit affirmed the grant of summary judgment in favor of the PTO.

The Honorable Jeremy Fogel, District Judge, United States District Court for the Northern District of California, took part in the majority opinion.

**Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs.,**  
776 F.3d 837 (Fed. Cir. Jan. 13, 2015)

The Federal Circuit affirmed the district court’s holding that a corporation that held an “exclusive license” to a patent had standing to sue for its infringement. The court also affirmed, but split on the issue, the district court’s holding that the infringer willfully infringed the patent. While Judge Prost upheld the district court’s ruling, Judge Hughes issued a concurring opinion, urging the court to reassess its *de novo* review of willfulness determinations, arguing that trial courts are in a better position to decide the issue. Judge Newman dissented, asserting that the infringer’s defense was reasonable and thus his infringement was not willful.

In 1980, Dr. Goldfarb, the inventor and original assignee of the application that led to U.S. Patent. No. 6,436,135 (the “’135 patent”), entered into a license agreement with Bard, Inc. involving the application for the ’135 patent and any patents that might ensue. In 1996, Bard, Inc. transferred its interest in the 1980 agreement to a newly acquired, wholly owned subsidiary, Bard Peripheral Vascular (“BPV”). In 2003, BPV and Goldfarb sued Gore for infringement of the ’135 patent. Appealing the district court’s finding that BPV had standing to sue, Gore argued that only Bard Inc. had standing to sue because there was no evidence of a written instrument effecting the transfer of interest to BPV. The Federal Circuit, however, rejected this argument and noted that while applications for patents must be assigned in an instrument in writing, there was no contention here that Bard assigned all of its rights to the patent to BPV. Instead, Bard only assigned BPV an exclusive license with a right to sue for infringement, and it is well established that the grant of a *license* does not need to be in writing.

The court then addressed the issue of willfulness. The majority reviewed the willfulness determination *de novo* and applied the *In re Seagate Technology, LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) standard which requires the patentee to establish that the accused infringer’s defenses are not objectively reasonable. Gore asserted an inventorship defense—that one of its employees supplied the particular tubing that Goldfarb used in making his successful vascular graft. However, the court noted that a



co-inventorship defense requires some aspect of joint work or communication between the inventor and the alleged co-inventor. The record was clear, however, that the mere presence of the tubing was not key to making the graft successful, but rather it was the specific dimensions of the tubing that was pivotal to the graft's success, which Goldfarb developed independently and for which there was no evidence of collaboration between Goldfarb and Gore's employee. Since previous courts had ruled against Gore after he asserted this very same argument, the court found that Gore's claim to joint inventorship was not objectively reasonable.

Judge Hughes issued a concurring opinion, agreeing that under *de novo* review, the district court's ruling should be affirmed, but urging the court to revisit its willfulness jurisprudence in light of the recent Supreme Court decisions in *Highmark Inc. v. Allcare Health Management System, Inc.* 134 S. Ct. 1744 (2014), and *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), which call into question both *Seagate's* two part willfulness test, as well as the *de novo* review for determining willfulness. Judge Hughes urged that a more deferential standard of review is more appropriate to questions of willfulness, as the district judge, the one who heard all of the evidence at trial, is best positioned to make this determination.

Judge Newman dissented, arguing that Gore's defense was objectively reasonable. Judge Newman argued that the majority did not undertake the required *de novo* review, but instead determined whether the district court's finding could be supported by substantial evidence. A true *de novo* review, Judge Newman asserted, would make it clear that Gore's defense was objectively reasonable.

**Benefit Funding Sys. LLC v. Advance Am. Cash Advance Ctrs., Inc.,**  
767 F.3d 1383 (Fed. Cir. Sept. 25, 2014)

The Federal Circuit affirmed the district court's stay of a patent infringement proceeding pending the Patent Trial and Appeal Board's ("PTAB") covered business method ("CBM") review of the asserted claims. The court held that the appellants' only argument against the stay constituted an impermissible collateral attack on the PTAB's authority to conduct CBM review.

Patentees sued several companies alleging that they infringed a patent which covers a "system and method for enabling beneficiaries of retirement benefits to convert future benefits into current resources." One of the alleged infringers subsequently filed a petition with the PTAB for post-grant review of the asserted claims. The PTAB instituted the review on the basis of subject matter eligibility, holding that it was "more likely than not that the challenged claims are unpatentable." The district court then granted a motion to stay proceedings pending PTAB review, and the patentees filed an interlocutory appeal to the Federal Circuit.

The Federal Circuit affirmed the order to stay proceedings, holding that the district court properly considered the four factors in § 18(b) of the America Invents Act governing stays pending the resolution of a CBM review: (1) whether a stay will simplify the issues in question; (2) whether discovery is complete and a trial date is set;

(3) whether a stay would unduly prejudice the nonmoving party or present a clear tactical advantage to the moving party; and (4) whether a stay would reduce the burden of litigation. The court held that the appellants' sole argument against a stay—that the PTAB is not authorized to conduct a review on subject matter eligibility grounds—was an impermissible collateral attack. The Federal Circuit reaffirmed its position that during stay determinations, district courts should not review the PTAB's decision to institute a CBM review. Having rejected this collateral attack, the court noted that regardless of the outcome of the CBM review process, it would simplify the litigation. On that basis, the district court could find that the first and fourth factor weighed in favor of a stay. The court held granting a stay based on these factors was not an abuse of discretion because the patentees presented no arguments that the second and third factors weighed against a stay.

The court expressly declined to consider the merits of the patentees argument that subject matter eligibility is not a valid ground for CBM review.

**Biogen MA, Inc. v. Japanese Found. for Cancer Research,**  
785 F.3d 648 (Fed. Cir. May 7, 2015)

In *Biogen MA, Inc. v. Japanese Found. for Cancer Research*, the Federal Circuit determined that only it may hear appeals from declarations of interference if the declarations were filed after September 15, 2012. *Biogen* concerned the third in a series of interferences between patent applicants whose patents were owned by the named parties. Biogen's patent applicant, Fiers, had lost the first two interference declarations related to human fibroblast interferon ("hFIF") proteins, and had filed a third declaration in 2013. The Patent Trial and Appeal Board ("PTAB") held that Fiers was estopped from establishing patent priority in the third interference because he had not sufficiently distinguished the subject matter of the third interference from those of the earlier interferences. PTAB eventually held that Fiers had failed his burden by not showing patentable distinctness and entered judgment in favor of the Japanese Foundation for Cancer Research's applicant, Sugano.

Biogen appealed PTAB's decision in the District of Massachusetts. However, the district court transferred the case to the Federal Circuit because it found that it lacked subject matter jurisdiction under the post-America Invents Act ("AIA") version of 35 U.S.C. § 146. The Federal Circuit affirmed the lower court's finding that the AIA eliminated district court jurisdiction over interferences declared after September 15, 2012.

**Biosig Instruments, Inc. v. Nautilus, Inc.,**  
783 F.3d 1374 (Fed. Cir. Apr. 27, 2015)

On remand from the Supreme Court, the Federal Circuit was tasked in this case to determine the definiteness of a patent under the newly minted indefiniteness standard: "a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with *reasonable certainty* those skilled in the art about the scope of the invention."



In this case, Biosig Instruments, Inc. (“Biosig Instruments”) brought suit for patent infringement against Nautilus for a heart rate monitor device intended for mounting on an exercise machine. The patent purported to be an improved design by eliminating the “noise” of electromyogram (“EMG”) signals from the electrocardiograph (“ECG”) signals that are used to detect a person’s heart rate. The patent had language saying that the electrodes should be “in spaced relationship” with each other. The district court found this language made the patent invalid for indefiniteness. The Federal Circuit then reversed this decision, stating that “a claim is indefinite only when it is ‘not amenable to construction’ or ‘insolubly ambiguous.’” The Supreme Court later reviewed the Federal Circuit’s opinion, and subsequently rejected the “insolubly ambiguous” standard, vacating the opinion and remanding the case to the Federal Circuit to reevaluate the indefiniteness question under a new “reasonable certainty” standard.

While clarity and precision are necessary in a patent, the Federal Circuit held that the law does not require unreasonable certainty in language. Indefiniteness cannot be found where “a person of ordinary skill in the art, with the aid of specification, would understand what is claimed.” The Supreme Court had merely replaced the “unreliable compass of ‘insoluble ambiguity’” with the “bright star of ‘reasonable certainty’.”

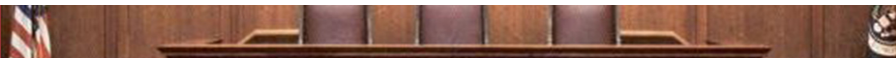
In looking at the Biosig Instruments patent, the court held that the patent claims informed those skilled in the art with reasonable certainty about the scope of the invention. Looking at intrinsic evidence, a skilled person could determine that the electrodes should be spaced no wider than the width of a user’s hand and not so infinitesimally small as would mix EMG and ECG signals. Though no actual parameters are laid out by the patent, the illustrations and specifications provided sufficient clarity. In fact, upon reexamination, a PTO examiner had found that the “spaced relationship” element of the patent was crucial to overcoming a prior art allegation. The patent inventor also presented evidence that a skilled artisan would be able to calculate the exact spatial relationship in which the EMG signals would be substantially removed from the ECG signals.

Using the Supreme Court’s “reasonable certainty” standard, the Federal Circuit held that a skilled artisan would understand the inherent parameters of the invention as provided by the intrinsic evidence. The court then reversed and remanded the determination of indefiniteness under Section 112, leaving the question of patent infringement to the district court.

**buySAFE, Inc. v. Google, Inc.,**  
765 F.3d 1350 (Fed. Cir. Sept. 3, 2014)

The Federal Circuit affirmed the district court’s finding that a patent directed towards a method for establishing third-party guarantees of online transactions was invalid because the patent’s subject matter was an abstract idea.

buySAFE, Inc. sued Google Inc. alleging infringement of U.S. Patent No. 7,644,019, which claimed methods for establishing third-party guarantees of performance for



transactions executed online. The district court granted Google's motion for judgment on the pleadings, finding that the patent was directed toward an abstract idea and therefore invalid. The district court noted that a third-party guarantee of a sales transaction is a "well-known, and widely understood concept." Further, the district court found the computer disclosed in the claims was merely used for processing and so did not transform the abstract idea into a valid patent. buySAFE appealed.

The Federal Circuit affirmed based on the two-step analysis established in *Alice Corp. Pty. v. CLS Bank International*, 134 S. Ct. 2347 (2014), and *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012). Notably, the court characterized the second step of this analysis as requiring additional elements that supply an inventive concept "in the physical realm of things and acts" so the patent is "significantly more" than the ineligible abstract concept. The court stated that the creation of a contractual relationship through a transaction performance guaranty was clearly a well-established abstract idea. The addition of a computer to the process, moreover, was not the addition of an inventive concept according to the court. The patent claims made clear that the computer's role was limited to receiving and sending information. In reaching this holding, the court emphasized that "the recognition that the formation or manipulation of economic relations may involve an abstract idea does not amount to creation of a business-method exception."

**Cadence Pharm. Inc. v. Exela PharmSci Inc.,**  
780 F.3d 1364 (Fed. Cir. Mar. 23, 2015)

In this Hatch-Waxman litigation concerning the branded drug Ofirmev®, the Federal Circuit affirmed the district court's infringement, nonobviousness, and claim-construction determinations in favor of the patentee. *Takeaway:* In deciding infringement and claim-construction disputes, a court will give great weight to a claim's plain and ordinary meaning, departing therefrom only when the patentee makes a clear and unmistakable disavowal elsewhere in the intrinsic record (*e.g.*, specification or prosecution history).

At issue were Cadence's composition and method patents relating to the drug Ofirmev®, a liquid injectable pharmaceutical. Seeking to market a generic version of the drug, Exela asserted that Cadence's two patents were invalid and not infringed. The district court resolved all issues in favor of Cadence, holding the patents both valid and infringed. Exela appealed.

Turning first to the composition patent, the court explained that infringement turned solely on claim construction and, specifically, on the meaning of the term "buffering agent." Exela's proposed construction imported limitations from embodiments described in the specification. The court rejected Exela's construction, reasoning that there was "nothing in the intrinsic record to warrant adding requirements" to the plain meaning of the term. With this construction, the court affirmed the district court's finding of literal infringement on the composition claim.

The court then considered whether Exela infringed Cadence’s method patent under the doctrine of equivalents. While both Exela and Cadence deoxygenated the solution, Cadence’s method deoxygenated after adding the active ingredient, while Exela’s method did so before. Assessing the district court’s factual finding that the timing of deoxygenation has no impact on the stability of the final product, the Federal Circuit found no clear error and affirmed the finding of infringement. The court also rejected Exela’s contention that deoxygenating before adding the active ingredient is the antithesis of adding it after, and that such a change vitiates the claimed limitation. The court explained that vitiation is not a “threshold determination that forecloses resort to the doctrine of equivalents, but rather a legal conclusion based on the evidence presented.”

Next, the court affirmed the district court’s claim construction related to the method patent. Exela argued that the phrase “optionally topped with an inert gas . . . and placed in a closed container (the ‘vacuum stoppering step’)” made the vacuum stoppering step mandatory. In other words, Exela claimed that the “and” was disjunctive, meaning that “optionally” modified only to the first clause of the sentence. Since its method did not include the vacuum stoppering step, Exela argued that it did not infringe. The court disagreed, explaining that the plain and ordinary meaning of the phrase would include a conjunctive reading of the word “and,” and thus apply “optionally” to both clauses. Furthermore, the court explained that the patent’s prosecution history did not provide the clear and unmistakable disavowal that is necessary to depart from the claim’s plain and ordinary meaning.

Lastly, the court affirmed the district court’s finding that Cadence’s method of stabilization through deoxygenation was nonobvious. While the prior art also used deoxygenation in a stabilization process, those references related to stabilizing a compound that primarily degraded through oxidation. The compound in Ofirmev®, on the other hand, primarily degraded through hydrolysis. Thus, attempting to stabilize the Ofirmev® compound through deoxygenation would not have been obvious. The court also factored in secondary considerations to its finding of nonobviousness; specifically, Ofirmev’s® unexpected results, commercial success, and subsequent licensing were all probative of nonobviousness.

**Celgard, LLC v. SK Innovation Co.,**  
792 F.3d 1373 (Fed. Cir. July 6, 2015)

In an appeal affirming the dismissal of a suit against a foreign component manufacturer for lack of personal jurisdiction, the Federal Circuit held that to establish personal jurisdiction under a purposeful direction or a stream-of-commerce theory, respectively, a patentee must make a *prima facie* showing that the distributors of an infringing instrumentality operated as *alter egos* or agents of the accused infringer, or that the accused infringer was aware that its products were marketed in the forum states.

Celgard LLC (“Celgard”) sued SK Innovation Company (“SKI”) in the Western District of North Carolina for infringing U.S. Patent No. 6,432,586 (the “’586 patent”). Celgard’s patent is directed to separator technology that helps prevent



electrical shorting, and SKI is a manufacturer of separators for use in lithium ion batteries with its principal place of business in Seoul, Korea.

To establish personal jurisdiction, Celgard argued that SKI purposefully directed its activities at the forum state through sales and offers for sale of its accused separators to residents of North Carolina. Celgard also argued that jurisdiction was proper under a stream-of-commerce jurisdictional theory, based on alleged sales by SKI to third-party manufacturers of consumer electronic devices who, in turn, offer the devices for sale in North Carolina. The district judge dismissed the case for lack of personal jurisdiction, and Celgard appealed.

The Federal Circuit first addressed Celgard's purposeful direction theory and explained that there was no evidence in the record that SKI had purposely directed its activities toward the forum state. The only remaining question was whether personal jurisdiction could be established through an *alter ego* or agency theory. The court rejected Celgard's argument that SKI's joint venture with KMC, the Korean-based parent company of Kia Motors of America ("KMA"), was sufficient to establish a chain of imputation linking SKI to KMA's dealers who marketed a Kia automobile using SKI separators in North Carolina. Ultimately, the court found that the dealers' actions were unilateral acts of third parties and thus insufficient to establish jurisdiction over SKI.

The court also rejected Celgard's stream-of-commerce theory. Relying on *Asahi Metal*, in which Justice Brennan explained that "due process is satisfied when the defendant places a product into a stream of commerce while being aware that the final product is being marketed in the forum state," the court held that jurisdiction was lacking because Celgard did not provide evidence that SKI was aware that its accused separators were marketed in North Carolina.

**Circuit Check Inc. v. QXQ Inc.,**  
795 F.3d 1311 (Fed. Cir. Jul. 28, 2015)

Reversing the district court's judgment as a matter of law of invalidity due to obviousness, the Federal Circuit determined that the jury's verdict of not invalid was supported by substantial evidence. *Takeaway:* Analogous art, even if in the common knowledge of lay people, must be where an inventor would look to solve the particular problem at hand.

Circuit Check Inc. asserted that QXQ Inc. infringed its patents related to marking interface plates. Prior to trial, QXQ stipulated to infringement and that three references describing interface plate marking techniques were prior art to the patents, but that these references did not disclose an interface plate comprising the following limitation: "a second removable indicia overlying said first predetermined indicia ... wherein said second indicia is removed from areas of said plate adjacent each of said predetermined holes." At trial, QXQ argued that three additional references—rock carvings, engraved signage, and a machining technique known as Prussian Blue, disclose that limitation and constitute analogous prior art. Circuit Check argued that the references were not



analogous. The jury found the asserted claims of Circuit Check’s patents not invalid for obviousness and also found that infringement was willful and awarded damages.

After the verdict, QXQ filed a motion for judgment as a matter of law that the asserted claims are invalid as obvious, which the district court granted. The district court stated that QXQ’s “obviousness argument is not premised on citing specific examples of prior art in the applicable field, nor does it rely on nuanced discussion about the level of ordinary skill in that particular field.” It found that although there was no doubt that rock carvings “are not technically pertinent to the ‘field’ of circuit testers,” and “witnesses credibly testified that Prussian Blue dye had not been used on alignment plates,” “any layman” would have understood that interface plates could be marked using the techniques described in the disputed prior art, and that “any vandal who has ‘keyed’ a car knows that stripping the paint with a key will result in the underlying metal color showing through.” Finally, the district court found that none of the objective considerations of nonobviousness affected its conclusion that the asserted claims would have been obvious.

The Federal Circuit reversed. The Federal Circuit held that the jury, by finding the claims nonobvious, presumably found that the disputed prior art was not analogous (a question of fact) and supported by substantial evidence. The court noted that the jury heard testimony that a person of ordinary skill in the art would not have thought about rock carvings, engraved signage, or Prussian Blue in considering how to mark interface plates—and the court rejected the court’s analogy to keying a car. The Federal Circuit reasoned that an “alleged infringer should not be able to transform all systems and methods within the common knowledge into analogous prior art simply by stating that anyone would have known of such a system or method.”

Regarding the legal conclusion of obviousness, the Federal Circuit held that the jury’s presumed findings regarding the scope and content of the prior art, differences between the claimed invention and the stipulated prior art, and objective considerations of nonobviousness were also supported by substantial evidence. Under these circumstances, a reasonable jury could have concluded that the subject matter as a whole would not have been obvious at the time of the invention.

The Federal Circuit, finding that the jury verdict was supported by substantial evidence, reversed the district court’s grant of judgment as a matter of law and remanded for further proceedings.

**Classen Immunotherapies, Inc. v. Elan Pharm., Inc.,**  
786 F.3d 892 (Fed. Cir. May 13, 2015)

The Federal Circuit clarified the scope of the safe harbor provision of the Hatch-Waxman Act (35 U.S.C. § 271(e)(1)). *Takeaway:* The safe harbor provision of § 271(e)(1) applies to post-approval scientific studies and clinical trials, and the submission of the resulting data to the Food and Drug Administration (“FDA”) to support a citizen petition and supplemental new drug application (“sNDA”).

Classen owned U.S. Patent No. 6,584,472 (the “472 patent”), which related to a method for “accessing and analyzing data on a commercially available drug to identify a new use of that drug, and then commercializing that new use.” Elan had filed a new drug application (“NDA”) for Metaxalone, a muscle relaxant that it marketed under the name Skelaxin. Elan later filed a sNDA after conducting tests that showed the bioavailability of Skelaxin was significantly increased when it was administered with food. Classen claimed that Elan infringed the ’472 patent when it studied the effects of food on bioavailability, employed the information to identify a new use, and commercialized the new use. Elan responded that these activities were protected under the safe harbor provision.

The Federal Circuit agreed with Elan, observing that Elan developed the information in order to submit it to the FDA and change Skelaxin’s product label. That purpose was well within the scope of the safe harbor provision, which protects the making, using, offering to sell, or sale of patented inventions “solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.” 35 U.S.C. § 271(e)(1).

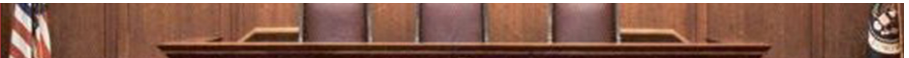
However, the ’472 patent also included “kit claims” dependent on the method claims. The kit claims protected any “proprietary kit comprising (i) product and (ii) documentation notifying a user of the product of at least one new adverse event relating to the product, wherein determination of the new adverse event is based upon the data provided by the [claimed] method.” The Federal Circuit recognized that the district court had not analyzed Elan’s post-submission activities to determine whether those activities constituted infringement. Rather than decide the post-submission infringement issue, the Federal Circuit vacated the judgment of noninfringement and remanded the case to the district court.

The Federal Circuit instructed the district court that filing a patent application and placing information submitted to the FDA on a product label after sNDA-approval generally are not acts that infringe on a patent because it is not commercializing an invention and because information obtained from exempt activities does not cease to be exempt once the sNDA is approved.

The Honorable Rodney Gilstrap sat by designation as the third member of the panel.

**Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.,**  
776 F.3d 1343 (Fed. Cir. Dec. 23, 2014)

In this patent infringement action, the Federal Circuit concluded that the patent owner’s claims were patent ineligible under 35 U.S.C. § 101 because the claims were drawn to abstract ideas, and affirmed the district court’s dismissal. The court also affirmed the dismissal of Diebold’s “tortious interference” and RICO claims because the filing of suit by the patentee was not “sham litigation” and thus was shielded from liability by the *Noerr-Pennington* doctrine.



Content Extraction & Transmission (“CET”) sued Wells Fargo and PNC Financial Services Group, alleging the check deposit software utilized by their ATMs infringed CET’s patents—U.S. Patent Nos. 5,258,855 (the “’855 patent”), 5,369,508 (the “’508 patent”), 5,625,465 (the “’465 patent”), and 5,768,416 (the “’416 patent”)—disclosing a method to scan and digitize documents, recognize information in the extracted data, and store that information in memory. Diebold, the manufacturer of the ATMs used by PNC and Wells Fargo, filed an action against CET seeking a declaratory judgment that its ATMs did not infringe on CET’s patents and that CET’s patents were invalid. Diebold also alleged that CET’s baseless lawsuits were tortious interference and a violation of the RICO Act. PNC moved to dismiss CET’s claim, arguing that the asserted patents were patent-ineligible under 35 U.S.C. § 101. The district court found that all of CET’s asserted claims were invalid as patent-ineligible, and dismissed CET’s complaints against both PNC and Wells Fargo.

On appeal, the Federal Circuit followed the two-step framework derived from *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012) and *Alice Corp. Pty v. CLS Bank International*, 134 S. Ct. 2347 (2014), to determine whether CET’s claims were patent ineligible under § 101. As to the first step, the court held that CET’s claims were drawn to the abstract idea of 1) collecting data, 2) recognizing certain data within the collected data set, and 3) storing that recognized data in memory. The concept of data collection, recognition, and storage, the court held, was “undisputedly well-known.” Further, it made no difference that CET’s claims require a scanner and that human minds are unable to process and recognize the stream of output by a scanner. The claims at issue in *Alice* also required a computer that processed streams of output, but nevertheless were held to be abstract and patent ineligible.

As to the second step, the Federal Circuit agreed with the district court that the asserted patents contained no limitations that transformed the otherwise abstract idea of data collection into a patent-eligible application. CET’s concept of using a scanner to recognize and store specific data fields such as check amounts, addresses, and dates was not an “inventive concept”—rather, it was merely an attempt to limit the abstract idea of recognizing and storing information to a particular technological environment, and such a limitation was held in *Alice* to be insufficient to save a claim in this context.

The Federal Circuit then addressed the question of whether the statutory presumption of patent validity required the district court to individually address every one of the patentee’s claims. The court held that since all of the claims were “substantially similar and linked to the same abstract idea,” claim 1 of the ’855 patent and claim 1 of the ’416 patent were representative and the district court was not required to consider each claim individually. All of the additional limitations in the remaining claims asserted by CET merely recited “well-known, routine, and conventional functions of scanners and computers.”

Next, the court addressed CET’s argument that the district court erred by declaring its claims patent-ineligible under § 101 at the pleading stage without first construing the claims or allowing the parties to conduct fact discovery. The court held that claim

construction is not an inviolable prerequisite to a validity determination under § 101. Even when construing CET's claims in a manner most favorable to CET, none of them amounted to "significantly more" than the abstract idea of extracting and storing information.

As to the district court's dismissal of the tortious interference and RICO violation claims against CET, the Federal Circuit agreed with the district court that the *Noerr-Pennington* doctrine immunized CET from any such claims. To overcome the well-established presumption of immunity the plaintiff must establish that the defendant's instigation of litigation was merely a "sham," which, under *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49, 80 (1993), requires that the plaintiff show both that the litigation was objectively baseless and that the defendant subjectively intended to harm the plaintiff through the abuse of a governmental process. The Federal Circuit concluded that CET's infringement suits were not objectively baseless because the state of the law of § 101 was deeply uncertain at the time CET filed its complaints against Wells Fargo and PNC. The court did not need to reach the question of CET's subjective intent.

**Daiichi Sankyo Cov. Lee,**  
791 F.3d 1373 (Fed. Cir. July 2, 2015)

In this appeal, the Federal Circuit upheld the United States Patent and Trademark Office's ("PTO") Interim Procedure for requesting a patent term adjustment, including a 180-day cutoff date for review petitions. The PTO adopted the procedure in view of *Wyeth v. Kappos*, in which the court upheld a district court decision rejecting the PTO's pre-*Wyeth* calculation method for adjustments, which was prone to erroneously discounting delays attributable to the PTO.

Shortly after the *Wyeth* district court decision, Daiichi filed petitions requesting reconsideration of the patent term adjustments for two of its patents whose terms were calculated using the pre-*Wyeth* method, but the PTO denied the petitions because they were filed more than 180 days from the patents' issue dates. Arguing that the *Wyeth* district court decision constituted an "extraordinary situation," Daiichi requested a waiver of the regulatory filing date requirement but was once again denied. The PTO explained that it believed 180 days to be the "outer limit" of its authority to conduct an administrative review because 35 U.S.C. § 154(b)(4) allowed the same amount of time for a patentee to bring an action against the Director of the PTO in district court. Daiichi went on to challenge the PTO's determination in district court but lost on summary judgment.

On appeal, the court held that the PTO had not erroneously interpreted the law and had acted within its discretion under 35 U.S.C. § 154(b)(3) to "prescribe regulations establishing procedures for the . . . determination of patent term adjustments," in adopting the 180-day period as part of the Interim Procedure. The PTO also acted within its discretion in denying Daiichi's requests for reconsideration of the patent term adjustment determinations for failing to comply with the 180-day filing cutoff requirement. The court explained further, that "[t]he PTO's conclusion that its



authority to conduct administrative reviews extends no further than the period for judicial review is . . . consistent with the statute, which expressly authorizes the PTO to make regulations governing the procedures of patent term adjustment reconsiderations.”

The court also rejected Daiichi’s argument that the PTO’s treatment of patents issued before August 5, 2009 (180 days from the adoption of the Interim Procedure) was disparate, agreeing with the government that Daiichi did not stand on the same ground as all patent holders but rather on the same ground as all patent holders with patents issued prior to the cutoff date—because the PTO denied all similar requests, it “acted consistently with respect to similarly situated patentees.”

**DDR Holdings, LLC v. Hotels.com, L.P.,**  
773 F.3d 1245 (Fed. Cir. Dec. 5, 2014)

In a case involving alleged infringement of patents directed to systems and methods of generating a composite web page that combines certain visual elements of a “host” website with content of a third-party merchant, the Federal Circuit addressed U.S. Patent Nos. 7,818,399 (the “’399 patent”) and 6,993,572 (the “’572 patent”). The Federal Circuit affirmed the district court’s denial of defendant-appellant NLG’s motions for JMOL of noninfringement and invalidity of the ’399 patent. Specifically, the court found that the asserted claims were not so abstract as to render them invalid for failing to claim patentable subject matter. However, because the court concluded that the ’572 patent was anticipated as a matter of law, the court reversed and remanded the district court’s denial of JMOL on the validity of the ’572 patent and the jury’s damages award. *Takeaway*: This case is significant for its post-*Alice* finding of patentable subject matter regarding a software patent.

The ’572 and ’399 patents describe a system that, after a visitor has activated a hyperlink for a third-party merchant advertisement on a host website, generates and directs the visitor to a composite web page that displays product information from the third-party merchant, but retains the host website’s “look and feel.”

On appeal from the district court’s judgment in favor of DDR, the Federal Circuit first addressed defendant-appellant Digital River’s anticipation challenge to the ’572 patent. The parties only disputed whether Digital River’s prior art, Secure Sales System (“SSS”), satisfied the “look and feel” limitation. The court reasoned that in order to satisfy this limitation, it was sufficient that the “look and feel” elements identifying the host website were transferred and displayed on the generated composite webpage. There was no claim language requiring “overall match” or a specific number of “look and feel” elements, as asserted by DDR and accepted by the district court. The court found that clear and convincing evidence established that SSS anticipated the asserted claims of the ’572 patent. Thus, the court held that the district court erred by denying defendants’ motion for JMOL of invalidity of the ’572 patent.

The court next focused on NLG’s subject matter challenge to the ’399 patent. The court held that under any characterization of the abstract idea, the ’399 patent’s claims



satisfied *Mayo/Alice* step two. The court found that the claims do not merely recite the performance of some business practice known from the pre-Internet era along with the requirement to perform it on the Internet. Instead, the court found the claimed solution was based in computer technology in order to overcome a problem specifically arising in the realm of computer networks. In particular, the claims addressed the problem of retaining website visitors that would otherwise be transported away from the host's website. Since the claimed solution amounts to an inventive concept for resolving this particular Internet problem, the court held the claims to be patent-eligible.

Judge Mayer in his dissenting opinion argued that the claims asserted by DDR fell outside of patent-eligible subject matter because they simply describe an abstract concept—that an online merchant's sales can be increased if two web pages have the same “look and feel”—and apply that concept using a generic computer.

In addition, the court found that the terms “look and feel” and “visually perceptible elements” have an established, sufficiently objective meaning in the art, and that the '399 patent used those terms consistently with that meaning. These terms informed those skilled in the art about the scope of the patent's claims with reasonable certainty. Thus, the court held that the district court did not err by denying NLG's motion for JMOL of invalidity based on indefiniteness.

Because the '572 patent was found invalid, the court only addressed NLG's noninfringement motion for the '399 patent. The court agreed with the district court that the jury was presented with substantial evidence on which to base its findings that NLG infringed the asserted claims of the '399 patent. As the '572 patent was found invalid, and the damages award below was not apportioned between the two patents-in-suit, the court vacated the damages award and remanded the issue to the district court.

**Delano Farms Co. v. Cal. Table Grape Comm'n,**  
778 F.3d 1243 (Fed. Cir. Jan. 9, 2015)

The Federal Circuit upheld the district court's decision rejecting a challenge to the validity of patents that were purported to be in “public use” more than one year before the filing of the patent applications.

Three California grape growers brought action against the California Table Grapes Commission and the USDA challenging the validity and enforceability of patents as to plant varieties for certain types of grapes. The plaintiffs' principal argument was that the grape varieties were in “public use” more than a year before the filing of the patents, thus rendering them invalid under U.S.C. § 102(b). The district court ruled against the plaintiffs, and the plaintiffs appealed.

The principal actions the plaintiffs focused on as “public uses” were the unauthorized giving of unreleased plant material by an agent of the USDA to Jim Ludy, a California grape grower, after an experimental variety open house at California State University. Mr. Ludy subsequently grafted vines of the relevant grape varieties, grew



the unreleased grape varieties on his property and provided a “few buds” to his cousin, Larry Ludy. Larry subsequently grew eight plants of the relevant grape varieties and sold, after the patents’ critical date, the harvested grapes through a grape marketer, Jim Sandrini, under a fake brand name to avoid detection. The Federal Circuit noted that the applicable question in this case is whether actions taken by a third party created a reasonable belief as to the invention’s public availability. In analyzing this question, the court considered 1) the nature of the activity that occurred in public; 2) the public access to and knowledge of the public use; and 3) whether there was any confidentiality obligation imposed on persons who observed the use.

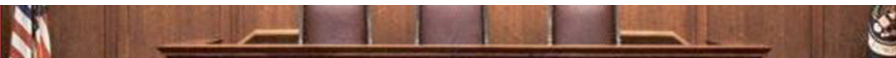
The court first noted that both Jim and Larry Ludy knew that they were not authorized to have the plants. Second, the court rejected the argument that exposure to marketer Jim Sandrini by Larry Ludy constituted public use as the district court found that Mr. Sandrini was a friend, business partner, and mentor of the Ludys and had incentives to keep the information about the grape varieties secret. Third, the court found that the Ludys’ open cultivation of the unreleased grape varieties did not constitute public use as the grape varieties cannot be reliably identified simply by viewing the growing vines alone. Additionally, the number of unauthorized plants on the Ludys’ farms was extremely limited in comparison to the total cultivation of the farms. The court concluded that these circumstances were nearly identical to *Dey, L.P. v. Sunovion Pharmaceuticals, Inc.*, 715 F.3d 1351, 1355 (Fed Cir. 2013), which held that “a reasonable jury could conclude that if members of the public are not informed of, and cannot readily discern, the claimed features of the invention . . . the public has not been put in possession of those features.”

Because the court concluded that the evidence at trial was sufficient to support the district court’s finding that the patented plant varieties were not in public use prior to the critical date, they did not need to address the question of whether use of an invention by one who has misappropriated it can ever qualify as an invalidating public use. The Ludys’ use of the grape varieties at issue was not public, even apart from the fact that the Ludys obtained the grape varieties in an unauthorized manner.

**e.Digital Corp. v. Futurewei Techs., Inc.,**  
772 F.3d 723 (Fed. Cir. Nov. 19, 2014)

In this collateral estoppel case, the Federal Circuit held that identical language throughout a single patent was subject to a prior court’s construction against the same patent holder. Specifically, e.Digital requested a second district court to reconstruct a limitation on the type of memory used in an audio recording device, but that language was now a part of a different claim in its patent. The Federal Circuit applied the prior claim construction within the same patent with respect to the identical language. *Takeaway:* Collateral estoppel will apply to the claim construction of identical language throughout a single patent, but will not extend to a patent for a separate invention that has a distinct application process.

e.Digital’s audio recording and playback device patent (the “’774 patent”) at issue here had been previously construed by a federal court in a separate litigation. In that case



two claims, 1 and 19, addressing the memory used in the device, were construed to include the use of only flash memory and not RAM. The patent office then cancelled claims 1 and 19 and reexamined claim 33 containing the same memory limitations, among others, as the already constructed claims 1 and 19. e.Digital then accused Futurewei and its codefendants of infringement based on the reexamined claim 33 and a separate patent, '108, containing a similar memory limitation. The district court held that collateral estoppel applied against e.Digital on the construction of the sole memory limitation and that same construction must be used in both patent '774 and '108. The parties stipulated to either final judgments of noninfringement or non-final partial judgments of noninfringement, which the district court then converted into final judgments under Federal Rule of Civil Procedure 54(b) for the purposes of a single appeal.

e.Digital appealed the collateral estoppel issue to the Federal Circuit and received a mixed result. For collateral estoppel to apply, the issue must have been a final judgment in which the identical issue was necessarily decided against the party or the party in privity it is now being asserted against. The Federal Circuit held that the district court correctly applied the doctrine to claim 33 because the sole memory limitation in the reexamined claim is identical to those of claims 1 and 19 from the prior case and the reexamination made no changes to that limitation. The court thus affirmed the application of collateral estoppel with respect to the construction of claim 33 in '774 patent.

The court then found that patent '108 was not related to '774 patent because the invention, application process, and specifications were all distinct and they explicitly discussed the use of memory other than flash memory, despite incorporating the '774 patent as a prior art. Because this patent was not related, collateral estoppel could not be applied to the construction of the sole memory limitation. The court reversed the judgment as to the '108 patent and remanded the case.

There was an additional issue of whether the district court properly converted the partial judgments of noninfringement into final judgments under Federal Rule of Civil Procedure 54(b). The court upheld the conversion because there was no reason to otherwise delay entering final judgments for those parties with respect to the collateral estoppel issue, and not doing so would have led to multiple appeals.

**Eidos Display, LLC v. AU Optronics Corp.,**  
779 F.3d 1360 (Fed. Cir. Mar. 10, 2015)

In a case on claim construction and indefiniteness related to a patented manufacturing process for electro-optical devices, the Federal Circuit overturned the district court's grant of summary judgment of invalidity for indefiniteness. *Takeaway:* The Federal Circuit will interpret a claim in the context of the specification and prosecution history. Unless the patentee specifically provides some teaching on how to deviate from a standard industry practice, the court will not read a novel limitation into the patent.



Eidos Display, LLC and Eidos III, LLC (“Eidos”) own U.S. Patent No. 5,879,958 (“the ’958 patent”) claiming a manufacturing process for an electro-optical device such as a liquid crystal display (“LCD”). The patented process involves a series of “forming” steps that deposit material in layers to form the LCD panel, plus “photolithographic” steps that etch or remove portions of previously-formed material. Eidos’ patent differs from prior art processes by reducing the number of photolithographic steps involved in the creation of LCD panels. Eidos brought suit in the Eastern District of Texas against AU Optronics Corporation and several other display manufacturers (collectively, “Display Manufacturers”) for alleged infringement of the ’958 patent. The defendants moved for summary judgment, arguing that claim 1 of the patent, describing a photolithographic step by which source wires are connected to the signal supply circuit and gate wires are connected to the scanning circuit, was indefinite. The disputed language describes “a contact hole for source wiring and gate wiring connection terminals.” The claim construction question centered on whether that language describes a process using a single contact hole or multiple, separate contact holes. At the time of the ’958 patent filing, the only industry practice for allowing the scanning and signal supply circuits to connect to the source and gate terminals was to create individual contact holes through non-conductive passivation films to each connection terminal.

Over the course of a *Markman* hearing and two different motions for summary judgment filed by defendants, four different constructions of the disputed language were proposed: (1) Eidos argued that the limitation required separate and distinct contact holes for the source wiring and gate wiring connection terminals, consistent with industry standards and the specification; (2) Display Manufacturers argued that the plain language of the limitation required a shared contact hole for all connection terminals; (3) defendants Chi Mei Innolux Corporation and Chi Mei Optoelectronics USA Inc. (collectively “Innolux”) argued that the limitation formed two different structures: a contact hole for source wiring plus gate wiring connection terminals with no contact holes; and (4) Eidos later proposed that the structure for the limitation could be formed as either a single contact hole or as separate contact holes. The district court rejected Eidos’ and Display Manufacturers’ proposed constructions because the specification failed to clearly indicate with reasonable certainty whether there were separate contact holes or a shared contact hole, rejected Innolux’s proposal because it required the use of insulating material rather than the conductive material required in the specification, and ultimately granted defendants’ motion for summary judgment of invalidity for indefiniteness. Eidos appealed.

A claim is invalid for indefiniteness if its language, when read in the light of the specification and prosecution history, fails to reasonably inform those skilled in the art about the scope of the invention. The court found that “Eidos’ [original] proposed construction for the disputed limitation reflects how a person of ordinary skill in the art at the time of the invention would have understood the limitation after reading the intrinsic record.” While the court noted that the plain language of the limitation-at-issue could suggest the formation of either one shared contact hole for all connection terminals or many contact holes, in the context of the entire patent, a person of ordinary skill in the art of LCD manufacturing would understand the limitation to require

separate, different contact holes for the source wiring connection terminals and the gate wiring connection terminals. The court arrived at its conclusion by considering, first, that the state of the art for manufacturing LCD panels had always been to form separate contact holes. If a patentee wants to deviate from known industry standards, the patentee must make such deviation clear and precise. Here, nothing in the specification taught a person of ordinary skill in the art to depart from common practice to create a novel shared contact hole for all connection terminals. Furthermore, the prosecution history and other embodiments in the patent consistently supported the court's reading of the limitation that separate contact holes are formed for the different connection terminals.

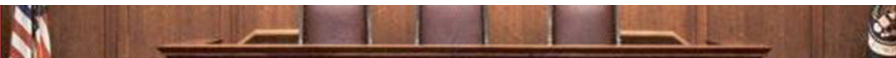
After reviewing the specification and prosecution history, the Federal Circuit concluded that the limitation "a contact hole for source wiring and gate wiring connection terminals" in claim 1 of the '958 patent described a process that involved etching separate contact holes for the source wiring connection terminals and for the gate wiring connection terminals. The court reversed the grant of summary judgment of invalidity for indefiniteness and remanded to the district court.

**EMD Millipore Corp. v. AllPure Techs., Inc.,**  
768 F.3d 1196 (Fed. Cir. Sept. 29, 2014)

In this case, the Federal Circuit held that the defendant's device did not literally infringe the asserted patent, and that the patentee was barred from asserting the doctrine of equivalents because of prosecution history estoppel. *Takeaway:* Patentees should always make an alternative argument that one of the exceptions to prosecution history estoppel applies in any case where there *may* be a presumption of prosecution history estoppel, even if the patentee contends that the presumption does not apply.

In this litigation, EMD Millipore sued AllPure Technologies for patent infringement, arguing that AllPure's TAKEONE device infringed Millipore's U.S. Patent No. 6,032,543 ("the '543 patent"). The '543 patent discloses a device that is attached to the side of a container of fluid and allows samples to be taken from or introduced into the container without contaminating the fluid. The '543 patent uses individual transfer members to maintain a closed system in order to avoid contamination. The first independent claim of the patent notes that the device comprises of at least one "removable, replaceable transfer member," which itself consists of a holder, a seal, and a needle, and the device also comprises of a fastening device to secure the transfer member via seal to the container. AllPure's TAKEONE device is a one-time use, disposable aseptic sampling system that can be attached to the outside of a fluid container and uses cannulas inserted into the container to withdraw the fluid sample.

The district court granted AllPure's motion for summary judgment of no infringement, on the grounds that the TAKEONE device did not have the '543 patent's claimed "removable, replaceable transfer member." The district court also held, on the merits, that AllPure's device was not an infringing equivalent of the claim limitation. Millipore appealed the district court's grant of summary judgment of no infringement.



On appeal, the Federal Circuit affirmed the district court's grant of summary judgment, but on partially different grounds. The panel affirmed the district court's holding that the TAKEONE device did not literally infringe the patent, but held that the district court should have declined to consider Millipore's argument under the doctrine of equivalents due to prosecution history estoppel.

With regards to literal infringement, the panel affirmed the district court's determination that the TAKEONE device lacked the claimed "removable, replaceable transfer member." The panel explained that the TAKEONE device had to be disassembled in order to be removable and replaceable. However, once disassembled, it was no longer a transfer member because it lacked the required seal (*i.e.*, once disassembled, the transfer member did not exist). Therefore, there was no genuine issue of material fact on whether the TAKEONE device lacked the claimed "removable, replaceable transfer member," and thus the TAKEONE device could not literally infringe the '543 patent.

The panel also held that the district court erred when it proceeded to the merits and failed to find that prosecution history estoppel barred Millipore's doctrine of equivalents argument. Prosecution history estoppel prevents a patentee from using the doctrine of equivalents to "recapture" parts of a claim that it previously surrendered when it narrowed the claim to make the claimed subject matter patentable. The panel noted that when a patentee files an amendment narrowing the scope of a claim for reasons "substantially related" to patentability, the patentee bears the burden of rebutting the application of prosecution history estoppel. The panel noted that Millipore amended claim 1's language during prosecution of the '543 patent to narrow the seal limitation, and thus the transfer member limitation, in order to overcome a previous rejection to patentability. Thus, the prosecution history estoppel presumption applied. Because Millipore made no arguments to rebut that presumption, it was barred from arguing that the accused device infringed the transfer member limitation under the doctrine of equivalents. Therefore, the panel affirmed the district court's finding of no infringement under the doctrine of equivalents, even though the Federal Circuit found that the district court should not have reached the merits of Millipore's doctrine of equivalents argument in the first instance.

**Enzo Biochem Inc. v. Applera Corp.,**  
780 F.3d 1149 (Fed. Cir. Mar. 16, 2015)

The Federal Circuit vacated a jury finding that Applera infringed several claims of U.S. Patent No. 5,449,767 (the "'767 patent"), which was directed towards a process for using nucleotide probes to detect and isolate nucleic acids. The district court construed the claims to include both direct and indirect detection, but the Federal Circuit held that the language of the claims *only* described a process for indirect detection.

The '767 patent was directed to the use of nucleotide probes to "detect, monitor, localize, or isolate" nucleic acids—a necessary step for sequencing DNA. Claim 1 of the patent described a nucleotide containing a compound "A" that was "at least three carbon atoms and represented *at least one* component of a signaling moiety capable of

producing a detectable signal.” The principal issue was whether claim 1 covered indirect or direct detection, or both. If another compound must be added to “A” in order for it to be detectable, then the claim was limited to only indirect detection, whereas if no additional steps are required to detect the compound, then the claim covers direct detection.

On appeal, the court focused on the language “at least one component” and concluded that “at least one component” indicated that the signaling moiety has *multiple* parts. Therefore, “A” cannot be the sole compound and the claim only covered indirect detection. The court also noted that there was no mention of direct detection in the specification. The court disregarded expert testimony establishing that one of the examples in the specification taught direct detection, stating that “this sole factual finding does not override our analysis of the totality of the specification, which clearly indicates that the purpose of this invention was directed towards indirect detection, not direct detection.”

The court also rejected the claim differentiation argument made by Enzo and adopted by the district court. The fact that certain claims of the ’767 patent involved direct detection did not mean that independent claim 1 must include direct detection as well, because “dependent claims cannot broaden an independent claim from which they depend.” The court held claim 1 could not be broadened beyond its plain meaning using the doctrine of claim differentiation. As a result, the court reversed the district court’s claim construction, vacated a jury finding of infringement, and remanded for determination of whether Applera infringed the ’767 patent.

Judge Newman dissented, arguing that both precedent and basic rules of grammar and linguistics establish that “at least one” means “one or more,” not “more than one.” Further, Judge Newman argued the court erred by ignoring testimony and cross-examination which supported the district court’s decision to construe the ’767 patent as including both direct and indirect detection.

**EON Corp. IP Holdings LLC v. AT&T Mobility LLC,**  
785 F.3d 616 (Fed. Cir. May 6, 2015)

In this case, the Federal Circuit clarified that computer-implemented means-plus-function claims must be supported by an algorithm, unless the claimed functions are “coextensive” with the functions of a general purpose computer. Further, the court held that in cases in which the patent does not disclose a supporting algorithm, “the skilled artisan’s knowledge is irrelevant” in determining whether an algorithm would have been necessary. *Takeaway:* Software patents with means-plus-function claims cannot rely on the narrow *Katz* exception and should disclose a supporting algorithm to avoid indefiniteness, regardless of the perceived simplicity of the claimed functions.

EON sued several defendants in separate actions for infringing U.S. Patent No. 5,663,757 (the “’757 patent”). The patent covers software embodied in a local subscriber data processing station that operates in conjunction with a television to facilitate audience participation voting, impulse buying, and other interactive



features. The claims of the patent are all stated in means-plus-function format, but the specification does not disclose an algorithm as supporting structure for the claimed functions. Based on this fact, the district court, in one of the lawsuits, granted the defendants' motion for summary judgment of invalidity for indefiniteness. EON appealed to the Federal Circuit.

The general rule governing means-plus-function claiming for software patents is that the corresponding structure for a function performed by a software algorithm is the algorithm itself—it follows that the structure disclosed in the specification of a software patent cannot be simply a general purpose computer, “because a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.” In *In re Katz*, the Federal Circuit carved out a narrow exception to this general rule and held that “a standard microprocessor can serve as sufficient structure for functions that can be achieved by any general purpose computer without special programming.” Writing for the majority in this case, Judge Prost explained that the key term “special programming” does not imply “a level of complexity” and may even include “commercially available off-the-shelf software.” For example, the—seemingly simple—function of “controlling adjusting means,” at issue in the *Ergo Licensing* case, was found to require more than merely “plugging in a general-purpose computer” and thus was outside the scope of the *Katz* exception.

In EON's case, the district court found that each of the eight claim terms recited “complicated, customized computer software” and that the claimed functions would require “special code” to be written. In fact, EON's own expert testified “that a person skilled in the art would need to consult algorithms outside the specification to implement the claimed functions.” Finding these facts more than enough to support the conclusion that the “terms at issue do not recite basic functions of a microprocessor,” such as “storing,” “processing,” or “receiving,” the court affirmed the district court's grant of summary judgment of invalidity for indefiniteness.

EON also contended that while its patent did not disclose a supporting algorithm, a standard microprocessor still provided sufficient structure because a person of ordinary skill in the art could implement the claimed software function. The court rejected EON's argument, and Judge Prost explained that unlike enablement (which “requires only the disclosure of sufficient information so that a person of ordinary skill in the art could make and use the device”), § 112 ¶ 6 disclosures serve “the very different purpose of limiting the scope of the claim to the particular structure disclosed, together with equivalents.” Thus, while the skilled artisan's perspective is relevant to the sufficiency of that disclosure in cases where the patent discloses a supporting algorithm, the ability of a person skilled in the art to carry out the recited function by some means becomes irrelevant to the ultimate question of indefiniteness in cases where the patent does not disclose a supporting algorithm.

**ePlus, Inc. v. Lawson Software, Inc.,**  
789 F.3d 1349 (Fed. Cir. June 18, 2015)

ePlus, Inc. (“ePlus”) sued Lawson Software, Inc. (“Lawson”) for infringement of two patents: U.S. Patent Nos. 6,023,683 (the “’683 patent”) and 6,505,172 (the “’172 patent”). The district court found two of the asserted system claims and three of the asserted method claims not invalid, and a jury found that Lawson infringed those claims. In an earlier appeal, the Federal Circuit found in part on the ground that the system claims were invalid and that two of the asserted method claims were not infringed. The court affirmed only the infringement verdict as to one method claim—claim 26—of the ’683 patent. The court remanded to the district court to make necessary modifications to the injunction. On remand, the district court modified the injunction in one respect and found Lawson in civil contempt for violating the injunction. Lawson appealed both the injunction and the contempt order. However, during the pendency of Lawson’s appeals, the PTO completed a reexamination of the ’683 patent and determined that claim 26 was invalid. In a separate appeal, the court affirmed the PTO’s invalidity determination, and the PTO cancelled claim 26.

The issues presented in this case were: (1) whether an injunction can continue after the PTO has cancelled the only claim on which the injunction was based; and (2) whether civil contempt remedies based on the violation of an injunction are appropriate when the injunction has been overturned on direct appeal (i.e., can Lawson be found in contempt of an injunction order during the pendency of an appeal of the injunction when that appeal overturns the injunction). The panel majority vacated the injunction and contempt order “because both were based on claim 26, which the PTO has now cancelled.”

With regard to a continued injunction, the panel unanimously agreed that once the court affirmed the PTO’s cancellation of claim 26 of the ’683 patent, an ongoing injunction barring infringement of that patent could no longer stand and must be vacated.

With regard to the sanctions, the 2-1 majority took care to distinguish between criminal contempt sanctions, which are enforceable even if the base action has been dismissed or become moot, and civil contempt sanctions (as in this case), where “[t]he right to remedial relief falls with an injunction which events prove was erroneously issued.” *United States v. United Mine Workers of Am.*, 330 U.S. 258, 295 & no. 60 (1947). The majority pointed to *Worden v. Searls*, 121 U.S. 14 (1887), as a case where the Supreme Court set aside civil contempt sanctions imposed for violating an injunction based on patents later found to be invalid. The majority rejected the argument that because the PTO invalidated the patent, rather than the Federal Circuit or another court judgment, that *Worden* is distinguishable and the civil contempt sanctions should stick. The panel cited *Fresenius USA, Inc. v. Baxter International, Inc.*, 721 F.3d 1330, 1344, 1347 (Fed. Cir. 2013), as a case where a money judgment of damages resting on a claim later cancelled by the PTO was set aside. Important to the majority decision was its finding that the injunction upon which the contempt sanctions were imposed was not final. (“[B]ecause the propriety of the injunction against sales and manufacturing was still an issue after the first appeal, there had not been ‘a final decree . . . that finally

adjudicates upon the entire merits, leaving nothing further to be done except the execution of it.”). The court specifically did not address “whether civil contempt sanctions would survive if the injunction had been final at the time the district court imposed civil contempt sanctions.” The injunction in this case was not final, and, therefore, the cancellation of the claim by the PTO required that the injunction and contempt sanctions both be vacated.

Judge O’Malley dissented, arguing that the injunction in this case was indeed final and that the majority’s reliance on *Fresenius USA, Inc. v. Baxter International, Inc.*, 721 F.3d 1330 (Fed. Cir. 2013), was distinguishable. The dissent distinguished *Fresenius*, noting it only stood for the proposition that “‘cancellation of claims during reexamination would be binding in *concurrent* litigation,’ and, while ‘cancellation of a patent’s claims cannot be used to reopen a final damages judgment ending a suit based on those claims,’ there can be ‘no final judgment binding the parties’ ‘where the scope of relief remains to be determined.’” According to the dissent, the injunction here was final. Specifically, in *ePlus I*, the court did not vacate the injunction, which was the only form of remedy available to ePlus. In *ePlus I*, the court “did no more than suggest that the district court ‘consider’ any necessary changes to the injunction, consistent with the district court’s equitable powers” in view of the court’s finding that 4 of the 5 claims upon which the injunction was initially ordered were either invalid or not infringed. According to the dissent, “by not vacating the injunction, the injunction remained in force and any on-going infringing activity by Lawson would be potential contemptible conduct.” The dissent further argued that if *Fresenius* were controlling here, that case should be reconsidered.

**EPOS Techs. Ltd. v. Pegasus Techs. Ltd.,**  
766 F.3d 1338 (Fed. Cir. Sept. 5, 2014)

Plaintiff EPOS Technologies, Ltd. filed a complaint against Defendant Pegasus Technologies, Ltd. seeking a declaratory judgment of noninfringement of four patents relating to digital pens and receiver devices. Pegasus counterclaimed, asserting infringement of two additional patents. EPOS sought and received summary judgment of noninfringement as to five of the patents. In this appeal, the Federal Circuit vacated the district court’s construction of various terms in four patents. The Federal Circuit subsequently reversed the district court’s grant of summary judgment of noninfringement on each of the asserted claims in the four patents, because the court found that the grant of summary judgment of noninfringement was dependent upon the district court’s erroneous claim constructions. The court also reversed the district court’s grant of summary judgment of noninfringement under the doctrine of equivalents for a fifth patent. *Takeaway*: Courts should hew closely to the rules of claim construction, and not issue claim constructions that improperly import limitations from preferred embodiments or which read out other preferred embodiments absent highly persuasive evidentiary support.

In vacating the district court’s claim constructions, the Federal Circuit generally found that the claim constructions violated one or more standard rules of claim construction. For example, two of the patents used the term



“drawing implement.” The district court construed the term “drawing implement” to mean “a conventional writing utensil that can be used alone or together with the invention.” The Federal Circuit took issue with the word “conventional” in the district court’s construction, because it found no support for this construction in the specification. The court found that as the district court had imported this limitation from one of the preferred embodiments, there was no “clear indication” in the intrinsic record suggesting that the claims should be so limited, and that the specification disclosed other forms of drawing implements.

Similarly with regard to the term “given time interval,” the Federal Circuit criticized the district court’s construction for importing a limitation from one of the preferred embodiments into the claim construction. The district court construed the term “given time interval” to be a time interval “fixed at a few seconds or less.” But the Federal Circuit found that a preferred embodiment described the “given time interval” to be “preferably” or “typically” short, but that there was no limitation on the time interval as described in the specification.

The district court’s construction of the claim term “marking implement” had the opposite issue. Here, the district court construed the term to mean “an implement that has a marker tip (and not a pen tip).” The district court reasoned that the few references to a “pen tip” or to a “pen” in the specification were meant to be synonymous with the descriptions of a dry-erase marker. But the Federal Circuit found that this narrow description read out portions of the specification which disclosed the use of a “pen tip” or an “eraser function.”

Likewise, the Federal Circuit vacated the district court’s construction of the claim term “temporary attachment,” which the district court had construed to be “an element that can be removed from the device’s ‘retrofittable apparatus.’” But an exemplary claim requires that the “retrofittable apparatus” be comprised of, in part, the “temporary attachment.” Thus, the temporary attachment had to be part of the “retrofittable apparatus,” and could not be itself removed from the retrofittable apparatus. The Federal Circuit further found that this would actually read out preferred embodiments without highly persuasive evidentiary support, as required by Federal Circuit precedent.

The Federal Circuit reversed the district court’s grant of summary judgment of noninfringement as to the patents containing these claim terms, because it found that the district court’s summary judgment order depended on the erroneous claim constructions in reaching the result. The Federal Circuit also reversed a grant of summary judgment of noninfringement under the doctrine of equivalents. The Federal Circuit found that the district court failed to conduct an appropriate analysis when it decided that the claim term “intermittent ultrasound signals” is not equivalent to the opponent’s use of a “continuous ultrasound signal.” The Federal Circuit found that the district court had not thoroughly considered whether a reasonable jury could conclude that these are equivalent functionalities.

**Ericsson, Inc. v. D-Link Sys., Inc.,**

773 F.3d 1201 (Fed. Cir. Dec. 4, 2014)

In a case involving alleged infringement of patents that must be licensed on “reasonable and non-discriminatory” terms (“RAND”), the Federal Circuit, on an issue of first impression, held that the district court could not include all 15 *Georgia-Pacific* factors in its damages instructions without considering their relevance to the record created at trial and whether they are misleading. The court vacated the jury’s damages and royalty award and remanded for proceedings consistent with their decision. *Takeaway*: A trial court must carefully consider the evidence presented in a case and the patentee’s actual RAND commitment when crafting a jury instruction in a case involving RAND-encumbered patents.

Patentee Ericsson, Inc. (“Ericsson”) commenced an action against competitor D-Link Systems, Inc. (“D-Link”), alleging infringement of patents generally relating to Wi-Fi technology employed by electronic devices to wirelessly access the Internet. Ericsson has asserted that all of the patents at issue are standard essential patents (“SEPs”) for the Institute of Electrical and Electronics Engineers, Inc.’s (“IEEE”) 802.11(n) standard. Standards development organizations (“SDOs”), like IEEE, publish standards, which are lists of technical requirements. Compliance with these technical requirements ensures interoperability among compliant devices. Because the standard requires that devices utilize specific technology, compliant devices necessarily infringe certain claims in patents that cover technology incorporated into the standard. To help alleviate certain potential concerns associated with these patents, known as SEPs, such as patent holdup and royalty stacking, SDOs often seek assurances from patent owners before publishing the standard. IEEE, for example, asked SEP owners to pledge that they will grant licenses to an unrestricted number of applicants on RAND terms.

At trial, the jury found that D-Link infringed the asserted patents, upheld the validity of one, and awarded Ericsson approximately \$10 million—roughly 15 cents per infringing device. Following the trial, D-Link filed for JMOL and a new trial, arguing that the jury’s findings of infringement and no invalidity, as well as its damages award, were not supported by substantial evidence. The district court denied D-Link’s JMOL and motion for new trial, and D-Link appealed. Regarding damages, D-Link asserted that the jury was inadequately instructed regarding Ericsson’s RAND obligation. Specifically, D-Link argued that the district court reversibly erred by instructing the jury on the customary *Georgia-Pacific* factors, because many of the factors were either not applicable or misleading in the RAND context.

The Federal Circuit affirmed the district court’s ruling that the jury had substantial evidence to find that D-link infringed two of the three asserted patents, but reversed as to one. In addition, the Federal Circuit upheld the jury’s finding of no invalidity.

With respect to damages, the Federal Circuit found that in a case involving RAND-encumbered patents, a court must instruct a jury only on the *Georgia-Pacific* factors that are relevant to the specific case and technology at issue. This is because many of the *Georgia-Pacific* factors are not relevant to, and may even be contrary to, RAND



principles. For example, factor 4 is “[t]he licensor’s established policy and marketing program to maintain his patent monopoly by not licensing others to use the invention or by granting licenses under special conditions designed to preserve that monopoly.” Because of Ericsson’s RAND commitment, however, it cannot have that kind of policy for maintaining a patent monopoly. The court also emphasized, however, that there is no particular version of the *Georgia-Pacific* factors that should be used for all RAND-encumbered patent cases.

In addition, the court also held that trial courts should instruct juries regarding the patentee’s actual RAND commitment. In this case, Ericsson pledged to “grant a license under reasonable rates to an unrestricted number of applicants on a worldwide basis with reasonable terms and conditions that are demonstrably free of unfair competition.” The court found that the jury should have been instructed about this particular promise, rather than instructing the jury to consider Ericsson’s obligation to license its technology on RAND terms. The trial court therefore must inform the jury about what commitments have been made and of their obligation, not just option, to take those commitments into account when determining a royalty reward.

The court also held that in regard to SEPs, the jury must be instructed to differentiate between the added value of the technological invention claimed in the patent and the added value of that invention’s standardization. SEP holders should only be compensated for the added benefit of their inventions, not the added value of the invention’s standardization.

Dissenting in part, Judge Taranto concluded that the district court incorrectly construed a claim limitation, and thus would have found noninfringement for one particular patent.

**Exela Pharma Scis., LLC v. Lee,**  
781 F.3d 1349 (Fed. Cir. Mar. 26, 2015)

In a per curiam opinion, the Federal Circuit ruled that a third-party plaintiff cannot use the Administrative Procedure Act (“APA”) to challenge a PTO decision reviving an abandoned patent application. *Takeaway:* PTO revival determinations are shielded from third-party challenges brought under the APA.

The patentee, SCR Pharmatop, initially filed its patent application in France in June of 2000. In compliance with the Patent Cooperation Treaty (“PCT”), SCR made initial filings towards a United States patent in June of 2001, but failed to fulfill subsequent requirements within 30 months as required by the PCT implementing statute. SCR subsequently filed a petition to revive its patent application, which had been deemed abandoned. The PTO granted the petition to revive and, after examining the application, issued SCR a patent. After being sued by SCR and its sublicensee for infringement of the patent, Exela petitioned the PTO to withdraw its revival order. When the PTO refused the petition, Exela filed suit under the APA in district court. When the district court dismissed Exela’s complaint on procedural grounds, Exela appealed to the Federal Circuit.



The Federal Circuit found it persuasive that third-party challenges of revival decisions are not authorized anywhere within the comprehensive framework of the Patent Act. Exela principally relied on the strong presumption under the APA that Congress intends for judicial review of administrative action. The court, however, noted the Patent Act's "intricate scheme" and "careful framework" delineate exactly who may challenge PTO determinations, as well as when and how they may do so. The court concluded that Congress did not intend to permit judicial review for third-party challenges under the APA of PTO revival rulings.

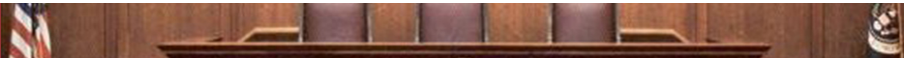
Two concurrences, authored by Judge Dyk and Judge Newman, followed. Judge Dyk called into question the Federal Circuit's 2008 decision in *Aristocrat Technologies v. International Game Technologies*, which was not cited in the per curiam opinion. In *Aristocrat*, the Federal Circuit held that a defendant in an infringement suit could not raise improper revival as an invalidity defense. Thus, *Aristocrat's* holding coupled with the per curiam opinion eliminated any chance for alleged infringers to obtain judicial review of revival decisions. In light of this and other doctrinal concerns, Judge Dyk suggested that the Federal Circuit reconsider *Aristocrat* in a future en banc action.

Judge Newman's concurrence addressed Judge Dyk's concerns. Her concurrence came to *Aristocrat's* defense, arguing that a PTO decision to revive a patent application is merely an irregularity in prosecution and becomes irrelevant after the patent has issued. Indeed, if such minor procedural lapses were a basis for invalidity, Judge Newman reasoned, the courts would be flooded with such suits and distracted from more deserving legal issues.

**Fenner Invs., Ltd. v. Celco P'ship,**  
778 F.3d 1320 (Fed. Cir. Feb. 12, 2015)

In a case where a patentee appealed the district court's claim construction findings, the Federal Circuit reiterated its approach to reviewing questions of proper construction of patent claims, and ultimately agreed with the district court that the written specification and prosecution history favored the opponent's construction. *Takeaway:* Courts construe a term used in patent claims in the context in which the term is used by the patentee and as it would be understood by a person of ordinary skill in the art of in the field of the invention, emphasizing the written description contained in the specification and statements made during prosecution over claim differentiation arguments.

Fenner Investments, Ltd. ("Fenner") brought suit against Celco Partnership, doing business as Verizon Wireless ("Verizon"), in the United States District Court for the Eastern District of Texas for infringement of claim 1 of U.S. Patent No. 5,561,706 (the "'706 patent"). The '706 patent provides a method that allows a mobile device user to access a personal communication services ("PCS") system by a personal identification number that is associated with billing and service profiles. Fenner complained that Verizon used the patented method to determine whether a mobile user could be given access to data communication services through its network; Verizon asserted that its products use generic technology and that Verizon did not infringe the patent at issue.



At a claim construction hearing, the district court had agreed with Verizon’s reading of “personal identification number,” as a “number separate from a billing code (as construed herein), identifying an individual system user, which is associated with the individual and not the device” and found that Verizon did not infringe claim 1 as construed. The district court construed several disputed terms in the patent and entered a stipulated judgment of noninfringement in Verizon’s favor, pending Fenner’s right to appeal the claim construction issue.

On appeal, Fenner argued that the district court erred in reading “personal identification number” as a number associated with an individual user rather than with a device. The court reiterated the *de novo* standard of review for questions of claim construction relying solely on evidence intrinsic to the patent, while the district court’s determination of subsidiary facts based on extrinsic evidence are reviewed only for clear error. Terms used in patent claims are construed in the context in which the patentee presented and used those terms in the specification and prosecution history, and as they would be understood by a person of ordinary skill in the art of the field of the invention.

Here, the written description of the patent in the specification described the personal identification number as associated with the user instead of the device, distinguishing the patented system from non-PCS telephonic communications systems whose procedures are associated with telephones. The Federal Circuit found that in light of the written specification, the district court was right to construe claim 1 as limiting the personal identification number to the user. The Federal Circuit also reviewed the prosecution history, during which Fenner had specifically stated that the invention disclosed in the ’706 patent was a user-centered design and not a device-centered system. It agreed with the district court that the history did not suggest that Fenner contemplated any alternative to a personal identification number associated with the individual.

The Federal Circuit rejected Fenner’s arguments that the district court’s claim construction would render the patent inoperable and that the doctrine of claim differentiation would negate the district court’s construction by making claim 19 redundant or superfluous if claim 18 were read with the district court’s construction of claim 1. The Federal Circuit found that while claim differentiation can be a useful analytical tool, Fenner’s arguments did not override contrary constructions supported by the written description and prosecution history. Claim differentiation cannot enlarge the meaning of a patent claim beyond that supported by the patent documents or the prosecution history. The Federal Circuit affirmed the summary judgment finding of noninfringement, seeing no error in the district court’s claim construction.

**Ferring B.V. v. Watson Labs., Inc.,**

764 F.3d 1382 (Fed. Cir. Aug. 22, 2014)

The Federal Circuit addressed issues raised by an Abbreviated New Drug Application (“ANDA”) and its silence regarding dissolution rates in this infringement case. *Takeaway:* Where an ANDA is silent as to whether it infringes, the party



alleging infringement must prove by a preponderance of the evidence that the allegedly infringing party will likely market an infringing product.

Ferring B.V. (“Ferring”) sued Apotex, Inc. (“Apotex”), alleging infringement of three of Ferring’s patents: U.S. Patent Nos. 7,947,739, 8,022,106, and 8,273,795 (collectively, the “patents-in-suit”). Ferring brought the suit after Apotex filed an ANDA for a generic version of tranexamic acid, a drug used to treat heavy menstrual bleeding. At issue was the dissolution rate of the drug’s active ingredient. The patents-in-suit used the word “about” to describe the amount of the active ingredient released at specific times, and the district court construed “about” to mean “approximately,” rejecting numeric ranges offered by each party.

The district court determined that Apotex’s original ANDA permitted Apotex to sell an infringing product because it was silent regarding the dissolution rate at times specified in the patents-in-suit (e.g., less than approximately 70% weight at approximately 45 minutes). Apotex agreed to amend its ANDA, and the district court found that a product made under the amended ANDA would be outside the scope of the patents-in-suit. After the FDA approved the change to the ANDA, the district court concluded that the ANDA did not infringe, and Apotex agreed to notify the district court and Ferring if Apotex later changed the dissolution specification. The district court then dismissed Ferring’s suit as moot.

The Federal Circuit held that the district court applied the wrong analysis to the issue of whether the original ANDA infringed. Under a prior Federal Circuit case, *Sunovion Pharm., Inc. v. Teva Pharm. USA, Inc.*, 731 F.3d 1271 (Fed. Cir. 2013), where an ANDA clearly describes a product within the limitations of the asserted claims, a party cannot avoid infringement by overriding the ANDA’s language and certifying that it will not infringe. The Federal Circuit held that the district court erred in applying *Sunovion* to the present case, in which the ANDA was silent as to whether it infringed. Under the correct analysis, the patentee must prove by a preponderance of the evidence that the alleged infringer will likely market an infringing product. Ferring failed to meet this burden, and the district court erred in finding that the original ANDA was infringing.

The court also concluded that the amended ANDA spoke directly to infringement and could not permit Apotex to market an infringing product. In doing so, the court affirmed the district court’s construction of “about” to mean “approximately,” rejecting Ferring’s argument that the district court erred in refusing to give the term a more specific construction. The court also rejected Ferring’s argument that the district court was precluded from considering the amended ANDA. An amended ANDA that addresses and precludes infringement is generally dispositive, and a district court is permitted to reconsider its finding of infringement in light of an amended ANDA or other information.

The court concluded by noting that Ferring failed to argue that Apotex would infringe in the future, that there was little reason to believe that Apotex would infringe in light of its promises to disclose any specification changes, and that Ferring was not

prejudiced by the timing of the amendment to the ANDA because Ferring had many opportunities to present evidence on the issue of infringement after Apotex amended. The court affirmed the district court's dismissal on the ground that Ferring failed to establish that either the original or amended ANDA infringed its patents-in-suit.

**Ferring B.V. v. Watson Labs., Inc.-Fla.,**  
764 F.3d 1401 (Fed. Cir. Aug. 22, 2014)

The Federal Circuit affirmed in part and reversed in part a finding of infringement in litigation involving pharmaceutical drug patents. *Takeaway:* Infringement claims based on the filing of an abbreviated new drug application ("ANDA") require a comparison of the patented claims with the product "likely to be sold" based on the ANDA.

Ferring owned a series of patents directed towards a treatment for menorrhagia using tranexamic acid which Ferring marketed under the name Lysteda. The patents claim three elements relevant to this litigation: a specified amount of tranexamic acid, a "modified release material" which constitutes a specified percentage of the weight of the entire treatment, and a specified rate at which the treatment will dissolve in water. Watson Laboratories ("Watson") filed an ANDA seeking to sell tranexamic tablets as generic versions of Lysteda. Ferring sued, alleging that both Watson's "uncoated cores," which were comprised of tranexamic acid and excipients, and the final marketable tablets infringed Ferring's patents. The district court found that Ferring's patents were not obvious based on the prior art, and that Watson infringed those patents through its filing of the ANDA for uncoated cores and marketable tablets above a certain hardness.

The Federal Circuit affirmed the district court's finding of non-obviousness. The prior art, according to the court, failed to disclose the amount of tranexamic acid specified in the claims or the "critical" limitations on the dissolution rate. Further, supporting evidence indicated there was a "long-felt and unmet need" for a menorrhagia treatment. However, the Federal Circuit found the district court erred in finding infringement. The court noted that filing an ANDA was "a technical act of infringement" necessary to confer jurisdiction, but that the infringement inquiry requires a comparison of the patent claims with the product "likely to be sold" following approval of the ANDA. The court then examined the product likely to be sold based on descriptions in the initial ANDA and subsequent amendments. The court held Ferring failed to prove infringement by a preponderance of the evidence because the dissolution rates and hardness of the marketable tablets differed significantly from what was specified in Ferring's patents.

**Fleming v. Escort Inc.,**  
774 F.3d 1371 (Fed. Cir. Dec. 24, 2014)

In this patent infringement action, the Federal Circuit upheld a jury verdict invalidating five of the patentee's claims. The court held that the testimony offered to establish



invalidity was sufficient to support the verdict, and there was sufficient corroboration of the “prior invention” ground for the invalidity determinations. Additionally, the court held that the prior invention was not abandoned, suppressed, or concealed. *Takeaway:* Though conclusory evidence is not enough to support a jury verdict of patent invalidity, where there are not a large number of limitations, extensive testimony is not required to support such a verdict.

Fleming owned two reissue patents, U.S. Patent Nos. RE39,038 and RE40,653, generally relating to a method for incorporating a Global Positioning Satellite (“GPS”) unit into a radar detector. Fleming sued Escort for infringement of his two patents. Escort argued that Steven Orr, one of Escort’s consultants, had invented a radar detector that utilized GPS before Fleming did, and as a result raised anticipation and obviousness challenges under 35 U.S.C. §§ 102(d) and 103. Fleming’s claimed priority date was April 14, 1999, and Orr alleged that he conceived his invention in 1988 and made a working embodiment in April 1996. Orr filed a patent application on June 14, 1999 with Escort as his assignee, two months after Fleming filed his application. Although the jury found in favor of Fleming on most claims, it found invalidity as to five claims—1, 18, 45, 47, and 48. The jury invalidated claim 45 as anticipated by Orr’s prior invention. It invalidated claim 18 as anticipated by the Orr invention and also for obviousness. And it invalidated claims 1, 47, and 48 for obviousness in light of Orr’s prior invention and two prior art patent references. Fleming sought judgment as a matter of law to reverse the jury’s five invalidity determinations and Escort sought judgment that Fleming’s patents were invalid, but the district court denied both motions.

On appeal, the Federal Circuit first addressed whether Escort’s evidence in support of invalidation was sufficient to support the jury verdict. The court—noting that because the invalidated claims did not contain a large number of limitations, extensive testimony was not required—held that it was. It pointed to the testimony of Dr. Grindon that explained how the prior art taught the limitations of each invalidated claim, as well as the motivation to combine that would have rendered the claim subject matter obvious, as specific evidence sufficient to support the jury’s verdict.

Next, the Federal Circuit addressed Fleming’s argument that Orr’s mere oral testimony was insufficient proof as to his prior invention. The court noted that “oral testimony by an alleged inventor asserting priority over a patentee’s rights . . . must be supported by some type of corroborating evidence,” and that such evidence is evaluated under the “rule of reason” in order to determine whether the inventor’s story is credible. The court held that testimony was sufficiently corroborated by the documentary evidence, particularly, 1992 data from GPS experiments that Orr ran at the time, 1996 notes relating to GPS and a 1996 letter by the vice president of Orr’s prior employer that corroborated Orr’s testimony. It noted that the standard did not require definitive proof of Orr’s account, but rather merely called for a flexible, rule-of-reason analysis of whether the evidence as a whole makes the testimony credible. It held that it did.

The Federal Circuit then addressed Fleming’s final challenge that, even if Orr had priority of invention by virtue of his activities through 1996, he lost priority under 35



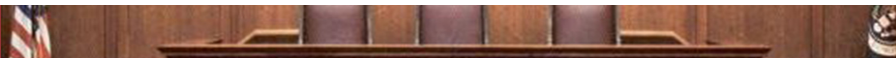
U.S.C. § 102(g)(2)'s disqualification of prior inventions that have been “abandoned, suppressed, or concealed.” The Federal Circuit did not infer abandonment, suppression, or concealment for two reasons. First, the court held that even if it assumes that Orr abandoned his invention prior to the summer of 1998, the evidence supports that he resumed work on the invention in the summer of 1998, which is still before Fleming's asserted priority date. Second, it noted that even if it held that Fleming's priority date was actually in May 1998, the pause in work that Orr did between February 1997 and July 1998 did not amount to abandonment, but rather was merely a reasonable pause in active work during which the rights to the invention were transferred from one owner to a new owner during a period of bankruptcy. Thus, the court concluded, the concepts of abandonment, suppression and concealment do not fit the facts as reasonably found by the jury.

Finally, the Federal Circuit addressed Escort's cross-appeal that Fleming's reissue patents were invalid because there was no “error” in the original patent, a prerequisite to obtaining a reissue patent. The court rejected this argument, noting that errors are not limited to drafting errors but more often encompass deliberate drafting choices. However, not all choices qualify: it is important that deficient understanding gave rise to the patenting choice that the reissue is being invoked to correct. The court held that this standard was clearly met: Fleming asserted that he failed to appreciate the full scope of his invention and the inadequacy of the original claims for properly capturing the full scope of his invention. As a result, the court held Escort's challenge meritless and affirmed the district court's judgment upholding the jury's verdict.

**G.D. Searle LLC v. Lupin Pharm., Inc.,**  
790 F.3d 1349 (Fed. Cir. June 23, 2015)

Pfizer appealed from the district court's determination that U.S. Patent No. RE44,048 (the “RE'048 patent”) was invalid based on obviousness-type double patenting over the reference patent, U.S. Patent No. 5,563,165 (the “'165 patent”). The Federal Circuit affirmed the district court's determination, rejecting Pfizer's argument that the RE'048 patent is entitled to the protection of the safe harbor provision of 35 U.S.C § 121 against invalidation by the '165 patent.

This case involves a patent family based on U.S. Patent Application No. 08/160,594 (the “'594 application”). After '594 application was filed, a three-way restriction was issued by the PTO, restricting species related to a compound, a composition of matter, and a method-of-use. Pfizer elected the compound species, which then issued as U.S. Patent No. 5,466,823. Before this patent issued, Pfizer filed U.S. Patent Application No. 08/457,059 (the “'059 application”), a divisional application directed to the composition species. It eventually issued as the '165 patent. Before the restriction in the '594 application, Pfizer also filed U.S. Patent Application No. 08/223,629 (“the '629 application”), a continuation in part of the '594 application directed to the composition species. It eventually issued as U.S. Patent No. 5,521,207. Pfizer also filed PCT/US94/12720 (“the '720 application”), a continuation in part of the '629 application, which proceeded to the national stage in the U.S. as U.S. Patent Application No. 08/648,113 (“the '113 application”) and eventually issued as U.S.



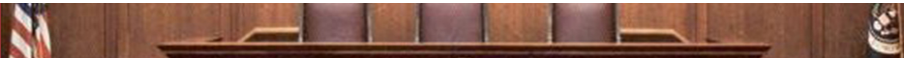
Patent No. 5,760,068 (“the ’068 patent”). The ’068 patent was directed to the method-of-use species from the ’594 application.

During a prior litigation involving the ’068 patent, the Federal Circuit had invalidated Pfizer’s method-of-use claims for obviousness-type double patenting over the earlier-issued ’165 patent, finding that 35 U.S.C § 121’s safe harbor provision did not apply to the ’068 patent, which derived from a continuation in part, not a divisional as required by the statute. The safe harbor provision of 35 U.S.C § 121 protects a patent that issues on a divisional application from invalidation based on a related patent that issued on an application as to which a restriction requirement was made, or on an application filed as a result of such a requirement.

Pfizer then set out to turn the ’068 patent into a divisional by filing Reissue Application No. 12/205,319. Specifically, Pfizer attempted to amend the ’068 patent to remove portions of the ’068 patent that were not present in the ’594 application, and to designate the ’113 application as a divisional of the ’594 application, while removing the priority claim to the ’629 application. The PTO eventually allowed the claims of the ’319 application, which issued as the RE’048 patent.

Pfizer then brought the case-at-hand alleging infringement of the RE’048 patent. The district court found that: (1) the RE’048 patent was not a valid reissue patent as authorized under 35 U.S.C. § 251; and (2) the safe harbor provision of 35 U.S.C. § 121 did not apply to the RE’048 patent and that the relevant claims of the RE’048 patent were invalid for obviousness-type double patenting in light of the ’165 patent. Pfizer appealed to the Federal Circuit.

The Federal Circuit held that, even assuming that it was proper to grant the reissue patent, the safe harbor provision does not apply. The court reasoned that the reference ’154 patent issued on a divisional of the ’594 application and that the RE’048 patent is not entitled to safe harbor protection because it did not issue on either the ’594 application or a divisional of the ’594 application. Rather, the RE’048 patent issued from the ’319 application, a reissue of the ’068 patent, which in turn issued from the ’113 application. The ’113 application cannot be a divisional of the ’594 application because it contains new matter that was not present in the ’594 application. The court explained that when the ’113 application containing new matter issued as the ’068 patent, the public was not free to practice that new matter because of that patent protection, and “Pfizer cannot now identify the ’113 application as a divisional of the ’594 application . . . and retroactively relinquish the new matter in the ’113 specification, after having enjoyed years of patent protection for it. . . . Fairness to the public does not permit Pfizer to convert the ’113 application into a division of the original ’594 application, and thereby take advantage of the safe harbor provision, simply by designating it as a divisional application years after the fact.”



**Gaymar Indus., Inc. v. Cincinnati Sub-Zero Prods., Inc.,**  
790 F.3d 1369 (Fed. Cir. June 25, 2015)

The Federal Circuit affirmed a finding that a patentee's claims were not objectively baseless, but reversed and remanded a district court's finding that an accused infringer's misconduct during litigation was egregious and therefore not "exceptional" to justify attorney's fees under 35 U.S.C. § 285. *Takeaway*: Litigation conduct may be relevant to the § 285 inquiry.

The accused infringer, CSZ, alleged that the patentee's litigation position was frivolous and that the patentee had engaged in litigation misconduct. In denying CSZ's motion for attorney's fees under § 285, the magistrate judge stated that he would not recommend a Section 285 fee award even if the case were exceptional because of CSZ's purported litigation misconduct. The magistrate specifically noted CSZ's "misrepresentations to the court" and "shifting legal theories." CSZ moved for reconsideration of the decision following the Supreme Court's ruling in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), which requires courts to determine § 285 fees based on the totality of the circumstances. Recommending denial of the motion, the magistrate cited CSZ's lack of clean hands and noted that *Octane* did not compel a different result. The district court adopted the magistrate's recommendations in full.

The Federal Circuit disagreed. The court held that, while *Octane*'s totality of the circumstances test may not produce a different result, the district court "committed clear error in finding misconduct by CSZ." The court emphasized that, although the conduct of the §285 movant is a relevant factor under *Octane*, CSZ's litigation was "sloppy . . . at worst" and did not rise to the level of misconduct. The court therefore remanded the case for reconsideration under *Octane* and, more specifically, for the district court to determine whether CSZ in fact engaged in litigation misconduct that would support the denial of fees under §285.

**Gilead Scis., Inc. v. Lee,**  
778 F.3d 1341 (Fed. Cir. Feb. 26, 2015)

A patent applicant contested the patent term calculation conducted by the PTO. On appeal from a grant of summary judgment for the PTO, the Federal Circuit affirmed, following standard rules of statutory interpretation and agency deference. *Takeaway*: A patent applicant's behavior need not result in an actual delay of patent processing in order for the PTO to reduce the patent term. Patent applicant's conduct that may potentially cause a delay in application examination may lead to a reduction in patent term, irrespective of whether a delay actually occurred.

On February 22, 2008, Gilead Sciences, Inc. ("Gilead") filed an application with the PTO for Patent No. 8,148,374 ("374"), covering cobicistat—a compound that improves pharmacokinetics of a co-administered drug. In November 2009, the PTO issued a restriction requirement requesting that Gilead select for examination one of the four groups of inventions it had included in the application. Gilead responded to the

restriction requirement in February 2010, selecting one invention. It later filed a supplemental information disclosure statement (“IDS”) in April 2010, disclosing two other patent applications that were also pending. The PTO issued patent ’374 on April 3, 2012. Pursuant to statutory law governing the calculation of patent terms, 35 U.S.C. § 154, the PTO provided a Patent Term Adjustment (“PTA”) extending the patent term to compensate for delays caused by the PTO in issuing the patent application, namely, its own failure to meet the mandated statutory response deadlines and failure to issue the patent within three years from the date of filing. The PTO also reduced the PTA to account for delays caused by Gilead for the 57-day period between the applicant’s initial reply to the restriction requirement and submission of the IDS. Gilead contested the PTO’s assessment of the latter delay, arguing that its filing of the supplemental IDS did not cause any *actual delay* in processing the application. The PTO countered that Gilead’s filing of a supplemental IDS after already responding to the restriction requirement counted as a failure to engage in reasonable efforts to conclude processing or examination of the application under 37 C.F.R. § 1.704(c)(8). Gilead appealed to the Eastern District of Virginia, arguing that the PTO’s interpretation and application of the term “calculation statutes and regulations” was arbitrary and an abuse of discretion. The district court granted the PTO’s motion for summary judgment.

On appeal, the Federal Circuit affirmed the district court’s grant of summary judgment for the PTO, finding that the agency’s statutory interpretation of the term calculation provisions was not unreasonable. Reviewing the court’s grant of summary judgment *de novo*, the court cited the Administrative Procedure Act (“APA”), under which the court may set aside the PTO’s actions only if they are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law,” and the two-step framework from *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.* for reviewing an agency’s statutory interpretation. 467 U.S. 837 (1984).

The court first addressed whether Congress directly addressed the question at issue: whether a failure to engage in reasonable efforts requires conduct that actually causes delay. The relevant statute, 35 U.S.C. § 154(b)(2)(c), requires that the PTA period be reduced “by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.” Gilead argued that the statutory text, purpose, and legislative history showed that the PTO may only reduce the PTA when an applicant’s behavior actually causes a delay in prosecution. The court found that the plain language of the statute does not suggest that the applicant’s behavior must have an effect on when the prosecution ends; rather, the “reasonable efforts” language focuses only on the applicant’s conduct. Furthermore, the House Committee reports cited by Gilead actually worked against its case. The legislative history suggested that Congress intended to penalize “egregious and obvious” applicant conduct meant to delay patent issuance, rather than penalizing the applicant for the results of its conduct. Interpreting the statute to restrict PTA based only on actual delay would lead to the illogical result that those applicants who intended to cause delay but failed to do so would go unpunished, while those whose conduct only incidentally caused actual delay would suffer.

Because Congress did not precisely address the question at issue, the court turned to *Chevron* step two—whether the agency’s interpretation of its governing statute is based on a permissible construction of that statute. Here, Congress expressly delegated authority to the PTO to “prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.” The PTO issued 37 C.F.R. § 1.704(c)(8), which specifically identifies the submission of a supplemental reply after an initial reply has been filed as a circumstance calling for reduction in PTA. The Federal Circuit held that the PTO’s reading of the statute—that Congress intended to sanction applicant behavior that had the potential to result in a delay without regards to whether such delay actually occurred—was reasonable. Whenever an applicant sends additional paper, especially a supplemental IDS requiring the examiner to review the application again, it could cause delays not only for that particular application, but in the examination of other pending applications as well.

The court rejected Gilead’s argument that the regulation impermissibly treats similarly situated applicants differently, by penalizing only applicants who file an IDS after receiving a restriction requirement, but not those that file an IDS prior to any PTO action. Such applicants are different, the court said, because the PTO was statutorily mandated to respond to the former within a tighter timeframe, which additional documents made it even more difficult to do. In sum, the court found that the PTO’s interpretation of the statute was reasonable and affirmed the district court’s grant of summary judgment.

**GTNX, Inc. v. INTTRA, Inc.,**

789 F.3d 1309 (Fed. Cir. Jun. 16, 2015)

In this appeal, the Federal Circuit held that it had no jurisdiction over an appeal from a Patent Trial and Appeal Board decision terminating Covered Business Method (“CBM”) review. *Takeaway*: The Federal Circuit does not have jurisdiction to review a termination of an instituted CBM review proceeding in the absence of a “clear and undisputable right” to that proceeding.

In 2011, GTNX’s parent company filed suit in the Northern District of California seeking a declaratory judgment that INTTRA’s four shipping methods patents were invalid. Three years later, in 2014, GTNX petitioned the PTO to review the patents as CBM patents. The Board originally instituted CBM review. INTTRA later moved for reconsideration of the institution decision on the basis that GTNX’s parent company had, prior to the filing of GTNX’s petitions for CBM review, filed a lawsuit challenging the validity of the same INTTRA patents. The Board granted INTTRA’s motion, as 35 U.S.C. § 325(a)(1) states that review may not be instituted if the petitioner has filed a civil action challenging the validity of the patent. Thus, the Board vacated its previous decisions and terminated the proceedings without addressing any patentability issues. GTNX appealed, characterizing this ruling as a final written decision.



The Federal Circuit held that GTNX's appeal fell outside of 35 U.S.C. §§ 141 and 329, and therefore outside of the Federal Circuit's jurisdiction. Under §§ 141 and 329, a party dissatisfied with a final written decision of the Board with respect to patentability can appeal to the Federal Circuit. Here, however, the Federal Circuit found that the Board's decision to terminate an instituted proceeding was not an appealable final written decision since it did not address patentability. In addition, the Federal Circuit had previously decided a case which limited its jurisdiction to reviewing decisions of the Board on the merits, which, again, were not reached in this case. Therefore, the Federal Circuit found that it did not have jurisdiction here.

The Federal Circuit also considered the availability of mandamus relief. GTNX argued that INTTRA could not raise a § 325(a)(1) bar on jurisdiction because it had failed to do so before the initial institution decision was made or in a rehearing request within 14 days, as required by 37 C.F.R. § 42.71(d). However, the Federal Circuit explained that § 42.71(d) restricts only rehearing requests made as a matter of right, and that the PTO can allow a party to file a later request for rehearing from an institution decision. In addition, the court found that the relevant statute or regulations did not deprive the Board of its default authority to reconsider its decisions. Because it could not be said that GTNX had "a clear and indisputable right" to have the CBM proceedings continue, the Federal Circuit denied mandamus relief.

Finally, the Federal Circuit rejected GTNX's jurisdictional claim based on the Administrative Procedure Act ("APA"), finding that the APA is not a jurisdiction-conferring statute.

**Halo Elecs., Inc. v. Pulse Elecs., Inc.,**  
769 F.3d 1371 (Fed. Cir. Oct. 22, 2014)

The Federal Circuit affirmed a district court's decision in an infringement suit regarding the location of the sale of and offers to sell a patented product and whether any infringement through those sales was willful. The court held that there is no infringement under 35 U.S.C. § 271(a) when sales are only connected to the United States through negotiations. There is also no infringement when an offer to sell a patented product occurs in the United States, but the sale itself will take place outside of the United States. Further, the court held a reasonable claim for invalidity by the accused infringer will defeat the objective prong of the willful infringement test even if it was not relied upon when the alleged infringement occurred. Two of the judges on the panel concurred, but wrote separately to call for a reevaluation of the standards by which willfulness is judged. *Takeaway*: (1) Keeping the concrete aspects of a sale outside the United States, particularly the final agreement and performance, will prevent successful infringement claims on both actual sale and offer to sell grounds; and (2) an objectively reasonable claim of invalidity will prevent enhanced damages as a result of a finding of willfulness.

Halo Electronics and Pulse Electronics manufacture electronic surface mount packages. While Pulse did deliver some products to customers in the United States, the majority of its products were delivered outside the United States. Pulse negotiated



prices with certain companies in the United States, but the sales agreements were finalized overseas and all of the payments occurred overseas.

Halo sued Pulse alleging both direct infringement, through Pulse's sale of surface mount packages in the United States, and indirect infringement, through Pulse's sale of surface mount packages to manufacturers outside the United States that sell finished goods containing the packages in the United States. The district court construed the patent claims and then granted summary judgment to Pulse on claims relating to the sale of goods manufactured, shipped, and delivered outside of the United States. A jury subsequently found (1) Pulse directly infringed Halo's patents by shipping the accused products into the United States; (2) Pulse induced infringement by delivering the accused products to manufacturers that shipped finished goods containing the packages into the United States; (3) Pulse willfully infringed Halo's patents; and (4) Halo's patents were not invalid due to obviousness. The district court found after the verdict that Pulse had "reasonably relied" on its invalidity defense and, as a result, did not willfully infringe. The district court denied Pulse's motion for judgment as a matter of law finding Halo's patents invalid for obviousness. Halo and Pulse cross-appealed.

The Federal Circuit affirmed the district court's grant of summary judgment. The court held that negotiations over portions of a sale did not constitute a sale within the United States where "substantial activities of [the] sales transaction" occurred outside the United States, relying on the presumption against extraterritorial application of U.S. laws. The court rejected Halo's argument that the sale was within the United States because harm occurred within the United States as a result of the sale. The court, expanding its holding in *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, held that the location of the actual sale controls where the offer occurred and that offers made in the United States for overseas sales were not within the United States. Therefore, the district court did not err in finding there was no direct infringement through Pulse's sales to manufacturers outside the United States.

The Federal Circuit held that Pulse's infringement was not willful, stating that the prior art introduced by Pulse raised a "substantial question" regarding the obviousness of the Halo Electronics' patent, and therefore Pulse's claim of invalidity was not "objectively unreasonable." The court also held the district court did not commit reversible error in its claim construction and that Pulse did not preserve the issue of obviousness for appeal.

Judge O'Malley and Judge Hughes concurred, but wrote separately to call for the full Federal Circuit to review its standard for willful infringement under § 284 in light of recent Supreme Court holdings regarding attorneys' fees under § 285. *See Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744 (2014); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014). Specifically, the judges argued the Federal Circuit should reconsider its "rigid two prong, subjective/objective test," the requirement to prove willfulness by clear and convincing evidence, whether a finding of willfulness should be subject to de novo review, and whether fact questions related to willfulness should be submitted to a jury.



**Helferich Patent Licensing, LLC v. N.Y. Times Co.,**  
778 F.3d 1293 (Fed. Cir. Feb. 10, 2015)

In this appeal of a district court's grant of summary judgment of noninfringement, the Federal Circuit analyzed whether the patent exhaustion doctrine bars a patentee of two alleged inventions from pursuing an infringement claim against a first actor allegedly practicing a first invention because the patentee granted licenses to a second actor that manufactures a product used by the first actor. *Takeaway:* The patent exhaustion doctrine protects only "authorized acquirers" from patent infringement.

Helferich Patent Licensing, LLC granted handset manufacturers licenses to produce and sell handset devices that practiced a subset of the claims licensed. The agreements reserved Helferich's right to enforce its patents against third parties practicing a separate subset of claims. Helferich subsequently sued what it called "content providers" who allegedly practiced that separate subset of the claims by delivering messages and content to the licensed handsets. A district court in the Northern District of Illinois granted summary judgment, reasoning that Helferich exhausted the right to enforce claims against the content providers because it had granted handset manufacturers authority to sell handsets practicing the claims.

The Federal Circuit reversed. The court noted that patent exhaustion doctrine only protects "authorized acquirers," those who legally obtained a device from a licensed manufacturer. The court found that the infringement alleged here does not necessarily involve these authorized acquirers, because content providers can also practice the asserted claims. The court also noted that finding exhaustion would contravene *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425 (1894), which in *dictum* declined to extend patent exhaustion to distinct but related inventions. The court found that congressional silence on patent exhaustion, its roots in property law, and the large economic impact that the alternative holding would cause cautioned against expanding the doctrine of exhaustion. Thus, the court held that the authorized sales of handsets does not preclude Helferich from enforcing claims against producers of complementary products such as the content providers.

**In re BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig.,**  
774 F.3d 755 (Fed. Cir. Dec.17, 2014)

The Federal Circuit affirmed the district court's denial of plaintiff's motion for preliminary injunction, holding that the asserted composition of matter claims and method claims were directed to ineligible subject matter under 35 U.S.C § 101. *Takeaway:* A DNA structure with a function similar to that found in nature can only be patent eligible as a composition of matter claim if it has a unique structure, different from anything found in nature. In addition, routine and conventional diagnostic methods will not transform a method claim that recites an abstract idea into a patent eligible claim.

Owners and licensees (Myriad) brought action against clinical diagnostic and genomic services company (Ambry), alleging infringement of patents for isolated DNA

sequences associated with predisposition to breast cancers and ovarian cancers, and for diagnostic methods of identifying mutations in those DNA sequences. Myriad moved for preliminary injunction to enjoin Ambry's sales or offers to sell genetic tests related to patented DNA sequences pending trial on the merits. The United States District Court for the District of Utah denied the motion, holding that Myriad was unlikely to succeed on the merits because the claims were likely drawn to ineligible subject matter.

On appeal, the Federal Circuit first addressed the patent eligibility of the asserted composition of matter claims (the "primer" claims), which involve pairs of single stranded primers with sequences exclusively derived or isolated from naturally occurring sequences located on specific chromosomes. The court found that Myriad did not create or alter any of the genetic information encoded in the BRCA1 and BRCA2 genes. Myriad found an important and useful gene, but separating that gene from its surrounding genetic material is not an act of invention. The court also found that the sequences, when extracted as primers, do not have a fundamentally different function than when they are part of the DNA strand. Thus, the court held the composition of matter claims to be patent ineligible, since the primers are structurally identical to the ends of DNA strands found in nature.

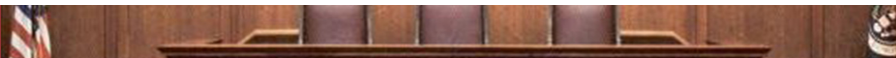
The Federal Circuit then addressed the patent eligibility of the asserted method claims for comparing a patient's BRCA genetic sequence with wild-type BRCA genetic sequences and identifying any differences that arose. The court found that these claims were directed to the abstract mental process of comparing and analyzing two gene sequences, and were thus patent ineligible. In addition, the court found that the claims for particular diagnostic methods used to identify mutations in DNA sequences did not render patentable otherwise ineligible abstract mental process method claims. The diagnostic methods merely set forth well-understood, routine, and conventional activity engaged in by scientists, and therefore did not add an inventive concept to take the claims into the realm of patent eligibility.

**In re Cuozzo Speed Techs., LLC,**  
793 F.3d 1268 (Fed. Cir. July 8, 2015)

On September 16, 2012, Garmin filed a petition with the PTO to institute *inter partes* review ("IPR") of, *inter alia*, claims 10, 14, and 17 of the '074 patent. The Board found that claims 10, 14, and 17 were unpatentable as obvious under 35 U.S.C. § 103(1). The Board also denied Cuozzo's motion to amend the patent by replacing claims 10, 14, and 17 with substitute claims 21, 22, and 23.

First, Cuozzo argued that the PTO improperly instituted IPR on claims 10 and 14 because the PTO relied on prior art that Garmin did not identify in its petition as grounds for IPR as to those two claims. The court held that 35 U.S.C. § 314(d) prohibits review of the decision to institute IPR even after a final decision.

Second, Cuozzo contended that the Board erred in finding the claims obvious, arguing initially that the Board should not have applied the broadest reasonable interpretation standard in claim construction. It argued that the reasonable interpretation standard is



inappropriate in an adjudicatory IPR proceeding. The court disagreed, saying that Congress impliedly approved the existing rule of adopting the broadest reasonable construction. Even if Congress did not approve, the court found that § 316 provides authority to the PTO to adopt the standard. The court looked at the history of the PTO, and explained that the broadest reasonable interpretation standard has been applied by the PTO and its predecessor for more than 100 years in various types of PTO proceedings.

Third, Cuozzo challenged the Board's construction of the claims under the broadest reasonable interpretation standard. The court found that the board did not err in its claim construction. Claim 10 includes the following limitation: "a speedometer integrally attached to said colored display." Cuozzo argued that the board improperly construed the phrase "integrally attached." The Board construed "integrally attached" as meaning "discrete parts physically joined together as a unit without each part losing its own separate identity." Cuozzo contended that the correct construction of "integrally attached" should be broader—"joined or combined to work as a complete unit." Cuozzo argued that the Board's claim construction improperly excludes a single-LCD embodiment of the invention wherein the speedometer and the speed limit indicator are on the same LCD. The court, however, held that there is no error with the Board's interpretation. The word "attached" must be given some meaning. As the Board explained, it would "be illogical to regard one unit as being 'attached' to itself." Therefore, the court agreed with the Board's claim construction.

Fourth, Cuozzo challenged the obviousness determination of claims 10, 14, and 17 were obvious. It is a long-established rule that claims which are broad enough to read on obvious subject matter are unpatentable even though they also read on nonobvious subject matter. *Muniauction, Inc. v Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008). The court held that claim 10 is obvious because it encompasses the analog embodiment of the invention discussed in the specification (the court did not appear to broach claims 14 and 17).

Finally the court considered whether the Board properly denied Cuozzo's motion for leave to amend, finding that substitute claims would enlarge the scope of the patent. The court held that because proposed claim 21 would encompass an embodiment not encompassed by claim 10, it is broadening, and the motion to amend was properly denied.

The judgement of the PTO was therefore affirmed.

Judge Newman wrote a dissenting opinion, arguing that the ruling is contrary to the Leahy-Smith America Invents Act. According to Judge Newman, by holding that the broadest reasonable interpretation examination is sufficient, that precludes the PTAB adjudication from being comparable to that in the district courts (which follows the legally correct standard of claim construction). Moreover, the majority's finding relating to review of decisions to institute post-grant proceedings would mean that § 314(d) must be read to bar review of all institution decisions, even after the Board issues a final decision. This restraint could bar review of information material to



the final PTAB judgment, and may in turn impede full judicial review of the PTAB's decision. According to Judge Newman, this further diminishes the role of the PTO as a reliable arbiter of patent validity.

**In re Imes,**

778 F.3d 1250 (Fed. Cir. Jan. 29, 2015)

The Federal Circuit reversed the PTO's rejection as obvious claims in a patent application directed to a device for communicating digital camera images and video information over a network. Additionally, it reversed the Examiner's determination that in a prior art reference, a system that sent a series of still images as email attachments disclosed "streaming video."

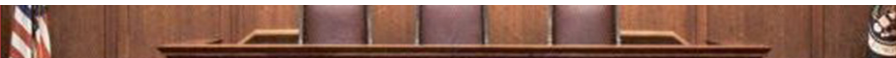
Imes's U.S. Patent Application No. 09/874,423 (the "'423 application") is directed to a device for communicating digital camera images and video information over a network. Imes claimed a wireless communication module for the transfer of video and camera images and the examiner rejected the claim as disclosed by the Schuetzle patent, which claimed a module for transferring images via the metal contacts of a memory card. The Federal Circuit held the examiner erred in doing so—that defining "wireless" as any mechanism that communicates without wires is inconsistent with the broadest reasonable interpretation of the word in view of the specification. The '423 application explicitly defined the term "wireless" to refer to a system in which electromagnetic or acoustic waves carry a signal through atmospheric space rather than along a wire. The '423 application explicitly defined the term "wireless" to refer to a system in which electromagnetic or acoustic waves carry a signal through atmospheric space rather than along a wire.

The court also reversed the PTO's holding that the Knowles patent—which claimed a system that allowed a user to take multiple consecutive still images and serially transmit them over a server via email—disclosed Imes's claim to "streaming video." The Board had held that the continuous process of sending images is the equivalent of streaming video; the court held that this was in clear error, both under the plain meaning of the term "streaming video" and by virtue of the fact that the '423 application explicitly distinguished image transmission from video transmission. Further, it held that "streaming video" was also not disclosed by a computer that incorporated a digital camera and was advertised as having the capability of sending images and video as attachments to emails. Accordingly, it reversed the rejection of the claims and remanded.

**In re Papst Licensing Dig. Camera Patent Litig.,**

778 F.3d 1255 (Fed. Cir. Feb. 2, 2015)

The Federal Circuit reversed the district court's constructions of five-claim terms in two of Papst's patents covering an interface device for transferring data between an input/output device and a host computer. *Takeaway:* In its first precedential opinion addressing claim construction after the Supreme Court's decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, the Federal Circuit reviewed a district



court's claim constructions *de novo* because it found that the “intrinsic evidence fully determines the proper constructions.”

In the U.S. District Court for the District of Columbia, Papst Licensing GmbH & Co. KG filed suit against eight digital camera manufacturers for infringement of Papst's two patents covering interface devices that transfer data between an input/output data device and a host computer. The defendants moved for summary judgment of noninfringement based on their proposed construction of several claim terms. After considering what it determined to be only intrinsic evidence: the claims, the specifications, the prosecution history, and testimony from the parties' neutral experts, the district court issued its claim construction orders and, based thereon, granted summary judgment in favor of the defendants. Papst appealed from five of the constructions.

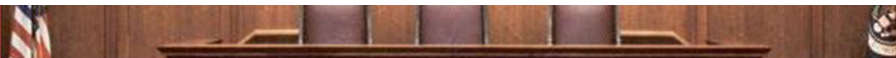
On appeal, the Federal Circuit reviewed the district court's claim constructions *de novo*. It reasoned that the district court “relied only on the intrinsic record, not on any testimony about skilled artisans' understandings of claim terms in the relevant field.” The court noted that the district court received a tutorial from the parties' experts, whom the court asked to be neutral in addressing the background of the technology and how the claimed inventions work, but not whether any particular term in the patent or the prior art has a certain meaning in the relevant field.

Applying *de novo* review, the Federal Circuit reversed the district court on all five of the challenged claim constructions. In construing the claim terms, the court looked at various sources of intrinsic evidence, including the plain and ordinary meaning of claim language, the written description (including the patents' stated advances over the prior art), and the prosecution history. Notably, in construing the claim term “virtual files,” the court substituted its own meaning for what the district court found was the ordinary meaning of the term. The Federal Circuit cited to its opinion in *CardSoft v. Verifone, Inc.*, 769 F.3d 1114 (Fed. Cir. 2014), to support its conclusion that, at the time Papst filed its patents, “virtual” was prominently used in the computer field to mean “one thing emulating another.” The district court, meanwhile, had adopted the definition of the term “virtual” from a technical dictionary. The Federal Circuit did not address the district court's definition of the term “virtual.”

Accordingly, the Federal Circuit vacated the district court's grant of summary judgment of noninfringement and remanded the case for further proceedings.

**Ineos USA LLC v. Berry Plastics Corp.,**  
783 F.3d 865 (Fed. Cir. Apr. 16, 2015)

The Federal Circuit affirmed the district court's grant of summary judgment that a prior art reference, which disclosed a broader range that overlapped with the range claimed in the patent-in-suit, anticipates. The patent-in-suit, U.S. Patent No. 6,846,863, involved a polyethylene composition used to make bottle caps. The prior art reference incorporated a lubricant in order to ease screwing and unscrewing the cap, but the composition often imparted a bad odor or flavor to food products. The patent-in-



suit attempted to solve the odor problem by specifying an allegedly innovative formula of polyethylene and other additives.

Specifically, the patent-in-suit claimed .05% to 0.5% by weight of at least one saturated fatty acid amides, while the prior art disclosed steamramide, a compound within the relevant class of saturated fatty acid amides in amounts from 0.1% to 5% by weight. The prior art reference and the claimed range thus overlapped.

“When a patent claims a range, as in this case, that range is anticipated by a prior art reference if the reference discloses a point within the range.” However, “[i]f the prior art discloses its own range, rather than a specific point, then the prior art is only anticipatory if it describes the claimed range with sufficient specificity such that a reasonable fact finder could conclude that there is no reasonable difference in how the invention operates over the ranges.” Because “the disclosure of a range . . . does not constitute a specific disclosure of the endpoints of that range,” the fact that the prior art reference disclosed an endpoint within the range claimed by the patent-in-suit meant that the species-genus rule did not apply.

The Federal Circuit nonetheless affirmed the district court because Ineos USA LLC (“Ineos”) had failed to show that the range claimed by the patent-in-suit was critical to the operability of the invention. “[We have] explained the importance of establishing the criticality of a claimed range to the claimed invention in order to avoid anticipation by a prior art reference disclosing a broader, overlapping range . . . . We have, however, reversed a grant of summary judgment of anticipation where the patentee raised a genuine dispute of material fact concerning the criticality of a claimed range . . . . We emphasized that ‘how one of ordinary skill in the art would understand the relative size of a genus or species in a particular technology is of critical importance.’” Here, Ineos failed to raise a genuine question of fact about whether the range recited by the patent-in-suit is critical to the invention: “There is no evidence that the operability of the bottle cap would be improved by the claimed range.”

**Info-Hold, Inc. v. Applied Media Techs. Corp.,**

783 F.3d 1262 (Fed. Cir. Apr. 24, 2015)

The Federal Circuit reversed the district court’s claim construction because the patentee never expressed a clear intention to limit the claims to the single embodiment described in the specification. *Takeaway*: Even if a patent describes only a single embodiment, the claims of the patent will not be limited to the described embodiment absent an intentional statement of restriction. Additionally, a later-issued patent included within a reexamination certificate of an earlier patent is part of the earlier patent’s prosecution history and, therefore, considered intrinsic evidence, subject to *de novo* review rather than a clear error standard.

Info-Hold, Inc. (“Info-Hold”) brought two separate patent infringement suits against Applied Media Technologies Corporation (“AMTC”) and Muzak LLC (“Muzak”) for a playback system that controls music (as well as advertisements) in call-holding systems for telephones and overhead speaker systems in retail establishments. The system



design has a remote server selecting music and messages to be played over its respective playback devices. The first action against AMTC occurred in 2003, but was stayed due to an *ex parte* reexamination of Info-Hold's patent. During this stay period, Info-Hold brought its second action against Muzak. After the stay was lifted, the district court conducted claim construction in the Muzak, and the parties of this present action agreed to be bound by the constructions rendered in the Muzak case.

For the AMTC case, the district court entered an order construing three terms. All three constructions favored AMTC in that they required signals to be initiated by the device server. Info-Hold and AMTC filed a joint stipulation of noninfringement so that Info-Hold could challenge the final judgment of these constructions.

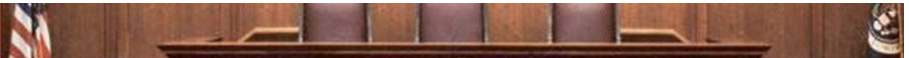
The Federal Circuit determined that the district court had erred in requiring the remote server to initiate the communications. The core term at issue was the construction of "transmit" to mean "initiate contact with and send an electronic signal to another device." This construction assumes that the remote playback devices would be unable to send information back to the server. The court determined that the term "transmit" is inherently neutral as to the source of the transmission and suggests no such limitation. The patent itself referred to the playback devices as "preferably operational in a receive-only manner," which implies a construction in which the playback devices invariably transmit signals as well. Without any intentional statement of restriction in the patent, the Federal Circuit rejected the contention that a description of a single embodiment limited the patent to that specific embodiment. In rendering its decision, the Federal Circuit also noted that the district court's references to a later-issued patent that was included within the reexamination certificate of the relevant patent was intrinsic evidence, and, therefore, did not require the court to undertake a clear error review.

Because the court rejected the district court's construction of "transmit," its holding also rejected the constructions of the other two terms because both of the terms were construed in light of the district court's erroneous construction of the first term. The Federal Circuit also referred to the appeal of Info-Hold's suit against Muzak for the constructions rendered in that case.

**Info-Hold, Inc. v. Muzak LLC,**  
783 F.3d 1365 (Fed. Cir. 24, 2015)

Info-Hold, Inc. ("Info-Hold") is the owner of the asserted patent, which relates to the ability to remotely control music and messages through playback devices, such as overhead speakers in department stores or telephone call-waiting systems. Years prior to the litigation, in-house counsel for Info-Hold contacted Muzak LLC's ("Muzak") legal department to notify the company that two of Muzak's products potentially infringed the asserted patent. Later, Info-Hold filed suit for patent infringement against Muzak.

Relevant to this opinion, Muzak moved for summary judgment that it did not induce infringement of the asserted patent, which the district court granted. Muzak also



moved for summary judgment that Info-Hold is not entitled to reasonable royalty damages. Info-Hold had attempted to prove damages through expert testimony, but the district court precluded this testimony on the ground that it improperly relied on the 25% rule and improperly applied the entire market value rule without presenting evidence that the patented features drove customer demand. The district court then dismissed the case on summary judgment on the basis that, without expert testimony, Info-Hold had no proof that it was entitled to royalty damages. Finally, prior to summary judgment, the district court had construed the limitation “when a caller is placed on hold” to mean “at the moment a caller is placed on hold.”

On appeal, Info-Hold challenged (1) the propriety of summary judgment of no reasonable royalty damages, (2) the grant of summary judgment of no induced infringement, and (3) the construction of the term “when a caller is placed on hold.”

Although the Federal Circuit held that the district court had not abused its discretion by excluding the testimony of Info-Hold’s damages expert, the Federal Circuit reversed the district court’s grant of summary judgment of no reasonable royalty damages. Relying on *Apple v. Motorola*, the Federal Circuit noted that the district court could not grant summary judgment if a factual issue existed as to whether “zero is the only reasonable royalty.” The exclusion of the damages testimony was not sufficient to support summary judgment because “[t]here was other record evidence which the district court could use as a basis for determining a reasonable royalty, even after the exclusion of [the damages expert’s] report and testimony.”

The Federal Circuit also vacated the district court’s grant of summary judgment of no induced infringement. To meet the knowledge requirement of induced infringement, the plaintiff must show that the alleged inducer acted with “actual knowledge or willful blindness” regarding whether the induced acts constitute patent infringement, and the Federal Circuit held that issues of material fact still remained on this issue. Info-Hold repeatedly contacted Muzak to put the company on notice of infringement of the asserted claim, and Muzak’s General Counsel purportedly told Info-Hold that Muzak would investigate whether Muzak infringed the asserted patent, yet there was no evidence that Muzak actually took any steps to investigate. The Federal Circuit concluded that, on this record, there were issues of material fact as to whether Muzak may have subjectively believed there was a high probability of infringement and took deliberate actions to avoid learning whether it actually did infringe.

Lastly, the Federal Circuit affirmed the construction of the term “when a caller is placed on hold,” which was construed to mean “at the moment a caller is placed on hold,” as proposed by Muzak. Info-Hold had proposed that this term merely referred to any time during the period the caller was on hold. The Federal Circuit concluded that the district court’s construction remained faithful to the principles of construction and was supported by intrinsic evidence. The Federal Circuit first explained that the surrounding claim language did not provide any indication that any relevant actions occur before or while the caller is on hold. In addition, the Federal Circuit noted that during the reexamination of its patent, Info-Hold had argued that this



limitation meant playback would occur at the time a caller was placed on hold, not before the caller is placed on hold.

The case was remanded to the district court for further proceedings consistent with the opinion.

**Insite Vision Inc. v. Sandoz, Inc.,**  
783 F.3d 853 (Fed. Cir. Apr. 9, 2015)

In this Hatch-Waxman litigation, the Federal Circuit affirmed the district court's decision that a topical treatment of azithromycin for conjunctivitis, marketed as Azasite®, was not obvious under 35 U.S.C. § 103(a). Defendant Sandoz, which had filed an Abbreviated New Drug Application ("ANDA") for a generic version of the drug, claimed that the district court erred by inappropriately framing the obviousness question and by failing to admit evidence of a similar patent from Europe.

The district court framed the obviousness question as whether it was obvious "to develop a topical ophthalmic formulation containing azithromycin." Defendant Sandoz argued that a much narrower question was more appropriate, to wit, whether it was obvious that "topical azithromycin could be used to treat conjunctivitis." The Federal Circuit held that the broader question was not an error because the evidence indicated that azithromycin's characteristics would make it a poor choice for treating ocular infections, and thus the problem faced by one skilled in the art was broader than merely seeking to use azithromycin to treat conjunctivitis.

Sandoz was unable to prove by clear and convincing evidence that the Azasite® patent was obvious, although proffering evidence of an oral azithromycin formula and a topical eye formulation using erythromycin (a similar ingredient to azithromycin). The court agreed with the plaintiffs in that oral and topical drug penetrations are significantly different and that the erythromycin formulation did not make the azithromycin formula obvious. The Federal Circuit also held that the gel eyedrop formula was not obvious because azithromycin had properties that made the use of a gel polymer seem separately unobvious.

The court also affirmed the district court's exclusion of evidence of a similar European patent. The last-minute introduction of the evidence on the eve of trial would have placed great prejudice on the patent-holders, forcing them to explain the difference between U.S. and European patent law. Although the evidence may have been deemed powerful, the Federal Circuit determined that the evidence was not so strong as to foreclose the plaintiff's suit at the liability stage.

**Intellectual Ventures I LLC v. Capital One Bank (USA),**  
792 F.3d 1363 (Fed. Cir. July 6, 2015)

The Federal Circuit affirmed the invalidity determination by the district court concluding that the asserted claims of U.S. Patent Nos. 8,083,137 (the "137 patent") and 7,603,382 (the "382 patent") were unpatentable abstract ideas. The court also



affirmed the district court's claim construction of disputed claim terms of U.S. Patent No. 7,260,587 (the "'587 patent"). The patents relate to activities on the Internet ('137 and '382 patents) and photography organization using a computer ('587 patent).

The district court granted summary judgement for the '137 and '382 patents asserting that the claims are ineligible subject matter under §§ 101 and 112(b). The district court also determined that, based on its construction of "interactive interface," the asserted claims of the '382 patent were indefinite under § 112(b). The district court thus held invalid all of the asserted claims of both patents.

The Federal Circuit applied the two-step *Alice* analysis to determine patent eligibility. Regarding the '137 patent, the court first found that the claims were directed to tracking financial transactions to determine whether they exceed a pre-set spending limit (*i.e.*, budgeting), an idea that Intellectual Ventures I LLC ("IV") admitted was abstract. Second, the court found that instructing one to budget using generic computer elements performing generic computer tasks was not an inventive concept. The court rejected claims of the '382 patent on similar grounds. The court first found that the asserted claims were directed to the idea of customizing webpage content as a function of navigation history and user information, an abstract idea and long prevalent practice. For example, claim 1 recited "an interactive interface configured to provide dynamic website navigation data to the user." The court found this claim was broad enough to cover "tailoring content based on the time of day at which the user viewed the content," which had been done with respect to television commercials for decades. The court said that "merely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea." Finding the claims of the '382 patent invalid, the Federal Circuit declined to address indefiniteness under § 112.

The Federal Circuit also affirmed the finding of noninfringement of the '587 patent after affirming the lower court's claim construction. The district court construed that "associated machine readable instruction form" must be in a hard-copy format and scanned into the computer along with the hard-copy pictures. Based on this construction, IV stipulated to noninfringement of all asserted claims of the '587 patent. The Federal Circuit, after *de novo* review, agreed with the district court that the claims require machine-readable instruction form to be in a hard-copy format.

**Intellectual Ventures II LLC v. JPMorgan Chase & Co.,**  
781 F.3d 1372 (Fed. Cir. Apr. 1, 2015)

The Federal Circuit dismissed an interlocutory appeal from a decision denying JPMorgan Chase & Co.'s ("JPMC") motion to stay on grounds that it intended to file covered business method reviews ("CBM"), holding that the court lacked jurisdiction until the Patent Trial and Appeal Board ("PTAB") instituted a proceeding. *Takeaway:* When a CBM petition is pending before the PTAB, but the PTAB has not yet acted to institute the review, there is no right to interlocutory review of a district court decision denying a stay motion based on the pending petition.



Intellectual Ventures II LLC (“Intellectual Ventures”) alleged infringement of five patents. JPMC moved to stay the case pending the result of four CBM petitions of the patents-in-suit that it intended to file. It subsequently filed two CBM petitions. The district court denied JPMC’s motion because it concluded that the litigation likely would be resolved more quickly than any CBM instituted by JPMC and the possibility that any CBM resolution would reduce the court’s workload was largely speculative. JPMC appealed, arguing that the Federal Circuit had jurisdiction to hear an interlocutory appeal under § 18 of the America Invents Act (“AIA”).

On appeal, the Federal Circuit dismissed the appeal because it determined that § 18 of the AIA did not provide the court with jurisdiction to consider the appeal. The Federal Circuit explained that it normally only has jurisdiction to review a district court’s final decision. The court noted that the AIA authorized immediate appellate review of stay rulings “relating to a [CBM] proceeding.” The court emphasized, however, that this exception to the final judgment rule should be construed narrowly.

Looking first at the language of the AIA, the court explained that the AIA distinguishes between a petition for a CBM proceeding and the institution of a proceeding, stating that the statutory language “suggest[s] that the petition is a request that a proceeding be instituted, not that the petition itself institutes a proceeding.” The court also noted that the AIA’s legislative history suggests that CBM proceedings do “not begin until the PTAB institutes the proceedings and the PTAB will only institute a proceeding if a party’s petition presents a ‘high up-front showing of likely invalidity.’” The court rejected JPMC’s argument that a petition for (or anticipation of) a CBM proceeding is sufficiently “related” to a proceeding to give rise to jurisdiction under § 18.

The court also rejected JPMC’s argument that the Patent and Trademark Office (“PTO”) defines “proceeding” more broadly, explaining that the PTO’s interpretation “is trumped by the clear language of the AIA.” Furthermore, the court observed that it is not obligated to defer to an agency’s interpretation of the scope of an Article III court’s appellate jurisdiction. The Federal Circuit also noted that its interpretation does not affect the jurisdiction of district courts, which may exercise their “discretion in deciding a motion to stay at any time.”

In dissent, Judge Hughes argued that § 18(b)(1)’s stay provision should be read more broadly, concluding that the court’s authority to review motions to stay “extends to stay decisions issued at any stage in the [CBMR] process.”

**Internet Patents Corp. v. Active Network, Inc.,**  
790 F.3d 1343 (Fed. Cir. June 23, 2015)

The Federal Circuit affirmed a district court’s grant of a motion to dismiss for ineligibility of the asserted patent claims under 35 U.S.C. § 101. The panel additionally stated that anticipation and obviousness questions under 35 U.S.C. §§ 102 and 103, respectively, are appropriate considerations in the Section 101 analysis. *Takeaway:* The Federal Circuit again upheld an ineligibility finding at the motion to



dismiss stage, and further explained that the analysis “is facilitated” by anticipation and obviousness considerations.

The asserted U.S. Patent No. 7,707,505 generally disclosed a conventional web browser’s back-and-forward navigational functionalities in an online application. The asserted claims recited a method of a web browser storing “state,” or what a user has inputted into an online form. Such information would be saved even if the user navigated away from the online form and returned to it later.

Applying the two-step Section 101 analysis under *Alice*, the court noted that under step one “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” Even considering the claims as a whole, the Federal Circuit agreed with the district court that the asserted claims were directed to the abstract idea of “retaining information lost in the navigation of online forms.”

As to the second step, which requires the existence of an “inventive concept” that transforms an otherwise ineligible abstract idea into patent-eligible subject matter, the court stated that “precedent illustrates that pragmatic analysis of §101 is facilitated by considerations analogous to those of §§102 and 103.” The court found that the patent itself disclosed that the functionalities used to carry out the abstract idea were “conventional,” “well-known,” and “common.”

Thus, because the court could not find anything beyond conventional browser elements and the claimed end-result of “maintaining [the] state,” the court held that the asserted claims were ineligible.

**Interval Licensing LLC v. AOL, Inc.,**  
766 F.3d 1364 (Fed. Cir. Sept. 10, 2014)

In a case involving indefiniteness and claim construction, the Federal Circuit affirmed the district court’s summary judgment of invalidity due to indefiniteness with regard to a claim term of degree, applying the recent Supreme Court holding in *Nautilus*, but vacated the district court’s summary judgment of noninfringement due to incorrect claim construction of two phrases. *Takeaway*: The Federal Circuit, in light of *Nautilus*, requires terms of degree to provide objective boundaries, so a person of ordinary skill in the art is on notice as to what is claimed, rather than terms susceptible to subjective interpretations that cannot provide the required notice.

Plaintiff Interval Licensing LLC (“Interval Licensing”) sued AOL, Inc., Apple Inc., Google, Inc. and Yahoo! Inc. alleging infringement of U.S. Patent Nos. 6,034,652 and 6,788,314, both of which relate to an “attention manager for occupying the peripheral attention of a person in the vicinity of a display device.” The district court entered a claim construction order that invalidated most asserted claims as indefinite and that limited other claims to two specific embodiments detailed in the specification. In response to the claim construction order, the parties stipulated to invalidity and noninfringement subject to Interval Licensing’s right to appeal.



The invalidated claims of the asserted patents describe the “attention manager” as being displayed in an “unobtrusive manner.” Applying the Supreme Court’s recent decision in *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2124 (2014), the Federal Circuit explained that the patent claims must provide “clear notice of what is claimed, thereby apprising the public of what is still open to them.” The claims must inform those skilled in the art “about the scope of the invention with reasonable certainty.” Here, the patent claim language includes a term of degree. While the Federal Circuit reiterated the terms of degree are not inherently indefinite, they must “provide[] enough certainty” to the public by identifying “some standard” for measuring the scope of the term of degree, so the public has notice of the “[o]bjective boundaries” of the patent’s claims.

With regard to the term “unobtrusive manner,” the Federal Circuit determined that the phrase was facially subjective and provided no clear boundary for interpretation. In response to arguments that the phrase was bound by various embodiments in the patent, the court found that the embodiments themselves were subject to multiple ambiguous definitions and could not reasonably guide one of skill in the art. Further, an “e.g.” example in the specification was not enough, as the court declined to consider a phrase following “e.g.” to be an exclusive definition.

With regard to the construed terms of the patent, the district court construed the term “attention manager” to mean “a system that displays images to a user either when the program detects that the user is not engaged in a primary interaction or as a background of the computer screen.” The district court stated that it was limiting the term to the description in the specification that gives objective boundaries to the scope of the limitation—the “screensaver” and “wallpaper” embodiments. The Federal Circuit disagreed, constructing it instead to mean “a system that displays images to a user either when the user is not engaged in a primary interaction or as an area of the display screen that is not used by the user’s primary activity.” The phrase “the program detects that” was too narrow, as the specification description includes a distinction between “user-activation” and “detection.” Replacing the “background” language with the “area of the display that is not used” language better represented the broad definition given to “wallpaper” in the wallpaper embodiment.

The district court also constructed the term “instructions” to mean “a statement in a programming language that specifies a function to be performed by a system.” Although the term was not key to the final judgment of invalidity and noninfringement, the Federal Circuit decided to review the construction of this term in the interest of judicial economy, as the construction was likely to become important on remand. Although the Federal Circuit declined to include “data” in the construction, referencing distinctions made between data and instructions in the patent itself, the court did change the “in a programming language” phrase. This phrase was gleaned from a technical dictionary’s definition of “computer instruction,” not the patent itself, and the court cautioned against such heavy reliance on extrinsic evidence in construing the claims of the patent. The court decided to omit this phrase entirely. Based upon the foregoing, the Federal Circuit affirmed the district court’s summary judgment of invalidity as to the claims of the asserted patents containing the term “unobtrusive



manner,” but reversed the district court’s summary judgment of noninfringement as to the other claims and remanded for further proceedings.

**IRIS Corp. v. Japan Airlines Corp.,**  
769 F.3d 1359 (Fed. Cir. Oct. 21, 2014)

The Federal Circuit affirmed the district court’s dismissal of a patent infringement case because the patent holder’s exclusive remedy against the United States was an action in the Court of Federal Claims. *Takeaway:* Companies will not be liable for alleged infringement that (1) is committed under an obligation or authorization of federal law and (2) reduces a burden the federal government would otherwise be forced to bear.

IRIS Corp. (“Iris”) accused Japan Airlines Corp. (“Japan Airlines”) of infringing its patent disclosing methods for making secure identification documents which store biographical or biometric data through its examination of its passengers’ U.S. passports as they boarded Japan Airlines’ flights. The district court granted Japan Airlines’ motion to dismiss, finding that the Enhanced Border Protection Act compelled Japan Airlines to examine the passports and thus shielded Japan Airlines from liability.

The Federal Circuit affirmed on the grounds that Japan Airlines’ allegedly infringing activities were committed “for the United States” under 28 U.S.C. § 1498(a) and as such the exclusive remedy of IRIS for infringement was against the United States in the Court of Federal Claims. The court held Japan Airlines’ allegedly infringing activities were required by statute and therefore conducted with the “authorization or consent” of the government. The court also held Japan Airlines’ examination reduced the burden on the government to detect fraudulent passports and manage immigration controls and so the examination was done to benefit the government.

**Jang v. Boston Sci. Corp.,**  
767 F.3d 1334 (Fed. Cir. Sept. 16, 2014)

Plaintiff and Defendants had entered into an agreement in which Plaintiff “assigned his rights in various patents to [Defendants] in exchange for an upfront payment and a promise under defined circumstances to pay additional compensation if [Defendants] sold stents covered by [Plaintiff’s] patents.” *Jang*, 767 F.3d at 1335. Plaintiff sued Defendants for breach of contract and other state law claims in federal court, alleging that Defendants failed to pay the agreed-upon royalty. Jurisdiction was based on diversity of citizenship. While the breach of contract suit was pending, the patents were held to be invalid by the PTO, a decision the Plaintiff did not appeal. Defendants then moved for summary judgment, arguing that under *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969), “the parties’ assignment agreement cannot require payment for practice of claims subsequently held to be invalid.” *Jang*, 767 F.3d at 1336. The district court denied Defendants’ summary judgment motion. According to the district court, under *Studiengesellschaft Kohle, M.B.H. v. Shell Oil Co.*, 112 F.3d 1561 (Fed. Cir. 1997), “a patentee is not precluded under *Lear* from recovering royalties until the date the licensee or assignee first challenges the validity of the patent.” *Jang*, 767 F.3d at 1336. Defendants moved the district court for an interlocutory appeal, and the district



court certified the appeal. The Federal Circuit (1) held that it had jurisdiction to hear the appeal, even though the patents were already deemed invalid, and (2) denied Defendants' petition for permission to file an interlocutory appeal. *Takeaway*: The Federal Circuit does not lose its jurisdiction to hear appeals over patent-related cases simply because the patents are later found to be invalid.

Before entertaining the merits of Defendants' petition, the Federal Circuit first addressed the issue of whether it, or the Ninth Circuit, had jurisdiction to entertain the interlocutory appeal under *Gunn v. Minton*, 133 S. Ct. 1059 (2013). The Federal Circuit has jurisdiction over appeals from any civil action arising under any Act of Congress relating to patents. *Jang*, 767 F.3d at 1336. In *Gunn*, the Supreme Court held that "federal jurisdiction over a state law claim will lie if a federal issue is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress." *Gunn*, 133 S. Ct. at 1065. Because Plaintiff's underlying claim was a state law breach-of-contract claim, the Federal Circuit examined whether that claim arose under federal patent law. The Federal Circuit held that it did. In particular, the Federal Circuit noted that because the agreement at issue involved devices that were covered or would infringe one or more valid claims of the assigned patents, the case necessarily depended on an issue of federal patent law.

Moreover, according to the court, the patent issues were substantial, because the court may also be called on to determine whether the claims of the assigned patents are valid. Having regional circuits decide validity could lead to inconsistent judgments, resulting in inconsistencies between a regional circuit and the Federal Circuit. Thus, "[m]aintaining Federal Circuit jurisdiction over such contractual disputes to avoid such conflicting rulings is important to the federal system as a whole and not merely to the particular parties in the immediate suit." The court rejected Plaintiff's response that the patent issues were no longer substantial because the PTO had invalidated the patents, because the patent issues were substantial when the complaint was filed.

After determining that it had jurisdiction, the Federal Circuit denied Defendants' petition because (1) "[i]t is not clear that the legal issues identified in the questions will in fact be controlling," and (2) "each question depends on the resolution of factual issues not yet addressed by the district court."

**Japanese Found. for Cancer Research v. Lee,**  
773 F.3d 1300 (Fed. Cir. Dec. 9, 2014)

The Federal Circuit reversed and vacated the district court's ruling that the PTO acted arbitrarily and capriciously, and abused its discretion, when it refused to withdraw a terminal disclaimer the client did not authorize. The court held that (1) 35 U.S.C. § 255, governing certificates of correction, would not allow withdrawing a mistakenly filed statutory disclaimer, and (2) the PTO had inherent authority to withdraw a mistakenly filed disclaimer and the PTO's decision is reviewed for abuse of discretion to determine if it was arbitrary, capricious, or an abuse of discretion.



The Japanese Foundation for Cancer Research (the “Foundation”) filed a petition with the PTO to withdraw the terminal disclaimer that was filed. The PTO issued a final agency decision denying the Foundation’s petition. The Foundation thereafter filed an action in the district court appealing the PTO’s decision under the Administrative Procedure Act (“APA”). The PTO and the Foundation filed cross motions for summary judgment. The district court granted the Foundation’s motion and denied the PTO’s motion. It directed the PTO to withdraw the disclaimer, absent a finding that the Foundation actually authorized its filing.

On appeal, the Foundation argued that the PTO had the authority to issue a certificate of correction for the patent to withdraw the terminal disclaimer under 35 U.S.C. § 255, which provides that a certificate of correction may be issued for a mistake of a “clerical or typographical nature.” The Foundation claimed that “clerical or typographical error” should be read disjunctively, such that § 255 is operative when there is a “clerical error.” According to the Foundation, since the terminal disclaimer was filed due to the mistake of a paralegal at the law firm representing one of the patent’s Japanese licensees, the mistaken filing constituted a “clerical error” because the paralegal was a clerical employee performing clerical work. However, the terminal disclaimer in this case was actually filed by the Foundation’s attorney of record. Because the PTO requires a terminal disclaimer to be signed by either the patentee or attorney of record, it would be impossible for a subordinate who lacks the duty of exercising judgment to file a valid terminal disclaimer on his own. Therefore, the court found that even assuming the Foundation’s reading of § 255 was correct, there was no basis for withdrawing the terminal disclaimer by means of a certificate of correction under § 255.

The Foundation also argued that the PTO had the inherent authority to withdraw a mistakenly filed terminal disclaimer and should have exercised its discretion to do so in this case. The PTO declined to delve into the record and evaluate the merits of the Foundation’s assertion that its attorney of record filed the disclaimer because of various miscommunications. The PTO determined that miscommunications between the Foundation and its attorney of record did not excuse the actions of the attorney because the PTO holds the patentee to be bound by the actions of its voluntarily-chosen representative. The PTO ends its inquiry into attorney authorization once it determines that the attorney of record signed the disclaimer, as required by regulation. The court held that it must defer to the agency’s interpretation of its own procedures and regulations, and it would not substitute its judgment for that of the agency. Therefore, the court found that the PTO did not act arbitrarily, act capriciously, or abuse its discretion in declining to withdraw the terminal disclaimer. Accordingly, the court reversed the district court’s grant of summary judgment in favor of the Foundation and vacated the district court’s order that the PTO conduct additional proceedings and withdraw the terminal disclaimer from the public record.



**Kaneka Corp. v. Xiamen Kingdomway Grp.,**  
790 F.3d 1298 (Fed. Cir. June 10, 2015)

In this case, the Federal Circuit affirmed in part, vacated in part, and remanded the case because of the district court's errors in claim construction. *Takeaway:* A court need not resort to extrinsic evidence for the meaning of a term not used in the written description as long as the meaning of the claim term can be ascertained from the intrinsic record. Relatedly, if a district court uses extrinsic evidence to establish a claim construction, the Federal Circuit can review the construction *de novo*, without resorting to the clear error standard under the Supreme Court's *Teva* decision, if the meaning of the claim language can be determined from the intrinsic record. Finally, a method claim can be construed to require that steps be performed in a particular order if the claim implicitly requires that order.

Kaneka owns U.S. Patent No. 7,910,340, which describes processes for producing oxidized and reduced coenzyme Q<sub>10</sub>, an enzyme in animal cells that aids cellular respiration. The claims at issue in the case describe processes for producing oxidized coenzyme Q<sub>10</sub>. Claims 1 and 11, nearly identical claims, contain the term "inert gas atmosphere." Claims 22 and 33 contain the term "sealed tank." All of the claims contain the term "oxidizing" step.

Kaneka sued Xiamen for patent infringement in the Central District of California, asserting claims 1, 11, 22, and 33, among others. Kaneka then filed a petition in the U.S. International Trade Commission ("Commission") involving the same claims. The district court issued a stay pending resolution of the Commission proceeding. The Commission found no infringement. The district court then lifted the stay and construed the term "inert gas atmosphere" to mean "a gas atmosphere that is free or substantially free of oxygen and reactive gases." The court adopted the Commission's construction, which resorted to extrinsic evidence from a dictionary, of "sealed tank" as "a tank that is closed to prevent the entry or exit of materials." Finally, the court construed the "oxidizing" step of claims 1 and 22 to mean "actively converting all or substantially all of the reduced coenzyme Q<sub>10</sub> obtained from the disruption step to oxidized coenzyme Q<sub>10</sub> in a step before beginning the extraction step." The "oxidizing" step in claims 11 and 33 was construed to mean "actively converting all or substantially all of the extracted reduced coenzyme Q<sub>10</sub> obtained from the disruption step to oxidized coenzyme Q<sub>10</sub> in a separate step after the extraction step has been performed." Based on the district court's claims construction, the defendants moved for summary judgment of noninfringement on claims 1, 11, 22, and 33. The district court granted summary judgment, and Kaneka appealed, challenging the court's claim construction.

The Federal Circuit affirmed the district court's grant of summary judgment of noninfringement of claims 1 and 11 because Kaneka withdrew its construction arguments in light of another ruling in a related case. Regarding the term "sealed tank," the court determined that the Commission's resort to a dictionary definition of "sealed" was in error because the intrinsic record gave a meaning to the term that contradicted the plain meaning provided by a dictionary. The record showed the sealed tank should



be sealed to the atmosphere but did not require sealing as to other materials, such as solvents. The Federal Circuit held that “sealed tank” actually meant “a tank that prevents exposure of the tank’s contents to the atmosphere.”

Regarding the “oxidizing” step, the district court had concluded the construction had the following limitations: 1) the oxidation must be an active process; 2) all or substantially all of the reduced coenzyme Q<sub>10</sub> must be converted during the oxidation step; 3) oxidation must occur either before the extraction step in claim 22 or after the extraction step in claim 33; and 4) oxidation must occur separately from the other steps. The court found that oxidation did require an active step but did not require oxidation of all or substantially all of the coenzyme. The Federal Circuit disagreed with the district court’s finding that the oxidation step occurred separately from the other steps as the claims read on a continuous process. Therefore, no one step needed to be carried out independently of any other step. The Federal Circuit, however, did read a required order into the claim because the claim language implicitly called for the method steps to be performed, at least in part, in a particular order.

The court affirmed the district court’s grant of summary judgment on noninfringement of claims 1 and 11, vacated summary judgment on claims 22 and 33, and remanded for further proceedings.

**Kennametal, Inc. v. Ingersoll Cutting Tool Co.,**  
780 F.3d 1376 (Fed. Cir. Mar. 25, 2015)

The Federal Circuit affirmed a ruling by the Patent and Trial Appeal Board (“PTAB”) that a cutting tool patent held by Kennametal Inc. was invalid as both anticipated and obvious. *Takeaway:* A prior art reference can anticipate a claim even if it does not spell out all the limitations as they are arranged or combined in the claim. If a prior art reference expressly contemplates all the limitations of a claim, the prior art reference will anticipate the claim or render the claim obvious as long as the reference enables a person of skill in the art to readily envisage the invention.

The patent at issue related to cutting tools containing ruthenium metal as a binder and coated using physical vapor deposition (“PVD”). During an *inter partes* reexamination, the PTAB found that a prior art reference specifically recited five metals, one of which was ruthenium, and a coating that could be applied using one of three techniques, including PVD. The PTAB determined that the fifteen possibilities resulting from a combination of the five metals and three coating techniques provided a definite and limited class such that each member of the class was anticipated by the prior art reference. The PTAB therefore held that the prior art reference anticipated the relevant claims in Kennametal’s patent. The PTAB also held that the cited prior art references rendered the remaining claims at issue obvious. Kennametal appealed to the Federal Circuit.

The Federal Circuit affirmed the anticipation ruling because it was supported by substantial evidence. Because all of the limitations of the claim were specifically disclosed in a prior art reference, the question before the Federal Circuit was whether

the number of categories and components was large enough such that the combination of the ruthenium metal and PVD coating “would not be immediately apparent to one of ordinary skill in the art.” The court established that the prior art reference did not need to show “actual performance” of combining the specific limitations as described in the claim because “anticipation only requires that those suggestions be enabled to one of skill in the art.” The court determined that sufficient evidence supported the PTAB’s ruling that a person of skill in the art would immediately envisage using ruthenium metal and applying a PVD coating upon reading the prior art reference.

Turning to obviousness, the court explained that an anticipating reference theoretically can fail to render a claim obvious, but such claims are rare. Referring to the same reasoning by which it found many of the patent claims anticipated, the court determined that substantial evidence supported the PTAB’s obviousness ruling. The court also rejected Kennametal’s secondary consideration arguments because the prior art already taught the combination of ruthenium binders and PVD coatings, so there could be no nexus between unexpected results and the claimed invention.

**Lelo Inc. v. Int’l Trade Comm’n,**

786 F.3d 879 (Fed. Cir. May 11, 2015)

In this appeal regarding the “domestic industry” requirement under 19 U.S.C. § 1337, the Federal Circuit held that “significant investment and employment” cannot be determined using purely qualitative factors but requires a quantitative analysis in order to determine whether there is a significant increase or attribution by virtue of the claimant’s asserted commercial activity in the United States.

Standard Innovation, the plaintiff in the underlying litigation, filed a complaint with the International Trade Commission (“ITC”) alleging that Lelo Inc. (“Lelo”) imported products that violated Standard’s patent, U.S. Patent No. 7,931,605 (the “’605 patent”). The ’605 patent pertained to kinesiotherapy devices, and Standard Innovation sourced components of the devices from third-party suppliers within the United States and abroad. An Administrative Law Judge (“ALJ”) found that each of the accused devices imported by Lelo met at least one claim term of the ’605 patent but that Standard Innovation had failed to establish § 1337’s “domestic industry” requirements. Specifically, Standard Innovation had failed to show that its U.S. purchase of the components constituted “significant investment in plant and equipment,” or a “substantial investment in its exploitation, including engineering, research and development, or licensing” under § 1337(a)(3). The ITC disagreed and reversed the ALJ’s ruling on the grounds that the contested components were critical to Standard Innovation’s devices.

The Federal Circuit reversed, emphasizing the quantitative nature of the analysis called for by § 1337’s “significant investment and employment” requirement. The court noted that “the terms ‘significant’ and ‘substantial’ refer to an increase in quantity or to a benchmark in numbers” and that the ITC itself had found Standard Innovation’s economic investment to be “modest” in quantity. Furthermore, Standard Innovation only paid generic, off-the-shelf prices for components bought in the United States, and

the record was silent as to the share of labor and capital costs solely attributable to the company's purchases of these items. Finally, the Federal Circuit observed that prior ITC determinations confirmed that § 1337(a)(3) analysis is quantitative. *In re Certain Concealed Cabinet Hinges and Mounting Plates*, Inv. No. 337-TA-289, 1990 WL 10608981, Comm'n Op. at 11 (Jan. 8, 1990); *In re Certain Pressure Transmitters*, Inv. No. 337-TA-304, USITC Pub. 2392, Comm'n Op. at 14 (1990).

**Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.,**  
790 F.3d 1329 (Fed. Cir. June 23, 2015)

Reconsidering its claim construction decision in light of the Supreme Court's decision in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015), the Federal Circuit unanimously held that the district court did not commit "clear error" when construing the claims at issue and upheld a jury verdict of infringement for the plaintiff. The Federal Circuit, for the first time, applied the "clear error" standard of review to a district court's claim constructions pursuant to recent Supreme Court precedent in *Teva*.

Lighting Ballast originally filed suit against the defendants in the Northern District of Texas, alleging infringement of U.S. Patent No. 5,436,529, which claims an improved electronic ballast—a device used to regulate electronic current flow within lamp fixtures. The defendants asserted, among other things, that the phrase "voltage source means" in claim 1 of the patent was a means-plus-function term that triggered the requirements of 35 U.S.C. § 112 ¶ 6. Under the defendants' theory, the patent should be invalidated for indefiniteness because the patentee did not disclose any structure corresponding to the voltage source function.

The district court initially agreed with defendants' theory at the claim construction hearing, but reversed after the patentee filed a motion for reconsideration. The court explained that it had unjustifiably ignored the patentee's uncontroverted expert testimony, which described how a person of skill in the art would know that "voltage source means" necessarily describes an electronic rectifier. As such, the patent was not insolubly ambiguous. At trial, the jury found for the patentee, prompting the defendants to appeal the district court's claim construction ruling to the Federal Circuit.

The Federal Circuit panel initially reviewed the claim constructions *de novo* and agreed with defendants that claim 1 of the '529 patent was indefinite. The patentee filed for rehearing *en banc*, which the court granted to determine the appropriate standard of review for claim construction holdings. The *en banc* court held that claim constructions are reviewed *de novo* on appeal, and reversed the district court by ruling that claim 1 of the '529 patent was invalid due to indefiniteness.

This result only was temporary. The Supreme Court granted certiorari, and remanded the case back to the Federal Circuit, instructing the court to reconsider its claim construction rulings in light of intervening Supreme Court precedent in *Teva*. In *Teva*, the Supreme Court held that the Federal Circuit must apply a "clear error" standard



when reviewing factual determinations made by a district court as part of a claim construction ruling. This decision abrogated the Federal Circuit's prior judgment in this case.

On remand, the defendants asserted five claim construction errors on appeal from the original district court's decision. Among other things, the defendants again asserted that "voltage source means" is a means-plus-function limitation and that the expert testimony did not sufficiently identify a qualifying structure to render the claim definite. The court determined that the district court did not abuse its discretion when it found that the claim was sufficiently definite. The extrinsic expert testimony supported the proposition that the phrase "voltage source means" necessarily implied a rectifier, and thus the district court's factual findings sufficiently supported their ultimate conclusion that § 112 ¶ 6 did not govern the phrase at issue. The holding in *Teva* therefore caused the Federal Circuit panel to reach a different conclusion than the court previously held *en banc*.

The Federal Circuit upheld each of the district court's other constructions, holding that the district court's findings were not clearly erroneous. Finally, the defendants asserted that the district court erred by refusing to grant a JMOL contending the defendant's device did not infringe the "controls means" language in claim 1 under the doctrine of equivalents. Though the denial of JMOL is reviewed *de novo*, the Federal Circuit declined to "independently reweigh the evidence" produced at trial, holding that substantial evidence underpinned the jury's finding of infringement.

**Medicines Co. v. Hospira, Inc.,**

791 F.3d 1368 (Fed. Cir. July 2, 2015)

The Medicines Company owns U.S. Patent No. 7,582,727 (the "'727 patent") and U.S. Patent No. 7,598,343 (the "'343 patent"). The patents relate to the drug bivalirudin, a synthetic peptide used as an anti-coagulant. On August 19, 2010, The Medicines Company sued Hospira, Inc. ("Hospira"), alleging that two of Hospira's ANDA filings infringed claims 1-3, 7-10, and 17 of the '727 patent and claims 1-3 and 7-11 of the '343 patent. The district court construed the asserted claims and, following a bench trial, found the patents not infringed and not invalid as obvious, indefinite, or under the on-sale bar under 35 U.S.C. § 102(b). The Medicines Company appealed the district court's claim construction and finding of noninfringement. Hospira appealed the district court's holdings on obviousness, indefiniteness, and the on-sale bar.

The Federal Circuit held that the patents were invalid under on-sale bar (in favor of Hospira). The on-sale bar under 35 U.S.C. § 102(b) provides that an invention cannot be patented if it has been for sale for over one year prior to the patent filing. It applies when, before that date the claimed invention (1) was the subject of a commercial offer for sale and (2) was ready for patenting. The Medicines Company filed applications to patent its discovery in July 2008. One year before filing these applications, The Medicines Company hired Ben Venue to prepare three batches of the drug using an embodiment of patented method. The district court concluded that no commercial sale



occurred because: (1) Ben Venue only sold manufacturing services, not pharmaceutical batches and (2) the batches fall under the experimental use exception.

On appeal, the court first found that the district court clearly erred in finding that the Ben Venue sale of services did not constitute a commercial sale. The Federal Circuit explained that the Medicines Company paid Ben Venue for performing services that resulted in the patented product-by-process, and thus a “sale” of services occurred.

The appeals court also held that the district court clearly erred in finding that the experimental use doctrine bars the application of the on-sale bar to the Ben Venue batches. The Medicines Company asserted that it had not reduced the invention to practice when the batches were made because it did not appreciate the maximum impurity level limitation of the claimed invention until after 25 batches of bivalirudin were manufactured according to The Medicine Company’s new process. The court explained, however, that where an invention is on sale, conception is not required to establish reduction to practice. *See In re Cygnus Telecomm. Tech., LLC Patent Litig.*, 536 F.3d 1343, 1356 (Fed. Cir. 2008). Because the invention was sold and embodied the claims, the district court did not err in concluding that the invention was ready for patenting.

Because the district court erred in finding that the claimed invention was not commercially offered for sale before the critical date, the appeals court reversed the district court’s determination that the on-sale bar does not apply.

**Memorylink Corp. v. Motorola Sols., Inc. & Motorola Mobility, Inc.,**  
773 F.3d 1266 (Fed. Cir. Dec. 5, 2014)

In a case involving alleged breach of contract and patent infringement stemming from the sale, assignment, and transfer of patent rights relating to wireless video technology, the Federal Circuit affirmed the district court’s grant of summary judgment in favor of transferee Motorola on both the breach of contract and patent infringement claims. In addition, the Federal Circuit affirmed the dismissal of various tort claims as barred by the statute of limitations. *Takeaway:* Explicit acknowledgment of consideration in an assignment agreement will be sufficient to show that consideration existed, despite the use of boilerplate language. Furthermore, the accrual of fraud-based claims begins once the party knows all the facts necessary to assert its claims.

Memorylink Corp. (“Memorylink”) was formed as a funding entity for the creation of a handheld camera device that could wirelessly transmit and receive video signals. Strandwitz, who had formed Memorylink, Sols., Inc. & Motorola Mobility, Inc. “Motorola” and Kniskern were the two original individuals who wanted to create such a device. They later approached Motorola seeking to jointly develop the handheld camera device. A letter sent by Motorola’s attorney to Strandwitz stated that the inventors of the device were Strandwitz, Kniskern and two of Motorola’s employees. All four designated inventors later signed an assignment agreement, which transferred their rights to both Motorola and Memorylink, “for and in consideration of the sum of One Dollar to us in hand paid, and other good and valuable consideration,



the receipt of which is hereby acknowledged.” However, when Memorylink later conducted an external investigation, counsel advised that the two Motorola employees were not proper co-inventors. Memorylink then filed suit against Motorola, alleging patent infringement and various torts mostly sounding in fraud, and seeking a declaration that the assignment agreement was void for lack of consideration.

On appeal, the Federal Circuit reviewed *de novo* and affirmed the district court’s grant of summary judgment in favor of Motorola on the contract claim, because they found that the “four corners” of the agreement explicitly contained recitals of consideration. The use of boilerplate language did not make the stated consideration invalid. Furthermore, the court found that consideration was actually exchanged, since the Motorola employees did, in fact, transfer whatever ownership rights they possessed by executing the assignment agreement. Whether they were later determined to have been erroneously included as co-inventors did not create a genuine issue of material fact on the consideration issue, the court reasoned, because the Motorola employees did transfer whatever ownership rights they possessed—which was what was bargained for. The court declined to examine the adequacy of the consideration, since they did not find it to be so insufficient as to shock the conscience. Given that the assignment agreement was valid, the court found that Motorola was a joint owner of the patent and, therefore, could not be liable for infringement. Thus, the court also affirmed summary judgment of noninfringement to Motorola.

The court also agreed with Motorola that the district court properly dismissed the tort claims because the statute of limitations period had run. The court found that Memorylink reasonably should have concluded that a legal claim existed because the Motorola employees contributed nothing to the conception of the invention, yet they were included as co-inventors on various documents relating to the invention. Thus, Memorylink knew all the facts necessary to assert its claims, and, therefore, its causes of action accrued more than five years before it filed suit. In addition, the accrual of any claim was not delayed by the alleged false statements and omissions by Motorola’s attorney regarding the inventorship determination. Memorylink also obtained independent legal counsel soon thereafter, and thus reasonably should have discovered any legal claims.

**Mformation Techs., Inc. v. Research in Motion Ltd.,**  
764 F.3d 1392 (Fed. Cir. Aug. 22, 2014)

In this infringement case, the Federal Circuit addressed post-verdict clarifications of claim constructions and the propriety of a subsequent grant of judgment as a matter of law that a defendant did not infringe based on an order-of-steps construction. *Takeaway:* district courts may make post-trial adjustments to claim construction if those adjustments are mere clarifications of the prior construction, and a claim may be construed to require an order of steps—even where an order is not specifically recited—where grammar or logic or the specification require an order.

Mformation Technologies, Inc. and mFormation Software Technologies, Inc. (together, “Mformation”) sued Research in Motion Limited and Research in Motion Corporation



(together, “BlackBerry”), alleging infringement of Mformation’s software patent, U.S. Patent No. 6,970,917, which enables remote wireless activation and management of an electronic device through a process involving multiple steps. Before trial, the district court construed “establishing a connection between the wireless device and the server” to mean “initiating wireless communication between a wireless device and the server.” A jury found infringement of all asserted claims, but the district court granted BlackBerry’s motion for judgment as a matter of law of no infringement, which argued that Mformation did not present evidence that BlackBerry’s software completed the sub-step of “establishing a connection” to a device before beginning to transmit data. Mformation moved for a new trial on the ground that the district court impermissibly changed the claim construction after the jury verdict to require an order of steps, but its motion was denied.

After rejecting BlackBerry’s argument that Mformation waived its right to assert that the district court changed its claim construction because the judicial admissions involved were not unequivocal, the Federal Circuit affirmed the district court’s grant of judgment as a matter of law.

First, the court held that the district court did not change its claim construction post-verdict, but “at most” clarified the construction already present in the jury instructions, which stated that the connection establishment sub-step had to be completed before the transmission sub-step could begin.

Second, the court agreed with the district court that the relevant claim required that the connection be established before transmission. Although claims generally are not construed to require an order of steps unless a particular order is specifically recited, the language of a claim may require that steps be performed in a certain order as a matter of logic or grammar. The court was persuaded by BlackBerry’s argument that the connection establishment sub-step would be rendered superfluous if the connection did not have to be completely established before transmission, because establishing a connection is a necessary component of transmitting information.

Third and finally, the court rejected Mformation’s argument that judgment as a matter of law was improper because substantial evidence of infringement existed. It distinguished between establishing a connection within the meaning of Mformation’s claim and selecting a path for a wireless connection, which was how BlackBerry’s software operated before transmitting a message. The court upheld the district court’s grant of judgment to BlackBerry as a matter of law as well as the costs awarded to BlackBerry by the district court.

**Microsoft Corp. v. Proxyconn, Inc.,**  
789 F.3d 1292 (Fed. Cir. June 16, 2015)

Two issues were presented on appeal. First, whether the Patent Trial and Appeal Board (the “Board”) should apply the broadest reasonable interpretation standard for claim construction during *inter partes* review (“IPR”). Second, whether the Board erred in denying patentee’s motion to amend claims by requiring patentee to demonstrate that

proposed substitute claims were patentable over prior art of record that had not been cited against the claims that patentee sought to substitute.

Regarding the first issue, a unanimous panel upheld the Board's use of the broadest reasonable interpretation standard when construing claims in an IPR proceeding. The court cited *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271 (Fed. Cir. 2015), which was decided after the briefing stage of the appeal, holding that the broadest reasonable interpretation standard in IPRs "was properly adopted by PTO regulation." *Id.* at 1282. However, the court vacated and remanded for further proceedings two of the three constructions on appeal finding that the Board's interpretations were unreasonable. The court explained, "[e]ven under the broadest reasonable interpretation, the Board's construction 'cannot be divorced from the specification and the record evidence,' and 'must be consistent with the one that those skilled in the art would reach.' A construction that is 'unreasonably broad' and which does not 'reasonably reflect the plain language and disclosure' will not pass muster."

Concerning the second issue, the court affirmed the Board's denial of patentee's motion to amend two of its claims due to patentee's failure to establish patentability of the substitute claims over prior art of record. The court rejected patentee's argument that the Board's reliance on its own decision, *Idle Free Sys., Inc. v. Bergstrom, Inc.*, IPR2012-00027, 2013 WL 5947697 (PTAB June 11, 2013), contravened the operative statutes setting forth the procedures for inter partes review. Rather, the court held that the Board, as an agency, possesses both traditional notice-and-comment rulemaking authority and adjudicative authority, and thus that its reliance on its adjudicative decision in *Idle Free* was permissible. The court specifically held that the Board's requirement that the patentee show patentable distinction of the substitute claims over the prior art of record is not in conflict with the operative statutes. Importantly, however, the court specifically did not address "whether every requirement announced by the Board in *Idle Free* constitutes a permissible interpretation of the PTO's regulations."

The third judge of the panel was Judge Rodney Gilstrap (E.D. Tex.), sitting by designation.

**MobileMedia Ideas LLC v. Apple Inc.,**  
780 F.3d 1159 (Fed. Cir. Mar. 17, 2015)

In this case involving four patents allegedly infringed by Apple's iPhone, the Federal Circuit affirmed in part, reversed in part, and vacated and remanded in part. *Takeaway:* Expert witness testimony consisting wholly of conclusory statements is insufficient to support a jury verdict, and courts should interpret a means-plus-function limitation based on what the specification and prosecution history say, rather than what they do not say.

MobileMedia Ideas LLC ("MobileMedia") sued Apple for infringement of various patents, four of which are at issue here. The district court granted Apple's motion for summary judgment of noninfringement or invalidity of U.S. Patent No. RE 39,231. The



jury found that Apple infringed the other three asserted patents: U.S. Patent Nos. 6,427,078 (the “’078 patent”), 6,070,068 (the “’068 patent”), and 6,253,075 (the “’075 patent”). Apple then moved for judgment as a matter of law of noninfringement and invalidity of the three patents. The district court granted the motion in full as to the ’075 patent and claim 24 of the ’068 patent, but denied the motion as to the rest of the claims.

Apple appealed, and MobileMedia cross-appealed. The Federal Circuit affirmed in part, reversed in part, and vacated and remanded in part. It reversed the district court’s judgment that claim 24 of patent ’068 is not invalid and affirmed the district court’s judgment that claims 5, 6, and 10 of the ’075 patent are invalid, because MobileMedia’s expert witness provided only conclusory statements to rebut Apple’s evidence of obviousness, and conclusory statements are insufficient to sustain a jury’s findings.

The Federal Circuit affirmed the district court’s judgment that claim 73 of patent ’078 is not invalid but reversed the lower court’s judgment of infringement, finding that the district court erred in identifying structure corresponding to a means plus function claim. The Federal Circuit found that the claim language required the means to be limited in a certain way, and that the fact that the specification did not expressly limit the claims did not change this conclusion, stating that means-plus-function limitations should be construed according to what the specification and prosecution history do say, and not what they fail to disclaim.

In addition, the Federal Circuit vacated the district court’s judgment that Apple did not infringe claims 2–4 and 12 of the ’231 patent based on an erroneous claim construction, and remanded for further proceedings.

**Mohsenzadeh v. Lee,**

790 F.3d 1377 (Fed. Cir. June 25, 2015)

The Federal Circuit affirmed the entry of summary judgment in favor of the PTO regarding denial of patent term extensions for two divisional patent applications by a district court in the Eastern District of Virginia. *Takeaway*: Divisional patents are not entitled to patent term adjustments under 35 U.S.C. § 154(b)(1)(A) based on delays in the prosecution of their parent application.

The plaintiff filed the application for U.S. Patent No. 7,742,984 (the “’984 patent”) on July 06, 2001, but the PTO did not notify the plaintiff that the application was subject to a restriction requirement until September 21, 2006. The plaintiff accordingly prosecuted only certain claims, which issued as the ’984 patent on June 22, 2010. The PTO afforded the ’984 patent a patent term adjustment based on its delayed notification of the restriction requirement. In 2010, the plaintiff also filed two divisional applications to the ’984 patent. Those patents eventually issued in 2013, but the PTO refused to grant any patent term adjustment for its prior delayed notification of the restriction requirement as to the ’984 patent. The plaintiff appealed.

The Federal Circuit disagreed with the plaintiff's view that Congress intended to impute delays from the prosecution of a parent application to *any* continuing derivative applications, not just to the single application issuing directly from the parent. The court reasoned that, "[h]ad Congress intended for the period of delay during prosecution of a parent application to be restored for all continuing applications deriving from it, it would have done so expressly." But the court held that other subsections of the same statute, which expressly addressed the relationship between a parent application and continuing applications, suggested that "Congress did not provide patent term adjustments in continuing [divisional] applications based on delays in the prosecution of parent applications."

**NeuroRepair, Inc. v. Nath Law Grp.,**  
781 F.3d 1340 (Fed. Cir. Jan. 15, 2015)

This appeal was limited entirely to the question of whether a California state court legal malpractice case involving patent law representation was properly moved to federal court. The court held that under the principles of the Supreme Court's decision in *Gunn v. Minton*, 133 S. Ct. 1059 (2013), federal jurisdiction under 28 U.S.C. § 1338 was lacking.

NeuroRepair retained the Nath Law group to assist in the prosecution of certain patent applications. When NeuroRepair became dissatisfied with the slow progress on its patent applications, it sued the Nath Law Group in California state court alleging malpractice. Defendants removed the case to federal district court on the ground that it was a "civil action relating to patents."

28 U.S.C. § 1338 gives federal district courts original jurisdiction over "any civil action arising under an Act of Congress relating to patents." The Supreme Court in *Gunn* explained that in cases such as this one, federal jurisdiction over a state law claim will lie if it involves a patent law issue that is 1) necessarily raised, 2) actually disputed, 3) substantial, and 4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.

The panel held that NeuroRepair's suit would not "necessarily raise" issues of patent law. Although NeuroRepair's claims referenced a number of patent issues—for example, alleging that defendants breached their duty by "failing to competently and effectively pursue the patent applications"—a court could find NeuroRepair is entitled to relief without ever reaching a substantive patent law issue. Therefore, the court held, it would not "necessarily require the application of patent law" to resolve the case.

However, a patent law issue *was* actually disputed between the parties—the defendants argued that their delay in handling the patents was because the claims as initially presented were not patentable, and thus whether the patent could have issued earlier was disputed between the parties. But the court held that the patent issue in NeuroRepair's suit was not "substantial." "It is not enough that the federal issue be significant to the particular parties," it must be "of sufficient importance to the federal system as a whole." In analyzing whether the claim was important to the federal



system, the court reasoned that the patent issue was not dispositive to the case, that the court's resolution was unlikely to control numerous other cases, and it was unclear whether the PTO or any other government agency had a direct interest in the outcome of the case. Finally, the court concluded, if malpractice cases like the one presented were heard in federal court, it would disrupt the federal-state balance—while a federal interest may be slightly implicated in the underlying patent issue, the state's interest in regulating its own lawyers vastly outweighs any such interest the federal government may have.

**OIP Techs., Inc. v. Amazon.com, Inc.,**  
788 F.3d 1359 (Fed. Cir. June 11, 2015)

Using the Supreme Court's two-part test in the *Alice* case, the Federal Circuit held that a patent for a computerized method of price optimization did not claim patentable subject matter. The court found no patent protection under 35 U.S.C. § 101 because the patent was only an abstract idea coupled with routine data-gathering steps and conventional computer activity. *Takeaway:* Relying on a computer to perform routine tasks more efficiently or accurately does not render a claim related to a patent-ineligible concept, such as an abstract idea, patent eligible. Without more, the automation of a fundamental economic concept through the use of generic computer functions does not render a claim patentable. The fact that the claims do not preempt all activities related to the fundamental economic concept or are limited to the e-commerce setting does not make the claims any less abstract.

OIP Technologies, Inc. ("OIP") sued Amazon.com, Inc. ("Amazon") alleging infringement of a patent that uses computerized methods for price optimization. The method helps vendors reach better pricing decisions through automatic estimation and measurement of actual demand to select prices. First, several prices are sent over a network to devices, and those prices are then presented to potential customers. The computer gathers statistics about how the potential customers responded to the different prices. Based on the statistics, prices are selected to maximize profits.

Amazon filed a motion to dismiss the complaint because OIP's patent was drawn to patent-ineligible subject matter. The district court granted Amazon's motion because the claims simply described the use of a general-purpose computer to implement the abstract idea of price optimization.

The Federal Circuit affirmed the district court after applying the two-step test in the *Alice* case. The first step requires the court to determine whether the claims at issue are directed to a patent-ineligible concept. The court found the patent for a method of price optimization was an abstract idea because the concept of offer-based pricing was similar to other fundamental economic concepts the Supreme Court and the Federal Circuit had found to be abstract ideas. The second step requires the court to consider whether the elements of each claim related to a patent for an abstract idea transform the nature of the claim into a patent-eligible application. The Federal Circuit stated the computerized method of price optimization only recited conventional computer activities, such as sending electronic messages over a network to devices, storing test

results in a machine-readable medium, and using a computerized system to automatically determine an estimated outcome. The court held that the distinguishing feature of the claims was the ability to make traditional price-optimization methods more efficient, which did not provide an inventive concept sufficient to transform the subject matter into a patent-eligible claim.

Judge Mayer concurred to address OIP's argument that the district court erred in resolving the patent eligibility issue on the pleadings. Judge Mayer stated that patent eligibility, according to the Supreme Court, is a threshold issue. Therefore, addressing 35 U.S.C. § 101 at the outset is appropriate because it conserves judicial resources, spares litigants expensive discovery costs, and stems the tide of vexatious suits brought under vague and overbroad business method patents.

**Oplus Techs., Ltd. v. Vizio, Inc.,**

782 F.3d 1371 (Fed. Cir. Apr. 10, 2015)

Oplus Technologies ("Oplus") filed a patent infringement suit against Vizio, Inc. ("Vizio") regarding a patent on electronic video signals. The district court granted summary judgment of noninfringement of the asserted patents, but denied attorneys' fees. Vizio brought an appeal on the attorneys' fees decision under 35 U.S.C. § 285.

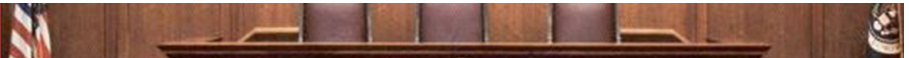
In its findings of fact, the district court determined that Oplus had delayed litigation, ignored well-settled law, and abused discovery practices. The court stated that Oplus had created a "frustrating game of Whac-A-Mole throughout the litigation." Even though Oplus was found to be unprofessional and vexatious, the court did not grant attorneys' fees to Vizio. The court held that delays were caused by both sides and that there was "little reason to believe that significantly more attorney fees or expert fees have been incurred than would have been in the absence of Oplus's vexatious behavior."

The Federal Circuit reviewed the district court's decision for abuse of discretion under Ninth Circuit standards. First, the court noted the change in law of entitlement to fees under Section 285 as outlined by *Octane Fitness, LLC v. ICON Health & Fitness, LLC*, 134 S. Ct. 1749 (2014), in which the Supreme Court rejected the standard of clear and convincing evidence in favor of a lower standard. Second, citing the factual determinations of the district court, the Federal Circuit determined that "nothing in the opinion or in the record substantiates the court's decision not to award fees." Oplus's behavior inevitably would have increased attorneys' fees for Vizio, and nothing in the record showed misbehavior by Vizio. In light of the lack of sufficient basis for the denial of fees and the change in legal standard by the Supreme Court, the Federal Circuit reversed and remanded the case to the district court.

**Pacing Techs., LLC v. Garmin Int'l, Inc.,**

778 F.3d 1021 (Fed. Cir. Feb. 18, 2015)

The Federal Circuit affirmed a district court's grant of summary judgment of noninfringement for a patent directed at a system and method for helping users keep



track of their target pace during repetitive physical activities like running, cycling, and swimming. *Takeaway:* Claim terms are construed not in isolation but in light of the patent specification and prosecution history. A court will depart from the ordinary meaning of terms when the patentee clearly sets forth a definition of the disputed terms or the specification, preamble, or history includes a clear disavowal or disclaimer limiting the claims.

Pacing Technologies, LLC (“Pacing”) sued Garmin International, Inc. and Garmin USA, Inc. (“Garmin”) for infringement of a patented system and method for pacing users during physical activities involving repeated motions. Claim 25 describes a method by which a user receives a target tempo on a playback device through the beat of a song or flashes of light corresponding to the user’s pre-set desired pace. Garmin produces fitness watches and microcomputers for runners and bikers that allow users to design workouts and set target pacing through a website and then to transfer that data to the Garmin devices. The devices display the workout intervals, count down the time for the targeted pace, and display the user’s actual pace. Garmin’s devices do not play music or output a beat or lights corresponding to the user’s pace.

The District Court for the Southern District of California construed Claim 25’s term “playback device” as a “device capable of playing audio, video, or a visible signal” and also held that the preamble to claim 25 was limiting. It granted Garmin’s motion for summary judgment of noninfringement on the basis that Garmin’s devices are not “playback devices.” Relying on its prior construction, as well as the context of the specification and the preamble, the Court found that while the Garmin devices repeated back pace information, they did not “play” the target tempo as audio, video, or visible signals as the patented method contemplated.

On appeal, the Federal Circuit found that the preamble to claim 25 was limiting; the construction of a “repetitive motion pacing system” as used in the preamble meant that the asserted claims required the devices to play back the pace information using a metronomic tempo, such as the beat of a song or flashes of light. The court noted that the preamble may serve as a necessary component of the claimed invention when limitations in the body of the claim rely upon the preamble. Here, the terms “user” and “repetitive motion pacing system” in the preamble provided the antecedent basis for positive limitations in the body of claims in the patent. Furthermore, while the plain and ordinary meaning of “repetitive motion pacing system for pacing a user” does not necessitate that the claimed system pace the user by playing back pace information using a tempo, the claim must be construed in light of the specification and prosecution history. Here, the specification had a clear and unmistakable statement of disavowal that limited the claims. The specification contained a section called “Summary and Objects of the Invention” that emphasized 18 features of the patented system and also contained a final phrase stating that the invention accomplished all of its objects and features with a repetitive motion pacing system that includes a playback device adapted to produce a “sensible tempo.” Claim 25’s system must thus be capable of producing a tempo for pacing the user. As there was no genuine dispute of material fact as to whether the Garmin devices produced a sensible tempo, the court upheld the grant of summary judgment.



**PAR Pharm., Inc. v. TWI Pharm., Inc.,**  
773 F.3d 1186 (Dec. 3, 2014)

In an ANDA case involving formulations of megestrol, a drug used to increase body mass in patients suffering from certain weight loss conditions, the Federal Circuit vacated the district court's invalidity determination and remanded for further fact-finding addressing inherency in the obviousness context. *Takeaway*: The Federal Circuit reiterated that the use of inherency must be carefully circumscribed in the obviousness context.

Par Pharmaceutical, Inc. owns U.S. Patent No. 7,101,576, which discloses a nanosized megestrol formulation used to treat patients struggling with loss of body mass. The formulation's main benefit is that it greatly reduces the "food effect" when compared with a micronized formulation, meaning that it is equally effective regardless of whether patients use it in a fed or fasted state. After TWI Pharmaceuticals, Inc. filed an ANDA to market a generic version of Par's nanosized megestrol formulation, PAR filed suit. The district court found Par's asserted patent claims invalid as obvious, concluding that the advantage of nanosized megestrol, namely its reduced food effect, was inherent in the prior art.

The Federal Circuit vacated the judgment and remanded for further factual determinations, holding that the district court incorrectly applied the law on inherency in the context of obviousness. The court cautioned that inherency, a doctrine originally rooted in anticipation, must be limited when applied to obviousness. It explained that parties cannot establish inherency in the obviousness context by mere probabilities or possibilities, or by merely showing a possible result from a set of circumstances; instead, inherency is only present in that context when the limitation is the natural result flowing from the combination of prior art. Thus, the Federal Circuit held that the district court had not required TWI to produce clear and convincing evidence that the limitation was a natural result, namely that the correlation between the reduced food effect and smaller particle size flowed naturally from the prior art combinations. Because there was insufficient evidence in the record to support that finding, the court vacated the district court's judgment and remanded for further fact finding.

The Federal Circuit, however, affirmed the district court's determinations on the issues of motivation to combine, reasonable expectation of success, and objective indicia of nonobviousness. First, the court held that because the motivation to combine identified by a court does not need to be the same motivation that directed the inventors, it rejected Par's argument that a skilled artisan would not have been motivated to create nanosized megestrol because that artisan would not have known about micronized megestrol's large food effect. It instead held that the district court did not err in finding that viscosity and interpatient variability problems presented alternative motivations to create nanosized megestrol. Second, as to reasonable expectation of success, the court also rejected Par's argument that, at the time of its invention, nanoparticle technology was new and untested. The court explained that a reasonable expectation of success does not require absolute certainty, and found no clear error with the district court's

conclusion that a skilled artisan would have found the application of nanoparticle technology to a wide variety of drugs fairly feasible. Finally, the Federal Circuit upheld the district court's legal framework analyzing objective indicia of nonobviousness. While the district court turned to the indicia only after deciding TWi had set forth a *prima facie* case of obviousness, it was clear that the court had considered objective indicia before reaching its ultimate conclusion.

**Promega Corp. v. Life Techs. Corp.,**  
773 F.3d 1338 (Fed. Cir. Dec. 15, 2014)

In a case involving five patents that relate to a process for examining polymorphism in samples of DNA (*i.e.*, multiplex amplification of STR loci), the Federal Circuit held that the challenged claims of four patents owned by Promega are invalid for lack of enablement. The court also found substantial evidence that LifeTech is liable for infringement of the fifth patent, known as the Tautz patent, of which Promega is an exclusive licensee, under both 35 U.S.C. § 271(a) and 35 U.S.C. § 271(f)(1). In addition, the court held that certain sales of LifeTech's accused product were not covered by its license agreement with Promega. *Takeaway:* Infringement under § 271(f)(1) can be found without the involvement of a third party. In addition, export of a single component is sufficient for liability to attach.

LifeTech manufactures genetic testing kits that provide components for carrying out multiplex amplification of STR loci from DNA samples. Promega and LifeTech entered into a nonexclusive license agreement that granted LifeTech the right to use the alleged inventions in the patents-in-suit for forensics and human identity application. Promega filed suit against LifeTech for infringement, alleging that LifeTech sold STR testing kits not covered by the license.

LifeTech appealed from the district court's grant of a motion for summary judgment that the asserted claims of the four Promega-owned patents are not invalid for lack of enablement and obviousness. Promega appealed from a grant of a motion for JMOL that LifeTech's accused products do not infringe either the Promega patents or the Tautz patent—a motion that resulted in the vacatur of a jury's verdict of damages and willful infringement. In addition, LifeTech appealed from the district court's oral ruling that it is not licensed for all uses of the asserted patents under a license agreement with Promega.

On appeal, the Federal Circuit disagreed with Promega's characterization that unrecited STR loci combinations in the "open loci set" limitation, in which loci were listed as "comprising a set," are merely unrecited elements. Rather, the court found that the unrecited combinations are part of the claim scope. In this field of technology, introducing even a single STR locus to an existing loci multiplex has an unpredictable effect on whether the resulting multiplex will successfully amplify. The court concluded that the Promega patents would not have enabled a skilled artisan to identify significantly more complicated sets of STR loci combinations that would successfully co-amplify without undue experimentation. Since undue experimentation would have been required in order to enable the full scope sought by Promega, the court found the



Promega patents to be invalid for lack of enablement. Thus, the court reversed the district court's denial of LifeTech's motion for summary judgment of invalidity of the four Promega patents and vacated the district court's grant of Promega's motion for summary judgment of infringement for the Promega patents.

Since the four Promega patents were invalid for lack of enablement, the court only addressed the district court's grant of LifeTech's motion for JMOL of noninfringement of the Tautz patent. The court held that infringement under § 271(f)(1) does not require involvement of a third party to "actively induce the combination" of components or a patented invention outside the United States. In addition, the court held that a party may be liable under § 271(f)(1) for supplying a single component for combination outside the United States. The court concluded that the *Taq* polymerase supplied by LifeTech from the United States to its foreign facility constituted a "substantial portion" of the components of LifeTech's genetic kits. Consequently, the court found LifeTech liable for infringement under § 271(f)(1), and reversed the district court's grant of LifeTech's motion for JMOL of noninfringement.

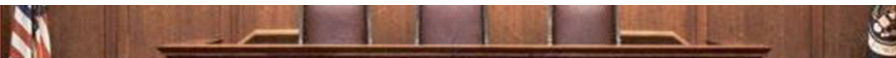
Finally, the court held that the district court correctly determined that the plain language of the license's "Forensic and Human Identity Applications" field-of-use provision does not extend to research, education, and training. Thus, the court affirmed the district court's ruling that certain sales of LifeTech's accused STR kits are not covered by the license.

In her dissenting opinion, Chief Judge Prost concluded that LifeTech cannot be held liable for infringement of the Tautz patent under § 271(f)(1), because induced infringement requires a third party to find infringement under § 271(f)(1). Because LifeTech actively induced itself (*i.e.*, its U.K. subsidiary) to make the patented combination in the U.K., LifeTech should not be held liable for infringement under § 271(f)(1).

**Robert Bosch, LLC v. Snap-On Inc.,**  
769 F.3d 1094 (Fed. Cir. Oct. 14, 2014)

The Federal Circuit affirmed the district court's finding that all the claims in Bosch's patent were invalid as indefinite. The panel noted that use of the expression "by means of" was not sufficient to trigger a presumption that the claim invoked § 112 ¶ 6. However, the panel nevertheless found that the silence on structure in the claim terms and specification meant both that the claim invoked § 112 ¶ 6, and that it lacked the necessary discussion of structure in the specification. Thus the panel affirmed the district court's judgment that the claim terms were indefinite and the patent claims invalid. *Takeaway:* The use of the claim term "by means of" is insufficient to trigger a presumption that the claim is a means-plus-function claim pursuant to § 112 ¶ 6, but the presumption against invoking § 112 ¶ 6 is overcome where the claim language itself does not recite sufficiently definite structure to avoid § 112 ¶ 6.

In this litigation, Robert Bosch LLC sued Snap-On Inc. and Drew Technologies for infringement of U.S. Patent No. 6,782,313 ("313 Patent"). The '313 Patent claims a



diagnostic tester that can determine when a vehicle's computerized control unit needs to be reprogrammed. The diagnostic tester consists of a "program recognition device" and a "program loading device," which were the two claim terms at issue in the appeal. According to the specification, both the "program recognition device" and the "program loading device" connect to the motor vehicle by means of a diagnostic plug. The "program recognition device" recognizes the program version of the vehicle's control unit and the "program loading device" loads an updated version of the program to the control unit. The district court found that both terms were means-plus-function terms which were indefinite for failure to disclose a corresponding structure in the specification and Bosch appealed to the Federal Circuit.

On appeal, the panel affirmed the district court's overall determination that the '313 patent was invalid. The panel first found that the district court erred in applying the presumption that "program recognition device" is a means-plus-function term. The panel noted that the mere use of the phrase "by means of" was not sufficient to trigger a presumption that the term in question was a means-plus-function term; instead, the Federal Circuit has applied the presumption when a claim uses "means" as a noun. However, the district court's error was harmless because the panel found that even without that presumption, "program recognition device" and "program loading device" both invoked § 112 ¶ 6. In reaching this conclusion, the Federal Circuit noted that the word "device" is a non-structural "nonce" word, which does not lend structure to claim terms. Therefore, both claim terms lacked sufficiently definite structure, and the patent's dependent claims and specification did not provide any structural guidance or define the terms to refer to structures. In fact, the patent was silent on what the devices consist of or how they receive and process signals. This was enough to rebut the "strong" presumption against means-plus-function claiming, and for the panel to find that both claim terms invoked § 112 ¶ 6.

Having found that both claim terms invoked § 112 ¶ 6, the panel's next step was to construe the terms in light of the specification. However, because the specification did not identify the corresponding structures that are necessary whenever § 112 ¶ 6 applies, the Federal Circuit found that both "program recognition device" and "program loading device" were indefinite. Because both terms were in the only independent claim of the '313 patent, the panel affirmed the district court's finding that all claims in the patent were invalid.

Subsequent to this decision, the Federal Circuit overruled the "strong" presumption relating to whether the terms "means" or "means for" invoke a means-plus-function claim under § 112 ¶ 6 in *Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. June 16, 2015).

**Sandoz Inc. v. Amgen Inc.,**  
773 F.3d 1274 (Fed. Cir. Dec. 5, 2014)

The Federal Circuit unanimously affirmed the district court's dismissal of Sandoz Inc.'s ("Sandoz") declaratory judgment action. Sandoz sought declaration that Amgen Inc.'s ("Amgen") patents for a biological product marketed as therapy for rheumatoid arthritis



were invalid and unenforceable and would not be infringed by Sandoz's sale of a biosimilar drug product. The court held that Sandoz lacked Article III standing to bring action under the Declaratory Judgement Act, because Sandoz had not yet filed an application for FDA approval to market its contemplated product and had only just begun certain testing required for its contemplated FDA filing. *Takeaway*: There is no case or controversy when the only activity that would create exposure to potential infringement liability is a future activity requiring FDA approval that has not yet been sought.

The district court dismissed the case, holding that no Article III controversy existed between the parties. The district court also relied on a separate ground for dismissal—that the Biologics Price Competition and Innovation Act (“BPCIA”) prohibited Sandoz's suit. The court reasoned that, because Sandoz planned to enter the market through the biosimilarity route, it had to follow the BPCIA's patent-related procedures applicable to biosimilarity applicants, which it had not done. On appeal, the Federal Circuit evaluated the “case or controversy” inquiry by focusing on related questions of timing and contingency regarding the existence and content of any needed patent adjudication, as well as current concrete harms to the declaratory-judgment plaintiff from delaying adjudication.

The Court concluded that this case did not meet the requirements of immediacy and reality. At the time Sandoz filed suit, its Phase III trial, let alone any FDA approval, was several years away. In considering what may occur during this period, the Court found that any dispute about patent infringement was subject to significant uncertainties. If the Phase III trial failed in material ways, Sandoz may not file for FDA approval at all, thereby eliminating altogether the patent dispute. Alternatively, Sandoz may modify its proposed product, which would alter the content of any patent dispute. The Court concluded that the events exposing Sandoz to infringement liability may not occur as anticipated, or may not occur at all, and that further factual development would significantly advance a court's ability to identify and define the issues for resolution.

Furthermore, the Court found that Sandoz had not shown that it would suffer an immediate and substantial adverse impact from not being able to secure a patent adjudication before filing an application for FDA approval. Sandoz could not lawfully enter the market at the time they filed suit, so there was no question of Sandoz taking immediate action that risked building up infringement liability.

The Court did not address the district court's BPCIA rationale.

#### **Sci. Plastic Prods. v. Biotage AB,**

766 F.3d 1355 (Fed. Cir. Sept. 10, 2014)

The Federal Circuit affirmed the decision of the Patent Trial and Appeal Board finding three of Scientific Plastics Products, Inc.'s (“SPP”) patents to be obvious based on a combination of prior art references. The three patents at issue, U.S. Patent Nos. 7,138,061 (the “’061 patent”), 7,381,327 (the “’327 patent”), and 7,410,571 (the “’571



patent”), relate to resealable cartridges for low pressure liquid chromatography (“LPLC”). The ’571 patent claims the cartridge, the ’327 patent claims a modified cartridge, and the ’061 patent claims a method of performing LPLC using the cartridge. *Takeaway:* A reference outside an inventor’s field of endeavor will be “analogous art” when that reference is reasonably pertinent to the particular problem with which the inventor is faced.

After SPP sued Biotage AG (“Biotage”) for infringement, Biotage requested inter partes reexamination of the three asserted patents. In rejecting all claims of the patents, the Examiner, affirmed by the Patent Trial and Appeal Board (the “Board”), found that the claimed cartridge of the asserted patents merely combined a cartridge disclosed in the prior art with a resealable cap independently disclosed in other prior art. The Examiner concluded that it would have been obvious to combine the prior art cartridge disclosed in U.S. Patent No. 5,693,223 (“Yamada”) with the resealable caps disclosed in PCT Publ WO 2002/42171A1 (“King”) or U.S. Patent No. 5,100,013 (“Strassheimer”).

On appeal, SPP challenged (i) the Board’s finding that the caps disclosed in King and Strass-heimer were “analogous art,” and (ii) the Board’s finding that it would have been obvious to combine the LPLC cartridge in Yamada with the resealable caps in King or Strass-heimer. First, as to the analogous art argument, the Federal Circuit agreed with the Board and found that, while the King and Strass-heimer caps were not in the same field of art as the patentee’s claims, they were reasonably pertinent to the particular problem with which the inventor is involved. More specifically, the resealable caps in King and Strass-heimer are related to solving the problem of providing a resealable cartridge that achieves a fluid tight seal at elevated pressures. Because this problem is not unique to the patentee’s field, a person of ordinary skill would have consulted other fields, making the caps available as prior art. Second, as to the combination of Yamada and King or Strass-heimer, the Federal Circuit found that combining the cartridge of Yamada with the pressure-resistant cap of King or Strass-heimer would have been obvious to a person of ordinary skill in the field of liquid chromatography devices, particularly given the concern with leakage in LPLC cartridges.

The dissent disagreed, claiming that the Board failed to determine the level of ordinary skill in the art and also failed to provide substantial evidence that it would have been obvious to modify Yamada. First, the dissent argues that the level of ordinary skill was never established because the two sides originally argued, and continued to argue on appeal, whether the skilled artisan would be a chemist or mechanical engineer. Second, the dissent points out that the combination of Yamada and King or Strass-heimer would not be obvious because there was no evidence of a leakage problem during the 10 years of the Yamada cartridge’s existence. Instead, the majority relied on a feature of the Yamada cartridge that “implied” a leaking problem and expert testimony that was contested by the other side. As a result, the dissent found that the Board relied on hindsight wherein the inventors’ disclosure of a problem solved by their invention was used as the primary basis for modifying prior art.



**ScriptPro, LLC v. Innovation Assocs.,**  
762 F.3d 1355 (Fed. Cir. Aug. 6, 2014)

The Federal Circuit reversed a grant of summary judgment on the basis of invalidity, holding that the absence of sensors from patent claims for a collating unit which stores prescription containers did not mean the claims were unsupported by written description. *Takeaway*: Claims may be valid despite not including every feature discussed in the specification.

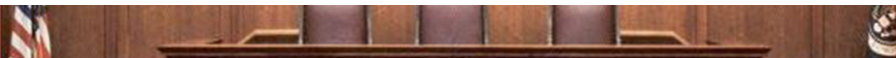
ScriptPro, LLC and ScriptPro USA, Inc. (together, “ScriptPro”) own U.S. Patent No. 6,910,601 (the “’601 patent”), which describes an invention for a “collating unit” that works in conjunction with an “automatic dispensing system” to store prescription drug containers. The collating unit analyzes both the patient name and available storage space in order to determine where each container that leaves the dispensing system should be stored. Some claims of the ’601 patent require a “plurality of sensors” to analyze available storage space; however, the asserted claims do not.

ScriptPro sued its competitor Innovation Associates, Inc. (“Innovation”) for alleged infringement of the ’601 patent, and Innovation initiated *inter partes* review (“IPR”) of the claims at issue. The PTO affirmed two independent claims as amended, one independent claim without amendment, and one dependent claim after rewriting it as an independent claim. Following IPR, the district court granted summary judgment of invalidity in Innovation’s favor. The district court found that the patent specification “indisputably” limits the invention to a collating unit which utilizes sensors, and so the absence of sensors from the asserted claims meant they were unsupported as a matter of law.

The Federal Circuit reversed, holding that there was no “sufficiently clear language” limiting the invention to collating units that utilized sensors. The court emphasized that claims may permissibly choose only a subset of the full range of described features and omit others. The court noted the specification statement by its terms describes the functionality of the sensors, but that this did not mean the sensors were a required feature. The court also relied on the original claims, which omitted a sensor requirement, in holding that the district court erred in finding the claims unsupported as a matter of law.

**Senju Pharm. Co. v. Lupin Ltd.,**  
780 F.3d 1337 (Fed. Cir. Mar. 20, 2015)

In this Hatch-Waxman litigation, a split Federal Circuit affirmed the district court’s ruling that Senju’s patent on the drug Zymar® was invalid as obvious over prior art. Senju’s patent covered an eye-drop formulation comprising specified concentrations of the chemicals gatifloxacin and disodium edetate (“EDTA”). The majority reasoned that Zymar® was obvious in light of seven prior art patents, each of which contained some of the same chemistry as the claimed invention. *Takeaway*: Although obviousness is a question of law reviewed *de novo*, the appellate court may give decisive weight to factual determinations made by the trial court regarding expert-witness credibility.



The court first considered Senju's composition claims. Judge Plager, writing for the majority, reasoned that combining gatifloxacin and EDTA was the obvious final step of an already-outlined syllogism. The earliest prior art references cited by the court combined quinolones (a family of chemicals) with EDTA (a "conventional excipient" for use with quinolones) in eye-drop formulations. A later patent then taught that gatifloxacin was an improvement over the prior-art quinolones. Thus, swapping the superior gatifloxacin for the prior-art quinolones to combine with EDTA would have been obvious to a skilled artisan.

The majority similarly affirmed the district court's ruling that Senju's method claim was obvious. Senju argued that several prior art references "taught away" from and even "expressly discouraged" the specified EDTA concentration, which was an order of magnitude lower than that in prior art. The court disagreed, explaining that although the prior art references did indeed contain higher EDTA concentrations, "they do not provide any indication that lower EDTA concentrations would not also work." On this point, the court also gave significant weight to the trial court's credibility determinations regarding the two parties' experts. The majority explained that credibility determinations should be upheld absent a compelling reason to the contrary.

Turning to secondary considerations, the majority then affirmed the district court's determination that Senju's results were not unexpected. The majority agreed that Senju's success was merely the product of "small tweaks" and "routine optimization." Again, the court placed great weight on the district court's credibility determinations regarding the dueling experts.

Judge Newman dissented on two main grounds. First, she criticized the majority's inattention to the patent's unique litigation history. When the Zymar® patent had in prior litigation been found invalid as obvious, Senju requested PTO reexamination and submitted "new claims of significantly narrowed scope." In reexamination, the PTO held the narrowed claims patentable. Judge Newman argued that the panel gave no deference to the PTO's new decision and, despite the narrowed claims, invalidated the patent on the same grounds and with the same prior art as in the first litigation. Second, Judge Newman argued that the prior art did not anticipate the patent. In fact, she believed that the prior art "leads directly away from any suggestion or expectation" of success at low EDTA concentrations, and pointed out that the prior art studies showed "no statistically significant" indications that such EDTA concentrations would prove workable.

**SFA Sys., LLC v. Newegg Inc.,**  
793 F.3d 1344 (Fed. Cir. July 10, 2015)

The Federal Circuit affirmed the denial of attorneys' fees under 35 U.S.C. § 285. *Takeaway:* First, although the district court's claim construction and summary judgment decisions are reviewed *de novo*, the Federal Circuit reviews the district court's decision regarding attorneys' fees for abuse of discretion based on the district court's evaluation of the strength of the litigants' positions, not the correctness of the



district court's other rulings. Second, the Federal Circuit's § 285 "litigation misconduct" cases from before *Octane Fitness* remain binding.

The defendant-appellant, Newegg, appealed the district court's denial of attorneys' fees. The patents at issue were directed to a computer sales system which allowed operations to automatically occur based on "events," e.g., automatically sharing data inputted in one component with other components. The plaintiffs, SFA, asserted the patents against many online retailers, including Newegg, and settled with all of the non-Newegg defendants early in the case for values significantly lower than the alleged damages. Newegg refused all settlement offers. The day after the district court rejected Newegg's motion for summary judgment on indefiniteness and agreed with SFA's claim construction arguments, SFA moved to voluntarily dismiss the case with prejudice. Although the district court granted Newegg's motion for costs, it rejected the request for attorneys' fees under § 285, because "Newegg has provided no evidence that this case 'stands out from others with respect to the substantive strength of [SFA's] litigation position.'"

Newegg argued on appeal that (1) the district court's claim construction and indefiniteness decisions were wrong and that SFA's positions with respect to those issues were meritless, and (2) SFA pursued the case only to extract nuisance value settlements. The court addressed these issues separately but noted that both issues must be ultimately considered together under the totality of the circumstances.

First, regarding the strength of SFA's positions, the court noted that it was improper for it to review the district court's claim construction and summary judgment decisions when deciding whether the district court abused its discretion when denying the award of attorneys' fees. This is because the party's position on issues of law does not have to be correct to be found reasonable. Instead the focus should be on deciding whether the district court abused its discretion in finding that the party's position "was not so meritless as to 'stand out' from the norm and thus be exceptional." The court found that the district court did not abuse its discretion in refusing to reexamine its claim construction and indefiniteness rulings, and finding that SFA's litigation positions were not meritless.

Second, regarding whether SFA's litigated the case in an unreasonable manner, the court first noted that the Supreme Court's *Octane Fitness* decision did not overrule its prior line of "litigation misconduct" § 285 cases. Although the court seemed to agree with Newegg that pursuing cases solely to extract nuisance settlements may indicate an unreasonable manner of litigating, the court found that Newegg failed to make a record supporting its argument that SFA had such improper motivations. Newegg's evidence was based on the fact that SFA asserted these patents against many defendants, settling for a minimal value with the other defendants, and the argument that SFA voluntarily dismissed the case when it realized the case was bound for trial. The court rejected these arguments, holding that the mere existence of other lawsuits or defendants does not "mandate negative inferences about the merits or purpose of this suit," but a district court should consider evidence of a plaintiff's pattern of prior litigation, when present. The court also found that the district court did not abuse its discretion by refusing to

infer bad-faith motivations based on the settlement values or by SFA's voluntary dismissal of the case as Newegg had no other evidence for its claims of litigation misconduct. Thus, the court affirmed the denial of attorneys' fees.

**Shire Dev., LLC v. Watson Pharm., Inc.,**  
787 F.3d 1359 (Fed. Cir. June 3, 2015)

On remand from the Supreme Court, the Federal Circuit again reversed the district court's constructions of two claim terms and its subsequent infringement determinations, and remanded for further proceedings. Of note, the Federal Circuit's deferential standard of review announced in *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015) does not apply where a claim construction is determined entirely based on the intrinsic record, without resort to extrinsic evidence.

In a prior opinion, *Shire Dev., LLC v. Watson Pharm., Inc.*, 746 F.3d 1326 (Fed. Cir. 2014), the Federal Circuit decided an appeal by generic pharmaceutical manufacturer Watson, which had been held to infringe Shire Development's patent on an oral pharmaceutical composition. The district court's determination was based on its constructions of the terms "inner lipophilic matrix" and "outer hydrophilic matrix." The Federal Circuit reversed the district court's constructions of these terms and remanded for further proceedings. Following the decision in *Teva*, the Supreme Court vacated and remanded the decision in *Shire* for further consideration in light of the new standard of review for claim construction decisions.

On remand, the Federal Circuit found that the district court's claim constructions did not involve factual findings to which it owed deference under *Teva*. Because "the intrinsic evidence fully determines the proper construction," the court reviewed the district court's constructions *de novo*. The court rejected the argument that the Federal Circuit must defer to the district court's claim constructions because the district court "heard" testimony from various experts during a *Markman* hearing. The court explained that deferential standard of review is not triggered any time a district court hears or receives extrinsic evidence.

Applying the *de novo* standard, the Federal Circuit reversed the district court's constructions of the disputed claim terms and subsequent finding of infringement, and remanded for further proceedings. As in its earlier *Shire* decision, the Federal Circuit found that "[t]he prosecution history, the structure of the claim itself, the ordinary meaning of the claim terms, including the Markush group limitations, and the patent's description of the invention" compelled an alternative claim construction.

**Soverain Software LLC v. Victoria's Secret Direct Brand Mgmt.,**  
778 F.3d 1311 (Fed. Cir. Feb. 12, 2015)

In a case alleging infringement of patents directed to virtual shopping carts and related use of a hypertext statement to give shoppers access to information about past orders, the Federal Circuit reversed a district court decision and held the asserted claims invalid as obvious. Specifically, the Federal Circuit found that a prior judgment



invalidating the asserted claims as obvious collaterally estopped the patentee, Soverain Software LLC (“Soverain”), from asserting validity of those claims and of a dependent claim, and that Soverain had a full and fair opportunity to litigate the patents’ nonobviousness in the prior infringement action. *Takeaway*: The Federal Circuit will strictly apply the conditions of issue preclusion. While judgment of a patent’s invalidity will not have preclusive effect if the patentee can demonstrate that it did not have a full and fair opportunity to litigate the issue in question, the Federal Circuit is unlikely to accept novel procedural arguments made by the patentee regarding the things it might have argued in a prior appeal.

Soverain is the assignee of U.S. Patent Nos. 5,715,314 (the “’314 patent”) and 5,909,492 (the “’492 patent”). Claims 34 and 51 of the ’314 patent and claim 17 of the ’492 patent are directed to virtual shopping carts in a network-based sales system. Claims 15 and 39 of the ’492 patent are directed to use of a hypertext statement that allows users to access information about past orders. Soverain sued Victoria’s Secret Direct Brand Management, LLC (“Victoria’s Secret”) and Avon Products, Inc. (“Avon”) for infringement of those claims. The district court for the Eastern District of Texas found that the defendants infringed the asserted claims and that those claims were not invalid.

After the district court’s judgment and subsequent to defendants’ filing of an appeal, the Federal Circuit decided another case on the same patents: *Soverain Software LLC v. Newegg Inc.*, 705 F.3d 1333 (Fed. Cir. 2013), *amended on reh’g*, 728 F.3d 1332, 1336 (Fed. Cir. 2013). In that case, the Federal Circuit held invalid as obvious claims 34 and 51 of the ’314 patent and claims 17, 41, and 61 of the ’492 patent. In a subsequent panel rehearing decision, the court clarified that claim 35 was also invalid, being dependent on claim 34.

In this appeal to the Federal Circuit, the question was whether issue preclusion (or collateral estoppel) should apply to claims 34 and 51 of the ’314 patent and claims 15, 17, and 39 of the ’492 patent in light of the *Newegg* judgment. The Federal Circuit applies the law of the regional circuit to the general procedural question of whether issue preclusion applies and Federal Circuit precedent to substantive patent legal issues or questions of preclusion that implicate substantive patent law issues. Fifth Circuit law and Federal Circuit law both apply collateral estoppel where: the issue under consideration in a subsequent action is identical to the issue previously litigated; the issue was fully litigated in the prior action; the issue was necessary to the judgment in the prior case; and the party defending against preclusion had a full and fair opportunity to litigate the issue. Supreme Court and Federal Circuit precedents hold that a defense of issue preclusion applies where a party is facing a charge of infringement of a patent that has once been declared invalid, regardless of whether the party asserting the defense was a party to the previous action and regardless of whether the precluding judgment came into existence while the case where preclusion is sought is on appeal.

While Soverain agreed that issue preclusion would normally apply to most claims here—because the Federal Circuit explicitly invalidated claims 34 and 51 of the ’314 patent, claim 17 of the ’492 patent, and claim 15 of the ’492 patent was impliedly



invalid as an extension of claim 41—it argued that preclusion should not apply because it had not had a full and fair opportunity to litigate the issue of obviousness. This unusual argument arose out of the complex procedural history behind *Newegg*. In *Newegg*, the district court had granted Soverain’s JMOL motion of nonobviousness and denied Newegg’s JMOL motion of obviousness. Newegg then appealed from the district court’s judgment of nonobviousness and argued that the court erred in not granting Newegg’s motion for a new trial; Soverain argued that the court improperly ordered JMOL when Newegg had only sought a new trial on appeal. The Federal Circuit granted panel rehearing in that case and confirmed its prior conclusions. In the instant case, Soverain argued that had it known the Federal Circuit might reverse the district court on invalidity rather than only granting a new trial, it would have raised different or additional arguments on appeal in *Newegg*. The Federal Circuit rejected Soverain’s argument, however, finding that the same basic issue of obviousness was central to the prior litigation regardless of the procedural issues in *Newegg*; Soverain did not raise any new arguments against Victoria’s Secret and Avon that were not, in fact, raised in the *Newegg* appeal.

Lastly, the court found that claim 39 of the ’492 patent was also invalid as it depended from claim 15, which was invalidated as obvious in *Newegg*. Although claim 39 had an additional limitation, the court found that the difference was not material and that complete identity of claims was not required to satisfy the identity of issues requirement for preclusion.

**Speedtrack, Inc. v. Office Depot, Inc.,**  
791 F.3d 1317 (Fed. Cir. June 30, 2015)

In this appeal from the Northern District of California, the Federal Circuit addressed whether a manufacturer’s infringement claims were barred by the *Kessler* doctrine. The court unanimously affirmed the district court’s conclusion that the patentee’s claims of infringement were barred by a determination from a previous case that a certain method of using software did not infringe on the patent. *Takeaway*: The *Kessler* doctrine remains in effect and may be invoked by a customer using the allegedly infringing product, as well as the manufacturer of the product.

In *Kessler v. Eldred*, 206 U.S. 285, 288 (1907), the Supreme Court held that a judgment of noninfringement in favor of a seller bars later infringement suits against a customer of that seller. In other words, a favorable adjudication wins the seller “the right to have that which it lawfully produces freely bought and sold without restraint or interference.” *Rubber Tire Wheel Co. v. Goodyear Tire & Rubber Co.*, 232 U.S. 413, 418 (1914). Essentially, *Kessler* creates a limited trade right, which attaches to the product itself. As the Federal Circuit noted last year in *Brain Life, LLC v. Elekta Inc.*, 746 F.3d 1045 (Fed. Cir. 2014), the *Kessler* doctrine protects some activities not otherwise protected by claim or issue preclusion.

In November 2006, SpeedTrack sued Walmart, alleging that Walmart’s website infringed SpeedTrack’s patented method of using linked categories to sort and access data files. *SpeedTrack, Inc. v. Wal-Mart Stores, Inc.*, No. C 06-7336 PJH, 2012 WL



581338 (N.D. Cal. Feb. 22, 2012). Endeca Technologies, Inc. had developed the offending software and intervened seeking declaratory judgment that its software did not infringe SpeedTrack's patent. The district court entered final judgment that neither Endeca's software nor the use of Endeca's software by Walmart infringed the asserted patent claims.

While the *Walmart* suit was still pending, SpeedTrack, Inc. sued Office Depot, Inc. and three other companies (collectively, "Office Depot") for the same conduct. The court stayed the suit while the *Walmart* case was resolved. Once final judgment was entered in *Walmart*, SpeedTrack stated that it would continue to pursue some of its claims. Office Depot responded that the district court in *Walmart* found that Endeca's software did not infringe SpeedTrack's patent. Stating that they used the software in the same way as Walmart, Office Depot moved for summary judgment on the grounds that SpeedTrack's infringement claims were barred by *res judicata*, collateral estoppel, and the *Kessler* doctrine. The district court found that the claims were barred in part by *res judicata* and in full by *Kessler*. The Federal Circuit affirmed the district court's conclusions regarding *Kessler*, and did not address the *res judicata* issue.

The district court found that the *Kessler* doctrine, in conjunction with the *Walmart* case, conferred the status of a noninfringing product on Enteca's software. And, because Office Depot and the other defendants used the software in "essentially the same" way as Walmart had, the court found that *Kessler* barred infringement claims against them. The Federal Circuit affirmed this conclusion over objections by SpeedTrack that *Kessler* had been displaced, if not overturned, by modern preclusion doctrines, in particular non-mutual collateral estoppel. It noted at least two scenarios where *Kessler* provided more protection than claim or issue preclusion. First, it would protect noninfringers in a situation where a patent owner unsuccessfully sues a manufacturer for literal infringement and follows with a suit against the manufacturer's customers under the doctrine of equivalents. And second, it would protect noninfringers in the situation where a patent owner sues a manufacturer's customers over an unlitigated claim or theory that postdated the judgment against it in the first action.

Finally, the Federal Circuit affirmed the district court's expansion of the *Kessler* doctrine by permitting customers of noninfringers to invoke it in this and future suits. The court acknowledged that *Kessler* itself had spoken only of a manufacturer's ability to intervene in a suit against the manufacturer's customer and have the suit dismissed on grounds of a prior finding of noninfringement. But it found that the goal of *Kessler*—"protecting the manufacturer's right to sell an exonerated product free from interference or restraint"—supported expanding the ability to invoke *Kessler* to customers of noninfringers as well.

**SSL Servs., LLC v. Citrix Sys., Inc.,**  
769 F.3d 1073 (Fed. Cir. Oct. 14, 2014)

Federal Circuit affirmed the district court's judgement of one patent, willful infringement and no invalidity of a closely related patent, and award of pre-judgment interest. The panel further found no error in the district court's decision to



exclude testimony because of its prejudicial effect and also upheld the district court's award of damages, including prejudgment interest. The panel vacated and remanded the district court's determination that neither party was the prevailing party. *Takeaway:* Parties should preserve arguments based on differing claim term interpretations by making these arguments in their opening briefs on appeal.

In this case, SSL Services LLC accused Citrix of infringing claims related to a multi-tier virtual private network. Specifically, SSL asserted a violation of claim 27 of its '796 patent, which describes a method for carrying out encrypted communications between two client computers on a multi-tiered VPN network, and three claims (2, 4, and 7) of its '011 patent, which allow users to establish an encrypted connection with a server via multi-tiered VPN communications, and also contain a limitation of "encrypting files."

After a jury trial, the jury found that Citrix's Go To line of products did not infringe claim 27 of SSL's '796 patent. However, the jury did find that Citrix's Access Gateway and Netscaler products infringed claims 2, 4, and 7 of SSL's '011 patent and that Citrix willfully infringed these three claims. The jury also found that Citrix failed to prove that the asserted claims of the '011 patent were invalid. The jury awarded SSL \$10 million dollars in damages, and the district court awarded an additional \$5 million in enhanced damages. The district court also denied SSL prevailing party status and refused to impose costs on that ground. The district court denied the parties' post-trial motions for judgment as a matter of law (JMOL) and for a new trial regarding noninfringement of the asserted claim of the '796 patent, as well as willful infringement, invalidity, and damages on the three claims of the '011 patent. During the course of the litigation, the district court also prevented the jury from hearing certain testimony.

Both parties appealed to the Federal Circuit. SSL appealed the denial of a new trial on noninfringement of claim 27 of the '796 patent, arguing that the district court incorrectly interpreted the terms "destination address" and "intercepting" in its claim construction. The Federal Circuit concluded that the district court correctly construed "destination address" to mean "network address." The Federal Circuit also affirmed the district court's denial of SSL's motion for a new trial on infringement of the '796 Patent, on the grounds that SSL failed to meet its burden of showing that an error in any other claim construction could have changed the jury's general verdict of noninfringement. Furthermore, the court noted that SSL waived the argument that Citrix's products would still infringe even under the district court's construction of "destination address," because it failed to make that argument in its opening brief. Thus, the Federal Circuit affirmed the district court's denial of SSL's motion for a new trial on infringement of the '796 patent without considering the district court's construction of "intercepting" and other limitations.

The Federal Circuit also found that the district court erred in holding that SSL was not the "prevailing party" for the purposes of FRCP 54(d) and 25 U.S.C. § 285. The panel noted that a party is the prevailing party when a merits judgment in its favor "materially alters the legal relationship" of the parties, regardless of whether the party succeeded on



all of its infringement claims. The panel thus vacated the district court's finding of no prevailing party and remanded so the district court could assess the amount of fees or costs to award to SSL on the claims that it won.

Citrix cross-appealed the district court's determinations with respect to the '011 patent. The panel affirmed the district court's denials of JMOL of noninfringement and of invalidity because there was substantial evidence to support the jury's verdict on both infringement and invalidity. Citrix failed to show by clear and convincing evidence that the relevant claims were invalid as obvious, and neither prior art reference disclosed authentication and encryption at the applications level. The Federal Circuit also affirmed the district court's willful infringement determination and upheld the district court's decision to exclude the testimony of Citrix's Chief Engineer on his infringement opinions, because this testimony was significantly prejudicial. The panel also found that the district court did not abuse its discretion when it allowed an expert to use agreements to calculate damages, or when it awarded pre-judgment interest dating back to when the infringement began.

**Stryker Corp. v. Zimmer, Inc.,**  
782 F.3d 649 (Fed. Cir. Dec. 19, 2014)

In a case involving alleged infringement of patents concerned with portable, battery-powered, and handheld pulsed lavage devices, the Federal Circuit upheld the jury's findings that the patents were valid and infringed, as well as the jury's award of damages to plaintiff-appellees Stryker for lost profits. However, the court reversed the district court's judgment that defendant-appellant Zimmer's infringement was willful, and, accordingly, vacated its award of treble damages. The court also vacated and remanded the district court's finding of an exceptional case and its award of attorneys' fees. *Takeaway:* If a defendant's defenses to infringement are not objectively unreasonable, a court should not find willful infringement.

Stryker brought action against Zimmer, alleging infringement of patents concerned with portable, battery-powered, and handheld pulsed lavage devices, which deliver pressurized irrigation for certain medical therapies, including orthopedic procedures and cleaning wounds. After a jury found that the patents were valid and willfully infringed, the district court denied Zimmer's motion for judgment as a matter of law and awarded Stryker treble damages for willful infringement, as well as attorneys' fees upon finding that it was an exceptional case.

On appeal, the Federal Circuit first addressed Zimmer's defenses of noninfringement and invalidity. The court affirmed the district court's judgment that the patents were valid and infringed. In regard to Zimmer's anticipation defense, the court held that a reasonable jury could have ultimately found that there was no clear and convincing evidence that the Var-A-Pulse device anticipated Stryker's patent claims. With respect to Zimmer's defense that the asserted claims were obvious, since all of the limitations of the patent were collectively present in the prior art references, the court held that a reasonable jury could conclude that one of ordinary skill in the art would not have been motivated to combine the prior art references.



However, the court found that the district court failed to undertake an objective assessment of Zimmer's specific defenses to Stryker's claims. An objective assessment of the case showed that Zimmer presented reasonable defenses to the infringement allegations, and, therefore it did not act recklessly. Because the court reversed the district court's determination of willful infringement, the court vacated the award of treble damages and attorneys' fees. But, because there existed further allegations of litigation misconduct and the standard for finding an exceptional case had changed since the district court issued its finding regarding attorneys' fees, the court remanded this issue for further consideration by the district court.

**Sukumar v. Nautilus, Inc.,**

785 F. 3d 1396 (Fed. Cir. May 4, 2015)

This case presented the Federal Circuit with its first opportunity to determine whether a company that has yet to enter the market has standing to sue for false marking claims under 35 U.S.C. § 292(a). The America Invents Act ("AIA") of 2011 revised § 292 by adding a requirement that an entity suffer a "competitive injury" in order to bring a private suit under the statute. The court held that a potential competitor can suffer a competitive injury if it meets the following two factor tests: "(1) intent to enter the market with a reasonable possibility of success, and (2) an action to enter the market."

Using this test, the Federal Circuit affirmed the district court's grant of summary judgment against the plaintiff for lack of standing. Sukumar brought suit against Nautilus for falsely marking its exercise machines with inapplicable patents. Although the district court had previously determined that some of the marked patents did not cover their respective machines, the court held that Sukumar did not suffer the competitive injury required for standing to sue under § 292(a).

The Federal Circuit agreed with Sukumar that § 292(a) should allow some potential competitors to sue for false marking. By looking at the text, legislative history, and analogous areas of law, the court determined that the prevention of market entry should be considered a competitive injury. However, the court stated that "[d]reaming of an idea but never attempting to put it into practice is insufficient."

In applying the two-part test to Sukumar's case, the court found that Sukumar did not have the sufficient intent to enter the market. Sukumar had purchased 100 Nautilus fitness machines for use in a rehabilitation center for stroke patients. These machines were customized by Nautilus for use with this specialized population and had been sitting in a warehouse unused since their purchase. In fact, Sukumar had attempted to negotiate a license to Nautilus patents that expressly stated the intent for exclusive use of the machines in rehabilitation centers. The court determined that Sukumar was essentially a customer of Nautilus and not a competitor. Moreover, even though Sukumar had begun the design of a prototype, this action occurred after the patent labels were declared inappropriate and after the filing of the present action.

For the second part of the test, the Federal Circuit concluded that Sukumar had failed to take sufficient action to attempt to enter the market. Before litigation had ensued,



Sukumar had not developed a business plan, had not attempted to design a prototype, had not hired any employees, and had not investigated manufacturing possibilities. Thus, the court determined that Sukumar was not engaged in competition with Nautilus, and thus could not suffer a competitive injury sufficient to bring a false marking claim under § 292. The court also affirmed the district court's dismissal of Sukumar's state law claims of unfair competition.

**Takeda Pharm. U.S.A., Inc. v. W.-Ward Pharm. Corp.,**  
785 F.3d 625 (Fed. Cir. May 6, 2015)

The Federal Circuit considered whether instructions on the defendant's label would induce infringement of the plaintiff's patent. The Federal Circuit affirmed the district court's denial of a preliminary injunction because the district court did not abuse its discretion in determining that a patentee had failed to show a likelihood of success on the merits. *Takeaway:* Vague drug label language cannot be combined with speculation about how physicians may act when consulting with a patient to find that an accused infringer has induced infringement. Instructions that merely describe an infringing mode but do not recommend, encourage, or promote that infringing mode do not show an affirmative intent to infringe a patent.

Takeda had developed a method of using colchicine, a long-standing drug in the treatment of gout, which would reduce colchicine's toxicity. Takeda Pharmaceuticals U.S.A., Inc.'s ("Takeda") patents protected its usage methods with respect to the treatment of acute gout flares. The defendant, Hikma, launched another colchicine-based drug, Mitigare, as a gout prophylaxis. Mitigare's label specified that it was intended for prophylaxis only, that its "safety and effectiveness . . . for acute treatment of gout flares during prophylaxis has not been studied," and that "[i]f you have a gout flare while taking [Mitigare], tell your healthcare provider." Takeda sued, arguing that Mitigare's label would induce infringement of Takeda's patents because healthcare providers naturally would prescribe Mitigare in a way that would infringe Takeda's method claims. Takeda requested a temporary restraining order ("TRO") and preliminary injunction. The district court granted the TRO but later denied the preliminary injunction.

The Federal Circuit affirmed the district court's ruling on the preliminary injunction because "vague label language cannot be combined with speculation about how physicians may act to find inducement." Rather, the label must "encourage, recommend, or promote infringement." The court noted that Takeda's method was not the only way of treating gout flares, and that even in cases where a physician prescribed colchicine for a gout flare, there was insufficient evidence that she would "inevitably prescribe" Mitigare. It was not enough to speculate, or even prove, that some or many physicians would prescribe Mitigare. The Federal Circuit also did not reach the issues of whether there was evidence of inducement related to the drug-interaction patents because there was insufficient proof of direct infringement.

In dissent, Judge Newman argued that findings of induced infringement are fact-intensive and that the majority incorrectly dismissed evidence of actual or likely

infringing use. Judge Newman stated that the majority opinion “goes too far,” and that these types of induced infringement cases should be decided on fact-dependent, case-by-case analyses.

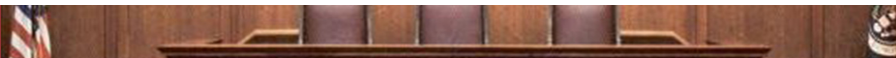
**Teva Pharm. USA, Inc. v. Sandoz, Inc.,**  
789 F.3d 1335 (Fed. Cir. June 18, 2015)

The Federal Circuit received this case after the Supreme Court vacated the Federal Circuit’s earlier opinion in light of the Supreme Court’s holding in *Nautilus, Inc. v. Biosig Instruments, Inc. (Nautilus II)*, 134 S. Ct. 2120 (2014), which addressed the standards for indefiniteness. On remand, the Federal Circuit applied the Supreme Court’s new legal standards set forth in *Nautilus II* and *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc. (Teva)*, 135 S. Ct. 831 (2015) and held that the one remaining unexpired claim—claim 1 of U.S. Patent No. 5,800,808—was invalid for indefiniteness.

Sandoz, Inc. (“Sandoz”) filed for approval with the Food and Drug Administration (“FDA”) to market generic versions of Copaxone, a drug for multiple sclerosis. Teva Pharmaceuticals USA, Inc. (“Teva”), the marketer of Copaxone, sued Sandoz for patent infringement, and Sandoz replied that claim 1, which dealt with a method of making copolymer-1, was invalid due to indefiniteness because the claim did not specify what measure of molecular weight to use, and in a typical polymer sample, there are three different measures of molecular weight.

The district court rejected Sandoz’s argument that the term “molecular weight” was indefinite, crediting the testimony of an expert. The Federal Circuit, in the first iteration of this case, reversed the district court and held claim I to be indefinite. Teva filed a petition for *certiorari*, arguing that the Federal Circuit erred in not giving weight to the district court’s factual findings. The Supreme Court agreed, holding that the reviewing court should review subsidiary factual findings under the clearly erroneous standard, and that when the Federal Circuit discredited the expert’s testimony about molecular weight, it was not reviewing the district court’s factual findings for clear error, but impermissibly rejecting them. In addition, while *Teva* was pending before the Supreme Court, the Supreme Court issued its opinion in *Nautilus II*, which articulated the proper standard to be applied when evaluating claims for indefiniteness: “[A] patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with *reasonable certainty*, those skilled in the art about the scope of the invention.” *Nautilus II*, 134 S. Ct. at 2124 (emphasis added).

On remand, the Federal Circuit took heed of the Supreme Court’s guidance and held that claim I was invalid for indefiniteness. In order to reach this conclusion, the court looked at the patent record, including claims, specification, and prosecution history, to see if they conveyed to one of skill in the art with reasonable certainty the scope of the claimed invention. The claim itself did not contain any definition of “molecular weight” whatsoever, nor does it have a common definition in the field. Teva’s expert’s testimony on the meaning of molecular weight did not, by itself, create any sort of



presumption regarding the meaning of the claim term. The Federal Circuit rejected Teva's implication that the testimony of its expert regarding the meaning of "molecular weight" was a question of fact that needed to be reviewed for clear error. "The internal coherence and context assessment of the patent, and whether it conveys claim meaning with reasonable certainty, are questions of law." One cannot turn a question of law into fact simply by having an expert offer an opinion on it. Thus, the Federal Circuit owed no deference to the district court's determination that the claim conveyed meaning with reasonable certainty.

The court finally looked at the prosecution history, since statements made during patent prosecution are relevant to claim construction. In related patents, U.S. Patent Nos. 6,620,847 and 6,939,359, the examiners twice rejected the term 'molecular weight' as indefinite for failing to specify which method of molecular weight to use (peak average, number average, or weight average). The fact that in one case, the patentee claimed it was one measure of molecular weight, and in the other, claimed it was a different measure of molecular weight, further bolstered the conclusion that it was indefinite. Thus, the Federal Circuit found that on this legal question—whether the patentee has informed with reasonable certainty those skilled in the art about the scope of the invention—the district court erred, and reversed it.

Judge Mayer wrote a brief dissent, arguing that this was a case where the factual findings are very closely related, almost dispositive, to the ultimate resolution of the legal conclusion and thus that the majority erred in not affording enough deference to the district court's finding regarding the testimony of Teva's expert. He argued that the majority overstepped its bounds as a court of review, and rather than giving proper deference to the district court's findings, the majority embarked on a fact-finding venture of its own and only gave a secondary glance to what the district court had found.

**TomTom, Inc. v. Adolph,**

790 F.3d 1315 (Fed. Cir. June 19, 2015)

A unanimous Federal Circuit panel reversed and remanded several of a district court's claim construction holdings relating to a method patent covering the generation and maintenance of data used in a GPS-type destination tracking system. Most notable is the court's holding that although parts of a preamble may constitute a limitation, this does not imply that the entire preamble also constitutes a limitation.

In this case, the phrase "at least one mobile unit" in the preamble provided antecedent basis for the later use of the terms "said mobile unit" and "the mobile unit" in the body of the claim. Nevertheless, the district court improperly concluded that the entire preamble constitutes a limitation because, as the Federal Circuit explained, the fact that a single phrase in the preamble provides a necessary structure for the claim does not necessarily convert the entire preamble into a limitation. Further, the phrase at issue in the preamble did not recite an essential structure or step for the claim, but merely stated a purpose or intention of the invention ("A method for generating..."), and thus did not itself constitute a limitation.



The court also reversed the district court's ruling that the inventor, Dr. Adolph, had disclaimed tracking systems that did not contain an initial map database. Judge Wallach explained that the inventor only disclaimed systems that did not *require* such a database, reiterating that a prosecution history disclaimer must be clear and unambiguous.

Finally, the court interpreted the term “node” to mean a “geographic location,” assigning it its plain and ordinary meaning, and repeated its caution to lower courts against importing limitations from an embodiment into the claims.

Judge Jeremy Fogel of the United States District Court for the Northern District of California sat by designation on this panel.

**Two-Way Media LLC v. AT&T, Inc.,**

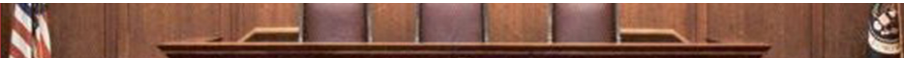
782 F.3d 1311 (Fed. Cir. Mar. 19, 2015)

The Federal Circuit considered the circumstances under which the time to file a notice of appeal should be extended or reopened under Rules 4(a)(5) and 4(a)(6) of the Federal Rules of Appellate Procedure (“FRAP”). *Takeaway:* Even an incomplete notice of final judgment may preclude relief under FRAP Rules 4(a)(5) and 4(a)(6) for a party who failed to respond within the appeal period.

The patent holder, Two-Way Media, filed a patent infringement suit against AT&T in the Western District of Texas and received a jury verdict finding infringement and awarding damages. AT&T moved for JMOL, and also moved to file those JMOL motions under seal. The district court issued an order simultaneously granting the sealing motions and denying the underlying JMOL motions. The court updated the case's docket with an entry indicating that the sealing motions had been granted—but not that the JMOL motions had been denied—and electronically notified the parties that the docket entry had been added. The court later updated the entry to reflect the denial of the JMOL motions, but did not re-notify the parties.

AT&T discovered, after its time to file a notice of appeal had expired, that its JMOL motions had in fact been denied, and subsequently moved to extend the time to file a notice of appeal under FRAP 4(a)(5), or in the alternative, to reopen the appeal period under FRAP 4(a)(6). The district court denied the motion, and AT&T appealed.

On appeal, the Federal Circuit addressed whether the district court had erred in denying AT&T's FRAP 4(a)(5) and FRAP 4(a)(6) motions. Judge O'Malley, joined by Judge Wallach, wrote for the majority. On the FRAP 4(a)(5) motion, the majority reasoned that the docket entry issue did not constitute “excusable neglect or good cause” as required by the rule. The majority noted that FRCP 77(d) explicitly provided that lack of notice did not alter the appeal period, and thus found AT&T's argument that the initial docket entries violated FRCP 79 (establishing basic requirements for docket entries) to be unavailing. Therefore, the majority held that the district court had not abused its discretion in denying the motion.



On the FRAP 4(a)(6) motion, the majority reasoned that AT&T had failed to satisfy one of the rule's prerequisites: that the "movant did not receive notice of the entry of judgment." Even though AT&T had received an incomplete electronic notification, the entire order was nonetheless available to AT&T. And indeed, some of AT&T's counsel had downloaded the complete order and saved it to their computer systems. Because these actions sufficiently constituted notice, AT&T could not seek relief under FRAP 4(a)(6).

In dissent, Judge Dyk argued that the docket entry at issue failed to meet the requirements of FRPC 79. Because of that inadequacy, Judge Dyk stated that final judgment had never been entered in the case, meaning that not only did AT&T not receive notice—it could not receive notice of an event that never occurred—but also that AT&T's appeal period had not in fact even started. Therefore, in Judge Dyk's view, the district court should have reopened the appeal period under FRAP 4(a)(6). Judge Dyk also disagreed with the majority's application of regional circuit law, but stated that this did not affect his view of the substantive merits.

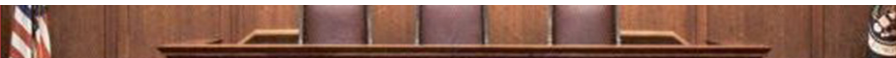
**Tyco Healthcare Grp. v. Ethicon Endo-Surgery, Inc.,**

774 F.3d 968 (Fed. Cir. Dec. 4, 2014)

The Federal Circuit affirmed the district court's holding that a prototype conceived of prior to the asserted patent's conception date and diligently reduced to practice thereafter anticipated the patent under 35 U.S.C. § 102(g), and reversed the district court's inconsistent finding that the prototype could not constitute prior art under 35 U.S.C. § 103. *Takeaway*: Section 102(g) does not require prior reduction to practice so long as the inventor can prove that he or she conceived of the invention first and was diligent in later reducing it to practice, and prior invention under § 102(g) need not be "known to the art" or the patentee at the time of invention to constitute prior art under § 103.

In January 1997, Tyco Healthcare Group LP obtained patents relating to a surgical device that uses ultrasonic energy to cut and coagulate tissue. The asserted patent claims recited such a device with a curved blade (Curved Blade Claims) and a clamp that closes against the blade via a dual cam mechanism (Dual Cam Claims). Ultracision, Inc., a company acquired by Ethicon Endo-Surgery in 1995, commercialized a similar device in 1993 and obtained the Davison patent covering the invention in 1994. The Davison patent disclosed curved blade-clamp configurations and explained that a curved blade facilitates the treatment of tissue at awkward angles of approach.

After the acquisition, Ethicon worked to perfect the modified design, and in April 1998, the FDA approved it for commercialization. Ethicon reduced the Prototype to practice in 1999, after Tyco's asserted patents had issued. Tyco subsequently asserted that Ethicon infringed those patents. Ethicon, however, argued that the asserted claims were invalid as anticipated or obvious in view of the Ethicon Prototype, the Davison patent, and/or a European Patent No. 0 503 662 (the '662 patent), which discloses a surgical device employing a pair of camming members and camming slots.

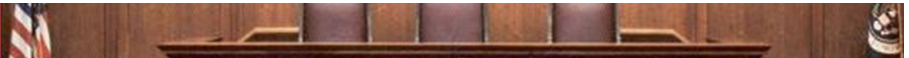


After a bench trial, the district court held that the Ethicon Prototype anticipated 26 of the asserted claims under § 102(g). The court concluded that Ethicon conceived of its Prototype before Tyco's conception date; worked diligently to constructively reduce it to practice by filing patent applications; and had not abandoned, suppressed, or concealed it thereafter. Although the court held that the Ethicon Prototype constituted § 102(g) prior art, the court held that the Prototype could not serve as prior art under § 103 because: (i) Ethicon had not established reduction to practice before Tyco had; and (ii) the prototype was not known in the art at the time of Tyco's invention. Then, based on the Davison patent and the '662 patent, the court concluded that the remaining claims were not obvious and accordingly awarded Tyco \$176 M for Ethicon's infringement of those claims. Ethicon appealed the decision to exclude the Prototype as prior art under § 103 and the court's related obviousness determination; Tyco cross-appealed the finding that the Prototype anticipated 26 of the asserted claims under § 102(g).

As to Tyco's cross-appeal, the Federal Circuit affirmed the district court's conclusion that 26 of the asserted claims were invalid under § 102(g). The Federal Circuit reasoned that Ethicon had properly established that its Prototype was prior art by proving that it had conceived of the invention first and diligently reduced it to practice.

The Federal Circuit held, however, that the district court erred "when it inconsistently applied § 102(g) to the Ethicon Prototype by not requiring reduction to practice for anticipation purposes but requiring it for the obviousness analysis." The Federal Circuit explained that the clear language of § 102(g) does not require prior reduction to practice as long as an inventor can establish that he or she conceived of the invention first and diligently reduced it to practice. Thus, § 102(g) prior art applies equally in the anticipation and obviousness contexts. Additionally, based on the clear language of both § 102(g) and § 103, the Federal Circuit rejected the argument that a prior invention under § 102(g) must be "known in the art" at the time of the invention to qualify as prior art under § 103. The Federal Circuit thus concluded that prior reduction to practice is not the only avenue through which § 102(g) prior art can constitute § 103 prior art. Accordingly, because the Ethicon Prototype constituted prior art under § 102(g), the Federal Circuit held that it could also properly serve as prior art for the obviousness analysis under § 103.

Having concluded that the Ethicon Prototype constituted § 103 prior art, the Federal Circuit found that the Curved Blade Claims and the Dual Cam Claims were invalid under § 103. As to the Curved Blade Claims, the Federal Circuit found that, in view of the Ethicon Prototype and Davison Patent, it would have been obvious to replace the Prototype's straight blade with a curved blade, just like the claimed invention. As to the Dual Cam Claims, the Federal Circuit determined that, in view of the Ethicon Prototype and the '662 patent, it would have been obvious to replace the Prototype's single cam with a dual cam, like that employed by the claimed invention. As a result, the Federal Circuit upheld the district court's anticipation conclusion, reversed the district court's nonobviousness determination, and accordingly vacated Tyco's damages award.



**Tyco Healthcare Grp. v. Mut. Pharm. Co.,**  
762 F.3d 1338 (Fed. Cir. Aug. 6, 2014)

A majority of the Federal Circuit affirmed in part and reversed in part a grant of summary judgment dismissing antitrust claims against a patent owner arising out of conduct in prior patent infringement litigation.

Tyco Healthcare Group LP (“Tyco”) owned Restoril and related patents claiming 7.5 mg formulations of temazepam, a drug used to treat insomnia. In 2006, Mutual Pharmaceutical Company (“Mutual”) sought approval from the FDA to manufacture and sell a generic version of temazepam with a larger specific surface area than that specified in Tyco’s patents. When Mutual sent Tyco a paragraph IV certification letter stating its generic version of temazepam would not infringe Tyco’s patents, Tyco filed an infringement action. Mutual raised antitrust counterclaims in its answer, and the district court stayed resolution of those claims pending the resolution of Tyco’s infringement claims.

The district court entered a judgment of noninfringement in 2009. Tyco subsequently petitioned the FDA seeking changes to the criteria for evaluating bioequivalence of proposed generic temazepam products in a manner that would place increased burdens on potential manufacturers of generic products. The FDA denied the petition in its entirety and approved Mutual’s application to manufacture and sell a generic version of temazepam. The district court granted summary judgment for Mutual on its invalidity counterclaim in 2010, holding the patent invalid for obviousness in light of a 1983 publication recommending temazepam dosage levels between 5 and 15 mg for treating insomnia in the elderly. The Federal Circuit affirmed in 2011. The district court then lifted the stay on the antitrust counterclaims and granted summary judgment in favor of Tyco on all of the counterclaims in 2013. Mutual appealed this decision.

The Federal Circuit affirmed the grant on summary judgment on two claims. The court held Tyco’s invalidity arguments that other prior art taught away from the dosage level recommended in the 1983 publication were not objectively baseless. The court stated that when an invention falls within a range disclosed in prior art, the burden of production of affirmative evidence of validity shifts to the patent holder while the burden of proof remains with the patent challenger to show that the patent would be found invalid for obviousness. No presumption of obviousness resulted from Tyco’s awareness of the prior art, and Tyco met its burden of production with arguments regarding efficacy of dose. The fact that Tyco’s arguments were ultimately unsuccessful did not make them baseless. The Federal Circuit also agreed with the district court that there was insufficient evidence that Tyco knew at the time it filed suit that it sought to enforce patents procured by fraud. At most, the evidence supported an inference that Tyco was aware of relevant prior art that could impact the validity or enforceability of the patents.

The Federal Circuit reversed the grant of summary judgment on the remaining claims. Mutual argued that Tyco’s infringement claim was objectively baseless because the product as specified in the drug application could not infringe. The court

agreed that Tyco could still allege infringement so long as it produced evidence that the as-marketed product will infringe. However, the court held that Tyco's theory of how Mutual's as-marketed drug infringed its patent contradicted scientific principles underlying surface area testing, and remanded for further inquiry. The Federal Circuit also rejected the district court's holding that claims of sham litigation could not be based on petitions to the FDA. The court found the timing of the petition and its rejection by the FDA created a genuine issue of material fact and remanded with instructions to determine whether Mutual suffered any anticompetitive harm as a result of the petition.

Judge Newman dissented, arguing that the majority was inserting a strong antitrust presence into patent litigation and distorting the balance between the two areas of law. The dissent took issue with the majority's description of a shifting burden of production under which a patent owner must come forward with affirmative evidence of validity despite the presumption of validity for duly granted patents. Judge Newman argued that patent validity was not a concern of antitrust litigation unless the patent was obtained by fraud and stated that allegations of Sherman Act violations would increase as a result of the majority's opinion. The dissent further characterized the FDA citizen petition as an exercise of Tyco's First Amendment right to petition the government rather than an antitrust violation.

**Ultramercial, Inc. v. Hulu, LLC,**  
772 F.3d 709 (Fed. Cir. Nov. 14, 2014)

In light of the Supreme Court's decision in *Alice*, the Federal Circuit affirmed the district court's ruling that claims directed to using advertising as a means of exchange for copyrighted materials were not patent eligible under 35 U.S.C. § 101. *Takeaway*: After *Alice*, a patent directed at an abstract idea must have novel, tangible applications to survive as patentable subject matter. Use of the Internet does not convert an idea into a tangible enough application to be patent eligible.

Ultramercial, Inc. brought an infringement suit against Hulu and WildTangent over their patent on a method for allowing consumers to watch an advertisement in exchange for viewing copyrighted material. The district court dismissed the case for failure to state a claim because the claim was not patentable subject matter. Specifically, it was a patent for the abstract idea "that one can use [an] advertisement as an exchange or currency." The Federal Circuit had previously reversed the district court's dismissal twice only to have its decisions vacated and remanded each time by the Supreme Court to be reconsidered in light of new precedent. This decision is a result of the Federal Circuit's reconsideration based on *Alice Corp. v. CLS Bank Int'l* after the second remand.

The Federal Circuit reconsidered the patent eligibility of the subject matter based on the two-part inquiry from *Alice*. First, the court examined whether the patent was "directed to one of those patent-ineligible concepts," which in this case was an abstract idea. The court found that the claims involving consumers selecting an ad to watch in exchange for viewing copyrighted media were directed to an abstract idea because this was

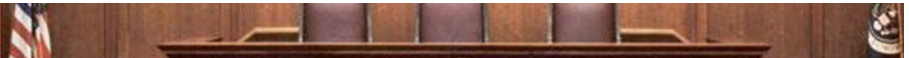
effectively just a means of exchange. Furthermore, the additional steps in the exchange process that Ultramerical added, such as keeping an activity log, did not make the abstract idea any more concrete. Second, the court considered whether the claims “do significantly more than simply describe that abstract method.” The claims at issue did not do so as they merely listed otherwise conventional activities to carry out the abstract claim. As in the first inquiry, requirements such as keeping an activity log did not apply the idea of exchanging the viewing of advertisements for copyrighted material in a novel way. The court also analyzed the claims through the machine-or transformation test, and found that the claims failed. They emphasized that the Internet was not a machine through which an otherwise abstract idea could be implemented and become patentable subject matter. Additionally, modifying a pre-existing intangible idea, here a means of exchange, is not a transformation as the idea is neither representative of or in reality something tangible. As a result of this new analysis, the Federal Circuit found that the claims were not patentable subject matter and this time affirmed the district court’s dismissal for failure to state a claim.

In his concurrence, Judge Mayer introduced a new test for patentable subject matter, the technological arts test, based on the Supreme Court’s decision in *Alice*. Judge Mayer began his argument by emphasizing that the patentability of the subject matter should be a threshold question that should be used to separate meritorious from frivolous infringement cases. The judge then rejected that § 101 should carry with it any presumption of eligibility because the statute has been construed so broadly and the Supreme Court has not been applying any presumption in its § 101 cases. That led to the technological arts test, which would require that a patent-seeker have used an abstract idea or other ineligible concept to solve a tangible problem through an explicit, tangible process. A claim would be too broad under this test if it was in reality only a scheme to improve a business. Judge Mayer found that Ultramerical’s claim was patent ineligible under the technological arts test because it fell into this latter category of entrepreneurial ideas.

**United Access Techs., LLC v. Centurytel Broadband Servs. LLC,**  
778 F.3d 1327 (Fed. Cir. Feb. 12, 2015)

In an appeal from a district court ruling, the Federal Circuit held, under Third Circuit law, that collateral estoppel did not bar litigation of an issue where a previous general jury verdict could have rested on one of two alternative theory of liability presented to the jury. *Takeaway:* A party will not prevail on a collateral estoppel argument where a prior jury verdict was based on multiple possible theories and the record does not explicitly show that the same theory raised in the current case was necessary to the jury verdict in the prior case.

The three patents owned by United Access Technologies, LLC (“United”) at issue in this case recite systems for using a landline telephone connection for both voice communication and data transmission, allowing the components to be received separately as voice and data signals by the user.



United's predecessor in interest, Inline Connection Corporation ("Inline"), had brought suit several years earlier charging EarthLink, Inc. with direct infringement of various claims of the same three patents at issue in this case. The jury in the first case returned a general verdict of noninfringement on all asserted claims, but without indicating the grounds on which it reached its decision. Inline moved for a judgment as a matter of law ("JMOL"). The trial court denied the motion, holding that the jury's verdict could be upheld on either of two alternative theories: (1) that Inline failed to carry its burden to show that the Asymmetrical Digital Subscriber Line ("ADSL") technology infringed the asserted claims; or (2) that EarthLink did not infringe because none of its systems included a telephone, a required element of each claim. In a prior appeal, the Federal Circuit summarily affirmed that decision. See *United Access Techs., LLC v. Earthlink, Inc.*, 432 Fed. App'x 976 (Fed. Cir. 2011).

In the instant case, United filed an action against CenturyTel Broadband Services LLC ("CenturyTel") and Qwest Corporation ("Qwest") (collectively, "Defendants"), charging them with infringement of the same claims of the three patents at issue previously. Defendants sought dismissal based on collateral estoppel, on the theory that the *Earthlink* case established that the industry standard ADSL technology did not infringe United's patents, and that United failed to show that the ADSL services CenturyTel and Qwest sold were different in any material respect from those sold by EarthLink. United asserted that the Defendants' services were different from EarthLink's in that they included telephone devices. The district court dismissed the action on grounds of collateral estoppel, finding the telephone distinction unconvincing and finding that either way, the jury had found in the *Earthlink* case that the industry standard ADSL theory provided a second, independent basis for the finding of noninfringement in that case. The district court thus held that the question of whether the industry standard ADSL infringed on United's patents had already been adjudicated against United's predecessor in the *Earthlink* case, and thus collateral estoppel barred the re-litigation of that issue.

On appeal, the Federal Circuit confirmed that a general jury verdict, under Third Circuit law, can lead to collateral estoppel only if it is clear that the jury necessarily decided a particular issue when reaching its verdict. When there are multiple possible grounds on which the jury could have based its general verdict and the record is unclear as to which theory the jury relied on, collateral estoppel does not attach to any one of the possible issues. CenturyTel and Qwest did not meet their burden of showing with certainty and clarity that the jury in the *Earthlink* case decided that the standard ADSL did not infringe the asserted claims of United's patents and that thus such an argument was precluded in this case. In the *Earthlink* case, the trial court's JMOL ruling simply held that a rational jury could reasonably have based its noninfringement decision on either of two alternative theories presented. Therefore, the Federal Circuit held, collateral estoppel did not stop United from proving infringement by arguing that the ADSL technology infringed the asserted claims. The case was reversed and remanded.



**uPI Semiconductor Corp. v. Int'l Trade Comm'n,**  
767 F.3d 1372 (Fed. Cir. Sept. 25, 2014)

The Federal Circuit upheld the International Trade Commission's ("Commission") finding that a competitor violated a Consent Order by aiding and abetting third-party importation of formerly accused products, and reversed the Commission's finding that post-Consent Order products did not violate the Consent Order. *Takeaway:* The Commission has authority to assess a civil penalty for violation of a Consent Order for knowingly aiding and abetting importation of products by non-respondents, even where the Commission did not impose a general exclusion order.

After Richtek Technology Corp. ("Richtek") filed a complaint with the Commission that uPI Semiconductor Corp. ("uPI") imported DC-DC controllers for circuit boards that infringed Richtek's patents and embodied Richtek's trade secrets, uPI entered into a Consent Order whereby it would cease importation of all products produced using or containing Richtek's trade secrets or infringing Richtek's patents. Approximately one year later, Richtek filed an Enforcement Complaint alleging that uPI was in violation of the Consent Order. The Commission found that the third-party importation of uPI products formerly accused at the Commission violated the Consent Order, but that products uPI had developed after the Consent Order was entered did not use or contain Richtek's trade secrets.

On appeal, uPI contended that, despite its agreement to not knowingly aid, abet, or induce importation of products produced using or containing Richtek trade secrets or infringing Richtek patents, this provision cannot reach third-party importations under the Federal Circuit's decision in *Kyocera Wireless Corp. v. International Trade Commission*, because the prior investigation was terminated by Consent Order rather than general exclusion order. In *Kyocera*, the court held that "Section 337 permits exclusion of the imports of non-respondents only via a general exclusion order, and then too, only by satisfying the heightened requirements of 1337(d)(2)(A) or (B)." The court rejected uPI's reading of *Kyocera*, explaining that "[t]he Consent Order prohibits uPI from knowingly aiding or abetting the importation of DC-DC controllers produced using or containing Richtek trade secrets or infringing Richtek patents, 'or products containing same.'" Thus, the court held that the "Commission had statutory authority to assess a civil penalty against uPI for its violation of the Consent Order knowingly aiding or abetting provision."

Richtek challenged the Commission's finding that uPI's post-Consent Order controllers did not contain or were not produced using Richtek trade secrets. The Federal Circuit held that the Commission's finding was not supported by substantial evidence. Although uPI contended that it engaged outside design firms to create new layouts and schematics for its DC-DC controllers, there were lines of code in uPI's allegedly new layouts and schematics that appeared verbatim in Richtek's trade secret controllers. The court thus reversed the determination that uPI did not violate the Consent Order with respect to these products and remanded the case for further proceedings.

**Vasudevan Software, Inc. v. MicroStrategy, Inc.,**  
782 F.3d 671 (Fed. Cir. Apr. 3, 2015)

The Federal Circuit affirmed the district court’s claim construction and judgment of noninfringement but reversed the district court’s summary judgments of invalidity, remanding the case for further proceedings. *Takeaway:* A patentee’s use of the phrase “refers to” in a specification or prosecution history indicates the patentee’s intent to define a term.

The Federal Circuit first considered the district court’s construction of “disparate databases,” which the district court interpreted as meaning that a database lacks three elements: (1) compatible keys; (2) record identifier (“ID”) columns of similar value; and (3) record ID columns of similar format in the schemas or structures that would otherwise enable linking data. The Federal Circuit agreed with the district court that the prosecution history controlled the question of how the term should be interpreted. The court explained that both the specification and the extrinsic evidence provided by VSi “leave uncertain the full scope and meaning of the term”—specifically, “how disparate or incompatible the claimed ‘disparate databases’ must be.” The then court noted that an agreed upon construction by another defendant in a previous litigation or a defendant’s marketing materials have little probative value in determining the meaning of terms during claim construction of a plaintiff’s patent. Turning to the prosecution history, the court noted that VSi defined the meaning of “disparate databases” in the course of the prosecution using the phrase “refers to.” The court also adopted the district court’s “conjunctive interpretation,” meaning that the claimed term requires the absence of all compatible keys, record IDs of similar value, and record IDs of similar format in the schemas or structures, rather than the absence of any one of these characteristics. In the court’s view, this conclusion was dictated by the manner in which VSi distinguished the prior art as well as proper grammar.

Moreover, the court affirmed the district court’s finding that the claim term “incompatible databases” is synonymous with “disparate databases,” noting that VSi consistently argued that “disparate databases” meant ‘incompatible databases’ during the prosecution and never provided an independent construction of the term “incompatible databases.”

The court then turned to the district court’s grant of summary judgment based on lack of written description. The court disagreed with the district court’s conclusion that there was no question of material fact that the written description would not convey to one of skill in the art that VSi had possession of a means of accessing “disparate databases” at the time of filing. The court explained that the testimony of VSi’s expert witness raised a genuine issue of material fact as to whether the specification shows how to achieve the functionality of accessing disparate databases. The court found that the expert’s opinion was more than merely conclusory because it pointed to specific portions of the relevant patent as showing how to access disparate databases.

The court also addressed the district court’s grant of summary judgment based on lack of enablement. First, the court observed that the effort it took the inventor to make



a commercial-grade embodiment did not conclusively show a lack of enablement because enablement does not require that a patent disclosure enable a person of skill in the art to make a perfected, commercially viable embodiment. The court noted that VSi's claim that the inventor could have developed a functional prototype with far less experimentation was buttressed by VSi's uncontroverted expert testimony. Second, the court held that there was a genuine issue of material fact as to whether the relevant patent specification provided a reasonable amount of guidance.

**Vermont v. MPHJ Tech. Invs., LLC,**  
763 F.3d 1350 (Fed. Cir. Aug. 11, 2014)

The Federal Circuit dismissed a petition for a writ of mandamus and an appeal from a district court's order to remand back to state court a consumer protection case involving a patent preemption defense. *Takeaway:* A patent law preemption defense, without more, is insufficient to remove a state law consumer protection suit to federal court.

The State of Vermont filed suit against MPHJ Technology Investments, LLC ("MPHJ"), alleging violations of Vermont consumer protection laws after MPHJ contacted businesses and organizations in Vermont requesting confirmation that the organizations were not infringing MPHJ's patents or, alternatively, to purchase licenses. MPHJ removed the case to federal court, and the State responded with a motion to remand for lack of subject matter jurisdiction. MPHJ opposed and moved for sanctions, requesting dismissal of the State's claims as frivolous, baseless, and preempted by MPHJ's right to enforce its patents under federal patent law. The district court granted the State's motion to remand without ruling on any other motions, noting that the complaint did not raise a substantial question of patent law and that MPHJ's preemption defense to allegedly unfair or deceptive practices could not provide a basis for federal subject matter jurisdiction.

MPHJ appealed, arguing that the district court abused its discretion in effectively denying the motion for sanctions, deciding subject matter jurisdiction before personal jurisdiction, and remanding the case without deciding the question of preemption. The Federal Circuit held that 28 U.S.C. § 1447 barred appellate jurisdiction, finding that the remand order "dominate[d]" the proceedings below, precluding review of the personal jurisdiction and sanctions issues as well as the remand order itself. The court then dismissed the petition and appeal.

**Versata Dev. Gr. v. SAP Am., Inc.,**  
793 F.3d 1306 (Fed. Cir. July 9, 2015)

In its first appeal from a Covered Business Method ("CBM") review, the Federal Circuit ruled that it has authority to review final written decisions of the Patent Trial & Appeal Board ("PTAB"), including the threshold determination whether a patent is a CBM patent. The court also affirmed that the PTAB is authorized to invoke 35 U.S.C. § 101 as a test for validity in CBM cases and that the "broadest reasonable interpretation" ("BRI") claim construction standard applies to CBM review proceedings. *Takeaway:* The PTAB may invalidate a patent on § 101 grounds, but the



Federal Circuit has authority to review whether the patent was within the PTAB's authority as a CBM patent in the first place.

Versata Software Inc. sued SAP America, Inc. for infringing U.S. Patent No. 6,553,350 (the "'350 patent"), which covers a "method for determining the price of a product offered to a purchasing organization" through the use of hierarchical tables. After losing the jury trial in district court, and with its appeal pending in the Federal Circuit, SAP petitioned the PTAB to institute a CBM review of the '350 patent under section 18 of the America Invents Act. Finding that the '350 patent qualified as a CBM patent, the PTAB granted SAP's petition and went on to issue a final written decision invalidating the patent under § 101, determining that the '350 patent was directed to the abstract idea of "determining a price using organization and product group hierarchies, which are akin to management organizational charts." Versata appealed from this final written decision to the Federal Circuit.

The court first addressed the scope of judicial review with respect to PTAB final written decisions. Because 35 U.S.C. § 324(e)—which provides that "[t]he determination by the Director whether to institute a post-grant review under this section shall be final and nonappealable"—only bars collateral attacks on initial determinations whether to institute CBM review but does not bar judicial review of final written decisions, the court has the authority on appeal from a final written decision to "review issues decided during the PTAB review process, regardless of when they first arose in the process, if they are part of or a predicate to the ultimate merits." The decision to classify a patent as a CBM patent—a threshold determination made at the institution stage of a CBM review—is such a predicate issue because it is "one of the limits on [the PTAB's] § 18 invalidation authority" (*i.e.*, absent such a determination there can be no CBM review under § 18) and thus constitutes government action that alters the legal rights of the patentee. Because such rights-altering actions are presumptively subject to judicial review, the court concluded that the issue whether a patent is a CBM patent, although part of the non-reviewable initial determination whether to institute the proceeding, is nevertheless within the scope of judicial review as part of the review of a final written decision to invalidate.

Next, the court turned to the question whether the '350 patent was properly classified as a CBM patent. Explaining that the definition of CBM "covers a wide range of finance-related activities" and "is not limited to products and services of only the financial industry, or to patents owned by or directly affecting the activities of financial institutions," the court affirmed the PTAB's determination that the '350 patent—a method for determining prices of products—falls within that definition. Further, while pointing out the unhelpfulness of the language in 37 C.F.R. § 42.301(b) that promulgated the definition of the "technological invention" safe harbor in § 18, the court affirmed the PTAB's determination that the '350 patent is not a technological invention because it does not present a "technical solution [but] is more akin to creating organizational management charts."

The court went on to address the merits of the PTAB's decision to invalidate the '350 patent under § 101, including whether subject matter eligibility is a proper test for

invalidation in the context of a CBM review. Because the scope of CBM review is limited under 35 U.S.C. § 321 to those grounds enumerated in 35 U.S.C. § 282(b), Versata argued that § 101 is not a proper basis for invalidation in a CBM review because it is not expressly included in § 282. However, the court dismissed this argument as “hyper-technical,” and held that the PTAB may invalidate a patent on § 101 grounds in CBM cases, and affirmed its holding that the ’350 patent is invalid. Further, the court reiterated its statement in *In re Cuozzo Speed Technologies, LLC* of the use of the BRI standard in *inter partes* review (“IPR”) proceedings, and affirmed the PTAB’s use of the same standard in CBM proceedings. The court noted, however, that the rules governing IPR proceedings do not necessarily also govern post-grant review and CBM matters.

In his separate opinion dissenting in part, Judge Hughes disagreed with the court’s holding that the PTAB’s threshold CBM determination is reviewable. He argued that the government action that “alters the legal right of the patent holder,” and is thus presumptively reviewable by the court, is the PTAB’s ultimate invalidity decision—not the decision to institute—and that judicial review of the CBM determination is barred the plain language of § 324(e), which is analogous to the statutory bar contained in 35 U.S.C. § 314(d), and which the court visited earlier in *Cuozzo* (the court held that the determination whether to institute an IPR is final and nonappealable even after the PTAB issues a final decision, under § 314(d)). In the final paragraphs of his opinion, Judge Hughes expressed his concern that the motive behind the majority’s position is to “wrest from the PTO the final authority to decide which patents are covered business method patents appropriate for § 18 review.”

**Versata Dev. Grp.v. Lee,**  
793 F.3d 1352 (July 13, 2015)

The Federal Circuit held that the America Invents Act (“AIA”) bars lawsuits in district court challenging PTAB initial determinations whether to institute post-grant review of Covered Business Method (“CBM”) patents.

In a case where the patentee sued the PTO in district court seeking to set aside the PTAB’s decision to institute a CBM review, the court affirmed the district court’s decision to grant the PTO’s and intervenor and CBM petitioner SAP’s motions to dismiss the suit for failure to state a claim and lack of subject matter jurisdiction. The court explained that the district court’s decision was correct as a matter of law because 35 U.S.C. § 324(e) provides that PTAB determinations “whether to institute a post-grant review under this section shall be final and nonappealable.” Further, while CBM patent reviews are governed by the special provisions of AIA § 18, the court explained that § 324 was nonetheless applicable to this case because § 18(a)(1) specifically incorporates the standards and procedures found in chapter 32, including § 324.

The court noted that the AIA expressly provides for judicial review of PTAB decisions at the final written decision stage.



**Versata Software, Inc. v. Callidus Software, Inc.,**  
780 F.3d 1134 (Fed. Cir. Feb. 27, 2015)

The Federal Circuit addressed as a matter of first impression whether it must vacate a prior opinion in light of the parties' voluntary and unconditional dismissal of the complaint before the release of that opinion. The Federal Circuit issued an opinion on November 20, 2014, published at 771 F.3d 1368, addressing the factors from § 18(b) of the America Invents Act for granting a stay when a patent is undergoing covered business method ("CBM") review. Engaging in the four-factor analysis, the court held in that prior opinion that a stay of district court litigation should be granted where patents were only partially under CBM review and after discovery had already begun. The day before that prior opinion issued, however, the parties had filed a joint request to dismiss the appeal in light of a joint and unconditional stipulation of dismissal of the underlying complaint filed with the district court pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii). Applying Third Circuit law, the Federal Circuit held that a joint filing under Rule 41(a)(1)(A)(ii) automatically dismisses the complaint without the need for further action of the district court. Thus, the court concluded that when the parties filed their stipulation prior to the appellate court's issuance of its opinion, the appeal was rendered moot. The Federal Circuit therefore vacated its November 20, 2014 opinion and dismissed the appeal, with each side to bear its own costs.

**VirnetX, Inc. v. Cisco Sys., Inc.,**  
767 F.3d 1308 (Fed. Cir. Sept. 16, 2014)

The Federal Circuit affirmed in part and vacated in part a jury's findings regarding four patents related to systems and methods for providing a domain name service for establishing a secure communication link on a network, such as the Internet. In 2010, VirnetX filed suit against Apple Inc. in the Eastern District of Texas for alleged infringement of four patents: U.S. Patent Nos. 6,502,135 (the "'135 patent"), 7,418,504 (the "'504 patent"), 7,490,151 (the "'151 patent"), and 7,921,211 (the "'211 patent"). At issue in the case was whether Apple's FaceTime servers infringe certain claims of the '504 and '211 patents, and whether Apple's VPN On Demand feature infringes certain claims of the '135 and '151 patents. After a five-day trial, a jury found all of the claims to be valid and infringed and awarded VirnetX \$368.16 million in reasonable royalty damages. Apple filed a post-trial motion for judgment as a matter of law ("JMOL"), arguing that VirnetX not only failed to present substantial evidence that Apple infringed the asserted patents, but also failed to cite sufficient evidence to support a finding that Apple induced its customers to infringe the asserted patents.

The Federal Circuit reviewed the district court's denial of Apple's JMOL motion. First, the court affirmed the district court's construction of the key term "domain name," finding that intrinsic evidence cannot be outweighed by one dictionary definition. The court, however, overturned the district court's construction of "secure communication link," finding that the term should be construed to require anonymity. Second, the court held that the district court did not err in finding that there was substantial evidence on which the jury could have relied to reach a finding of



infringement on certain limitations of the '504 and '211 patents, but remanded for further proceedings to determine whether Apple infringes in light of the proper construction of “secure communication link.” As to the '135 and '151 patents, the court upheld the findings of literal infringement as to certain claims, but reversed the jury’s finding of infringement under the doctrine of equivalents for one claim of the '151 patent. The court found that the jury’s finding that Apple’s VPN On Demand operates in substantially the same way as the asserted claim was not supported by VirnetX’s expert testimony. Third, the court upheld the jury’s finding of validity, explaining that there was substantial evidence to support VirnetX’s argument that the prior art fails to disclose certain limitations of the asserted patents. Fourth, the court upheld the district court’s decision to exclude evidence of non-final reexamination rejections for the asserted patents, proffered by Apple to show that it did not act willfully. Fifth, and finally, the court vacated the jury’s damages award and remanded for further proceedings.

As to damages, VirnetX had offered three reasonable royalty theories at trial: (i) a 1% reasonable royalty rate to the lowest sale price of each model of the accused iOS devices containing the accused features; (ii) as to the FaceTime allegations alone and invoking the “Nash Bargaining Solution,” a 45% share of the incremental or additional profits that are associated with the use of the patent technology, in this case, profits associated with the addition of a “front-facing” camera on Apple’s mobile devices; and (iii) again as to the FaceTime allegations alone and invoking the “Nash Bargaining Solution,” 45% of Apple’s profits from the alleged 18% of all iOS device sales that would not have occurred without the addition of FaceTime. When addressing damages at trial, the district court instructed the jury as follows: “In determining a royalty base, you should not use the value of the entire apparatus or product unless either (1) the patented feature creates the basis for the customers’ demand for the product, or the patented feature substantially creates the value of the other component parts of the product; or (2) the product in question constitutes the smallest salable unit containing the patented feature.” The jury ultimately awarded VirnetX \$368.16 million in reasonable royalty damages.

The Federal Circuit addressed several aspects of the damages award. First, the court found that the jury instruction misstated the law by implying that when the smallest salable unit is used as the royalty base there is no further constraint on the selection of that base. The court held that, instead, “[w]here the smallest salable unit is, in fact, a multi-component product containing several non-infringing features with no relation to the patented feature (as VirnetX claims it was here), the patentee must do more to estimate what portion of the value of that product is attributable to the patented technology.” Second, the court ruled that the testimony of VirnetX’s damages expert as to the royalty base under damages theory number 1 should have been excluded as it improperly relied on the entire market value of Apple’s product without attempting to remove any unpatented elements from the base. The court, however, also found that the district court did not err in permitting the expert to rely on six allegedly comparable licenses to calculate the royalty rate. Third, the court found that VirnetX’s second and third damages theories should be excluded for relying on the Nash theorem without establishing that the premises of the theorem apply to the facts of the present case.

**Warsaw Orthopedic, Inc. v. NuVasive, Inc.,**  
778 F.3d 1365 (Mar. 2, 2015)

In this case, the Federal Circuit affirmed the district court with respect to the invalidity and infringement for the '973, '933, and '236 patents, but vacated the lost profits award and remanded for new trial on damages limited to a reasonable royalty. *Takeaway*: “[A] patentee may not claim, as its own damages, the lost profits of a related company.”

Warsaw Orthopedic (“Warsaw”) sued NuVasive, Inc. (“NuVasive”) in the Southern District of California for infringement of its U.S. Patent Nos. 5,860,973 (the “’973 patent”) and 6,945,933 (the “’933 patent”)—the first of which claims oversized spinal implants and the second of which claims a method and devices for retracting tissue to create a working channel for minimally invasive spinal surgery. NuVasive then counterclaimed against Warsaw and its related company, Medtronic Sofamor Danek USA, Inc. (“MSD”) for infringement of its U.S. Patent No. 7,470,236 (the “’236 patent”), a patent directed at monitoring for nerve proximity during surgery. A jury found for Warsaw that the asserted claims of the ’973 patent were not invalid and that the asserted claims of the ’933 patent were infringed under the doctrine of equivalents, and for NuVasive that the asserted claims of the ’236 patent were infringed. It awarded damages for each. Warsaw moved for supplemental damages and a permanent injunction related to the ’973 and ’933 patents and for a judgment as a matter of law (“JMOL”) or new trial as to the jury’s finding of infringement of the ’236 patent. NuVasive also moved for JMOL or a new trial, on the invalidity of the asserted claims of the ’973 patent, infringement of the ’933 patent, and Warsaw’s entitlement to lost profits. The district court denied the motions for JMOL or new trial and denied Warsaw’s damages requests, instead setting ongoing royalty rates. Both parties appealed.

The Federal Circuit first reviewed the district court’s liability determinations as to the asserted claims of the ’973, ’933, and ’236 patents. It affirmed the district court’s findings on the invalidity or infringement of each patent. First, NuVasive argued that Warsaw’s ’973 patent was invalid because its claim was anticipated and obvious in light of two prior art references. The ’973 patent described an oversized spinal implant capable of lateral insertion, providing more stability than smaller implants inserted from the front or back. The district court had construed the claim at issue to mean that the patented devices must be capable of lateral insertion, and Warsaw had presented substantial evidence to the jury distinguishing its own patent from the prior art references, which were not capable of lateral insertion. The Federal Circuit agreed with the district court that the claim was not invalid, and found that the jury was entitled to find that prior art references did not anticipate or render obvious the claims of the ’973 patent.

Next, the court turned to Warsaw’s ’933 patent, which relates to a two-pronged device that forms a working channel through which a surgeon can pass instruments for spinal surgery. NuVasive’s accused product had three, not two, prongs, and thus, NuVasive argued, it did not literally infringe on the patent. The jury disagreed and found that



NuVasive's device infringed the '933 patent under the doctrine of equivalents; Warsaw had submitted substantial evidence that the differences between NuVasive's technology and Warsaw's patent were insubstantial. The court upheld the finding of infringement.

As to the '236 patent, owned by NuVasive and directed to a method for detecting the presence of and measuring the distance to a nerve during surgery, the court affirmed a jury finding that MSD infringed the patent. The '236 patented technology works by sending a series of stimulus signals in increasing strength to elicit a neuromuscular response. When a nerve responds, the signal is stopped. On appeal, MSD argued that its product did not infringe the patent because its device does not "stop" the emission of a stimulus signal immediately after a neuromuscular response is detected, but instead continues to emit pulses at lower levels. NuVasive argued that the decrease in signal strength counted as a "stop" in the old signal and the beginning of a new one. The court agreed that the claims clearly envisioned treating a "restart" as a type of stop— an understanding consistent with the district court's claim construction— and affirmed a finding of infringement.

The damages awards issues on appeal related to the '973 and '933 patents only. The jury had awarded Warsaw \$101,196,000 in total damages for lost profits and a royalty remainder, without specifying which portion of the verdict was tied to each. Warsaw had moved for supplemental damages, which the trial court refused. On appeal, NuVasive challenged the award of lost profits, while Warsaw challenged the refusal to award supplemental damages.

The Federal Circuit first reviewed the award of lost profits. Warsaw owns but does not practice the patented technologies, instead licensing the technologies to Medtronic Sofamor Danek Deggendorf GmbH ("Deggendorf") and Medtronic Puerto Rico Operations Co. ("M Proc."), which manufacture and sell the products to MSD and pay royalties to Warsaw on those sales, and also manufacture surgical rods and screws used in connection with the patented device during surgery—"fixations." At trial, Warsaw claimed that declines in revenues from the sale of fixations to MSD, royalty payments from M Proc and Deggendorf, and "true-up" payments from MSD all counted as lost profits. The court disagreed. First, the decrease in revenue from fewer sales of fixations to MSD could not be lost profits because they did not count as "convoyed sales"—sales of a product that is not patented that are sufficiently related to the patented product such that the patentee may recover lost profits for lost sales. Here, Warsaw did not show a functional relationship between the fixations and the patented products; the fixations could be used independently from the patented device. Similarly, the lost royalty payments from M Proc. and Deggendorf and the "true-up" payments from MSD to Warsaw could not be included in lost profits due to failures of proof.

Despite its rejection of Warsaw's claims for lost profits, the court found that Warsaw was still entitled to a reasonable royalty sufficient to compensate it for the value of the patented technology and remanded for a new trial to determine a reasonable royalty. As guidance for the new trial, the court noted that existing royalty agreements entered at arm's-length can provide evidence of the value of the patent, but that

royalties payments by related parties (such as Deggendorf and M Proc.) have little probative use as to the patent's value. The court also noted that at the new trial, Warsaw may assert a claim for supplemental damages limited to a reasonable royalty, but that the jury must be clearly instructed as to the time period of the claim. Finally, because it impermissibly included a lost profits component, the ongoing royalty reward must be vacated and remanded.

**WesternGeco LLC v. ION Geophysical Corp.,**  
791 F.3d 1340 (Fed. Cir. July 2, 2015)

In this appeal, a divided Federal Circuit addressed whether a patent owner was entitled to recover lost profits based on foreign conduct. The Federal Circuit reversed the district court's lost profits award, but affirmed the court's reasonable royalty award arising from patent infringement under 35 U.S.C. § 271(f). *Takeaway*: Lost profits may not be awarded when based on the use, rather than the export, of an infringing product or component outside the United States.

In June 2009, WesternGeco LLC sued ION Geophysical Corp. for willful infringement of four patents. Both companies manufacture devices that use WesternGeco's patented technology to search for oil and gas beneath the ocean floor. WesternGeco also provides sea-floor surveying services. According to WesternGeco's complaint, ION violated 35 U.S.C. §§ 271(f)(1) and 271(f)(2), which prohibit supplying components of a patented system in a manner that actively induces their combination abroad or suggests the intention that the components be combined abroad in a way that would constitute infringement if carried out domestically. A jury found that ION infringed the asserted claims of all four patents, under both §§ 271(f)(1) and 271(f)(2). The jury awarded WesternGeco \$93 million in lost profits and \$12 million in reasonable royalties.

ION appealed from this judgment and WesternGeco conditionally cross-appealed. ION's only successful argument on appeal was its claim that the award of lost profits was inappropriate because it was based on conduct abroad. WesternGeco had alleged that, because ION supplied infringing products to ION customers outside of the United States, WesternGeco did not obtain contracts for ten sea-floor surveying operations—the ION customers (with the infringing technology) won the contracts instead. WesternGeco claimed that it would have received a profit of over \$90 million from the lost contracts.

A panel majority noted that there was a strong presumption against the extraterritorial effect of American patent law. It then explained that section 271(f) addressed the export of components of patented systems, not the use of those components abroad. According to the majority, "[T]he entirely extraterritorial production, use, or sale of an invention patented in the United States is an independent, intervening act that, under almost all circumstances, cuts off the chain of causation initiated by an act of domestic infringement. The majority emphasized that section 271(f) created only a "limited exception" to the presumption against extraterritoriality and one that did not

encompass “lost profits [resulting] from the foreign uses of . . . [a] patented invention.” The majority therefore reversed the district court’s award of lost profits. J

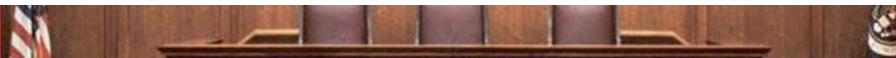
udge Wallach dissented in part, arguing that lost sales were at least a relevant part of the damages question, if not the liability question, on the grounds that “[i]n general, a patentee is entitled to full compensatory damages where infringement is found.” The panel, however, affirmed the district court’s decision on all other grounds, including that WesternGeco had standing to sue on the four patents and denying WesternGeco enhanced damages for willful infringement.

**Williamson v. Citrix Online, LLC,**  
792 F.3d 1339 (Fed. Cir. June 16, 2015)

The Federal Circuit, sitting *en banc*, rejected the then-current standard of a “strong” presumption against applying 35 U.S.C. § 112, para. 6 to claims not specifically reciting the terms “means for” or “step for.” The Federal Circuit vacated the district court’s judgment of noninfringement because the lower court “erroneously construed” claims in a patent for “virtual classroom” software. The court vacated the noninfringement judgment because the district court had construed the “graphical display” of the classroom too narrowly to require a “pictorial map.” The court affirmed the invalidity judgment because the district court correctly construed the limitation “distributed learning control module” under 35 U.S.C. § 112 para. 6 and found the specification did not disclose sufficient structure referred to in the means-plus-function claims, making those claims indefinite. *Takeaway:* The Federal Circuit’s rejection of the “strong” presumption against applying section 112, para. 6 could affect the validity of functional claim limitations not specifically reciting the terms “means for” or “step for” going forward.

Williamson accused the appellees of infringing his patent on certain “virtual classroom” technology. The district court issued claim construction rulings on claims 1, 8, and 17. The order for independent claims 1 and 17 found that the term “graphical display representative of a classroom” and similar statements required a “pictorial map” of the classroom space to fall within the claim. With regard to claim 8, the term “distributed learning control module” was in reality a means that required its functions to be specified under 35 U.S.C. § 112 para. 6 to avoid invalidity for indefiniteness. As a result of these constructions, Williamson stipulated to judgments of noninfringement on claims 1 and 17 (and their respective dependent claims) and invalidity on claim 8 (and its dependent claims) because of the absence of a functional algorithm for the module in the claim. In this case, the pre-America Invents Act § 112 applied based on the timing of the patent application filing. Williamson appealed the court’s constructions of the asserted claims.

Sitting *en banc*, however, the Federal Circuit overruled an earlier line of cases that “established a heightened bar to overcoming the presumption that a limitation expressed in functional language without using the word ‘means’ is not subject to § 112, para. 6.” See *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354



(Fed. Cir. 2004); *Flo Healthcare Sols., LLC v. Kappos*, 697 F.3d 1367, 1374 (Fed. Cir. 2012); *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1297 (Fed. Cir. 2014).

The court found that such a heightened burden was unjustified, “uncertain in meaning and application,” and had “the inappropriate practical effect of placing a thumb on what should otherwise be a balanced analytical scale.” In abandoning the characterization of the presumption as “strong,” the court held that the appropriate standard should be “whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure.” The Federal Circuit thus held that when a claim lacks the word “means,” the presumption against applying section 112, para. 6 can be overcome if the challenger shows that the claim term fails to “recite sufficiently definite structure” or else recites “function without reciting sufficient structure for performing that function.”

Applying this new standard to claim 8’s phrase, “distributed learning control module,” the Federal Circuit found that the word “module” was a “nonce word” that could substitute for “means” in the context of section 112 para. 6. The court then determined that the specification clearly indicated that the specialized function to be performed by the “distributed learning control module” must be implemented in a “special purpose computer.” The court stated that the specification must disclose an algorithm for performing the claimed function, but held that here the specification did not. Thus, the Federal Circuit held that the district court correctly found that the relevant claims were invalid as indefinite. The Federal Circuit also construed the terms from claim 1 based largely on the language of the claim itself, rejecting the use of the embodiments and examples in the specification to restrict the claim.

Judge Reyna concurred in part and dissented in part with additional views concerning means-plus-function claiming. Judge Reyna concurred with the majority’s reversal with regard to the “distributed learning control module,” but dissented from the portion of the opinion holding that an image of a visually depicted virtual classroom is not required. Judge Reyna comments that a more flexible framework for section 112 para. 6 presumptions regarding the use of the term “means” would be appropriate, giving different weight to terms like “means” (weighing most heavily), “module” (weighing a little less), and purely structural terms (weighing the least). As a related concern, Judge Reyna noted that while “means” is a term in section 112 that has raised a presumption, it is not clear whether a similar presumption arises when “step” is used. Further, Judge Reyna believed that the Federal Circuit’s renewed approach to section 112 analysis should be reconciled with Supreme Court precedent in which claims that recite “means” language were found invalid.

Judge Newman dissented from the portion of the en banc ruling eliminating the statutory signal of the word “means.” She disapproved of the majority’s rejection of the “strong presumption” precedent and voiced concerns about the uncertainty and confusion that would result. Judge Newman stressed that it was the patentee’s decision to recite the term “means for” in a claim, and that allowing “nonce” words to substitute for the term “means for” violates the plain text of the statute.

**World Class Tech. Corp. v. Ormco Corp.,**  
769 F.3d 1120 (Fed. Cir. Oct. 20, 2014)

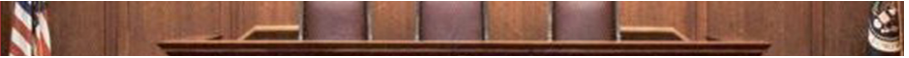
In this case, the Federal Circuit affirmed the district court's interpretation of a disputed claim term in an infringement action. The panel looked to the specifications when interpreting otherwise ambiguous claim terms. *Takeaway*: If the claim language is unclear, the Federal Circuit will look to the specification to resolve any ambiguities. Claim differentiation does not bar a construction of a term that does not give an independent claim the same scope as its dependent claim.

World Class Technology initiated this litigation by seeking a declaratory judgment of noninfringement of several Ormco patents. Ormco counterclaimed, alleging that World Class Technology was infringing Ormco's U.S. Patent No. 8,393,896 (the "'896 patent"). The '896 patent describes a self-ligating bracket that attaches to a tooth for orthodontic braces and is designed to avoid contact with the gums when the archwire is released. The bracket consists of a bracket body (which includes a "support surface," a ledge, and an archwire slot) and a movable member (slide) that opens or closes to hold or release the archwire. The parties disputed what constraints claim 1 of the patent places on the "support surface" during movement of the slide, and relatedly disputed the role played by the "ledge" surface.

The district court rejected Ormco's overly broad claim construction and denied the requested preliminary injunction. The court held that the "support surface" supports and guides the slide when it moves between its open and closed positions and also adopted a complementary construction of the term "ledge." The parties stipulated to noninfringement of the '896 patent under the district court's "support surface" construction, as well as to noninfringement of the other patents in the litigation. Ormco appealed the district court's claim construction relating to the '896 patent.

On appeal, the Federal Circuit affirmed the district court's construction of "support surface." This was sufficient to require a finding of noninfringement due to the parties' stipulation. The panel first noted that the claim language itself was ambiguous because it did not explain when the "support surface" supported the slide, and it was unclear whether the slide had to move along the support surface (as opposed to interchangeably along the support or ledge surfaces) as it moves towards the slot. The panel then turned to the specification to resolve the ambiguity. The specification identified gum avoidance as the sole purpose of the support surface's angle. Thus, the panel found that it would be illogical to interpret "support surface" to allow the slide to move along the "ledge surface" (where there would be no gum contact issue) when it moves from an open to closed position. The panel also pointed to other language in the specification that clarified that, when closing, the slide had to move only along the "support surface."

The panel rejected Ormco's contrary argument that the differences between claims 1 and 6 demanded a broad construction of the term "support surface" in claim 1. The court recognized that the doctrine of claim differentiation creates a presumption that distinct claims have different scopes, but noted that its construction of the claim term



“support surface” did not give the two claims the same scope. Furthermore, the court noted that the presumption of different claim scope would be overcome where, as in this case, the written description dictates a different construction.



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